



City of **Perth**

Agenda

Special Council Meeting

17 July 2023

Notice of Meeting

To the Lord Mayor and Councillors

a Special Council Meeting has been called for Monday, 17 July 2023 commencing at 5.00pm in the Council Chamber at Council House, Level 9, 27 St Georges Terrace, Perth.

The purpose of this Special Council Meeting is for Council to consider the adoption of the:

- Long Term Financial Plan 2023/24 - 2032/33
- Annual Budget 2023/24
- Corporate Business Plan 2023/24 – 2026/27

Michelle Reynolds

Chief Executive Officer

14 July 2023

Information

This information is provided on matters which may affect members of the public. If you have any queries on procedural matters, please contact a member of the City's Governance team via governance@cityofperth.wa.gov.au.

Question Time for the Public

An opportunity is available at Special Council Meetings for members of the public to ask questions specific to items on the agenda. This time is available only for asking questions and not for making statements. Complex questions requiring research should be submitted as early as possible to allow the City time to prepare a response.

The Presiding Person may nominate a member of staff to answer the question and may also determine that any complex question requiring research be answered in writing. No debate or discussion can take place on any question or answer.

To ask a question, please complete the Public Question Time form available on the City's website www.perth.wa.gov.au/council/council-meetings.

Disclaimer

Members of the public should note that in any discussion during a meeting regarding any item, a statement or indication of approval by any council member, committee member or officer of the City is not intended to be, and should not be taken as, notice of approval from the City. No action should be taken on any item discussed at a meeting of a Committee prior to written advice on the Committee or Council's resolution being received.

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1. Declaration of Opening
2. Acknowledgement of Country/Prayer
3. Attendance
 - 3.1 Apologies
 - 3.2 Leave of Absence
4. Disclosures of Interests
5. Public Participation
 - 5.1 Public Questions

6. Reports

6.1 Long Term Financial Plan 2023/24 - 2032/33

Responsible Officer	Michael Kent – Chief Financial Officer
Voting Requirements	Absolute Majority
Attachments	Attachment 6.1A – LTFP 2023-24 to 2032-33 Narrative ↓ Attachment 6.1B – LTFP 2023-24 to 2032-33 Financial Schedules ↓

Purpose

To seek Council’s endorsement of the Long-Term Financial Plan 2023/24 - 2032/33.

Recommendation

That Council ADOPTS the Long-Term Financial Plan (LTFP) 2023/24 - 2032/33 as detailed in Attachment 6.1A and Attachment 6.1B.

Background

1. The Long-Term Financial Plan (LTFP) is a rolling ten-year financial blueprint for the City and is used to ensure proper alignment between community aspirations, Council's strategic intent and organisational financial capacity.
2. The LTFP guides the City's approach to achieving best value outcomes when delivering services, projects and infrastructure to the community in a responsible, considered and affordable way.
3. The LTFP supports this objective by projecting the City's financial position forward over a ten-year time horizon using a series of realistic, conservative financial assumptions.
4. This financial modelling provides the City with reliable, robust information to assess the City's capacity to maintain overall financial sustainability into the long term and, most importantly, to ensure that the City has in place the necessary funding arrangements to support proposed capital replacement programs and new capital projects.
5. The LTFP is a critical informing document that allows Council to understand the financial impacts of decisions it makes in relation to operating and capital expenditures - and the funding mix.
6. Adopting this plan demonstrates Council's commitment to managing its operations in a financially responsible and sustainable manner.

Discussion

7. The attached Long Term Financial Plan (LTFP) presents a \$2.86 Billion financial blueprint for the City for the 2023/24 to 2032/33 period.
8. With its continuing focus on making the City more financially sustainable into the future, this plan continues to drive structural reform of the City's finances.
9. Fundamental principles underpinning the development of this plan include:
 - a. Critical review of operational expenditures to ensure value for money.
 - b. Engaging with our community in meaningful ways to understand their priorities.
 - c. Emphasising community priorities at a neighbourhood level.
 - d. Better matching staffing with agreed service levels.
 - e. Adjusting the scale of the capital program to better align to organisational delivery capacity.
10. Combining these approaches with an agile, service-based resource allocation model, means that the City can deliver quality, targeted services that offer a value for money proposition to its ratepayers whilst ensuring that the capital city is efficiently run and that service levels are responsive to the community's needs.
11. The Long Term Financial Plan is designed to be a dynamic, evolving financial model - incorporating new initiatives or priorities and responding to changing economic conditions as they arise.
12. This most recent iteration of the Ten Year Financial Plan has been developed at a time when the national economy is impacted by inflationary pressures that are proving challenging, increasing interest rates and low levels of unemployment. However, the WA economy is performing better than other states and is demonstrating greater resilience.

