

Integrated Planning and Reporting Program and Budget 2024/25 – Adoption

File No: X101909

Summary

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.

Council endorsed Sustainable Sydney 2030-2050 Continuing the Vision on 27 June 2022 which continues our vision for a more sustainable future. The City has incorporated this 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 Community Strategic Plan Delivering Sustainable Sydney 2030-2050.

The draft Operational Plan 2024/25 provides an annual instalment of the City's Delivery Program 2022-2026. The draft Resourcing Strategy 2024 supports the activities outlined in the Delivery Program, comprising a Long Term Financial Plan (LTFP), a People (Workforce) Strategy, an Asset Management Plan, an Information Technology Strategy and a Community Engagement Strategy.

These documents were endorsed by Council on 13 May 2024 and placed on public exhibition from 14 May to 10 June 2024 in accordance with the requirements of the Local Government Act 1993. 16 submissions were received on these documents.

The details of the various issues raised have all been assessed by relevant staff across the organisation. A summary of the issues raised in the submissions, together with responses and staff recommendations, are all included in Attachment C.

Recommendation

It is resolved that:

- (A) Council note the submissions received from the community, and staff responses, on the exhibited suite of the Integrated Planning and Reporting documents as shown at Attachment C to the subject report;
- (B) Council note the proposed changes to the documents, including fees and charges, as incorporated within the Operational Plan and Resourcing Strategy, and set out in Attachment D to the subject report;
- (C) Council adopt the Operational Plan 2024/25, as shown at Attachment A to the subject report;
- (D) Council adopt the Resourcing Strategy 2024, as shown at Attachment B to the subject report including the revised Asset Management Policy now included as an appendix to the Community Asset Management Plan.
- (E) Council adopt the draft Operating and Capital Budgets and future years' forward estimates as reflected in the Operational Plan 2024/25 and Resourcing Strategy 2024 including:
 - (i) Operating income of \$716.4M, operating expenditure before depreciation of \$597.3M for an Operating Result of \$119.1M, and a Net Surplus of \$115.4M after allowing for interest income, depreciation and capital contributions;
 - (ii) Capital Works expenditure of \$228.5M; including a capital contingency of \$8.0M;
 - (iii) Plant and Assets net expenditure of \$18.6M;
 - (iv) Capital Works (Technology and Digital Services) of \$24.0M; and
 - (v) Net Property Acquisitions of \$28.0M;
- (F) Council adopt the Rates Structure, Domestic Waste Management Charges, Stormwater Charges and User Fees and Charges discussed within the subject report and included within the Operational Plan 2024/25; and
- (G) authority be delegated to the Chief Executive Officer to approve any minor editorial and document design corrections prior to publication.

Attachments

- Attachment A.** Operational Plan 2024/25
- Attachment B.** Resourcing Strategy 2024 (including the Asset Management Policy)
- Attachment C.** Summary of public exhibition submissions
- Attachment D.** Register of Proposed Changes to Draft Integrated Planning and Reporting Documents.

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 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 councils have adequate resources to achieve the planned outcomes while ensuring the council's long-term sustainability for its community and stakeholders.
4. Council endorsed Sustainable Sydney 2030-2050 Continuing the Vision on 27 June 2022 which continues our vision for a more sustainable future, and adopted our Community Strategic Plan Delivering Sustainable Sydney 2030–2050 which guides the development and planning for the City of Sydney local government area. This document is the highest-level plan within the Integrated Planning and Reporting Framework and provides the mechanism for the implementation of the vision for our city. It builds on the work already undertaken to realise Sustainable Sydney 2030, responds to relevant global trends and policy frameworks, encapsulates our communities' values and aspirations, underpinned by research and analysis of data.
5. On 13 May 2024, Council endorsed a draft Operational Plan and draft Resourcing Strategy, to be placed on public exhibition for public comment from 14 May 2024 to 10 June 2024 in accordance with the requirements of the Local Government Act 1993.

Operational Plan and Resourcing Strategy

6. The Plans were made available through the City's Sydney Your Say website, which had 798 unique visits and 257 downloads of the Operational Plan and Resourcing Strategy combined. The consultation also included:
 - (a) notification of the exhibition to 6,643 subscribers to the City's Sydney Your Say e-newsletter on 15 May 2024
 - (b) City of Sydney Green Square news to 3,531 subscribers on 3 June 2024
 - (c) City of Sydney library news to 38,948 subscribers on 24 May 2024
 - (d) City of Sydney community centres news to 3,060 subscribers
 - (e) City of Sydney City Life digest to 6,066 subscribers on 28 May.

