

Item 2.

Integrated Planning and Reporting Program and Budget 2019-20 - Adoption

File No: X020943

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.

Council reviewed and adopted a revised suite of Integrated Planning and Reporting documents in 2017. That suite of documents included the Sustainable Sydney 2030 Community Strategic Plan and the 2017-2021 Delivery Program. The draft Operational Plan 2019/20 provides an annual instalment of the 2017-2021 Delivery Program, and identifies the specific plans and activities to be undertaken during the forthcoming year to progress the community's desired outcomes.

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 suite of Integrated Planning and Reporting documents was endorsed by Council on 13 May 2019 to be placed on public exhibition for comment from 14 May to 11 June 2019, in accordance with the requirements of the Local Government Act 1993.

Six submissions on the suite of Integrated Planning and Reporting documents were received on five issues, and all assessed through internal review. The details of the issues raised in the submissions, together with responses and staff recommendations, are included in Attachment A.

The draft suite of Integrated Planning and Reporting documents, including the 2019/20 annual budget and financial schedules as placed on exhibition, have been amended to recognise that the City's 2018/19 contribution of \$38.6M to the light rail project has had to be deferred pending independent certification that the project remains on track and in accordance with the City's deed, and late notification of a \$0.4M (14.3 per cent) increase to our mandatory contribution to the State's emergency services.

This report recommends the adoption of the exhibited suite of the 2019 Integrated Planning and Reporting documents, including the 2019/20 budgets, incorporating the setting of the rates, subject to the changes 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 on the exhibited suite of the 2019 Integrated Planning and Reporting documents as included in Attachment A to the subject report;
- (B) Council adopt the suite of the draft 2019 Integrated Planning and Reporting documents as endorsed by Council on 13 May 2019, subject to the amendments detailed in Attachment B to the subject report, incorporating:
 - (i) the Operational Plan 2019/20; and
 - (ii) the Resourcing Strategy 2019;
- (C) Council adopt the draft Operating and Capital Budget, and future years' forward estimates, reflected in the Operational Plan 2019/20 and Resourcing Strategy (2019), subject to the amendments detailed in Attachment B to the subject report.
- (D) Council note that the 2019/20 budgets include:
 - (i) Operating income of \$609.5M, operating expenditure before depreciation and light rail contribution of \$496.6M for an Operating Result of \$112.9M, and a Net Operating Result of \$36.5M after allowing for interest income of \$14.3M, capital grants and contributions of \$68.0M, depreciation expense of \$107.5M, capital project related costs of \$10.3M and light rail contributions to the State Government of \$40.9M;
 - (ii) Capital Works expenditure of \$235.0M, increased to reflect the revoked light rail contribution of \$38.6M, and a capital contingency of \$5.0M;
 - (iii) Plant and Assets and Technology Digital Services Projects of \$30.8M; and
 - (iv) Net Property Acquisitions of \$137.7M, amended to reflect the sale of Stockton House in 2019/20;
- (E) Council adopt the proposed Rating structure and policies, Domestic Waste Management Charges, Stormwater Charges and User Fees and Charges reflected in the Operational Plan 2019/20 as endorsed by Council on 13 May 2019; and
- (F) authority be delegated to the Chief Executive Officer to approve any minor editorial corrections prior to publication and authorise the relevant staff to implement any such corrections.

Attachments

- Attachment A.** Public Exhibition Submissions and Responses 2019
- Attachment B.** Integrated Planning and Reporting 2019/20 - Amended Financial Schedules

