

Relevant Information for Council

FILE: S122357 **DATE:** 18 February 2022

TO: Lord Mayor and Councillors

FROM: Bill Carter, Chief Financial Officer

THROUGH: Monica Barone, Chief Executive Officer

SUBJECT: Information Relevant To Item 6.2 - 2021/22 Quarter 2 Review - Delivery Program 2017-2021

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 14 February 2022, further information was sought on the following matters:

1. **Details of the major Capital Works program variances that contribute to the forecast underspend / details of projects that have been delayed due to Covid**

As noted in the Committee report, at Quarter 2 the full year forecast of the capital works program has been reduced from a budget of \$251.1M to \$211.3M following the latest detailed review, which assessed the expected delivery of the projects and revised cost estimates for each individual project.

In a large complex capital works program there are many factors that can impact the timing of project delivery. These include but are not limited to weather, adjustments following community consultation feed-back, negotiations with and approvals from other levels of government, a stringent procurement process, contractor availability both for design and construction and other supply chain constraints. The most recent review of the City's capital projects highlighted that, in addition to these ongoing challenges, many projects are being further impacted by the effects of the Covid-19 pandemic. The length and severity of the pandemic on the labour market, access to sites, and its ongoing supply chain impacts on our works program could not have been foreseen when approving the budget in June 2021.

The City, with its contractors, is working to deliver a large number of programs and individual projects for our community, and many are experienced delays to variable degrees as a result of the current operating environment. It is however important to note that these variances generally represent timing differences as to how much of a project is expected to be delivered in the current financial year.

Information outlining the major individual project variances, as forecast at Q2 2021/22, is presented below with explanatory comments.

Name of Major Project	2021/22 Budget (\$M)	2021/22 Forecast (\$M)	Variance (\$M)	Comments
Oxford St west and Liverpool St cycleways	4.2	0.8	3.4	Current year's forecast reduced to reflect new design of permanent cycleway for Oxford St.
George Street South Pedestrianisation	27.0	24.0	3.0	Full year variance is due to Covid impact on resourcing the works, supply chain issues and delays from time required for resolution of latent site conditions and authority interim or final approvals.
Joynton Avenue Stormwater Drainage Upgrade	2.5	0.4	2.1	Due to extended tender process, reduced expenditure forecast for current year.
Erskineville Alexandria Precinct Cycleway Links	4.9	2.9	1.9	Forecast reflects delay in the Railway Parade project where redesign has been required.
Commonwealth Bank (546 George St) - BCA, Hydraulics Renewal	1.5	0.1	1.4	Variance is due to potential project savings resulting from reduced scope.
Lift Upgrade/Replacement – Various Sites	1.8	0.6	1.1	Tender process still underway. Covid related impacts on procurement lead times will impact the supply and construction start timeframe.
Organisation-wide BMS Integration	1.4	0.4	1.0	Full year variance is due to Covid impacting the completion dates of other projects, and a consequent delay to re-assign the staff resources to the BMS project to progress the next implementation stage.

Name of Major Project	2021/22 Budget (\$M)	2021/22 Forecast (\$M)	Variance (\$M)	Comments
Erskineville Trunk Drainage	1.4	0.5	0.9	Project agreements being revised with Sydney Water to deliver the project
Wilcox Moffin Bdg (46-52 Mountain St) - Hydraulic and BCA	1.0	0.1	0.9	Project budget being re-phased as the majority of the project cost will now be constructed next financial year.
Electrical works - Switchboard Upgrade - 7 sites	1.3	0.5	0.9	Forecast reduced to reflect Covid related supply chain impacts on overseas supply of equipment.
Portfolio Chiller Replacement	1.0	0.3	0.8	Lead time on the chiller units are delayed due to Covid impact on overseas supply.
Synthetic Sports Field - Crescent Park	1.0	0.3	0.7	Review of delivery strategy for portfolio as a result of consultation, delay impacts of Covid lockdown and DA approval.
King St Cycleway - Stage 2	2.7	2.0	0.7	Current year forecast reduced to reflect timing for delivery, and pending approvals from TfNSW.
Open Space Renewal - Archibald Fountain and Water Stairs	2.2	1.6	0.6	Underspend reflects a change to the delivery model (switched to D&C), and tender period extension (8 weeks) due to Covid restrictions.
Zetland Ave (West) - Paul St to Portman St	5.2	4.6	0.6	Underlying latent conditions have had a minor impact on YTD spending.
343 George St - Facade Remediation & Facade Lighting	1.0	0.4	0.6	Program delays due to Covid and tender period have impacted this years' expected project spend.
Eora Journey - Monument for the Eora	0.7	0.3	0.4	Covid lockdown delayed launch
Alexandria School and Park Synthetic Sportsfield - Joint Use	3.3	5.2	-1.9	Some Covid and approval delays experienced, however additional scope required for latent conditions.

