

**ITEM 2. INTEGRATED PLANNING AND REPORTING PROGRAM AND
BUDGET 2016/17 - ADOPTION**

FILE NO: X002996

SUMMARY

Sustainable Sydney 2030 guides the development of the City of Sydney for the next 15 years and beyond. In 2011, the City incorporated its 2030 Vision into the Integrated Planning and Reporting framework for NSW local government, and developed a new suite of documents to support the key directions and objectives within the Sustainable Sydney 2030 Community Strategic Plan.

The Sustainable Sydney 2030 Community Strategic Plan (2014) reflects the 10 Strategic Directions, 10 Targets and major objectives of the 2011 version, and also incorporates refined objectives to reflect adopted Council strategies and project developments. The next review of the plan will be in 2016/17 to align with the legislative requirements.

The Delivery Program 2014-2017, adopted every four years in line with legislative requirements, last adopted in June 2014, sets out specific activities, projects and resources to progress the goals and targets within Sustainable Sydney 2030. The Delivery Program proposes the key four year outcomes that align to the objectives of the 10 strategic directions of Sustainable Sydney 2030 and integrates these within the City's long term strategic framework. The next review of the plan will be in 2016/17 to align with the legislative requirements.

The Operational Plan 2016/17 provides an annual instalment of the Delivery Program and identifies the specific plans and activities to be undertaken during the forthcoming year to achieve the deliverable outcomes. It also contains the draft Operating Budget, Capital Budget and the Revenue Policy, including the proposed rates, waste and stormwater charges, plus other user fees and charges for the year.

The Resourcing Strategy (2016) supports the activities outlined in the Delivery Program which has also been prepared, comprising a 10 year Long Term Financial Plan, a four year Workforce Strategy, a 10 year Asset Management Plan and a four year Information, Communication and Technology Plan. The Resourcing Strategy demonstrates the City's commitment to deliver the Sustainable Sydney 2030 strategic outcomes in a planned manner to ensure the long term sustainability of the Council. This report recommends that this suite of Integrated Planning and Reporting documents be endorsed in accordance with the requirements of the Local Government Act (1993).

The suite of Integrated Planning and Reporting documents was endorsed by Council on 16 May 2016 to be placed on public exhibition for comment from 18 May to 15 June 2016, in accordance with the requirements of the Local Government Act. Four submissions were received on three issues and have been assessed through internal review. The issues raised in the submissions, together with the response and staff recommendations, are included in Attachment A.

Following the review, no major amendments are recommended to the draft Operational Plan 2016/17 including the annual budget and financial statements, and Resourcing Strategy (2016) as placed on exhibition. Minor amendments, however, are detailed in Attachment B.

This report recommends the adoption of the exhibited suite of Integrated Planning and Reporting 2016 documents, including the 2016/17 budgets, incorporating the setting of the rates, subject to change in Attachment B, in accordance with the requirements of the Local Government Act (1993).

RECOMMENDATION

It is resolved that Council:

- (A) adopt the suite of draft Integrated Planning and Reporting (2016/17) documents as endorsed by Council on 18 May 2015, subject to the minor amendments detailed in Attachment B to the subject report, incorporating:
 - (i) the Operational Plan 2016/17; and
 - (ii) the Resourcing Strategy (2016);
- (B) adopt the draft Operating and Capital Budgets, and future years' forward estimates, reflected in the Operational Plan for 2016/17, subject to the minor amendments detailed in Attachment B to the subject report. The 2016/17 budgets include:
 - (i) Operating Income of \$530.8M, operating expenditure (excluding depreciation) of \$418.4M for an Operating Result of \$112.5M, and a Net Surplus of \$30.6M, after allowing for interest and capital contributions; as well as depreciation, Light Rail contributions and other capital project related costs;
 - (ii) Capital Works expenditure of \$298.4M, including a contingency of \$5M;
 - (iii) Plant and Assets (including IT equipment and projects) net expenditure of \$29.2M; and
 - (iv) Net Property Divestments provision of \$18.8M;
- (C) adopt the proposed Rating structure and policies, Domestic Waste Management Charges, Stormwater Charges and User Fees and Charges discussed within the report to the Corporate, Finance, Properties and Tenders Committee on 9 May 2016 and included within the Operational Plan 2016/17, subject to the minor amendments detailed in Attachment B to the subject report; and
- (D) adopt the Schedule of Fees and Charges 2016/17 as endorsed for public exhibition by Council on 16 May 2016, subject to the minor amendments detailed in Attachment B to the subject report.

