

Relevant Information for Council

FILE: S095194.009 **DATE:** 26 July 2024

TO: Lord Mayor and Councillors

FROM: Monica Barone PSM, Chief Executive Officer

SUBJECT: Information Relevant To Item 6 – Report of the Corporate, Finance, Properties and Tenders Committee

For Noting

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

Purpose

To provide further information on the sequencing of capital works projects, tender considerations and financial implications.

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 22 July 2024, further information was sought on the sequencing of capital works projects, tender considerations and financial implications in relation to the procurement matters for Council consideration (Item 6.5 to 6.13 inclusive).

Integrated Planning and Reporting framework

The Integrated Planning and Reporting framework for NSW local government 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 financially sustainable over the long term.

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.

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 councils have adequate resources to achieve the planned outcomes while ensuring the council's long-term sustainability for its community and stakeholders.

The City's resources are aligned to the priorities identified for the 10-year, four-year and one-year periods of the Community Strategic Plan, Delivery Program and Operational Plan.

Council endorsed the Integrated Planning and Reporting Program and Budget 2024/25 on 24 June 2024.

This information and relevant documentation is available on the City's website - <https://www.cityofsydney.nsw.gov.au/governance-decision-making/planning-reporting>

Long Term Financial Plan

The City of Sydney's (the City's) Long Term Financial Plan recognises its current and future financial capacity to continue delivering high quality services, facilities and infrastructure to the community while undertaking the initiatives and projects that will contribute toward the goals set down in its Community Strategic Plan, Delivering Sustainable Sydney 2030-2050.

The financial plan provides a 10-year overview of the City's projected annual income and expenditure, capital works and asset delivery, acquisitions and disposals of property and the resultant projected cashflows.

The financial plan highlights the impact of the City delivering infrastructure, public domain works and facilities across the Local Government Area, whilst continuing to undertake the maintenance and renewal works required to sustain existing infrastructure and facilities at a satisfactory standard, befitting a global city.

The City's Long Term Financial Plan (LTFP) sets out details of the amounts, services, facilities, activities, capital works and acquisitions that will be funded by the City's accumulated cash and future revenue streams. The LTFP includes all sources of restricted and unrestricted funds, both known and estimated over the 10 years of the plan. Within the LTFP, specific projections are made in respect of the utilisation of internal and external restrictions.

The City has utilised a delivery model over the long term incorporating contracting of major capital works. Our service provision approach and any associated procurement are informed by the Resourcing Strategy approved by Council.

Concept design / project scopes

Approval of concept designs for all major capital works is a Council reserved function (i.e. not to be exercised by the Chief Executive Officer).

Therefore, Council considers and approves project scope reports for all major capital works for progression to relevant approvals and preparation of tender documentation.

Council also considers and approves project scope reports for park enhancements for progression to relevant approvals and preparation of tender documentation.

Council is provided with forecast project funding as part of project scope reports.

Procurement process

Following Council approval of concept designs, detailed design work is undertaken and procurement documentation (which involves Quantity Surveyor cost estimates) is prepared.

Procurement processes are undertaken in accordance with the Local Government Act 1993 and Local Government (General) Regulation 2021.

Approval of the acceptance of tenders involving an estimated expenditure or receipt of an amount of \$5 million or more including GST is undertaken by Council.

Council is provided with forecast project funding as part of the tender report and approval is sought for additional funding at this stage if required.

Quarterly reports

The Local Government Act 1993 and Local Government (General) Regulation 2021 require quarterly progress reports against the financial objectives and regular reports (at least six monthly) against the Operational Plan.

The City provides quarterly reports to Council which review the operating and capital results against budget for the relevant financial year, and progress against the performance measures identified within the annual Operational Plan, within the broader four-year Delivery Program (and the approval of budget adjustments as required).

The quarterly report also contains a schedule of all current individual projects with a total budget of greater than \$5 million, incorporating total project budget, total project forecast and status comments.

It is noted that there have been significant increases in construction and associated costs over the past few years as a result of the long-term impacts of Covid, supply chain disruptions, labour and other issues. These impacts are across the entire industry and are affecting local, state and federal projects.

Prepared by: Erin Cashman, Manager OCEO

Approved

P. M. Barone

MONICA BARONE PSM

Chief Executive Officer