13. Perth continues to be the best performed capital City in the recovery post Covid. Activity levels within the office market are at post Covid highs. A new wave of CBD investment is underway. Population growth continues to outperform the rest of WA.
14. Whilst the State is in an economic recovery phase and is being impacted by supply chain and labour market impacts; these impacts and the current and anticipated economic conditions have been responsibly and conservatively considered in modelling the plan.
15. The Long Term Financial model reflects the content of the Corporate Business Plan and is informed by a suite of topic specific strategies and informing plans including asset management plans and a workforce plan.
16. The Plan is a high-level strategic document that is used to assist in planning for the future and aligning our community aspirations, strategic intent and organisational capacity.
17. It is necessarily based on a number of financial assumptions relating to the:
 - a. quantum of and anticipated movements in both revenues and expenditures
 - b. anticipated timeframes for cash flows into and out of the organisation
 - c. expectations of the continuation of (at least), existing funding initiatives by both commonwealth and state governments.
18. Included in the financial assumptions are anticipated movements in both the consumer price index, wages growth and interest rates as they relate to investment returns and borrowing costs across the ten-year horizon of the plan. Unanticipated changes in any of these parameters - or indeed in government policy directions are likely to have an impact on the financial modelling.
19. Indicative funding or cost estimates included in this plan may relate to broad proposals that:
 - a. have been approved by Council and are in progress.
 - b. have been considered by Council but have yet to be given final formal approval to proceed.
 - c. have only been considered by Council at a strategic or conceptual level.
 - d. are operational in nature and based on the continued delivery of existing services.
 - e. are operational in nature and relate to the maintenance of City assets in accordance with management plans and maintenance plans.
20. Adoption of the Plan by Council does not constitute an irrevocable commitment to any specific project or service referenced in the plan, nor to its timing.
21. Similarly, it does not preclude the possible subsequent inclusion of further service or capital initiatives in future years if the financial modelling and strategic direction of Council indicate that it aligns with that strategic direction and could be supported without adversely impacting on the City's financial sustainability.
22. The plan is regularly reviewed, and where such changes occur and the impact is significant, the financial modelling is adjusted to reflect these changes. This iterative approach is an essential aspect of the Integrated Planning and Reporting Framework and reflects responsible business practice.
23. The Plan is presented in two parts - **Attachment 6.1A** which is the narrative that provides analysis and interpretation of the financial model, and **Attachment 6.1B**, which contains the detailed financial schedules.
24. Headline expenditure data from the Long-Term Financial Plan 2023/24 - 2032/33 is shown below.

Table 1:

Expenditure Type	Amount \$M
Core Service Delivery	1,569.38
Programs - Events & Sponsorship	115.61
Discretionary Operating Projects	81.86
Parking Levy	185.92
WACA & PCH Capital Contribution	29.00
Asset Renewal & Community Infrastructure	562.57
Financing Activities - Reserve Transfers	298.16
Financing Costs - Loan Repayments & Lease Principal Payment, Interest	10.43
Closing Balance (Surplus)	3.86
Total Expenditure Allocation	2,856.79

25. The LTFP presents a balanced funding model incorporating a responsible mix of funding sources over the ten-year period to support the proposed expenditure program as indicated below:

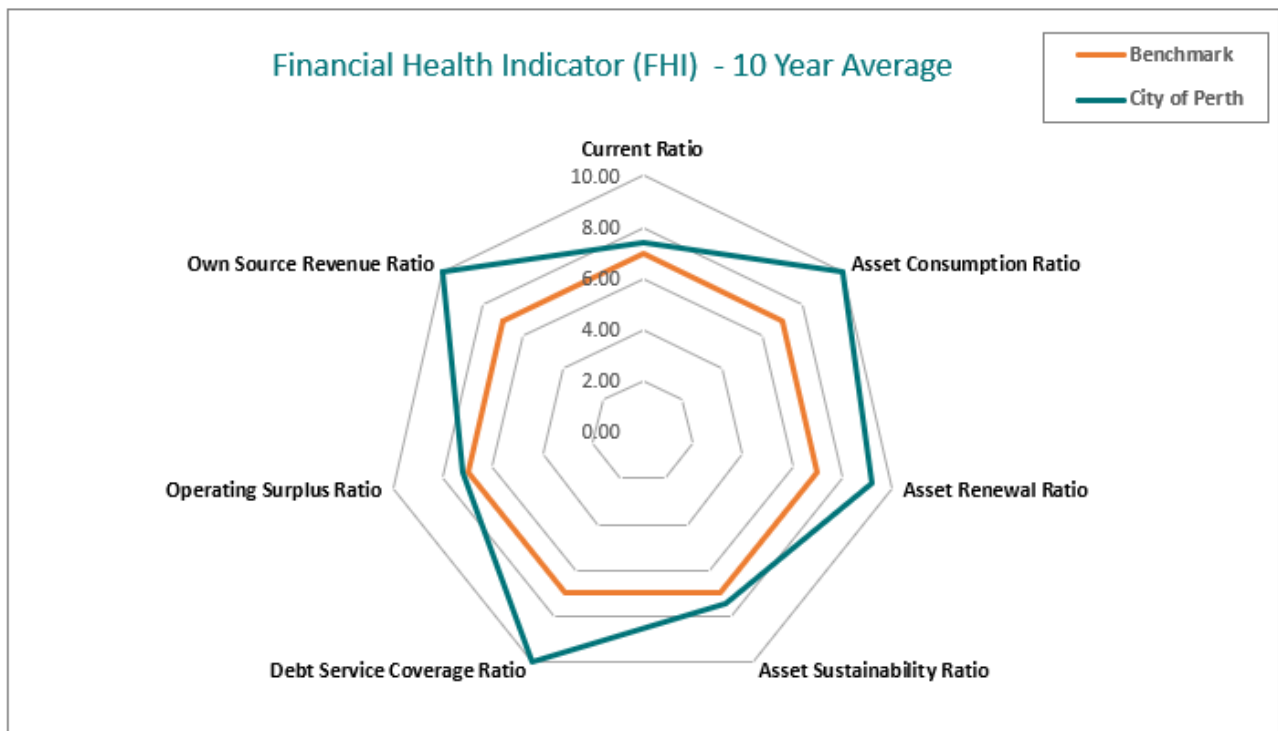
Table 2:

Funding Source	Amount \$ M
Rates	1,246.78
Parking Operations	769.35
Fees & Charges	146.91
Grant Funds	78.38
Interest Revenues	72.48
Other Revenues	170.77
Financing Activities - Cash Reserves	351.58
Financing Activities - Borrowings	10.00
Opening Balance	10.54
Total Funding	2,856.79

26. The major changes in this update of the Long-Term Financial Plan are detailed below:
- a. Aligning the first year of the LTFP and the proposed 2023/24 Budget.
 - b. Adjusting the model's indexing parameters to reflect contemporary economic conditions.
 - c. Incorporating agreed project and service allocations presented at Elected Member budget forums over the last six months into the first year (and ongoing where appropriate).
 - d. Ensuring that the City's continues to meet its ongoing asset renewal responsibilities.
 - e. Incorporating updated City Deal project information and other external funding opportunities.
 - f. Incorporating priorities emerging from Elected Member Engagement Sessions and Notices of Motion.
 - g. Acknowledging recent community input through neighbourhood forums.

27. The LTFP funding model acknowledges that other opportunities may arise through extra-ordinary grants from other levels of government or non-government sources or from asset rationalisations. These have not yet been incorporated into the model due to their uncertainty, however, the financial model can readily be adapted to respond to such opportunities should they arise.
28. The LTFP also references the financial ratios against industry benchmarks across each of the plan’s ten years to identify periods of financial challenge. Whilst a specific indicator may not be met in a specific year, the LTFP presents a responsible and realistic plan to ensure that trends and average ratios across the life of the plan meet or exceed preferred industry benchmarks.
29. Modelling the financial ratios and the Financial Health Indicator (FHI) scores for each of the years covered by the LTFP provides valuable insight to help inform future Council resource allocation decisions and to proactively address potential future financial challenges.

Financial Health Indicator - 10 Year Analysis



Ratio Names	Benchmark	City of Perth
Current Ratio	7.00	7.42
Asset Consumption Ratio	7.00	10.00
Asset Renewal Ratio	7.00	9.14
Asset Sustainability Ratio	7.00	7.44
Debt Service Coverage Ratio	7.00	10.00
Operating Surplus Ratio	7.00	7.17
Own Source Revenue Ratio	7.00	10.00
Calculated Financial Health Indicator (FHI)	70	85

A FHI of greater than 70 is required to indicate sound financial management

30. Analysis and interpretation of the ten-year financial model and commentary on the major financial elements is presented in the LTFP 2023/24 - 2032/33 Narrative - **Attachment 6.1A**.

Stakeholder Engagement

31. Preparation of the Plan is informed by the outputs of various community consultation exercises including, but not limited to, the Strategic Community Plan, Corporate Business Plan and community budget workshops. It also incorporates inputs from internally generated documents including Asset Management Plans and the Workforce Plan.

Decision Implications

32. Council's endorsement of the Long-Term Financial Plan 2023/24 - 2032/33 will mean that the plan is embedded into the City's operations and updated regularly to reflect changing economic conditions and emerging trends

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Sustainable
Related Documents (Issue Specific Strategies and Plans):	Strategic Community Plan Corporate Business Plan Annual Budget 2023/24 The LTFP exerts a persuasive influence on the budget for the first year of the plan (2023/24 in this case).
Legislation, Delegation of Authority and Policy	
Legislation:	Section 5.56 (1) and (2) of the Local Government Act 1995 This section of the Act prescribes the requirement to prepare a plan for the future of the district and to ensure that such plans are in accordance with any regulations made about planning for the future of the district.
Authority of Council/CEO:	Council adoption of the LTFP is considered best practice in terms of transparently disclosing how the City aligns community aspirations and the City's strategic intent with its financial and resource capacity.
Policy:	CP 2.3 Strategic Financial Planning & Budgeting CP 2.4 Cash Backed Reserves CP 2.5 Use of Debt as a Funding Option

Financial Implications

33. The LTFP should reflect a prudent, sustainable financial blueprint for the future that provides the necessary funding to sustain the delivery of the services and projects that our community wants.
34. It should also be sufficiently agile in its design and modelling that it can flex to accommodate changing community priorities or economic circumstances and emerging future opportunities.
35. The Long-Term Financial Plan 2023/24 - 2032/33 as presented, achieves that outcome.

