



City of Ryde

Resourcing Strategy 2018

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1. Introduction

In response to the community aspirations identified in the Community Strategic Plan, Ryde 2028, Council is required to put in place plans to advance those aspirations with the resources it has at its disposal. Council has prepared what is called a 'Resourcing Strategy' which considers the assets, people, technology and financial resources necessary to deliver Ryde 2028.

This Resourcing Strategy highlights any major resource challenges with achieving Council's share of actions and proposes solutions to those challenges. Importantly, this strategy also outlines any scenarios and key assumptions considered in developing the Resource Plans. This Resource Strategy is supported by four component plans; the Asset Management Plan (including Sub Plans), Workforce Plan, Information and Communications Technology (ICT) Plan and Long Term Financial Plan. Below is a brief description of each Resource Plan:

The Asset Management Plan

This Plan (an associated Sub Plans) cover all Council's assets including roads, drainage, footpaths, buildings, amenities, sports fields, etc. It includes plans for existing and new assets. Options for expected levels of service are considered when developing the Asset Management Plans with long term (10 year) projections of asset maintenance, asset operating costs, asset renewals and the costs associated with new capital works.

The Workforce Plan

This Plan enables Council to strategically consider its current and future workforce needs to help support the outcomes as outlined in Ryde 2028 and provide a framework for dealing with immediate and forecast challenges in a deliberate, but yet pragmatic manner. The Workforce Plan is a 4 year plan.

The Long Term Financial Plan

This Plan facilitates Council's decision making processes as it relates to resource allocation and is influenced by community needs and expectations, as well as external factors such as growth and other environmental influences. In essence, the long term financial plan takes the information contained within the Asset Management Plan, the Workforce Plan and the Information and Communication Technology Plan, together with our existing and forecast service demands, filters it through 2 Scenarios and conducts Sensitivity Analysis such that outcomes are prudently considered in the context of long term financial sustainability. The Plan also includes Council's projected financial health over the next 10 years aligned to the local government 'Fit for the Future' indicators.

Information Communications and Technology Plan

This ICT Plan is a 4 year plan and has been developed using the input of Council's leadership team, an appreciation of what our staff and customers want, and an understanding of what technological offerings are being pursued both within and outside the local government sector. In essence, this Plan has been constructed with 3 very different, but equally important, audiences in mind – staff, the community and the local government sector.

2. Our City

The City of Ryde has a rich history with the traditional Indigenous owners of the land being the Wallumedegal clan of the Dharug people.

Our City is located in Sydney's north-western suburbs, 12 kilometres from the Sydney CBD. Set in scenic surrounds between the Parramatta and Lane Cover River, we are connected to other parts of metropolitan Sydney via major road systems, rail, bus and ferry services and bounded by neighbouring councils.

The City of Ryde neighbours Hornsby Shire and the Ku-ring-gai council area in the north, Willoughby City, the Lane Cove River and the Hunters Hill Municipality in the east and Parramatta City in the west. Our city includes 16 suburbs; Chatswood West (part), Denistone, Denistone East, Denistone West, East Ryde, Eastwood (part), Gladesville (part), Macquarie Park, Marsfield, Meadowbank, Melrose Park (part), North Ryde, Putney, Ryde, Tennyson Point and West Ryde.

The current population of the City of Ryde is estimated to be approximately 125,000 which represents an increase of 17,000 on the 2011 census numbers. Our population is forecast to grow by a further 25,000 to 150,000 people by 2028 and 40,000 to 165,000 people by 2036.

The City of Ryde encompasses an area of about 40 square kilometres, including waterways and parklands. Within this sits the Macquarie Park Corridor, our specialist centre Macquarie Park, four town centres and 29 neighbourhood centres, Macquarie University, Ryde and Meadowbank Colleges of TAFE, which enrol 13,000 students each year, over 33,000 businesses, five public libraries, 24 primary schools, five high schools and five hospitals.

Global, national and metropolitan trends and issues present both opportunities and challenges in the way that communities, such as the City of Ryde, are planned and supported. The City of Ryde is an integrated and integral major centre of Sydney and faces the same challenges as detailed in The Department of Planning and Environment's 'A Plan For Growing Sydney.' Our City is part of an ever changing dynamic global market, and our economic development, particularly the Macquarie Park Corridor, contributes significantly to New South Wales' Global Economic Corridor.