7. The City received 16 submissions through the Sydney Your Say website with 10 survey responses and 6 direct email submissions covering several topics. All submissions have been internally reviewed, with staff recommending one clarification change to the exhibited content of the draft plans. The issues raised in the submissions, together with the responses and staff recommendations, are included in Attachment C.
8. Minor amendments to correct administrative errors and improve the clarity of the documents have also been made to the Operational Plan and Resourcing Strategy, including minor changes to the draft Fees and Charges 2024/25.
9. The City's Asset Management Policy, which comprises a part of the Community Asset Management Plan within the Resourcing Strategy, has been revised as part of its periodic review. A number of very minor changes were made. The updated version is now incorporated within the Resourcing Strategy as Appendix 1 within the Community Asset Management Plan.
10. The changes to fees and charges are updates to statutory fees as set by legislation released after the draft plans were placed on exhibition and amendments to revert fees for waste related charges.
11. Changes in line with the City's editorial guidelines, such as page breaks, de-capitalisation (changing from upper to lower case), replacing spelt numbers with numbers and removing or adding full stops and ampersands have not been included in the register.
12. A register of the proposed changes is provided at Attachment D.
13. The proposed suite of Integrated Planning and Reporting documents to be adopted, including the 2024/25 budgets and incorporating the setting of the rates in accordance with the requirements of the Local Government Act 1993, are attached to this report.

Key Implications

Strategic Alignment – Sustainable Sydney 2030-2050 Continuing the Vision

14. Sustainable Sydney 2030-2050 Continuing the Vision is the evolution of Sustainable Sydney 2030. It is the continuing vision for the sustainable development of the city over the next 3 decades. It will be implemented via Community Strategic Plan – Delivering Sustainable Sydney 2030-2050 through the 2022-2026 Delivery Program and the 2024/25 Operational Plan. The resources required to implement the actions are included in the 2024 Resourcing Strategy.

Organisational Impact

15. The organisation's resources will be aligned to the priorities identified for the 10+ year, 4 year and one-year periods of the Community Strategic Plan, Delivery Program and Operational Plan.
16. The proposed budget for 2024/25 provides for all approved 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.

17. These positions are required to ensure the ongoing operation of the City, and to advance the outcomes determined by Council. 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

18. Sustainable Sydney 2030-2050 Continuing the Vision, in representing the communities' aspirations for the future of the city, aims to achieve an equitable and inclusive city, where people can prosper and reach their full potential. It also aims to strengthen resilience in our community by making stronger the networks and connections that bind people and organisations together and to create a city where everyone can participate in, contribute to and benefit from its cultural life.
19. The Community Strategic Plan includes a definition of the communities we serve drawn from the Community Engagement Framework. It includes the many people who rely on our area as the place they live, work, study, do business, access services and visit. As well, it recognises the global connections and obligations our communities have to others around the world and the responsibilities from this that arise for the City of Sydney.

Environmental

20. In responding to the communities' aspirations for action on climate change, Sustainable Sydney 2030-2050 Continuing the Vision aims for a more sustainable future where everyone does their part to respond to the climate emergency as we start to restore our overheated planet.

Economic

21. Sustainable Sydney 2030-2050 Continuing the Vision positions our city as a leader in our region for just and sustainable growth, creativity and innovation. A city with a thriving 24-hour economy and opportunities for all.

Financial Implications

22. The proposed 2024/25 budget plans for operating income of \$716.4M, operating expenditure of \$597.3M, and projects an operating surplus prior to interest income, depreciation, capital project related costs and capital contributions of \$119.1M.
23. After allowing for interest income, depreciation and capital contributions, the City is budgeting for a Net Surplus of \$115.4M. Full details are provided in the Operational Plan 2024/25, and the Long-Term Financial Plan within the Resourcing Strategy 2024.
24. The Rates and Annual Charges for 2024/25 are budgeted to be \$419.2M, of which ordinary rates are \$354.3M. Rates and Annual Charges include the following key elements:
 - (a) Base cost change of 3.9 per cent
 - (b) Superannuation adjustment of 0.4 per cent
 - (c) Emergency services levy factor of 0.2 per cent