Further Information

36. Nil



Long Term Financial Plan

2023/24 - 2032/33





City of Perth Long Term Financial Plan 2023/24 - 2032/33

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City of Perth Long Term Financial Plan 2023/24 - 2032/33

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Introduction

The City of Perth's Long Term Financial Plan is a high-level strategy that ensures we have the vision and planning in place to sustainably meet the needs of our community now and into the future.

It is an important strategic document that assists us align our community aspirations, strategic intent, and organisational capacity from 2023/24 until 2032/33.

This Plan projects our financial position over the coming decade using a series of realistic and conservative financial assumptions. This financial modelling provides the City with reliable and robust information to assess our ability to maintain overall financial sustainability into the long term and, most importantly, to ensure that we have in place the necessary funding arrangements to support proposed capital projects.

The purpose of the Plan is to demonstrate the City's financial approach to managing its operations in a responsible, transparent and sustainable manner for the benefit of our residents, ratepayers and stakeholders.

Any assumptions in relation to either the financial modelling parameters, projects or service proposals are prepared based on the best available information and knowledge at hand.

The 10 Year Financial Plan is consistent with all the requirements of the Department of Local Government's guidelines on the development of long-term financial management plans.

6.2 Adoption of the Annual Budget 2023/24

Responsible Officer	Michael Kent – Chief Financial Officer
Voting Requirements	Absolute Majority
Attachments	Attachment 6.2A – Annual Budget 2023-24 ↓ Attachment 6.2B – Fees & Charges Schedule 2023-24 ↓

Purpose

This report is for Council to consider the adoption of the Annual Budget 2023/24 and the Schedule of Fees & Charges 2023/24.

Recommendation

That Council:

1. **ADOPTS** the City of Perth 2023/24 Statutory Annual Budget as detailed in **Attachment 6.2A** inclusive of the following:
 - a. Statement of Comprehensive Income
 - b. Statement of Cash Flows
 - c. Rate Setting Statement
 - d. Capital Expenditure Program
 - e. Transfers to and from Cash Backed Reserves
 - f. Notes to and forming part of the Statutory Budget

2. **ADOPTS** the following Rates in the Dollar of GRV, based upon the predominant purpose for which the rated land is held, for 2023/24:

a. Commercial Category	6.62500 cents in the dollar
b. Hotel Category	6.90000 cents in the dollar
c. Retail Category	6.63500 cents in the dollar
d. Office Category	5.55000 cents in the dollar
e. Residential	5.90000 cents in the dollar
f. Vacant Land	11.0000 cents in the dollar

3. **ADOPTS** the following minimum rate payments to be imposed in accordance with Section 6.35 of the *Local Government Act 1995* in respect of any rateable land within the city for 2023/24:

a. Commercial Category	\$ 800.00
b. Hotel Category	\$ 775.00
c. Retail	\$ 765.00
d. Office Category	\$ 800.00
e. Residential	\$ 765.00

- f. Vacant Land \$1,000.00
4. APPROVES the provision for rates to be paid by either one, two or four instalments.
5. ADOPTS the following due dates for the payment of rates by instalments:
- a. Instalment 1 06 September 2023
 - b. Instalment 2 15 November 2023
 - c. Instalment 3 17 January 2024
 - d. Instalment 4 20 March 2024
6. ADOPTS an instalment charge of \$35 and an interest rate of 5.5% applicable to rate and service charge instalment arrangements, imposed in accordance with section 6.45(3) of the *Local Government Act 1995*.
7. APPROVES the Heritage Rate Concession Scheme (Council Policy 2.11 refers), in accordance with Section 6.47 of the *Local Government Act 1995*, for the 2023/24 financial year.
8. APPROVES the proposed transfers to and from Cash-Backed Reserves detailed in the Statutory Annual Budget 2023/24 at Note 10.
9. ADOPTS the Schedule of Fees & Charges 2023/24 as detailed in **Attachment 6.2B**.
10. NOTES that no public submissions were received following the advertising of the proposed differential rates for 2023/24.
11. REQUESTS the Chief Executive Officer to submit a copy of the Annual Budget 2023/24 to the Department of Local Government, Sport and Cultural Industries within 30 days of its adoption by Council.
12. ADOPTS the following thresholds for the reporting of material financial variances in the monthly financial reports:
- a. Operating Items - Greater than 10% and a value greater than \$20,000
 - b. Capital Items - Greater than 10% or a value greater than \$50,000
- (notwithstanding that the Administration may choose to provide comment on items below those thresholds if deemed appropriate).
-

Background

1. Preparing the Annual Budget is a statutory requirement under Section 6.2 of the *Local Government Act 1995* (the Act). More broadly, Division 6 of the Act provides guidance on financial management matters related to budgeting. Regulations 22 - 33 of the *Local Government (Financial Management) Regulations 1996* prescribe the form and content of the statutory Annual Budget.
2. The Annual Budget plays an important role in operationalising the strategic financial management approach detailed in the Long-Term Financial Plan, which exerts persuasive influence on the content of the City's Annual Budget.
3. This budget ensures that the City has in place the necessary funding arrangements to support delivery of agreed services and programs, proposed capital renewal programs and new capital projects. The City of Perth Annual Budget 2023/24 is consistent with all relevant legislative requirements.

