

**ITEM 2. INTEGRATED PLANNING AND REPORTING PROGRAM AND
BUDGET 2017/18 – ADOPTION**

FILE NO: X007895

SUMMARY

Sustainable Sydney 2030 guides the development and planning for the City of Sydney, a global city that supports a business, tourist and residential population of more than 1.2 million per day. The City has incorporated its 2030 Vision into the Integrated Planning and Reporting framework for NSW local government, and developed a suite of documents to support the key directions, targets and major objectives within the Sustainable Sydney 2030 Community Strategic Plan.

Following the local government elections last year, Council is required to review its suite of Integrated Planning and Reporting documents before 30 June 2017 to ensure that the revised plans reflect the intentions of the current Council. A comprehensive review to inform the development of the revised Sustainable Sydney 2030 Community Strategic Plan included:

- progress toward the Sustainable Sydney 2030 targets;
- key trends and issues likely to affect Sydney to 2030 and beyond;
- findings from community engagement and surveys over the past four years;
- analysis of the Community Wellbeing Indicators;
- review of Resilience Sydney research findings;
- review of global city strategic plans; and
- alignment with relevant NSW Government targets and priorities.

The Sustainable Sydney 2030 Community Strategic Plan responds to the findings from this extensive research and analysis, and proposes a plan that builds upon the existing version and addresses contemporary issues and challenges. The plan revises objectives to respond to the identified challenges, opportunities and policy context, and introduces a new target to achieve net zero greenhouse gas emissions by 2050 in line with City's strong commitment to the environment.

The Delivery Program 2017-2021 identifies the specific activities, projects and resources required 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 ten strategic directions of Sustainable Sydney 2030 and integrates these within the City's long term strategic framework.

The Operational Plan 2017/18 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 along with the other proposed user fees and charges for the year.

The Integrated Planning and Reporting framework requires the City to demonstrate that its plans and objectives are appropriately resourced, and can be achieved as it maintains its core functions, services and assets, and remains sustainable over the long term.

The Resourcing Strategy (2017) supports the activities outlined in the Delivery Program, comprising a Long Term Financial Plan, a Workforce Strategy, an Asset Management Plan and an Information and Technology Strategic Plan. A revised Community Engagement Framework is also included within the Resourcing Strategy articulating the City's objectives and approach to community engagement. The Resourcing Strategy demonstrates the City's commitment and capacity to deliver the Sustainable Sydney 2030 strategic outcomes in a planned manner to ensure the long term sustainability of the Council.

The suite of Integrated Planning and Reporting documents was endorsed by Council on 15 May 2017 to be placed on public exhibition for comment from 17 May to 14 June 2017, in accordance with the requirements of the Local Government Act. 30 submissions were received on a range of 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 documents including the annual budget and financial statements, as placed on exhibition. Minor amendments, however, are detailed in Attachment B.

This report recommends the adoption of the exhibited suite of the 2017 Integrated Planning and Reporting documents, including the 2017/18 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:

- (A) Council note the submissions received from the community and included in Attachment A to the subject report;
- (B) Council adopt the suite of the draft 2017 Integrated Planning and Reporting documents as endorsed by Council on 15 May 2017 for public exhibition, subject to the minor amendments detailed in Attachment B to the subject report, incorporating:
 - (i) the Sustainable Sydney 2030 Community Strategic Plan (2017);
 - (ii) the Delivery Program 2017/2021;
 - (iii) the Operational Plan 2017/18; and
 - (iv) the Resourcing Strategy 2017;

- (C) Council adopt the draft Operating and Capital Budget, and future years' forward estimates, reflected in the Operational Plan 2017/18 and Resourcing Strategy (2017), subject to the amendments detailed in Attachment B to the subject report. The 2017/18 budgets include:
- (i) Operating income of \$553.0M, operating expenditure before depreciation of \$438.2 for an Operating Result of \$114.8M, and a Net Surplus of \$27.8M after allowing for interest, depreciation and capital contributions;
 - (ii) Capital Works expenditure of \$300.5M and a contingency of \$5.0M;
 - (iii) Plant and Assets net expenditure of \$25.7M; and
 - (iv) Net Property Divestments of \$110.1M;
- (D) Council adopt the proposed Rating structure and policies, Domestic Waste Management Charges, Stormwater Charges and User Fees and Charges included within the Operational Plan 2017/18, subject to the minor amendments detailed in Attachment B to the subject report;
- (E) authority be delegated to the Chief Executive Officer to approve any minor editorial corrections to the Integrated Planning and Reporting documents prior to publication; and
- (F) Council note the organisation structure as contained within the 2017/18 Operational Plan.

