



THE COMMITTEE AGENDA & REPORTS

for the Special meeting

Tuesday 22 February 2022
at 5.00 pm

in the Colonel Light Room
Adelaide Town Hall

Members - The Right Honourable the Lord Mayor, Sandy Verschoor
Deputy Lord Mayor, Councillor Abrahamzadeh (Chair)
Councillors Couros, Donovan, Hou, Hyde, Khera, Knoll,
Mackie, Martin, Moran and Snape.

1. Acknowledgement of Country

At the opening of The Committee Special meeting, the Chair will state:

'Council acknowledges that we are meeting on traditional Country of the Kaurna people of the Adelaide Plains and pays respect to Elders past and present. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kaurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations who are present today.'

2. Apologies and Leave of Absence

Nil

3. Discussion Forum Items

[Workshop](#)

Strategic Alignment – Enabling Priorities

3.1. 2022 – 2023 Business Plan and Budget [2021/00122] [Page 2]

4. Closure

Enabling Priorities

2022-2023 Business Plan and Budget:

How we are planning for delivery,
including Levels of Service (Assets),
Priorities and Future Proofing

How we are building the budget,
including 21-22 Budget update,
parameters review and base budget

Purpose - session overview

Business Plan and Budget Future Proofing

Background

How we are planning for delivery

- Current focus and what we are doing differently
- Future proofing our plan and budget
- Asset Levels of Service
- Project Delivery Considerations
- Service Delivery Plan update
- Setting Priorities -from Strategy to Action

How we are building the budget

- How our Planning, Assets and Budget integrate
- 2021-2022 Budget Summary
- 2022-2023 Parameters
- Operating Activities
- Base Budget

Next Steps

Key Message

How we Plan

Service Delivery Planning

Asset Levels of Service

When the Adelaide Design Manual can be applied

How we Budget

With a focus on our **future proofing budget** and responsible decision making inline with the budget principles that manages the opportunities and challenges described, we need to turn our minds to how we **integrate new challenges into how we plan** and the **efficient delivery of services and projects.**

Key Questions

KEY QUESTION AND DISCUSSION

Future proofing and bringing people back

What are Council members views on how we future proof the plan and budget to get our City moving?

KEY QUESTION AND DISCUSSION

Adelaide Design Manual

What are Council Members' views on the implementation of the ADM, noting increase of cost to projects and available funding?

KEY QUESTION AND DISCUSSION

Project Delivery

Given the challenges and opportunities in the project delivery environment, what are the ways in which we can best adapt and adjust?

KEY QUESTION AND DISCUSSION

Base Budget

Are there any questions about the draft budget parameters, base budget or LTFP?

Implications

Implication	Comment
Policy	Not as a result of this workshop.
Consultation	Consultation on Levels of Service has begun with the community and will continue based on any changes to Asset Levels of Service (i.e. changes to Mainstreet treatments) Consultation is required on Council's Business Plan and Budget.
Resource	Any updates or revisions to the Adelaide Design Manual would require additional resources. The development and delivery of the BP&B and AMP's is delivered using current resources.
Risk / Legal / Legislative	Ability to deliver Council Services and Projects for our Community. Council has a legal and legislative requirement to manage assets in its care and control. This management should include maintaining agreed levels of service. Council is required to adopt annual priorities, an Annual Plan and budget as per the <i>Local Government Act 1999 (SA)</i> .
Opportunities	Opportunity to articulate priorities which support the City, to realign levels of service as guided by community expectations, in a financially sustainable manner and to clearly define the role of the ADM and ensure it is used appropriately in future projects.

Budget / Financial Implications

Implication	Comment
21/22 Budget Allocation	Not as a result of this workshop.
21/22 Budget Reconsideration (if applicable)	Not as a result of this workshop.
Proposed 22/23 Budget Allocation	Any changes to existing Levels of Service would have budget implications
Ongoing Costs (eg maintenance cost)	Any changes to existing Levels of Service, including the integration of Adelaide Design Manual principles, would have budget implications
Other Funding Sources	Not as a result of this workshop.