- (d) Population growth factor is 0.6 per cent
25. Rates will be based upon the 1 July 2022 unimproved land valuations as supplied by the Valuer General of NSW.
26. Rates will comprise a cent in the dollar (ad valorem) rate, based on the unimproved valuations of the residential and business properties, subject to the application of a minimum rate contribution;
- (a) Residential - Ordinary Rate – the City proposes to continue a single residential category of rateable land;
- (b) Business - Ordinary Rate – the City proposes to adopt a business ordinary rate; and
- (c) Business – CBD (Central Business District) Rate – a business subcategory rate for rateable land in the Central Business District as a centre of activity, as shown in the map contained within the Operational Plan 2024/25;
27. The proposed rates for the 2024/25 rating year are:

Category/Subcategory	Minimum Rate (\$)	Ad valorem (rate in the dollar)
Residential – Ordinary Rate	\$ 668.50	0.00097404
Business – Ordinary Rate	\$ 855.50	0.00301020
Business subcategory – CBD Rate	\$ 855.50	0.00777792

28. The Resourcing Strategy, which includes the Long Term Financial Plan, articulates the need for long-term financial sustainability as a fundamental principle of future planning and is always considered when planning for the delivery of the elements of the vision.
29. The draft budgets reflect our best estimates of required funding at this time, however we anticipate that there will be specific services and projects where we may need to refine funding requirements. Where these price fluctuations cannot be absorbed within the draft budgets, these requirements would be brought back to Council either directly or through the quarterly reports to progress delivery of the planned outcomes.

Reserves

30. The Long Term Financial Plan incorporates the City's cash reserves, including the external restrictions required by legislation to quarantine funds raised for specific purposes, including developer contributions, security deposits, and domestic waste and stormwater charges. It also incorporates internal restrictions where Council has resolved to set aside specific funding to cater for employee leave entitlements, asset replacement, and significant strategic commitments such as the Supported Accommodation Affordable and Diverse Housing Fund, Green Square Infrastructure, and Green Infrastructure (energy, stormwater and waste).
31. The Plan continues to forecast future cash funding and utilisation of the restricted cash reserves, to reflect the proposed timing of these major projects and commitments of the City. It is important however to recognise that the cash restrictions within the Long Term Financial Plan are designed to demonstrate specifically identified Council commitments, they do not set aside all funding already committed to fund the entire capital works program.
32. The proposed operating and capital expenditure budgets are projected to reduce the City's total cash reserves to \$698.2M by 30 June 2025, in line with the long term financial strategy.
33. Despite the impacts of the pandemic, the City's strong financial management over the past years provided a strong platform to respond to the 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 results that satisfy relative industry benchmarks.

Relevant Legislation

34. Section 8C of the Local Government Act 1993 sets out the integrated planning and reporting principles that apply to councils. Section 406 requires council to comply with the integrated planning and reporting guidelines established by the Executive of the Office of Local Government. Council must comply with these requirements when preparing a draft community strategic plan, the underlying delivery program and operational plans and strategies with respect to the council's activities.

Critical Dates / Time Frames

35. Section 405 of the Local Government Act 1993 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.
36. Council is required to place the proposed new documents related to the Integrated Planning and Reporting legislation on public exhibition for 28 days. The Local Government Act 1993 requires the draft budget, and revenue pricing policy for rates, annual charges and fees be incorporated within that exhibition and consultation process.

Options

37. 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.

Public Consultation

38. 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.
39. A comprehensive engagement program was undertaken from late 2018, through 2019, and detailed in a report to Council in December 2019 including reports from numerous engagement activities which are all available on the City of Sydney website. Information from ongoing engagement with communities on major strategies and projects throughout 2020 to 2022, including a survey of residents and businesses in 2020 on the impacts of the pandemic, informed the finalisation of Sustainable Sydney 2030-2050 Continuing the Vision and the Community Strategic Plan Delivering Sustainable Sydney 2030-2050.
40. Council is required to exhibit to the community, for a period not less than 28 days, the draft Operational Plan 2024/25, including its revenue policy and budgets. The City elects to exhibit the complete Resourcing Strategy at the same time even though it is not a legislative requirement, apart from the Long Term Financial Plan.
41. During the exhibition 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. Summary details of the submissions and responses are provided in Attachment C.

BILL CARTER

Chief Financial Officer