# Appendix A:
# Submissions and comments

We consulted with the Department of Government Services, Greater Shepparton City Council, Northern Grampians Shire Council, Maribyrnong City Council, Wyndham City Council and Yarra City Council, and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the relevant agency head.

## Responses received

Response provided by the Secretary, Department of Government Services

Department of Government Services

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East Melbourne Victoria 3002
Telephone: (03) 9651 5111
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Mr Andrew Greaves
Auditor-General
Level 31, 35 Collins Street
MELBOURNE VIC 3000
By email: [redacted]

Dear Auditor-General

**PROPOSED REPORT FINANCIAL MANAGEMENT OF LOCAL COUNCILS**

Thank you for your letter of 17 July 2025 regarding the Victorian Auditor-General's Office (VAGO) proposed report *Financial Management of Local Councils*.

I appreciate the opportunity to comment on this proposed report, noting that Department of Government Services (DGS) was not an audited entity and accordingly has had limited opportunity to contribute to the report.

DGS welcomes the findings, including that the audited councils can strengthen their financial management practices and improve how they plan services and manage infrastructure. DGS continues to support the financial management practices of Victorian councils through the provision of extensive guidance, models and templates, much of which is done in concert with your office. This ongoing program encourages clarity and consistency while ensuring legislative and regulatory compliance and better practice across the sector.

With regard to the report's recommendation addressed to DGS, it is accepted and the completed action plan enclosed. DGS will work with councils and relevant stakeholders to implement the recommended actions through its existing work program. I agree that the financial management practices by local governments should be a primary focus of improvement going forward, as this constitutes the organisational actions and behaviours that underpin financial sustainability. I welcome VAGO's continued contribution to this project.

Thank you again for the opportunity to comment on the *Financial Management of Local Councils* proposed report.

Yours sincerely

[redacted]

**Jo de Morton**
**Secretary**

25/07/2025

*Enclosed: Completed VAGO Action Plan Template*

Response provided by the Secretary, Department of Government Services, *continued*

## DGS/LGV action plan to address recommendations from *Financial Management of Local Councils*

| No. | VAGO recommendation | Acceptance | Agreed management actions | Target completion date |
|---|---|---|---|---|
| 1 | Establish and lead a review with councils and relevant stakeholders to:<br>• define financial sustainability for the local government sector<br>• review and refine councils' financial performance indicators and related guidance to ensure they are relevant, fit-for-purpose, cohort-specific and allow councils to accurately assess their financial sustainability<br>• clearly establish and document the reporting and maintenance requirements for councils' 10-year financial and asset plans. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | The Department of Government Services (DGS) will work with councils and relevant stakeholders to address the VAGO recommendation. DGS notes that the financial performance indicators in the Local Government (Planning and Reporting) Regulations 2020 were reviewed in 2024 in consultation with the sector. Proposed changes to these indicators to better report on councils' financial management and sustainability are now being finalised for the 2026-27 reporting year onwards. | July 2026 |

[redacted]

Jo de Morton, Secretary, DGS
25 July 2025

Response provided by the Mayor, Greater Shepparton City Council

GREATER SHEPPARTON GREATER FUTURE

GREATER SHEPPARTON

31 July 2025

Andrew Greaves
Victorian Auditor-General's Office
Level 31, 35 Collins Street
**MELBOURNE VIC 3000**

By Email: [redacted]

Dear Mr Greaves

**PROPOSED REPORT – FINANCIAL MANAGEMENT OF LOCAL COUNCILS**

Thank you for the opportunity to respond to the proposed report on the Financial Management of Local Councils.

Greater Shepparton City Council (Council) has actively participated in the audit process and appreciates the insights provided. We have reviewed the findings and recommendations outlined in the report and have no further comments at this time.

Please find enclosed Council's action plan, which outlines our intended approach to implementing the audit recommendations.