ATTACHMENTS

Attachment A: Integrated Planning and Reporting Submissions Report

Attachment B: Amendments to Integrated Planning and Reporting Documents
2017/18

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. As a result of the local government elections last year, Council is required to review its suite of Integrated Planning and Reporting documents before 30 June 2017 to ensure that the plans reflect the intentions of the current Council. Council may endorse or amend the existing plan, or develop and endorse an entirely new community strategic plan, as appropriate, to ensure that the area has a community strategic plan for the next 10 years. Council's achievements against its plans are then recognised in an end of term report that is prepared at the conclusion of the current electoral cycle.
5. Staff prepared a draft suite of Integrated Planning and Reporting documents with the purpose of reflecting current progress on major strategies and projects, clarifying outcomes and objectives in line with recent Council adopted strategies and consideration of the Federal Government commitments such as the Paris Agreement and Sustainable Development Goals, and the most recent NSW Government plans and strategies.
6. Council endorsed the draft suite of documents for public exhibition on 15 May 2017. The draft documents were placed on public exhibition on 17 May 2017. A public notice was placed in The Sydney Morning Herald and Central to advise that the exhibition period would commence on 17 May 2017 and end on 14 June 2017 to ensure the opportunity for public review and comment prior to formal adoption by the Council. Additional advertisements were placed in the Southern, Inner West, Central and Wentworth Courier newspapers during the week of 21 May. The City's social media channels (Twitter and LinkedIn) also advised their respective followers of the exhibition period
7. Copies of the documents were made available to the community at various Council locations, including the One Stop Shop and Neighbourhood Service Centres. The documents were also made available through Council's Sydneyyoursay.com.au website, which had 2,640 visits and 897 downloads of the documents.
8. Council received a total of 30 submissions via the Sydney Your Say website via the online survey tool and directly by email. These submissions have all been internally reviewed, with staff recommending that the exhibited content of the draft documents remain unchanged from that exhibited in response to the submissions received.

9. The issues raised in the submissions, together with the responses and staff recommendations, are included in Attachment A.
10. The comments received in relation to Sustainable Sydney 2030 were primarily related to its implementation. Respondents were generally supportive of the overarching direction but encouraged the City to address particular issues or expand the coverage of particular programs and services. For example, suggestions were made to explore new affordable housing models, improve public transport, introduce new recycling programs, extend energy efficiency requirements for new buildings and work with communities to improve their local neighbourhood.
11. Some of the issues or concerns raised are not within the remit of the City, and these will be forwarded to relevant NSW Government agencies for their information.
12. One policy issue was identified by a respondent as being omitted from Sustainable Sydney 2030; that of population growth driven by net overseas migration. The respondent considers this issue to be a key barrier to the City achieving the aspirations of Sustainable Sydney 2030. As net overseas migration is just one of many drivers of residential, workforce and visitor growth in the inner city, and from a policy perspective, is within the remit of the Federal Government, no change to Sustainable Sydney 2030 is recommended.
13. Minor amendments to correct administrative errors, improve clarity or to respond to changing external factors, have been made to the Sustainable Sydney 2030 Community Strategic Plan, Delivery Plan responsibilities, Operational Plan deliverables, fees and charges, and the annual budget and long term financial plan financial statements. All amendments are detailed in Attachment B.
14. The NSW Government has announced that it intends to indefinitely postpone the implementation of the Fire and Emergency Services levy that was intended to be charged to all property owners to be billed as an additional charge on their annual ratepayers notice to fund the State's fire and emergency services to commence on 1 July 2017.
15. This report recommends the adoption of the exhibited suite of Integrated Planning and Reporting (2017) documents including the 2017/18 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 - Sustainable Sydney 2030 Vision

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 2017/18 provides directly for full time equivalent (FTE) staff of 1,950. The City also supports a significant number of additional jobs through the provision of contracts that underpin a range of externally provided projects and services.

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.
19. Council is required to review its organisation structure under Section 333 of the Local Government Act. The Chief Executive Officer has reviewed the organisation structure in line with the key priorities and resourcing restraints. The high level organisation structure is included in the Operational Plan (page 8), and it is recommended that Council note the review of the structure and the structure contained in the 2017/18 Operational Plan.

Social / Cultural / Community/Environmental/Economic

20. The outcomes proposed, cost and benefits are all embedded within the attached plans and budgetary information. The City has also developed a draft Inclusion (Disability) Action Plan for the next four years that aligns and integrates with the overall objectives contained within the Integrated Planning and Reporting documents.

BUDGET IMPLICATIONS

21. The proposed 2017/18 budget delivers an operating result, prior to interest income, depreciation, capital project related costs and capital contributions, of \$114.8M. This surplus is in line with the current approved Long Term Financial Plan.
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 \$463.9M, at 1 July 2017, to \$453.9M by 30 June 2018 in line with the Long Term Financial Plan. The utilisation of cash reflects funds being directed to the extensive capital works program.
24. Within the Resourcing Strategy (2017 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 2017/18 year is included within the Operational Plan 2017/18. 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 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.
30. Under Section 333 of the Local Government Act, the council must review, and may re-determine, the organisation structure within 12 months after any ordinary election of the council. This report includes a recommendation that addresses this requirement.

CRITICAL DATES / TIME FRAMES

31. Sections 402 and 404 of the Local Government Act require that following an ordinary election of councillors, councils must review the Community Strategic Plan, and establish a new Delivery Program, before 30 June following the election.
32. Section 405 of the Local Government Act 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.
33. Council is required to place proposed new documents related to the Integrated Planning and Reporting legislation on public exhibition for 28 days. The Local Government Act requires that the draft budget, and revenue pricing policy for rates, annual charges and fees be incorporated within that exhibition and consultation process.

OPTIONS

34. 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 2017.

PUBLIC CONSULTATION

35. 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.

36. The City continues to engage with the community when developing significant strategies, projects and policies. Feedback received through these engagement activities have been considered in developing the revised draft suite of Integrated Planning and Reporting documents.
37. Council publicly exhibited the suite of Integrated Planning and Reporting documents, including the draft Community Strategic Plan, draft Delivery Program, draft Resourcing Strategy and draft Operational Plan, including its revenue policy and budgets, from 17 May 2017 to 14 June 2017.
38. During this period, the community were invited to make comments and submissions regarding the plans. The City utilised the Sydney Your Say community engagement platform to seek responses on all of the draft plans. All submissions received by Council have been considered and assessed against the draft planning documents. More details are provided in Attachment A.

BILL CARTER

Chief Financial Officer

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