Name of Major Project	2021/22 Budget (\$M)	2021/22 Forecast (\$M)	Variance (\$M)	Comments
<i>Total</i>	<i>64.1</i>	<i>45.0</i>	<i>19.1</i>	

2. Which of the initiatives being provided under the Community Recovery Program are new and responding to Covid, as opposed to ongoing actions of the City?

The City of Sydney Community Recovery Plan identifies 57 actions, across the six areas of focus, to support social and economic recovery.

Of these, 39 actions are business as usual or transformed actions where the existing work of the organisation under those actions was focused towards recovery, while 18 actions are new and supplement existing programs.

All actions are identified in the Community Recovery Plan as either “what we are doing to support recovery” (existing or transformed) or “other actions we will take” (new).

3. Explain the discrepancy in figures reported for the City's Quick Response Grants (i.e. \$110,000 versus \$117,000) in Quarter 2.

An explanation of the discrepancy in the Quarter 2 figures provided as part of the 2021/22 Quarter 2 Review – Delivery Program is provided below:

Attachment D – Second Quarter Supplementary Report 2021-22

On page 104 of this attachment, Table 1.1 provides a list of all grant recipients funded under the Quick Response Grant Program and Community Emergency Quick Response Grant program.

In Quarter 2, the total funding across Quick Response and Community Emergency Quick Response programs was made up of:

The annual Quick Response Grants - \$6,475 plus the Community Emergency Quick Response Grants - \$110,740 to a total of \$117,215.

Attachment E – Second Quarter Community Recovery Plan Report 2022

In this attachment, page 14, Action Area 2, under 2.1 and 2.8 correctly state that through the Community Emergency Quick Response Grant Program “In this quarter 12 organisations were supported with \$110,740 across 13 grants, 10 of which were for food security projects.”

4. Provide details of regular grants versus special Covid grant programs

The Quick Response Grant Program is part of the City’s standard Grants and Sponsorship Program. The Community Emergency Quick Response Grant Program was approved by Council in July 2021 as part of the Support for Our Community - 2021 Lockdown Response with funding available up until 31 January 2022.

5. Community Centres – have any been closed or had staffing levels affected by Covid? How does the City expect to resource the increasing demand for community centres in future years?

At the end of February 2020 our community centres and libraries had 132.4 full-time equivalent positions (FTE). As at 31 January 2022, our community centres and libraries had 133.2 full-time equivalent positions (FTE). All positions are filled except for 4.6 FTE vacancies, which the City is planning to recruit for.

The City continuously reviews how it may best utilise its existing property portfolio to its full potential to enable the delivery of services to the community in future years.

The City offers spaces and facilities to the community through three methods. These are, those operated by the City, those offered through the Accommodation Grants Program to provide programs and services to the community (AGP), and community venues for hire. All facilities except Pine Street Creative Arts Centre are currently open and available to the community.

The St Helen's Community Centre in Glebe and the Harry Jensen Centre in Millers Point were two of six centres that offered a hot meal service prior to 2018. Council approved that this cease across all centres from July 2018 due to significantly declining demand. Those still requiring meals, including hot meals, can access these through the City's Meals on Wheels service.

The NSW Government sell-off of social housing in Millers Point between 2014 and late 2018 resulted in a significantly altered demographic and changes in the needs, interests and expectations of local residents. By 2020, general attendances at this space during opening hours decreased by 47 per cent when compared with 2017, whilst bookings for hire of the space increased by 61 per cent when compared with the same period. The Harry Jensen centre is currently offered as a venue for hire to increase the flexibility of the space and meet the changing needs of the community.