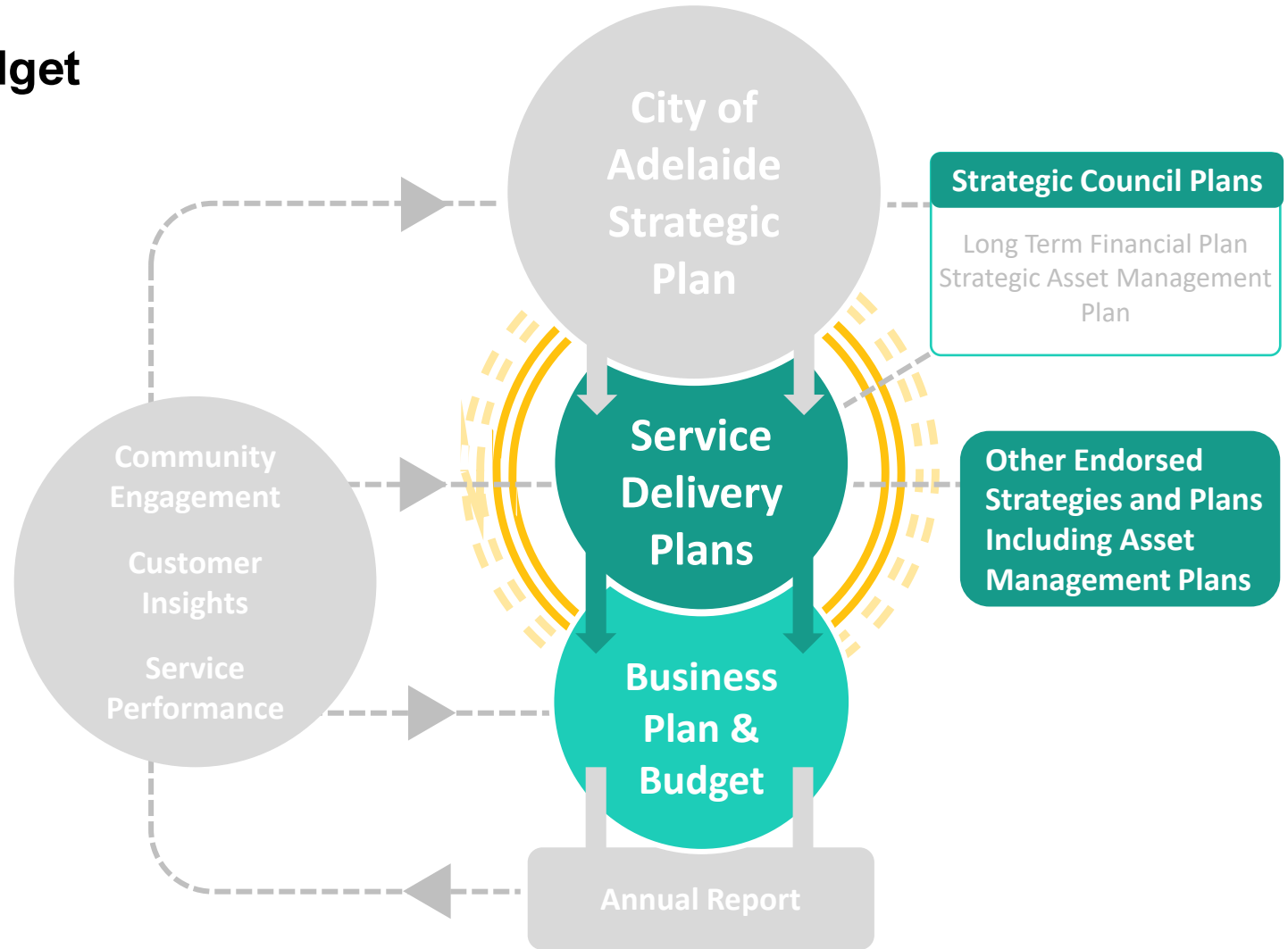
Background

Why we plan and budget

Developing a Business Plan and Budget is a critical planning element as part of Councils Strategic Management Framework.

This framework was used with Council Members in developing the 2020 – 2024 Strategic Plan and has been utilised to support administration in building Service Delivery Plans.