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. The Local Government Amendment (Governance and Planning) Act 2016 was assented on 30 August 2016 further strengthening the planning and reporting requirements for Local Government.
2. The Integrated Planning and Reporting framework requires development of a number of strategic planning and resourcing documents, aligned with 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 that councils have adequate resources to achieve the planned outcomes while ensuring the council's long term sustainability for its community and stakeholders.
3. The draft Operational Plan 2019/20 and draft Resourcing Strategy (2019) have been developed in alignment with the adopted Delivery Program 2017-2021 and Community Strategic Plan (Sustainable Sydney 2030). A large program of work is currently underway to renew the Community Strategic Plan (Sustainable Sydney 2030). A new Delivery Program is required to be adopted by Council by June 2021 following the September 2020 council elections.
4. Council endorsed the draft Operational Plan 2019/20 and draft Resourcing Strategy (2019) on 13 May 2019. The draft documents were placed on public exhibition for a period of 28 days on 14 May 2019. Public notices were placed in The Sydney Morning Herald and Inner West and Wentworth Courier newspapers on 14 May 2019.
5. Electronic copies of the documents were made available to the community at various Council locations, including the Town Hall Customer Service Centre and Neighbourhood Service Centres. The Plans were also made available through Council's Sydney Your Say website, which had 429 unique visits and 195 downloads of the documents.
6. Council received six submissions on five issues through the Sydney Your Say website or email covering several topics. Topics in the public submissions included: a compliment about the Juanita Nielsen Community Centre; footpath restorations after completion of work on utilities; a request to review Environmental Upgrade Charges; a submission regarding Smart Poles in Paddington; and, a general response to a number of issues including pedestrian safety and e-waste. 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.
7. The five issues raised in the submissions, together with the responses and staff recommendations, are included in Attachment A.

8. Minor amendments to correct administrative errors and improve clarity have been made to the Operational Plan deliverables, fees and charges, and the annual budget and long term financial plan financial statements. One additional deliverable has been added to the Operational Plan to review the Greening Sydney plan to align with the Urban Forest Strategy and the renewed Community Strategic Plan currently under development.
9. The most significant amendment relates to the need to revoke the City's planned 2018/19 contribution to light rail of \$38.6M into 2019/20 pending certification that the project remains on track to achieve the outcomes agreed within the deed. The budget has also had to be revised to reflect an additional \$0.4M of expenditure due to the State government's late advice that council's mandatory contribution for Emergency Services has increased by 14.3per cent, or 10.9per cent to that already included in the draft budget.
10. A final adjustment has also been made within the future year's forward estimates to reflect the fact that payment of the St George affordable housing grant has now been deferred from 2018/19 to 2020/21, to align with State requirements. The revised financial schedules are detailed in Attachment B.
11. This report recommends the adoption of the exhibited suite of Integrated Planning and Reporting (2019) documents including the 2019/20 budgets, incorporating the setting of the rates, in accordance with the requirements of the Local Government Act 1993, subject to the changes set out in Attachment B.

Key Implications

Strategic Alignment - Sustainable Sydney 2030 Vision

12. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. The 2019/20 Operational Plan identifies the activities and projects that will be undertaken to deliver against all 10 strategic directions. The Resourcing Strategy 2019 identifies the City's resourcing requirements to deliver our strategic objectives and our core services.

Organisational Impact

13. The proposed budget for 2019/20 provides for 1,996 full time equivalent (FTE) positions. 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.
14. 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.

Budget Implications

15. The proposed 2019/20 budget delivers an operating result, prior to interest income, depreciation, capital project related costs and capital contributions, of \$112.9M. This surplus is in line with the current approved Long Term Financial Plan, adjusted for the deferred light rail contribution of \$38.6M and the increased contribution of \$0.4M for the State's Emergency Services levy.
16. 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.
17. The proposed operating and capital expenditure budgets are projected to reduce the City's cash reserves from the planned forecast of \$615.1M, at 1 July 2019, to \$401.4M by 30 June 2020 in line with the long term financial strategy. The utilisation of cash reflects funds being directed to the extensive capital works program.
18. Within the Resourcing Strategy (2019), 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.
19. 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).
20. 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.
21. A full schedule of the user fees and charges proposed for the 2019/20 year is included within the Operational Plan 2019/20. 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

22. The Local Government Amendment (Governance and Planning) Act 2016 was assented to on 30 August 2016. 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.

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

Critical Dates / Time Frames

24. Section 405 of the Local Government Act 1993 requires that Council 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.
25. 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 1993 requires that the draft budget, and revenue pricing policy for rates, annual charges and fees be incorporated within that exhibition and consultation process

Options

26. 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 2019.

Public Consultation

27. The current 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.
28. 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 Operational Plan.
29. Council publicly exhibited the draft Resourcing Strategy and draft Operational Plan, including its revenue policy and budgets from 14 May 2019 to 11 June 2019.
30. 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.

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