Discussion

4. This Budget presents a \$297.8 Million financial blueprint for the City for the 2023/24 year.
5. It has been developed over a six-month period between December 2022 and June 2023 and has included a series of structured workshops involving Council, City management and representatives of the six neighbourhoods that the City comprises. It is designed to reflect a City that is liveable, sustainable and prosperous.
6. Council has worked hard to deliver a prudent and responsible budget for 2023/24 whilst ensuring that the Administration delivers the range and level of services expected by its community.
7. The centrepiece of the 2023/24 Annual Budget is a very modest rate yield increase, believed to be the lowest announced to date of all metropolitan local governments.
8. The rating model for the 2023/24 year was developed by applying the principles and guidelines detailed in the City's Rating Methodology Statement which was independently reviewed and assessed against best practice rating principles in May 2021.
9. The 2023/24 rating year is the one in three year revaluation of Gross Rental Values (GRV) for all rateable properties across the state.
10. The GRV supplied by Landgate Valuation Services is a critical variable used in calculating rates as it determines the respective contributions of each property owner to the overall rate yield.
11. The City uses a Differential Rating Model consisting of six differential rate categories in setting its rates. That is, it may apply a different rate in the dollar for each different property category. This can help to distribute responsibility for contributing to the rates yield more equitably.
12. The six differential rate categories, used in conjunction with the City's bespoke rates modelling approach, allowed iterative modelling of each property within the City to ensure that the 2023/24 rates model placed the greatest number of ratepayers in the most advantaged, or least disadvantaged position following the GRV revaluation.
13. Over ten different modelling scenarios were run and evaluated before settling upon the optimal rating model for 2023/24.
14. The 2023/24 proposed differential rating model was submitted for independent economic assessment in May 2023 prior to publicly advertising the proposed differential rates.

15. The City is anticipating a rate yield of \$103.8M in 2023/24 after allowing for concessions. The increase in rates yield, based on a like for like annual comparison, is 2.45%.
16. The differential rating model and the statement of objects and reasons for each differential rates category was advertised in accordance with statutory requirements for 21 days. The City did not receive any public submissions on the proposed rates in the dollar.
17. A detailed analysis of the City's Rating model for this year is provided at Section 6.2 of the 2023/24 Annual Budget document.
18. Minimum rates for each category have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the local government services and facilities.
19. The City uses a tiered approach to setting minimum rates - \$765 for properties in the Retail and Residential property categories, \$775 for the Hotel and Short Stay category, and \$800 for Commercial and Office properties. Vacant Land has a \$1,000 minimum rate.
20. The modest rates increase result has been achieved through prudent financial management emphasising value for money, (excluding abnormal expenses).
21. The 2023/24 Annual Budget makes a substantial financial commitment to renewal of community infrastructure, demonstrating Council's acknowledgement of its asset stewardship responsibilities. It has also been informed by valuable inputs from neighbourhood groups so that expenditures are directed towards responding to the identified neighbourhood priorities.
22. The 2023/24 Budget is presented in a summarised view in Table 1, demonstrating the calculation of the required Rates Yield.

Table 1:

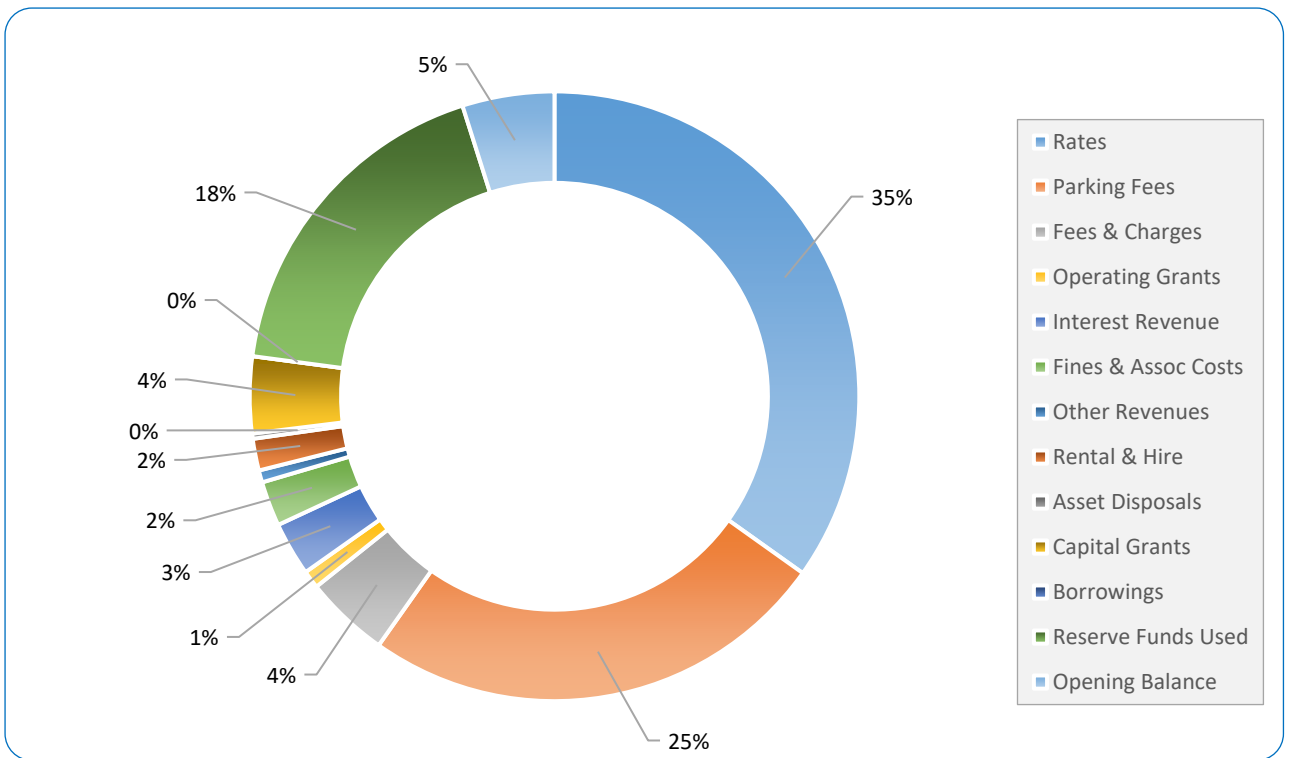
Funding Required	\$ Millions
Core Service Delivery (Excluding Non-Cash Items)	\$ 153.60 M
Programs - Sponsorship & Events	\$ 10.46 M
Discretionary Operating Projects	\$ 10.46 M
Sub Total - Operating Expenses	\$ 174.22 M
WACA Aquatic Facility Contribution	\$ 13.75M
Perth Concert Hall Contribution	\$ 4.00 M
Sub Total - Capital Contributions	\$ 17.75 M
Asset Renewal	\$ 36.05 M
Other Capital Projects	\$ 22.02 M
Sub Total - Capital Expense	\$ 58.07 M
Loan & Lease Principal Repayments	\$ 0.28 M
Reserve Funds Created	\$ 43.44 M
Budget Closing Position	\$ 4.10 M
Total - Financing Activities	\$ 47.82 M
Total Funding Required	\$ 297.87 M

Table 2:

Funding Sources	\$ Millions
Fees & Charges	\$ 13.34 M
Parking Revenues	\$ 74.27 M
Rental & Hire Fees	\$ 5.02 M
Grants - Operating	\$ 2.83 M
Interest Revenues	\$ 8.50 M
Other Revenues	\$ 8.99 M
Sub Total - Operating Funds excluding Rates	\$ 112.95 M
Grants for Capital Projects	\$ 12.09 M
Asset Disposal Proceeds	\$ 0.83 M
Reserve Funds Used	\$ 53.66 M
Opening Position	\$ 14.54 M
Sub Total - Financing Activities	\$ 81.12 M
Total Funding Available - Excluding Rates	\$ 194.07 M
Amount Required to be Raised from Rates	\$ 103.80 M
Total Funding Provided	\$ 297.87 M