If you have any questions regarding our response, please contact Chris Teitzel, Director Corporate Services, on [redacted] or [redacted]

Yours sincerely

[redacted]

**Cr Shane Sali**
**MAYOR**

M25/77023

**Greater Shepparton City Council**
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Response provided by the Mayor, Greater Shepparton City Council, *continued*

**Greater Shepparton City Council (GSCC) Action Plan**
Financial Management of Local Councils

| No | VAGO Recommendation | Acceptance | Agreed Management Actions | Target Completion |
|---|---|---|---|---|
| **2** | Develop formal service review processes. These review processes should include:<br>• developing a service catalogue<br>• setting a timetable for ongoing service reviews<br>• setting internal service effectiveness metrics and indicators<br>• regularly reporting service effectiveness results to executive leadership. | Yes | Service reviews within council are currently guided by the Service and Efficiency Review Framework.<br>As identified within the report, GSCC have an established service review catalogue. VAGO's recommendation that this catalogue be expanded to identify statutory and discretionary services is accepted and work is underway.<br>Reporting is provided to the Executive Leadership Team and Councillors on an annual basis, identifying reviews recently undertaken, efficiencies resulting from the review, and to provide oversight of any outstanding service review actions.<br>Work will be undertaken to develop internal metrics and performance indicators for all services within the catalogue. | 30 June 2026 |
| **3** | Establish a service prioritisation process to guide executive and councillor decision-making. | Yes | The Executive Leadership Team consider all services and formally approve annually, those which are to be reviewed each calendar year, considering factors such as staff resources, date of last service review, service demand, community satisfaction ratings and financial analysis (performance against adopted budget).<br>In addition to the above, Councillors are provided with the opportunity to provide input into service reviews, with discussions occurring as part of the annual reporting process.<br>Work is well underway in developing a matrix which compliments the existing service catalogue, identifying characteristics of each service (e.g. legislated, LGPRF performance) which will further support effective prioritisation of services. | 30 June 2026 |

Response provided by the Mayor, Greater Shepparton City Council, *continued*

| No | VAGO Recommendation | Acceptance | Agreed Management Actions | Target Completion |
|---|---|---|---|---|
| **4** | Develop business cases for all new capital works project proposals, with lifecycle costs or total ownership cost considerations included as a mandatory part of assessing new proposals. | Yes | GSCC supports the requirement to develop business cases for all new capital works project proposals. Incorporating lifecycle costs and total cost of ownership as mandatory assessment criteria aligns with our commitment to sustainable asset and financial planning. We will integrate this framework into our project evaluation processes and ensure that all relevant stakeholders are aligned with this enhanced standard. | 30 September 2026 |
| **5** | Set defined service and renewal intervention levels for the different asset categories. | Yes | The establishment of defined service and renewal intervention levels across asset categories is accepted. This approach will enhance consistency in asset management practices, improve forecasting accuracy, and ensure that resources are allocated efficiently based on asset criticality and performance. By setting clear intervention thresholds, we can better manage risk, optimise lifecycle costs, and maintain service levels aligned with organisational objectives. GSCC will develop and implement these standards as part of our asset management framework | 30 September 2026 |
| **6** | Align project and program costs in strategic plans to the 10-year financial and asset plans. | Yes | The importance of aligning project and program costs in strategic plans is acknowledged. GSCC will ensure that future strategic initiatives are developed in close coordination with financial and asset management teams to uphold this standard. | 30 September 2026 |

Response provided by the Chief Executive Officer, Maribyrnong City Council

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Maribyrnong
CITY COUNCIL

31 July 2025

Mr. Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Dear Mr. Greaves

**Re: VAGO audit proposed report: Financial Management of Local Councils**

Thank you for your letter of 17 July 2025, and for providing the Maribyrnong City Council with an opportunity to review and respond to the proposed report for the Financial Management of Local Councils Report.

Maribyrnong notes the findings and recommendations specified in that proposed report and confirms acceptance of the recommendation applicable to Councils. The details of Maribyrnong's proposed actions in relation to the recommendation, and when those actions will be completed, are include in the Agency Action Plan (attached).

Yours sincerely

[redacted]

Celia Haddock
CEO

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Council action plan to address recommendations from *Financial Management of Local Councils*

