

Adoption - Integrated Planning and Reporting Program and Budget 2021/22

File No: X025796

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 following the local government elections.

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.

In response to the uncertainty caused by the pandemic, the draft iteration of the budget and Long Term Financial Plan included within the Resourcing Strategy contained a 'base case' 10 year financial plan, and two alternative scenarios should the pandemic impact continue to the City's revenue streams.

The draft suite of Integrated Planning and Reporting documents, including the 2021/22 annual budget and financial schedules have been amended to recognise the City's ongoing response to the Covid-19 pandemic.

The draft suite of Integrated Planning and Reporting documents were endorsed by Council on 17 May 2021 and placed on public exhibition for comment from 18 May to 14 June 2021, in accordance with the requirements of the Local Government Act 1993.

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

This report recommends the adoption of the exhibited suite of the 2021 Integrated Planning and Reporting documents, including the revised 2021/22 budgets, incorporating the setting of the rates, 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 2021 Integrated Planning and Reporting documents as included in Attachment A to the subject report;
- (B) Council adopt the suite of the draft 2021 Integrated Planning and Reporting documents as endorsed by Council on 17 May 2021, and as amended, including the Operational Plan 2021/22 as shown at Attachment B to the subject report;
- (C) Council adopt the draft Operating and Capital Budget, and future years' forward estimates, reflected in the Operational Plan 2021/22 and Resourcing Strategy 2021, subject to amendments in Attachment B to the subject report;
- (D) Council note that the 2021/22 budgets include:
 - (i) Operating income of \$624.5M, operating expenditure before depreciation of \$514.5M for an Operating Result of \$110.0M, and a Net Operating Surplus of \$27.3M after allowing for interest income, depreciation and capital contributions;
 - (ii) Capital Works expenditure of \$236.3M; including a capital contingency of \$8.0M;
 - (iii) Plant and Assets net expenditure of \$9.2M;
 - (iv) Information/Technology/Digital Capital Works of \$18.3M; and
 - (v) Net Property Acquisitions of \$131.9M;
- (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 2021/22, endorsed by Council on 17 May 2021, as set out in the body of the subject report;
- (F) authority be delegated to the Chief Executive Officer to approve the 2021 Resourcing Strategy as exhibited, including relevant amendments to the Long Term Financial Plan; and
- (G) 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 2021

Attachment B. Revised Financial Schedules

Background

1. In October 2009, the NSW Government enacted the Local Government (Planning and Reporting) Amendment Act 2009, which set a 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 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 sets 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 councils have adequate resources to achieve the planned outcomes while ensuring the council's long-term sustainability for its community and stakeholders.
4. The draft Operational Plan 2021/22 and draft Resourcing Strategy 2021 have been developed in alignment with the adopted Delivery Program 2017-2021 and Community Strategic Plan (Sustainable Sydney 2030). A new Delivery Program is required to be adopted by Council by June 2022 following the council elections which have now been deferred until September 2021.
5. Council endorsed the draft Operational Plan 2021/22 and draft Resourcing Strategy 2021 on 17 May 2021. The draft documents were placed on public exhibition for a period of 28 days on 18 May 2021.
6. The Plans were made available through the City's Sydney Your Say website, which had 198 unique visits and 153 downloads of the documents. The consultation also included notification of the exhibition to 7,360 subscribers to the City's Sydney Your Say e-newsletter.
7. The City received three submissions on three issues through the Sydney Your Say website or email covering several topics. Topics in the public submissions included: programs for seniors, programs at staffed community centres and potential software development options using the broader community. These submissions have been internally reviewed, with staff recommending the exhibited content of the draft plans remain unchanged from that exhibited in response to the submissions received.
8. The issues raised in the submissions, together with the responses and staff recommendations, are included in Attachment A.
9. Minor amendments to correct administrative errors and improve the clarity of the documents have been made to the Operational Plan deliverables, fees and charges, and the annual budget and long term financial plan financial statements.
10. The revised financial schedules are included in Attachment B.
11. This report recommends the adoption of the exhibited suite of Integrated Planning and Reporting (2021) documents including the 2021/22 budgets, incorporating the setting of the rates, in accordance with the requirements of the Local Government Act 1993.

