

10.3. Amended Resourcing Strategy - Long Term Financial Plan Component

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ATTACHMENTS	To be provided as a late attachment but within the statutory timeframes, for consideration at the 26 April 2023 Council Meeting.
CSP LINK	5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction

PURPOSE:

This report seeks endorsement of the *Amended Resourcing Strategy 2022-2032* for public exhibition to allow for stakeholder submissions.

EXECUTIVE SUMMARY:

- The Resourcing Strategy is a key component of Council's Integrated Planning and Reporting Framework identifying Council's responsibilities in delivering the *North Sydney Community Strategic Plan* and *Delivery Program/Operational Plan*. The Resourcing Strategy includes three components - long term financial planning, asset management planning and workforce management planning.
- The *Resourcing Strategy 2022-2032* was adopted on 27 June 2022 following public exhibition. The Long Term Financial Plan (LTFP) component has been updated annually as part of the preparation of the *Operational Plan & Budget 2023/24*, in accordance with legislative requirements.
- The Amended Resourcing Strategy 2022-2032 (Long Term Financial Plan component) will be provided as a late attachment for consideration at the 26 April 2023 Council Meeting but within the statutory timeframes.
- The Amended Resourcing Strategy 2022-2032 (Long Term Financial Plan component) has been updated to reflect Council's financial position and outlook. It provides for funding for the North Sydney Olympic Pool Project which is the subject of a separate report to Council.
- Community feedback is invited during the public exhibition period. Following the close of the exhibition period a further report will be presented to Council detailing any recommend amendments to the final plan, based on submissions received.

RECOMMENDATION:

- 1. THAT** the Long Term Financial Plan component of the *Resourcing Strategy 2022-2032* be endorsed for public exhibition for 42 days.
- 2. THAT** a further report be prepared for Council's consideration at the end of the submission period to facilitate readoption of the Long Term Financial Plan component of the *Resourcing*

Strategy 2022-2032 by 30 June 2023 as required under the Integrated Planning and Reporting requirements, in accordance with section 403 of the *Local Government Act 1993*.

Background

The Resourcing Strategy is the point in Council's Integrated Planning and Reporting Framework where Council identifies its responsibilities in delivering the Community Strategic Plan. The Resourcing Strategy responds to what Council is responsible for and includes three components - long term financial planning, asset management planning and workforce management planning.

At its meeting held 27 June 2022, Council adopted the Resourcing Strategy in accordance with statutory requirements as follows:

- a. the plan must include financial scenarios - in adopting the draft plan for public exhibition, on 23 May 2022, Council endorsed the 'Planned Scenario' as its preferred financial scenario, upon which the financial estimates in the Delivery Program 2022-2026 and Operational Plan & Budget 2022/23 have been prepared inclusive of the approved, one-off, additional special rate variation (ASV) in Year 1);
- b. the plan must include an Asset Management Policy. In adopting the final Resourcing Strategy the Council is readopted this Policy and
- c. Council must adopt its Resourcing Strategy by 30 June 2022

The Long Term Financial Plan component is to be reviewed and updated annually in conjunction with preparation of the annual Operational Plan & Budget.

The next full review of the plan will occur in 2024.

Report

The LTFP includes:

- projected income statement, balance sheet, cash flow statement and equity statement (as Appendix);
- planning assumptions;
- sensitivity analysis;
- financial modelling for three different scenarios; and
- methods of monitoring financial performance.

The following provides an overview of the key planning assumptions used in the preparation of the revised LTFP.

Council has long operated from a position of financial sustainability and has, over many years, consistently achieved an operating surplus. The COVID pandemic has contributed to two operating deficits (Financial Years 2019/20 and 2020/21). An operating surplus was achieved in 2021/22. As at the Dec 2022 Quarterly Review a Deficit before Capital Grant and Contributions of \$2.4 million is forecast for 2022/23. This is largely due to operating projects carried forward from 2021/22. The revised Long Term Financial Plan will feature a Deficit Before Capital Grants and Contributions of \$2.0 million. This result is affected by a one-off operational project, 287 Miller Street (\$2.2 million) funded by income received in previous years. The deficit results illustrate a constrained financial environment. Important income streams such as parking meters, stations and infringements remain lower than pre-Covid

levels. The overall objective of this plan is to ensure that Council remains a financially viable and sustainable organisation.

Council will need to carefully manage its income and investments to sustain its operations over the coming years in the event of unforeseen challenges, e.g., unexpected changes in asset conditions resulting from severe weather events or shift in demand for services.

The LTFP is to be reviewed and updated annually in conjunction with the development of each Operational Plan & Budget.

Consultation requirements

Community engagement will be undertaken in accordance with Council's Community Engagement Protocol.

It is recommended that the Amended Resourcing Strategy – Long Term Financial Plan component be endorsed and placed on public exhibition, concurrently with the Draft Operational Plan 2023/24.

Submissions will be accepted during the public exhibition period and considered before the final Schedule is adopted. A further report will be presented to Council following the close of the 42 day public exhibition period.

Legislation

The plan has been prepared in accordance with Section 405 of the Local Government Act 1993 and the Essential Elements outlined in the NSW Office of Local Government's Integrated Planning and Reporting (IP&R) Guidelines and Handbook (2021).