| No. | VAGO recommendation | Acceptance | Agreed management actions | Target completion date |
|---|---|---|---|---|
| 1 | N/A | | | |
| 2 | Develop formal service review processes. These review processes should include:<br>- developing a service catalogue<br>- setting a timetable for ongoing service reviews<br>- setting internal service effectiveness metrics and indicators<br>- regularly reporting service effectiveness results to executive leadership. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Council will develop a Service Review Framework that will include a timetable for ongoing service reviews. It will also work with internal departments to develop metrics and indicators to measure service effectiveness.<br><br>Council will continue to develop a service catalogue each financial year, which informs the development of the annual budget. The executive leadership team receive quarterly reports on service effectiveness, Council's financial position and progress on key strategic initiatives including the Council Plan | 30 June 2026 |
| 3 | Establish a service prioritisation process to guide executive and councillor decision-making. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Council will update a Service Review Framework that will include a prioritisation matrix to guide executive and councillor decision making. | 30 June 2026 |
| 4 | Develop business cases for all new capital works project proposals, with lifecycle costs or total ownership cost considerations included as a mandatory part of assessing new proposals. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | New assets business cases will be included as part of assessing new proposals. | 30 June 2026 |
| 5 | Set defined service and renewal intervention levels for the different asset categories. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Maribyrnong currently has a defined Asset Plan in place that outlines service levels and sets intervention thresholds by asset category. | Completed |
| 6 | Align project and program costs in strategic plans to the 10-year financial and asset plans. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Maribyrnong's current versions of the asset and financial plan program costs and 10-year financial are in alignment. | Completed |

Response provided by the Chief Executive Officer, Northern Grampians Shire Council

1 August 2025

*Enquiries: 03 5358 8700*

[redacted]
Victorian Auditor-General's Office
Email: [redacted]

Dear [redacted]

**VAGO Proposed Report – Financial Management of Local Councils Audit**

We are generally supportive of the report in its current form. The recommendations suggested are reasonable, and we have a plan to implement most of the recommendations. Specifically, we endorse the regular updating of the 10-year plan to reflect any emerging changes.

Small rural councils like Northern Grampians Shire Council have significant sustainability issues that cannot be resolved through improved financial management alone. The fundamental challenge we face is that our cash surplus from operations, excluding capital grants, is approximately $5 million. In contrast, renewing our $684 million worth of assets requires between $16 and $19 million annually. Clearly, better financial management alone cannot bridge the $11 to $14 million gap.

While we are currently reviewing our asset inventory and the services standards we maintain, this review is unlikely to resolve the renewal gap while adequately meeting our community's needs.

Yours faithfully

[redacted]

BRENT McALISTER
CHIEF EXECUTIVE OFFICER

Northern Grampians Shire Council
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**council action plan to address recommendations from *Financial Management of Local Councils***

| No. | VAGO recommendation | Acceptance | Agreed management actions | Target completion date |
|---|---|---|---|---|
| 1 | N/A | | | |
| 2 | Develop formal service review processes. These review processes should include:<br>• developing a service catalogue<br>• setting a timetable for ongoing service reviews<br>• setting internal service effectiveness metrics and indicators<br>• regularly reporting service effectiveness results to executive leadership. | ☐ Yes<br>☐ No<br>☒ In part<br>☐ In principle | Agree in part except for developing effectiveness metrics and indicators and reporting of said indicators in the short term. That would need to be an activity undertaken as a secondary project. We agree to develop a service catalogue, a timetable for service reviews. | February 2026 |
| 3 | Establish a service prioritisation process to guide executive and councillor decision-making. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Agree. The process of prioritising services will need to be determined and ratified by council. | February 2026 |

Response provided by the Chief Executive Officer, Northern Grampians Shire Council, *continued*

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| 4 | Develop business cases for all new capital works project proposals, with lifecycle costs or total ownership cost considerations included as a mandatory part of assessing new proposals. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Agree. A process will be developed and implemented as part of the budget development process for next years budget. | January 2026 |
| 5 | Set defined service and renewal intervention levels for the different asset categories. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Agree. Service and renewal intervention level for different asset type will be defined. | December 2025 |
| 6 | Align project and program costs in strategic plans to the 10-year financial and asset plans. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Agree. A process will be developed to integrate strategic and assets plans to the 10 year financial plan. | June 2026 |

Response provided by the Mayor, Wyndham City Council


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Your Ref:
Our Ref: A4857106

5 August 2025

Andrew Greaves
Auditor General
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Dear Andrew,

**Re: VAGO audit proposed report: Financial Management of Local Councils.**

Thank you for your letter dated 17 July 2025, and for affording Wyndham City Council the opportunity to consider and respond to the proposed Financial Management of Local Councils report.

The Council acknowledges the findings and recommendations outlined in the proposed report and confirms its acceptance of those relevant to Wyndham. The details of the Council's proposed actions in relation to the recommendations and anticipated timeline for completion, are included in the Council's action plan.

Should you have any additional questions, please contact Mark Rossiter, Director Corporate Services at [redacted].