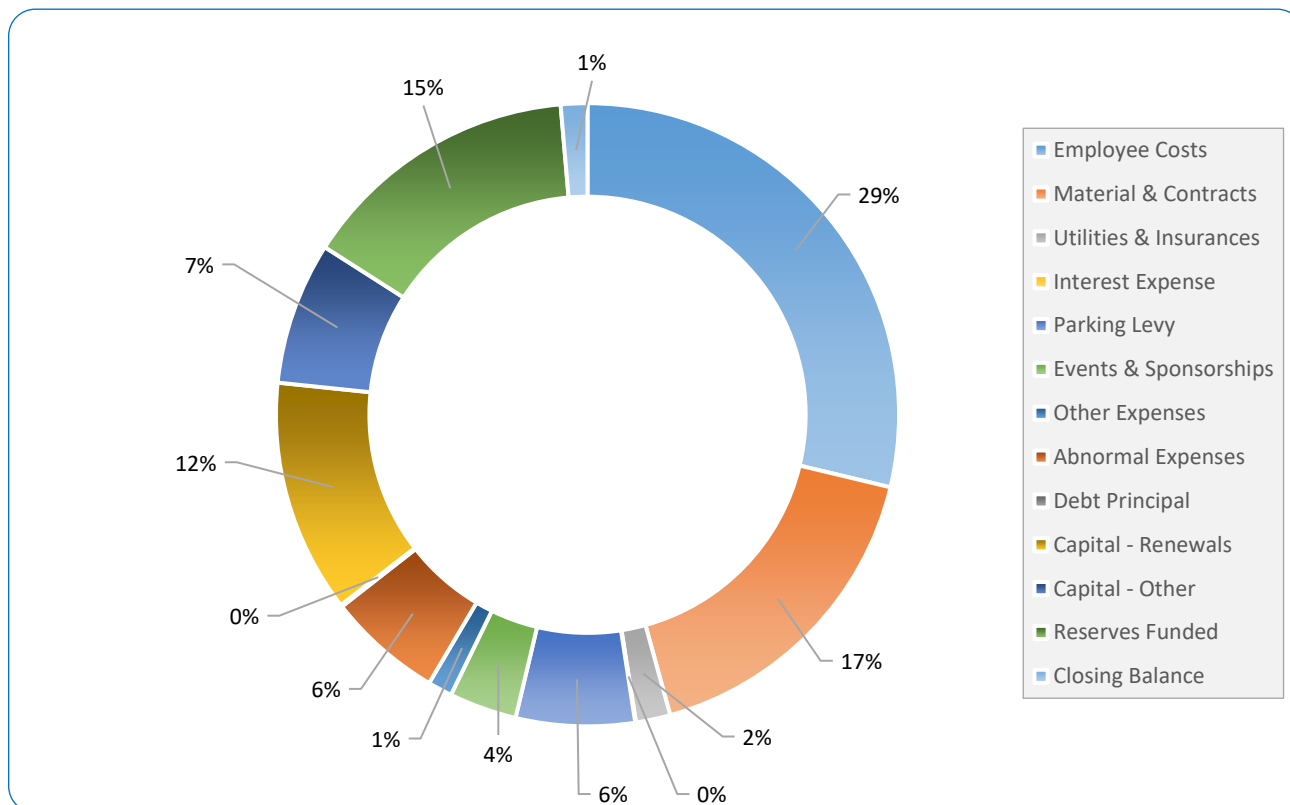
23. The Annual Budget does not propose any new loan borrowings in 2023/24.
24. The 2023/24 Budget makes use of some existing Cash Backed Reserves to support current year projects and initiatives and transfers some funds back to Cash Backed Reserves to support proposed future projects and initiatives.
25. Details of the proposed Reserve fund transfers and their purposes are detailed in the Statutory Annual Budget at Note 10.
26. The 2023/24 Budget also references the City's budgeted financial ratios against industry benchmarks.
27. The City has in place, through its Long-Term Financial Plan, a responsible and realistic plan to ensure that trends and average ratios over the longer term meet or exceed preferred industry benchmarks.
28. This budget reflects a balanced and sustainable response to the challenging economic climate in which it was developed.
29. It will play an essential role in guiding the organisation as it continues to position the City's finances for a sustainable future.
30. Chart 1 below demonstrates the budget funding mix by funding source and shows the relative contributions from each source.

Chart 1 - 2023/24 Funding Mix by Source



31. Chart 2 below demonstrates the proposed use of the budget funds by type of use and reflects the relative proportions for each fund use.

Chart 2 - 2023/24 Fund Uses by Type



32. The Annual Budget document is supplemented by the Schedule of Fees & Charges for 2023/24 (Attachment 6.2B).
33. Full detail of the City's 2023/24 Annual Budget including all statutory disclosures and supporting information is contained in the attachments to this report.

Stakeholder Engagement

34. Preparation of the Annual Budget has been persuasively influenced by the Long-Term Financial Plan 2023/24 - 2032/33 to be formally adopted by Council on 17 July 2023. It is informed by the outputs of various community consultation exercises undertaken over the last year, including the Community Budget Workshop. It also incorporates inputs from Elected Member Engagement Sessions, the City's Workforce Plan, Asset Management Plans and other internally focussed strategies and plans.

Decision Implications

35. Council's adoption of the Statutory Annual Budget will meet its obligations under Section 6.2 and Division 6 more generally of the *Local Government Act 1995* plus Regulations 22 - 33A of the *Local Government (Financial Management) Regulations 1996*. A copy of the adopted Budget must then be lodged with the Department of Local Government, Sport and Cultural Industries within 30 days.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Well Governed
Related Documents (Issue Specific Strategies and Plans):	Long Term Financial Plan Budget Methodology Rating Methodology Corporate Allocations Methodology The methodology statements provide a sound rationale for the process and clear, consistent advice on the steps involved in producing a best practice budget.
Legislation, Delegation of Authority and Policy	
Legislation:	Section 6.2 of the <i>Local Government Act 1995</i> Regulation 22 – 33 (inclusive) of the <i>Local Government (Financial Management) Regulations 1996</i> This legislation prescribes the requirement to prepare and adopt a budget for the municipal (general) fund, in the manner prescribed, by no later than 31 August.
Authority of Council/CEO:	Section 6.2 of the <i>Local Government Act 1995</i> requires Council to adopt the budget by absolute majority.
Policy:	CP 2.3 Strategic Financial Planning & Budgeting CP 2.4 Cash Backed Reserves CP 2.5 Use of Debt as a Funding Option These policies are all highly influential in guiding the development of the Annual Budget.