The 2022 – 2023 Business Plan and Budget will be the first iteration where our planning – *Service Delivery Plans* will be merged with our Annual *Business Plan and Budget*.



Background

Why we plan and budget

- Demonstrate responsible management of public funds to support community outcomes
- Represents Council commitment to the community and incorporates the legislatively required annual priorities
- Outlines Council's proposed deliverables for the year and how these align to our Services, Strategic Plan, Asset Management Plans and other endorsed Strategies and Action Plans
- Articulates the challenges and opportunities of the current environment

Opportunities include:

- Improve the wellbeing and condition of the City and community
- Seeking and listening to the views of our community to inform Asset Management and the Business Plan and Budget
- Inform and attract grants or partnerships to further the outcomes for the City
- Reporting against achievements to demonstrate ethical, transparent and accountable decision making

How we are planning for delivery

Current

Current focus of delivery

- Responsible Public Administration with a continuous improvement focus
- Effective management of operational and capital programs and projects to deliver on commitments
- Developing Service Delivery Plans that align to our 4 yr Strategic Plan
- Prioritisation of actions and deliverables of the Strategic Plan
- Providing regular reporting and information to inform decision making
- Building strategic relationships and partnerships to improve access to funding opportunities
- Explore revenue generating opportunities

Future proofing

What we are doing differently

- Re-timing deliverables
- Reviewing the way we plan and deliver projects to improve our Asset Sustainability Ratio
- Implement 3 year rolling Asset Management Plans
- Improve the management of carry forwards
- Create efficiencies to be delivery ready on projects and only seek funds as required
- Implement Financial Management Principles (based on Recovery Principles)
- Implement and embed service delivery plans to deliver on Strategic Plan
- Refine our strategic approach to grants and funding opportunities.
- Improved transparency by establishing performance measures and reporting on what we are delivering
- Improve our enterprise assessment of services, programs and projects to find efficiencies
- Continue to explore revenue generating opportunities

How we are planning for delivery

Future Proofing our plan and budget

We have a unique opportunity to use this BPB to reset and plan for the future - to support our city to come back better and to 'get moving'. Opportunities could focus on:

- Supporting businesses to stabilise, grow and create new opportunities
- Attracting workers and visitors to the city
- Encouraging investment and development
- Maintaining great services and programs

We do this by:

- Improve planning activities with a focus on the future
- Building robust internal decision making structures to ensure an enterprise approach to planning and delivery
- Generating opportunities for business development and growth in our infrastructure
- Provide for community led activations and initiatives
- Conversations with businesses – existing and new
- Advocacy and Marketing
- Continuously improving service delivery to identify efficiencies

KEY QUESTION AND DISCUSSION

Future proofing and bringing people back

What are Council members views on how we future proof the plan and budget to get our City moving?

How we are planning for delivery

Asset Levels of Service

Levels of service within an Asset Management Plan (AMP) determine at what state the asset stock will be maintained and when intervention, such as treatments or replacement, will occur. It will also define the nature of replacements. For example, whether a simple like-to-like or more complex build-back-better approach is taken.

This will enable us to plan our asset management efforts, optimise outcomes for the community and prioritise resources for areas of greatest need in line with Council's overall strategic and budgetary objectives, for example;

- Levels of Service inform how the assets are managed throughout their lifecycle.
- Levels of Service can be based on the community or technical standards.
- Community Levels of Service expectations are based on consultation process.
- Levels of Service have an associated cost.

Different types of Levels of Service can include:

- **Condition:** The actual physical condition of the asset.
- **Capacity:** Can the infrastructure meet the demand.
- **Function:** Is it the right asset for the service being provided.
- **Design:** Is the quality of the asset suitable for the service
- **Serviceability:** Can the asset be easily maintained and operated.

Examples:

- All council buildings comply with current building codes.
- All roads are fully available during peak demand.
- All footpaths and pathways are lit to provide a safe environment.
- All footpaths in street "A" to be replaced with granite paving.

How we are planning for delivery

Asset Levels of Service

Adelaide Design Manual

In the instance that ADM elements are recommended, the additional costs will be considered at a project planning level

The budget and scope will be considered as part of Councils broader business plan and budget deliberations.