Yours sincerely

[redacted]

Mia Shaw
Mayor
Wyndham City Council

c.c. Stephen Wall, Chief Executive Officer
Mark Rossiter, Director Corporate Services
Jacquetta Griggs, Chief Financial Officer
Alex Sanchez Nava, Finance Manager

**council action plan to address recommendations from *Financial Management of Local Councils***

| No. | VAGO recommendation | Acceptance | Agreed management actions | Target completion date |
|---|---|---|---|---|
| 1 | N/A | | | |
| 2 | Develop formal service review processes. These review processes should include:<br>• developing a service catalogue<br>• setting a timetable for ongoing service reviews<br>• setting internal service effectiveness metrics and indicators<br>• regularly reporting service effectiveness results to executive leadership. | ☒ Yes<br>☐ No<br>☐ In part<br>☒ In principle | As per page 25 of the Financial Management of local Councils Victorian Auditor-General´s Report 2024–25, Wyndham City Council already undertakes this process and has a mature service catalogue. Wyndham City Council commits to ongoing updates and maturity of information within its service catalogue. It also commits to ongoing service reviews, in line with the process demonstrated through this audit process. Wyndham City Council has committed to better understanding the cost drivers for each service and reporting service efficiencies and effectiveness in line with the Council's back to black plan.<br>The first service review cycle completed in October 2024 where the consolidated actions and internal service metrics and indicators were defined and designed. The process for the second cycle is currently under review and it is expected to start in January 2026 which creates a timetable for ongoing service reviews.<br>Organisation-wide dashboards are currently being developed to create a single source of truth for service review metrics which will provide regular reporting and effective results to the executive leaderships. | Ongoing – Service Catalogue is reviewed annually in September<br><br>New methodology will be defined by December 2025 and start cycle 2 will commence in January 2026. |

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| 3 | Establish a service prioritisation process to guide executive and councillor decision-making. | ☒ Yes<br>☐ No<br>☐ In part<br>☒ In principle | As per above, this is already occurring. The process to update Wyndham City Council's service catalogue includes ensuring updated annual data that gauges the importance of services to the community. It also ensures definitions of services are updated to ensure clarity around mandated services vs discretionary and essential, as discussed during this audit process.<br><br>In addition, the Future Wyndham deliberative process that ran in February and March 2025 provided the community panel with this information so as to allow them to make recommendations back to Council on what services/functions of Council are deemed a priority. You can read the recommendations of this panel, used to inform the development of the Council Plan, Asset Plan and Long Term Financial Plan here. | Ongoing – Service Catalogue is reviewed annually in September |
| 4 | Develop business cases for all new capital works project proposals, with lifecycle costs or total ownership cost considerations included as a mandatory part of assessing new proposals. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | The Project Management Framework (PMF) and full project lifecycle have been refined and re-established, incorporating project briefs and business case templates tailored for various project types. Each project is required to follow this process through the governance framework currently being implemented.<br>The business case templates include long-term capital planning and forecast operational expenditure (OPEX) upon project handover to the business owner.<br>Additionally, we are developing a standardized method to establish budget histograms for each | Business Case Templates:<br>Dec-2025<br><br>Business Case for all new projects:<br>March-2026<br><br>Capital Mutli-year budget profile:<br>Dec-2026 |

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| | | | project aligned to their schedule and long-term capital planning. In the future, OPEX data captured in business cases will be consolidated to form an OPEX budget profile for forthcoming years. | OPEX budget profiling: July-2027 |
| 5 | Set defined service and renewal intervention levels for the different asset categories. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Wyndham City Council has adopted a strategic approach to asset renewal, supported by the Asset Plan 2025–2035, which outlines service objectives and renewal priorities across major asset categories.<br>To strengthen this, the Asset Management team is formalising defined renewal intervention levels by asset class using condition data, risk profiles, and functional performance parameters (including capacity and criticality). These thresholds are developed in alignment with lifecycle modelling practices and are embedded into the TechOne Asset Management System (AMS) to ensure consistent, data-driven renewal planning across portfolios.<br>This initiative aligns with ELT Strategic Priorities on financial sustainability and supports the City Operations Business Plan objective for long-term investment optimisation. | 31 March 2026 |