ATTACHMENTS

Attachment A: Exhibition Submissions and Responses 2016

Attachment B: Amendments to Integrated Planning and Reporting Documents
2016/17 – Operational Plan 2016/17 and Resourcing Strategy 2016

BACKGROUND

1. In October 2009, the NSW Government enacted the Local Government (Planning and Reporting) Amendment Act 2009, which set a new framework to integrate the various statutory planning and reporting processes as required by the Local Government Act 1993 and the Environmental Planning and Assessment Act 1979.
2. The Integrated Planning and Reporting framework requires a number of strategic planning and resourcing documents, with alignment to the term of the elected council. The requirements include a long term Community Strategic Plan (at least 10 years), a Delivery Program for the term of the council (generally four years), and a detailed Operational Plan that will set out council's projects and activities for the coming 12 months.
3. These documents are all underpinned by a Resourcing Strategy, including a long term financial plan, an asset management plan and a workforce plan, to demonstrate that councils have adequate resources to achieve the planned outcomes while ensuring the council's long term sustainability for its community and stakeholders.
4. Council endorsed its first suite of Integrated Planning and Reporting documents on 27 June 2011.
5. The Sustainable Sydney 2030 Community Strategic Plan (2014) continues to reflect the 10 Strategic Directions, 10 Targets and major objectives of the 2011 version, and also incorporates refined objectives to reflect recently adopted Council strategies and project developments. There are no changes required to this document and it is not required to be placed on exhibition. The next review of the plan will be in 2016/17 in accordance with the legislative requirements.
6. The Delivery Program 2014-2017 was last adopted in 2014 and integrates the City's corporate planning and budgets within Sustainable Sydney 2030 and guides implementation of its major strategic directions. The Delivery Program incorporates all of the elements required for under the legislation, and reflects the Council's planned outcomes and projects.
7. The draft documents were placed on public exhibition on 18 May 2016. A public notice was placed in The Sydney Morning Herald and Central to advise that the exhibition period would commence 18 May 2016 and end on 15 June 2016 to ensure the opportunity for public review and comment prior to formal adoption by the Council.
8. Copies of the documents were made available to the community at various Council locations, including the One Stop Shop and Neighbourhood Service Centres. The Plans were also made available through Council's Sydneyoursay.com.au website, which had 208 visits and 134 downloads of the documents.
9. Council received a total of four submissions, one each on its bicycle expenditure per resident rating and the City's compliance and complaint systems; and two submissions on childcare fees.
10. These submissions have all been internally reviewed, with staff recommending that the exhibited content of the draft Plans remain unchanged from that exhibited in response to the submissions received.

11. The issues raised in the submissions, together with the responses and staff recommendations, are included in Attachment A.
12. Staff have reviewed the Operational Plan Key Performance Indicators to assess if it was appropriate and meaningful to include additional targets. Based on this review, it is recommended that four targets are added and four targets are removed, as detailed in Attachment B.
13. Minor amendments to correct administrative errors, improve clarity or in response to changing external factors, have been made to Operational Plan deliverables, fees and charges, rates and the annual budget and financial statements. All amendments are detailed in Attachment B.
14. Since going on exhibition, there has been a change in the timing and budget for the redevelopment of the Jo Sargeant Community Centre, Erskineville. The Centre will become a new multipurpose community facility with potential to include a 50-60 place out of school hours care service at an estimated cost of \$3.2 million, an increase of \$0.9M from the provisional estimate of \$2.3M. The timing of the project has changed, with a reduction of \$0.5M in 2016/17 and an increase of \$0.9M in 2017/18 and \$0.5M in 2018/19. The overall 2016/17 capital works budget for the City has been revised down from \$298.9M to \$298.4M.
15. This report recommends the adoption of the exhibited suite of Integrated Planning and Reporting (2016) documents including the 2016/17 budgets, incorporating the setting of the rates, in accordance with the requirements of the Local Government Act (1993), subject to the minor adjustments in Attachment B.

KEY IMPLICATIONS

Strategic Alignment

16. The strategic documents meet the needs of our diverse community and are based on the significant engagement program conducted in developing Sustainable Sydney 2030. The organisation is implementing the many strategies and key programs arising from Sustainable Sydney 2030.