When applying ADM we will consider:

- The impact to the delivery of other projects
- The impact to the capacity to deliver
- The impact to LTFP
- Opportunities to access grant funding

It may be more feasible to upgrade some key elements, and leave others as a basic renewal.

When the Adelaide Design Manual could be applied:

- As the exception to the rule on a case by case basis
- Supporting the application of Councils Strategic Vision
- Supporting major development opportunities (delivered by Council, State Government or Private developers)
e.g. enhancements around 211 Pirie, 88 O'Connell, Market Square.
- Affordability in the context of Councils financial sustainability, commitments, and LTFP
- Leveraging funding and partnership opportunities.
e.g. – Market to Riverbank
- Leveraging Packages or collections of Projects
e.g. – Hindley Street
- Reflective of Community Feedback

How we are planning for delivery

Asset Levels of Service

Level of Service vs Adelaide Design Manual

- Level of Service is based on replacing assets **like for like** or to modern day equivalent.
- This is our assumed basis for planning and budgeting and will be applied in majority of instances.
- Any changes to the Levels of Service will need to be considered by Council and the community, costed and updated in the AMP and LTFP.
- On a case by case basis, bespoke options can be applied over and above the Level of Service, guided by the Adelaide Design Manual (ADM).
- Application of the ADM will generally provide for a higher standard and therefore, require a higher cost.

KEY QUESTION AND DISCUSSION

Adelaide Design Manual

What are Council Members' views on the implementation of the ADM, noting increase of cost to projects and available funding?

How we are planning for delivery

Project delivery considerations

The continuation of the COVID-19 pandemic and ongoing local, national and international lockdowns which have created logistical challenges, coupled with changes to how people work, has meant that **projects at CoA have faced challenges:**

Challenges

- Logistics of materials being delivered
- Materials facing shortages and higher costs
- Changing priorities in response to COVID-19 impacts
- Competitive procurement market
- Workforce impacts on COVID-19 – changing labour markets and how / where / when people work
- Interruptions to project scheduling and dependencies
- External resource and expertise shortage ; including contractors, trades and professional services

Current Considerations

- Reignite Program of initiatives and activations
- Prioritising Capital and Strategic Projects against resource capability, budget and considering:
 - Legislative responsibility
 - Contractual obligations / projects commenced
 - Grant funding – received and proposed
 - Potential Future Fund income / expenditure

How we are planning for delivery

Project delivery considerations

Even though we are facing challenges, there are opportunities that present themselves to allow CoA to be flexible and to better respond to community needs / service demands.



- Changing infrastructure needs
- Caretaker period in 2022
- State and Federal Elections
- Stakeholder and Partnership Management
- How we envision future City use
- Changing City workforce
- Supporting wellbeing in our communities

- Access to stimulus grants
- Access to lower interest rates
- Strong borrowing capacity
- Community-led and focused initiatives
- Improved engagement and community input
- Innovating how and what we deliver
- Prioritising our services and infrastructure
- Reduction of “red-tape”

KEY QUESTION AND DISCUSSION

Project Delivery

Given the challenges and opportunities in the project delivery environment, what are the ways in which we can best adapt and adjust?

How we are planning for delivery

Service Delivery Plan update

The Annual Business Plan and Budget has been presented through a Service lens for the past two years. Last year a 'cost of service' was introduced providing further detail into the cost of delivery for our Community facing services.

New for 2022 – 2023

- Service information has been enhanced to build a 4 year Service Delivery Plan, providing a multi year view of proposed Projects to be delivered and of day-to-day Business Activities
- Greater visibility over the driver for business activities has been achieved through the strategic alignment of service delivery
- The articulation of service priorities and opportunities

This approach continues our journey to ensure we are transparent in describing what we do, how we are spending public funds and how we are delivering on Council's Strategic Plan.

2022 – 2023 BP&B

The 2022 – 2023 Business Plan and Budget will be incorporated into the newly developed 4 Year Service Delivery Plan, with an annual cost of service supplied for each Service.