Following the cessation of the meal service, use of the St Helen's centre was predominantly for gentle exercise classes offered by an external provider, and bookings for venue hire. Since 2020, the venue operates as a venue for hire and gentle exercise classes are still offered by the same external provider through a venue hire arrangement supported by the City, and venue hire also continues.

Pine Street Creative Art Centre offers a range of creative arts programs, including ceramics, jewellery, painting and drawing. The activities offered are predominantly high-touch, cross-contamination activities, and the spaces in the centre are too small to enable physical distancing to be maintained. As a result, the centre closed at the start of the current pandemic, with creative programs offered instead through our libraries and makerspace, in face-to-face, hybrid (online and face to face) and online formats.

6. City action/progress on special activation precincts

In 2019 the City updated its late night trading planning controls creating a 24 hour precinct in the city centre and providing additional trading hours for venues to host live music and performance.

In 2020 we also exhibited draft planning controls for Entertainment Sound Management to provide a fairer and more certain approach for performance venues and neighbours. These draft planning controls identified properties surrounding existing venues and required new

homes to attenuate the sound from those existing venues. The City is currently addressing submissions with stakeholders and planning to report final controls to Council later in 2022.

Since the City has progressed its work, the NSW Government has introduced the concept of Special Entertainment Precincts through the Liquor Amendment (Night-time Economy) Act 2020. These precincts generally address the same key matters as the City's adopted and draft planning controls such as a controls to manage noise, additional trading hours for performance venues and attenuation requirements for other development.

The Precincts must:

- have amplified music regulated under planning or environmental noise laws rather than the Liquor Act, meaning Council rather than Liquor and Gaming NSW will regulate noise
- have noise attenuation requirements for certain types of development
- allow 30 minutes of extended trading under liquor licensing (not DAs) for live music and performance venues
- must have a plan prepared by council for regulating noise from amplified music
- require council to notify people by website that they are within the precinct
- be prepared and operated in accordance with Ministerial Guidelines (under preparation)
- be implemented by changing the Local Environmental Plan

In December 2021 the Minister announced that Lake Macquarie City Council and Inner West Council, along with the City, would participate in a pilot program to inform guidelines for the establishment of precincts. The City is now working with those councils, Liquor and Gaming NSW, NSW Department of Planning, Industry and Environment and others on developing guidelines to apply to Special Entertainment Precincts.

As the City finalises its Entertainment Sound Management planning controls and works with NSW Government on the preparation of their guidelines, we will consider whether the Special Entertainment Precincts provide any benefits over and above the approach already taken in the City's planning controls and, if so, where precincts may be located.

The City is different to many other council areas and has a large number of performance venues distributed throughout the council area. Almost all are in late night trading precincts and mapped in our recent draft entertainment sound management planning controls. Discreet, smaller precincts, such as some parts of the city centre or other 24 hour precincts, could be considered for Special Entertainment Precinct status if an alternative approach to sound management is worthwhile.

The City will make recommendations on whether to implement or trial a Special Entertainment Precinct when it reports the draft Entertainment Sound Management planning controls to Council for finalisation later in 2022.

7. Information on changes to the Fitness Passport program (Belgravia Leisure)

Belgravia Leisure entered into a national agreement with Fitness Passport Pty Ltd to provide access to facilities under their management. Membership is taken out directly with Fitness Passport. This agreement was entered into without City approval. The number of facilities varies depending on contracts held by Belgravia Leisure and agreement of facility owners to participate in the program. Under the agreement the City (as owner of the facilities) has the right to withdraw from participating in the program without being penalised.

The last change/variation to the contracts with Belgravia Leisure were endorsed by Council resolution at its meeting on 17 May 2021.

Memo from Bill Carter, Chief Financial Officer

Prepared by: Relevant Directors

Approved

A handwritten signature in black ink, appearing to read 'P.M. Barone', with a long horizontal flourish extending to the right.

MONICA BARONE

Chief Executive Officer