Organisational Impact

17. The proposed budget for 2016/17 provides for a full time equivalent (FTE) positions of 1,921.
18. These positions are required to ensure the ongoing operation of Council, and to advance the outcomes determined within Sustainable Sydney 2030. Council officers continue to revise functional operations to determine where opportunities arise to improve effectiveness and efficiency of service delivery, to ensure that the organisation as a whole remains financially sustainable.

Social / Cultural / Community

19. The outcomes proposed, costs and benefits are all embedded within the plans and budgetary information.

BUDGET IMPLICATIONS

20. The proposed 2016/17 budgets, and future years' forward estimates, have been prepared to ensure the ongoing financial sustainability of Council.
21. The proposed budget for 2016/17 delivers a Net Operating Surplus of \$30.6M. This result contributes to the City's ongoing financial reserves and provides funding for the City to continue its planned services enhancements and capital works program to improve the public domain and infrastructure assets across the local government area.
22. The proposed Capital Works program has been determined within the level of available funds to ensure that sufficient working capital is maintained for Council's long term financial sustainability.
23. The proposed operating and capital expenditure budgets are projected to reduce the City's cash reserves from the planned forecast of \$513.3M, at 1 July 2016, to \$389.6M by 30 June 2017 in line with the long term financial strategy. The utilisation of cash reflects funds being directed to the extensive capital works program.
24. Within the Resourcing Strategy (2016 Revision), the long term financial plan describes the City's major categories of income and expenditure, and the likely risks and opportunities that may influence the City's financial capacity to continue to deliver services. This plan outlines the financial strategies that will maintain sustainable operating surpluses to enable the delivery of the major capital works programs that provide enduring community benefits. It includes the various measures it will use to monitor the Council's financial performance.
25. The plan incorporates the City's cash reserves, including all of the external restrictions required by legislation to quarantine funds raised for specific purposes, including developer contributions, security deposits, domestic waste and stormwater charges. It also incorporates internal restrictions where Council has resolved to set specific funding aside for employee leave entitlements, asset replacement, and significant Sustainable Sydney 2030 commitments, including Affordable and Diverse Housing Fund, City Centre Transformation, Green Square, and Green Infrastructure (energy, stormwater and waste).
26. The plan continues to provide for future cash funding and utilisation of the restricted cash reserves, reflecting the proposed timing of these major projects and commitments of the City.
27. A full schedule of the user fees and charges proposed for the 2016/17 year is included within the Operational Plan 2016/17. The proposed fees have been set in accordance with Council's pricing policy which requires consideration of a number of factors, including the cost of service provision, whether the goods or services are provided on a commercial basis, and the capacity of the user to pay.

RELEVANT LEGISLATION

28. The Local Government Amendment (Planning and Reporting) Act 2009 was assented on 1 October 2009. The aim of the Integrated Planning and Reporting framework is to improve integration of various statutory planning and reporting processes undertaken by councils as required by the Local Government Act 1993, the Office of Local Government's guidelines and the Environmental Planning and Assessment Act 1979.

29. Sections 402-406 of the Local Government Act (1993) outline the requirements that a council must undertake when preparing a draft community strategic plan, underlying delivery plans and strategies with respect to the council's activities.

CRITICAL DATES / TIME FRAMES

30. Section 405 of the Local Government Act (1993) requires that councils must adopt an Operational Plan, including a statement of the council's revenue policy for the year covered by the operational plan before the beginning of each year.
31. The adopted documents are required to be made available to the community within 28 days of being adopted, as per the requirements of the Local Government Act (1993). These documents will be made available on the City's website, with hard copies also available at the City's One Stop Shop and Neighbourhood Service Centres.

OPTIONS

32. Council has the option to vary budget allocations, rates and fees and charges prior to, and after, the 28 day exhibition period, prior to final approval before 30 June 2016.

PUBLIC CONSULTATION

33. This suite of Integrated Planning and Reporting documents reflects the vast amount of public consultation and engagement undertaken with the City's community and other interested stakeholders in developing the original Sustainable Sydney 2030 Vision.
34. Council publicly exhibited the suite of Integrated Planning and Reporting documents, including the draft Resourcing Strategy (2016) and draft Operational Plan 2016/17 including its revenue policy and budgets, from 18 May 2016 to 15 June 2016, and invited comments and submissions regarding the plans.
35. The four submissions received on three issues have been considered and relevant recommendations made, as advised, within the body of this report and provided within Attachment A.

BILL CARTER

Chief Financial Officer