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| 6 | Align project and program costs in strategic plans to the 10-year financial and asset plans. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Wyndham City Council's long-term financial and asset planning processes are underpinned by integrated lifecycle costing. All capital projects are now required to consider ongoing operational and maintenance implications.<br>The TechOne AMS and associated capital project business case templates are being enhanced to ensure alignment between project cost estimates, funding strategies, and asset lifecycle projections.<br>Furthermore, the updated Long-Term Asset Plan and Financial Plan are cross-referenced during annual budgeting and service planning cycles to ensure projects are prioritised based on financial capacity, risk, and strategic alignment. | 30 June 2026 |

In reply please quote: D2025/0292335
Contact: John Brockway [redacted]

**31/07/2025**

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[redacted]
Senior Manager, Parliamentary Reports and Services
Victorian Auditor-General's Office
Level 31, 35 Collins Street, Melbourne VIC 3000

[redacted]

Dear [redacted],

**Response to Proposed Report: Financial Management of Local Councils**

Thank you for your letter of 17 July 2025 and the opportunity to provide feedback to the audit.

We have reviewed the "Financial Management of Local Councils" Report and acknowledge the findings related to our financial management and operational practices. We are committed to continuous improvement and transparency and thank the Auditor-General's office for their professional and constructive approach throughout the audit process and their commitment to ensuring ongoing transparency and accountability in the Victorian public service.

**<u>Key Finding 1: Most Councils can meet their current financial obligations, but key sustainability indicators are declining</u>**

We acknowledge the significant financial impact of the COVID-19 pandemic on Council's financial sustainability, particularly on councils with a higher reliance on user fees and fines, such as Yarra. Lower net results for Yarra City Council reported during 2019-20 to 2021-22 were a direct consequence of reduced economic activity and public health restrictions. The impact of the Victorian State Government's rate cap at levels below cost increases has also created a significant financial sustainability challenge to Victorian Councils, with the growth in expenditure outpacing growth in revenue.

We note the general lack of understanding around the Victorian State Government's rate cap, and the attractiveness politically of setting a zero or below-cap rate increase that provides a short-term and popular outcome that is incongruent with longer-term financial sustainability outcomes, especially in periods of high inflation.

We also acknowledge the increasing toll of cost and responsibility shifting from other levels of government to local government and its impact on long term financial sustainability. These concerns were also noted in recent inquiries held by both Commonwealth and Victorian State Governments into the sector. These reports noted that councils are taking on increasing responsibility in management of health and aged and early years services, as well as increasing regulatory roles in development, asset and infrastructure management and planning, and housing and climate adaption and management.

We urge caution regarding assumptions linked to the increase in Council cash reserves across the audit period. Movements in cash balances can vary significantly year to year, especially due to commonwealth and state grants. Also, Councils in general, but especially

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in growth areas, collect developer contributions that are linked to specific future capital works that may not be delivered for a number of years.

**Key Finding 2: Audited Councils can strengthen their financial management practices and improve how they plan services and manage infrastructure**

The City of Yarra implemented its Financial Sustainability Strategy (FSS) in the 2023-24 Financial Year. The FSS has goals over both the short and long term to ensure financial sustainability for Council:

- 0-2 years: maintain a net positive position by delivering a surplus, ensure our operating activities no longer relies on borrowings, hold costs and start to build cash reserves for specified purposes.
- 3-5 years: achieve a financial position where Council has sufficient cash reserves to repay borrowings, generate new revenue, can cover all known operating expenses without borrowing, deliver a long-term financial plan that more reliably reflects future financial requirements (unknown risks), and have cash reserves for risk and strategic growth.
- Within 10 years: ensure that Council has sufficient cash reserves to meet unforeseen or emergency expenses and support population growth without relying on borrowing or compromising essential services.

We recognise that financial sustainability is an ongoing issue for the local government sector and the impact of rate capping is impacting Council's ability to respond to emerging economic challenges. These challenges have been confirmed by recent inquiries into the sector's financial sustainability by both the Commonwealth and State Government. Yarra City Council advocates strongly for the increase of Commonwealth funding through financial assistance grants and a review of the Victorian State Government's rating framework.

We also note that measuring and reporting financial sustainability can be complex, including the application of metrics such as "Unrestricted Cash" in line with LGV guidelines that can lead to distorted results, such as reporting a negative figure for the "unrestricted cash" ratio when investments held in term deposits can be converted to cash at will. Council will continue to work with peers, industry representative bodies, and state government to enhance local government financial reporting and financial literacy.