Strategic Annual Objectives
(annual priorities) will focus on
future proofing the City
(articulated on following slide)

How we are planning for delivery

Setting Priorities– From Strategy to Action

Strategic Plan Outcome	Key Action that Annual Objective will be aligned to	Programs and Projects that contribute to Future Proofing
Thriving Communities	1.07 Develop plans to improve mobility and physical and digital access and connectedness	Wi-Fi expansion; Transport Strategy; UPark upgrades; Free City Connector
	1.11 Work with the State and Federal Government to future proof infrastructure for emerging modes of transport, and trial smart, sustainable forms of public transport	Capital City Committee and advocacy with State and Federal Government; inner-rim Council partnerships; Electric Vehicle Charging Stations and scooter permit trials
Strong Economies	2.05 Reduce and streamline Council policies, permits and fees to reduce the cost base of doing business in the City	Reignite initiatives (i.e. Parklets program); Continual review of outdoor activation permits; simplification of fee structure
	2.09 Activate main streets and develop unique precincts to support a diverse range of businesses and communities	Reignite initiatives (i.e. Adelaide Unleashed); Mainstreet revitalisation and Activations in Hindley, Hutt, Melbourne and O’Connell Streets.
Dynamic City Culture	3.04 Support development of new cultural and civic infrastructure for the city	Events and Festivals Cultural Infrastructure
	3.09 Connect City users to place through curated city experiences	City Activations (Splash); Town Hall and Civic opportunities; Sponsorship and Grants; City Events and Festivals
Environmental Leadership	4.01 Increase street tree canopies and green infrastructure in city hot spots and public spaces	Greener Streets and Cool corridor Programs; City Street improvements
	4.08 Protect and conserve the heritage listed Adelaide Park Lands	Maintenance Programs; Community activations and education
Enabling Priorities	5.06 Review Council services to balance efficiencies with meeting community expectations	Service Delivery Planning, Review of Services, Contestability and Efficiency initiatives

How we are building the budget

How our Planning, Assets and Budget integrate

Long Term Financial Plan

10 year Financial Planning document – where the cost for Asset Management Plans Levels of Service has been integrated.

Asset Management Plans

Council's has six Asset Management Plans that outline Council's agreed Levels of Service. These include Buildings; urban elements; lighting and electrical; Park Lands and open space; Transportation; and Stormwater. The Asset Management Plans are currently based on a Levels of Service to replace like for like or to modern equivalent, and to continue to maintain assets to current standards.

Service Delivery Planning

Multi-year view, includes the Cost of Service for each Service, the relevant Infrastructure (Asset renewals, Major Projects and New and Significant Upgrades) and Strategic Projects (costed).

Annual Plan and Budget

Annual view of the Service Delivery Plan and Long Term Financial Plan. This yearly view is often influenced by environmental challenges and opportunities and as such includes financial and planning parameters, which then influence our Service, Asset and Financial Planning

How we are building the budget

2021-22 Budget Summary

Income: Council has experienced better than expected recovery of income against the initial budget assumptions. This has been due to the inclusion of income from grants, e-scooter program and LGFA profit distributions.

Expenditure: Expenditure impacts :

- Council decisions (\$0.4m)
- Offset by cost savings due to COVID impact such as event cancellations.

Note: additional impacts due to Reignite programs are anticipated to have an impact which will be provided in next budget review.

	2021-22 Adopted Budget	2021-22 Q2 Revised Budget	Total Variance
Operating Income	203.7m	204.3m	0.6m
Operating Expenditure	203.6m	204.2m	0.6m
Operating Position	0.037m	0.037m	-
Borrowings	77.5m	37.0m	47.5m

Borrowings: Council's borrowings at 31 December 2021 were \$17.9 million. This is within prudential limits. Borrowings have been adjusted to reflect the variance to our Operating Position. This includes the impact of a better 2020-21 result as well as changes in the Capital Program including:

- Timing adjustments for Central Market Arcade Redevelopment into 2022-23

\$4.75m Budget Repair

The 2021-22 financial year included a budget repair item of \$4.75m.

As at 31 December 2021, \$3.3m has been identified due to:

- Rates growth
- New revenue streams
- Delay of CMAR
- Operating impacts from asset sales
- Interest Savings

On track to meet remaining \$1.5m by next budget review.