Financial Implications

36. The financial implications of Council's adoption of the 2023/24 Annual Budget are presented in **Attachment 6.2A** to this report. They result in a (projected) budget surplus of \$4,258,725 - if all budget assumptions are fully realised. This represents around 1.9% of Operating Revenues which is within the target band of 1% to 3% suggested in Council Policy 2.3 Strategic Financial Planning & Budgeting.
37. The budget also anticipates projects in progress, but not fully invoiced at 30 June 2023. Those projects carried forward from 2022/23 to 2023/24 of around \$6.0M net (\$9.5M project costs less associated grant funding of \$3.5M) reflect that a number of these are due to the timing of supplier invoicing rather than non-completion of projects.
38. Supply chain disruptions have affected fleet purchases (\$2.1M), Roe St Project Retention (\$0.5M),
39. \$3.3M relates to delayed CBD Transport projects.
40. The remainder reflects the typical year-end in progress, but yet to be completed, works.

Further Information

Nil.

6.3 Adoption of the Corporate Business Plan 2023/24- 2026/27

Responsible Officer	Michelle Reynolds – Chief Executive Officer
Voting Requirements	Absolute Majority
Attachments	Attachment 6.3A – Corporate Business Plan 23-24 - Draft ↓

Purpose

For Council to consider the Corporate Business Plan 2023/24 – 2026/27

Recommendation

That Council ADOPTS the Corporate Business Plan 2023/24 – 2026/27 contained in Attachment 6.3A.

Background

1. Section 5.56(1) of the *Local Government Act 1995* (the Act) requires a local government to plan for the future of its district.
2. The *Local Government Administration Regulations 1996* (the Regulations) require a local government to prepare two documents to address 5.56(1):
 - a. A ten year strategic community plan that identifies the vision, aspirations and objectives of the community in the district (regulation 19C).
 - b. A four year corporate business plan that sets out how the local government will respond to the vision, aspirations and objectives identified in the strategic community plan (regulation 19DA).
3. A major review of the Strategic Community Plan (SCP) was undertaken in 2021/22. Council adopted the SCP 2022 - 2032 at its Ordinary Council Meeting held 26 April 2022.
4. A Corporate Business Plan (CBP) is required to be reviewed annually (regulation 19DA(4)). Council adopted the current CBP 2022/23 – 2025/26 at its meeting on 26 July 2022 and a review for the 2023/24 financial year has now been completed.

Discussion

5. The CBP has been developed to align with the strategic pillars – liveable, sustainable, prosperous and well-governed – and the eight goals that support these pillars, as articulated in the SCP 2022 - 2032. The CBP also responds to community priorities and features the priorities for each neighbourhood.
6. The CBP guides business planning and operations by integrating various issue-specific plans, including asset management plans, the Workforce Plan and the Long Term Financial Plan (regulation 19DA(3)).
7. The revised CBP identifies the core services and focus for the next four years and key deliverables for the 2023/24 financial year, aligned to the City’s comprehensive annual budget process.
8. The layout of the CBP has been revised. Core services and deliverables have been separated into distinct sections. The City’s neighbourhoods have been highlighted along with their specific priorities.
9. If adopted by Council, progress against the CBP deliverables will be reported to Council following the end of each quarter.
10. The CBP 2023/24 - 2026/27 is currently in draft format and is subject to graphic design, publication and related minor amendments.

Consultation

11. Community engagement was undertaken to develop the SCP 2022 - 2032. The results of this engagement were considered in the development of the CBP 2023/24 - 2026/27, in addition to the annual budget process and the review of the Long Term Financial Plan.

Decision Implications

12. If Council adopts the CBP 2023/24 - 2026/27, the City will meet the requirements of the Act and the Regulations.
13. If Council does not adopt the CBP, the City risks non-compliance with the Act and the Regulations.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	A Well-Governed City
Related Documents (Issue Specific Strategies and Plans):	The Strategic Community Plan 2022-2032, which identifies the objectives and aspirations of the community to guide preparation of a Corporate Business Plan. Corporate Business Plan 2022/23-2025/26 which will be replaced by the Corporate Business Plan 2023/24-2026/27.

Legislation, Delegation of Authority and Policy	
Legislation:	<i>Local Government Act 1995</i> , Section 5.56 requires a local government to plan for the future of the district. <i>Local Government (Administration) Regulations 1996</i> regulation 19DA requires a local government to prepare a Corporate Business Plan to set out its response to the Strategic Community Plan.
Authority of Council/CEO:	<i>Local government (Administration) Regulations 1996</i> regulation 19DA(6) requires that a Corporate Business Plan be considered by the Council and adopted by absolute majority.
Policy:	Nil.

Financial Implications

14. The financial implications of the Corporate Business Plan 2023/24-2026/27 are considered and set out in the Annual Budget 2023/24 and the Long Term Financial Plan 2023/24-2032/33.

Further Information

Nil.

7. Closure