Council further notes the challenges on its financial position presented by changing government policy regarding planning, taxes, and cost shifting, including:

- The cost of protecting public health and wellbeing through the provision of open space in an urban environment, especially with some high-density developments exempted from making open space contributions.
- The implementation of new or higher state government taxes on Council and our ratepayers, such as the Emergency Services Volunteer Fund Levy and the Congestion Levy.
- Increasing cost shifting to the sector, whether through Workcover premiums, election costs, library and maternal and child health costs and reducing funding support from State government.

We consider that our financial performance is widely reported against budget on both a quarterly basis and through our annual report. Whilst Council agrees that updating our long-term plan on a regular basis provides a good foundation for strategic financial planning, we contend that reporting against an outdated financial plan (when already reporting against budget) would lead to an unnecessary duplication of reporting, be an inefficient use of council resources, place undue pressure on internal resources, and ultimately lead to little or no benefit to the organisation or the industry.

Our proactive approach to financial sustainability planning and management through the implementation of Council's Financial Sustainability Strategy illustrates the importance that we place on the ability of Council to provide consistent and resilient services and infrastructure to our municipality.

We are also pleased to report that Yarra established a new framework in 2023–24 to guide our service planning and reviews. This framework will ensure our service catalogue includes comprehensive information, planned and actual service levels, and a regular update process to support strategic decision-making and ongoing monitoring of service provision.

Council has also carried out service reviews on its Environmental Health and Home Maintenance and modification services (and implemented improvements) and School Crossing services. Further improvements include the updating of Council's Service Planning and Review framework, regular and formal service catalogue reviews, and the adoption of a benefit tracking system (based on DTF's *Benefit Management Framework*).

We appreciate the Victorian Auditor-General's Office report for its valuable insights and recommendations. Yarra City Council is dedicated to addressing areas for improvement and further enhancing our financial management and service delivery for the benefit of our community.

Please do not hesitate to contact our Chief Finance Officer, John Brockway ([redacted]) if you have any questions or require further information.

Yours sincerely,

[redacted]

Kerry McGrath
Acting Chief Executive Officer

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Response provided by the Acting Chief Executive Officer, Yarra City Council, *continued*

**Yarra City Council - Action Plan to address recommendations from *Financial Management of Local Councils***

| No. | VAGO recommendation | Acceptance | Agreed management actions | Target completion date |
|---|---|---|---|---|
| 1 | N/A | | | |
| 2 | Develop formal service review processes. These review processes should include:<br>• developing a service catalogue<br>• setting a timetable for ongoing service reviews<br>• setting internal service effectiveness metrics and indicators<br>• regularly reporting service effectiveness results to executive leadership. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Yarra established a new Service Review framework in 2023-24. The framework will ensure our service catalogue includes comprehensive information, planned and actual service levels, and a regular update process to support strategic decision making and ongoing monitoring of service provision. | Completed |
| 3 | Establish a service prioritisation process to guide executive and councillor decision-making. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | As noted in the “working well” section of the recommendation, Yarra’s Council plan details its strategic objectives, key priorities for services, initiatives to meet hose objectives, and indicators to measure progress towards meeting them. | Completed |

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|---|---|---|---|---|
| 4 | Develop business cases for all new capital works project proposals, with lifecycle costs or total ownership cost considerations included as a mandatory part of assessing new proposals. | ☐ Yes<br>☐ No<br>☒ In part<br>☐ In principle | Yarra already uses a business case model for all new capital works and project proposals, but will update these models with lifecycle costs or total ownership cost considerations included as a mandatory part of assessing major project proposals | 30 June 2026 |
| 5 | Set defined service and renewal intervention levels for the different asset categories. | ☐ Yes<br>☐ No<br>☐ In part<br>☒ In principle | Council already has a mechanism for intervention levels for some asset classes – road management plan, drainage inspections, routine building maintenance schedules, fleet renewal programs.<br><br>Council will develop further renewal intervention levels for the remaining asset types to inform officer's recommended renewal programs.<br><br>Council will develop service intervention levels considering functionality and capacity for the different asset categories to inform officer's recommended upgrade, new, and disposal programs subject to financial sustainability. | 30 June 2027<br><br>30 June 2027 |

Response provided by the Acting Chief Executive Officer, Yarra City Council, *continued*

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|---|---|---|---|---|
| 6 | Align project and program costs in strategic plans to the 10-year financial and asset plans. | ☒ Yes<br>☐ No<br>☐ In part<br>☐ In principle | Yarra's project and program costs are already aligned, with the 10-year financial plans updated annually in line with the annual budget process. | Completed. |