How we are building the budget

2022-23 Parameters – endorsed by Council 27 January 2021

Adopts the following expenditure and revenue targets which are consistent with the Recovery Principles adopted by Council on 30 June 2020, to enable the preparation of the draft 2022-2023 Business Plan and Budget:

- 1.1. No change to the Residential and Non-Residential valuations and Rate in the Dollar (excluding corrections, growth and new developments).
 - 1.2. Total statutory and non-commercial fees and charges revenue increased by CPI or statutory increase.
 - 1.3. Commercial Revenues to return to 90% of pre-COVID levels at a minimum, reviewed & updated at Q1 2022-23.
 - 1.4. Strategic Project expenditure target not exceeding \$5.4 million.
 - 1.5. Expenditure increases for CPI only affected where necessary.
 - 1.6. Salary and wages to be adjusted in accordance with relevant agreements.
 - 1.7. A surplus operating position is delivered.
-
- 2.1 Capital expenditure on Renewal and Replacement of Existing Assets based on an Asset Sustainability ratio of 90%.

Parameter Impact:



Decrease on Revenue estimates included in the current LTFP



Ability to control costs and continue core service delivery

How we are building the budget

Operating Activities – now Business Activities within relevant Services

Operational Activity (budget \$'000s)	20/21 Actuals	21/22 Budget	22/23 Budget
Adelaide Prize	27	30	30
Adelaide's New Year's Eve	93	371	401
Annual delivery of Kaurna RAP initiatives	-	50	50
ANZAC Day Service & Related Activities	48	58	58
Arts and Cultural Grants	255	261	266
Australia Day Sponsorship	179	179	182
Brand	10	10	20
Built Heritage Management Promotion	17	64	64
Business Activation and Support	62	100	100
Carbon Neutral Adelaide (\$120k 22/23 capital)	983	1,187	1,067
Christmas Festival	422	350	500
City Activation – East End Unleashed	118	140	140
City Activation – Hutt Street	41	50	75
City Activation - Melbourne Street	12	50	50
City Activation – North Adelaide/O'Connell St	95	50	50
Community Capacity Development (prev Adel Leaders & Comm-led Neighbourhood Dev't)	40	40	40
Community Impact Grants (prev two separate grants, Rec & Sport and Comm Dev't)	732	746	760
Content	54	56	56
Cultural Entrepreneurs Incubator	40	50	40

Operational Activity (budget \$'000s)	20/21 Actuals	21/22 Budget	22/23 Budget
International Relations (Sister Cities)	20	100	100
Live Music Strategic Partnership	10	10	10
NAIDOC Week Celebrations	46	50	50
Noise Management	12	39	38
Online Advertising	-	15	15
Residential Growth Action Plan	3	33	33
Safer City Policy 2019-22	22	65	65
Umbrella Winter Festival	80	40	41
UNESCO (Inc City of Music Partnership)	50	50	51
Web and Digital Development	50	53	53
Building Upgrade Finance - Central Facilitator - fully grant funded	-	-	137
Vulnerable and Homeless People Project Staff - fully grant funded	-	-	42
Aboriginal Protocol Cultural Grant	-	-	50
Economic Policy	34	40	40
Fashion Industry Support (previously Vogue)	2	50	51
Free City Connector	1,011	1,115	1,134
Heritage Incentive Scheme	999	1,115	1,134
History Festival	30	30	31
IM Roadmap	1,835	1,600	1,600

How we are building the budget

Base Budget – LTFP – Bridging 2021-22 to 2022-23

Don't start from zero, but a pre-determined position from the current LTFP. – Currently a \$6.7m variation from LTFP position.

Note that it does not include any new capital projects for 2022-23.

	2022-23 Adopted LTFP	2022-23 Quarter 2 Revised Budget 21-22	Total Variance	2022-23 Updated LTFP Estimate – Parameters
Operating Income	206.1m	206.6m	0.5m	203.4m
Operating Expenditure	205.1m	205.5m	0.4m	209.1m
Operating Position	1.0m	1.1m	0.1m	(5.7)m
Borrowings	76.3m	34.8m	41.5m	40.5m

Operating and Borrowing impacts of any new capital projects will be determined next month and scenarios based on affordability presented to Council.