Key Implications

Strategic Alignment - Sustainable Sydney 2030

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 2021/22 Operational Plan identifies the activities and projects that will be undertaken to deliver against all 10 strategic directions. The Resourcing Strategy 2021 identifies the City's resourcing requirements to deliver our strategic objectives and our core services.

Organisational Impact

13. The proposed budget for 2021/22 provides for all 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 the City, and to advance the outcomes determined within Sustainable Sydney 2030. City staff continue to revise functional operations to determine where opportunities arise to improve effectiveness and efficiency of service delivery, to ensure the organisation remains financially sustainable.

Social / Cultural / Community

15. The Covid-19 pandemic is an unprecedented public health crisis which is causing an economic crisis. The impact has been felt across our community, with job losses impacting sectors particularly concentrated in our city community, such as accommodation and food services, retail trade, arts and recreation services, and education related services.
16. These plans and budgets have been developed based upon the most current and best available information, but they are subject to change due to the dynamic health and economic crisis created by the pandemic.
17. The City will continue to adjust to this crisis to ensure the health and wellbeing of the community is our primary focus. We will engage with the community using the principles outlined in our Community Engagement Strategy to ensure changing and emerging priorities are identified.

Financial Implications

18. The proposed 2021/22 budget delivers an Operating Result, prior to interest income, depreciation, capital project related costs and capital contributions of \$110.0M. This result reflects operating income of \$624.5M and operating expenditure before depreciation of \$514.5M, to provide the funding for our capital works program including asset renewal and upgrade requirements.
19. After allowing for interest income, depreciation and capital contributions, the City is budgeting for a Net Operating Surplus of \$27.3M.

20. While the economic fallout from the health crisis in NSW is far from over, the City's revenue sources continue to gradually recover, with parking related services returning close towards pre-pandemic levels and budgets, and venue and facilities also planning to improve their attendance and revenue expectations. However other revenue sources including commercial property income continue to reflect the ongoing financial effects of the pandemic's economic impact, and aquatic and leisure services who prior to the pandemic delivered net operating income in the order of \$1.0M, are now budgeted as an expense to the City. Furthermore, while the new street furniture contract has been successfully negotiated, during the transition phase for the coming year, reduced income and additional maintenance costs are expected.
21. The City's financial recovery plan acknowledges that planned deliverables and actions may be impacted or need to be reprioritised based on the effects of this pandemic, and new priorities may emerge. It anticipated that services, and levels of service may continue to change as we deal with the economic impact, and that these changes may be temporary or permanent according to ongoing community priorities and resources.
22. In response to the uncertainty caused by the pandemic, the draft iteration of the budget and Long Term Financial Plan, included within the Resourcing Strategy, contained a 'base case' 10 year financial plan, and two alternative scenarios should the Covid-19 pandemic continue to impact key revenue streams, including further reductions to commercial property income and advertising income.
23. The proposed Capital Works program remains significant with a 2021/22 capital works budget of \$236.3M and a 10 year funded program totalling \$1.7B, to provide new infrastructure for the City and its community, and to deliver the renewal and upgrades required to ensure our assets remain safe and fit for purpose. This program has been determined within the level of available funds, to maintain sufficient working capital to ensure the City's long term financial sustainability.
24. The plan incorporates the City's cash reserves, including all 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).
25. The proposed operating and capital expenditure budgets are projected to reduce the City's cash reserves to \$313.2M by 30 June 2022, in line with the long term financial strategy.
26. Despite the impacts of the pandemic, the City's strong financial management over the past years provides a strong platform to respond to the current crisis. Over the life of the proposed 10 year financial estimates the key financial performance ratios, set out in the plan, are forecast to return to favourable results relative to industry benchmarks.

Relevant Legislation

27. The Integrated Planning and Reporting framework was introduced by the Local Government Amendment (Governance and Planning) Act 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.
28. Sections 402 to 406 of the Local Government Act 1993 outline the requirements 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

29. 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.

Public Consultation

30. 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.
31. 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.
32. The City publicly exhibited the draft Resourcing Strategy and draft Operational Plan, including its revenue policy and budgets from 18 May 2021 to 14 June 2021.
33. 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 the draft plans. All submissions received by the City have been considered and assessed against the draft planning documents. More details are provided in Attachment A.

BILL CARTER

Chief Financial Officer