Significant items:

- No increase to rates \$1.5m
- Lost CMAR revenues \$1.5m
- Depreciation Increase \$3m

KEY QUESTION AND DISCUSSION

Base Budget

Are there any questions about the draft budget parameters, base budget or LTFP?

Next Steps

Timeframes – Asset Levels of Service and Adelaide Design Manual

Asset Management Plans – Levels of Service

- Stage One of community consultation on Levels of Service brought back to Council in April/May 2022.
- Levels of Service will be integrated with Asset Management Plans and Long Term Financial Plan.
- Asset Management Plans will be brought into Council to approve going out to community consultation, then following review of consultation, presented to Council for adoption.

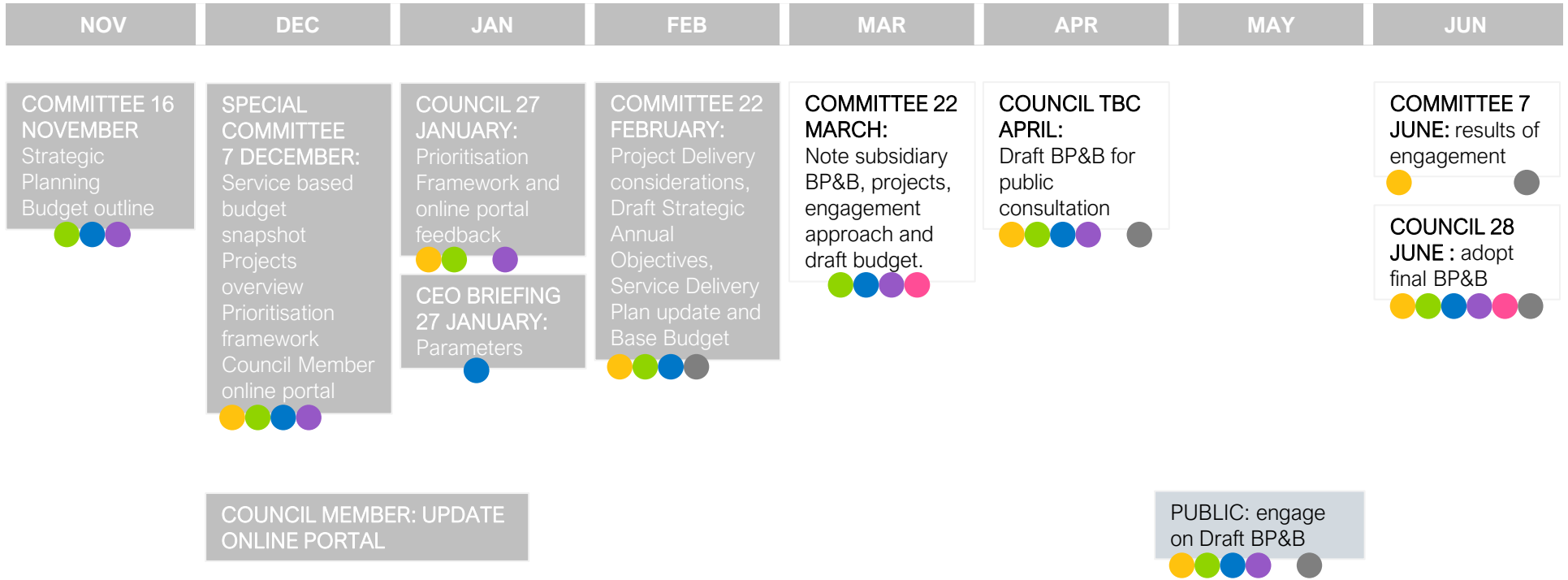
Adelaide Design Manual

- Master plans to be considered for Hindley, Hutt and Melbourne Street in April 2022.
- Elements of the ADM to be included in the concept plans and reflected within costings.
- Future consideration of ADM elements will apply utilising the principles.

Next Steps

Timeframes – Business Plan and Budget

● Planning (service delivery)
 ● Projects
 ● Budget Build
 ● Capital / Infrastructure
 ● Subsidiary
 ● Engagement



Key Questions

KEY QUESTION AND DISCUSSION

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