3. The Key Challenges

The City of Ryde identified the following challenges in its LGA over the next 10 years in its Community Strategic Plan:

- To meet the increasing pressure and needs of a growing population and changing demographics, while maintaining the prosperity, uniqueness and liveability of our City.
- To continually meet the community's expectations in providing appropriately targeted support services, well maintained and targeted recreational and cultural facilities and services, and accessible public domain areas, to ensure that we are responding to our changing community's needs and demographics.
- To offer a range of affordable and varied accommodation options, through strategic forecasting and planning, that meets the changing needs and demands of our growing and diverse community while maintaining the character of our many suburbs.
- To plan for sufficient land and infrastructure for business. As Sydney's transport systems and road networks are placed under increasing pressure we need to accommodate this growth and encourage people to live closer to their place of employment.
- To plan and design a growing and liveable city through considered urban renewal and land use, while protecting and enhancing our natural assets and keeping abreast of demand for passive and active recreation opportunities from our community and visitors.
- To collaborate with all our partners to address the predicted long term effects of climate change such as higher frequencies of extreme weather patterns, bushfires, storm surge and flood inundation.
- To reinvigorate Macquarie Park, address its traffic management issues and utilise all the opportunities that a close association between a university and business park bring, so that it remains competitive and nationally significant.

Also, in 2015, Council was successful in securing a 7% Special Rate Increase per annum over 4 years to assist in funding Council's ageing network of infrastructure assets. From 2018/19 onwards, Council will be raising in excess of \$12 million per annum for infrastructure asset renewal purposes.

4. Scenarios Tested

As part of its Resource Strategy, Council explored 2 Scenario options.

1. Scenario One - Base Case

This scenario is predicated on existing services remaining largely the same over the next 10 years with a primary reliance on developer and internal reserve funded capital works, and the ongoing SRV income stream funding the renewal of existing assets.

2. Scenario Two - Growth Case (25,000 additional population)

This Scenario is predicated on available data indicating an additional population of 25,000 by 2028 with a direct correlation between population growth and service provision (both capital and operating).

It is modelled using the same core assumptions as the Base Case model, with the addition of:

- Population growth of 25,000 which translates to growth of approximately 10,000 new dwellings
- Growth in rates revenue and fees and charges income to reflect the growth in dwellings and population
- Growth in materials and contracts costs and other expenses to reflect increases in growth forecasts.
- Consequential changes to depreciation to reflect depreciation on new assets, and increased asset value
- Actual maintenance spend has been increased to reflect the new required levels of maintenance.
- Employee costs have been increased to reflect additional employee retention and development costs (to match industry benchmarks) and costs associated with an increased workforce (61 FTE staff).
- The Growth Case also includes projected efficiencies targeting the following areas:
 - 1.0% efficiency saving for employee related costs (including savings emanating from staff turnover)
 - 1.0% efficiency saving for materials and contracts (acknowledging savings associated with economies of scale) , and
 - 1.0% efficiency saving in 'other expenses' (acknowledging savings associated with economies of scale)

5. Modelled Outcomes

In applying the 2 Scenarios, the following modelled outcomes are evident:

- The forecast Operating Surplus is improved under Scenario 2 (Growth Case) largely because of the 1% productivity saving (in relation to employee costs, materials and contracts costs, and other expenses) and rates growth income factored into this Scenario.
- Key asset management indicators fare better under Scenario 1 (Base Case) than Scenario 2 (Growth Case).
 - The Asset Backlog Ratio is better than benchmark (lower than 2%) in both Scenarios by 2019.
 - The Asset Renewal Ratio is better than benchmark (greater than 100%) in both Scenarios in all year's 2018-2028.
 - The Asset Maintenance Ratio is better than benchmark (greater than 100%) for Scenario 1 (Base Case) and lower than benchmark for Scenario 2 (Growth Case)
- The \$660 million of new capital assets added in Scenario 2 (Growth Case) has a significant impact on the ongoing operating and maintenance costs associated with these new assets. Some of these new capital works (assets) will need to be reviewed and may need to be deferred beyond 2028
- Real operating expenditure per capita is higher under Scenario 2 due to increases in costs associated with growth. However, the benchmark is met as the real operating expenditure per capita continues to decline between the year's 2018 and 2028.
- Rates revenue in Scenario 2 (Growth Case) is approximately \$17.5m higher than in the Scenario 1 (Base Case) in the year 2028. This reflects the cumulative increase in revenue from growth in the rating base.
- While sufficient money is anticipated to be spent on renewals to clear Council's infrastructure backlog in both Scenarios by 2019 and maintain an Asset Renewal Ratio that exceeds 100%, there is an opportunity to reallocate asset renewal funds between different 'asset classes' (such as Roads, Buildings, Libraries, Parks etc) to ensure all asset classes exceed their respective renewal ratio targets of 100%.
- There is also an opportunity for excess Asset Renewal funds to be reallocated towards Asset Maintenance in both Scenarios.

6. Sensitivity Analysis

One the major variables is the estimated population growth as this has a direct flow impact to rates income and operating expenses and therefore the overall performance of Council. For every 5,000 estimated population the accumulated surplus changes by \$9m and a subsequent change in the Operating Performance Ratio of 0.9%.

The sensitivities and potential impact as outlined below relate to the financial projections contained in this Resourcing Strategy (Scenario 2 – Growth Case).

Rates revenue

Each 1% change in ordinary rates and annual charges revenue will result in a \$880,000 change in total rates revenue in 2018/19 and \$1.27m in 2027/28.

Other revenues - fees and charges, income on investment, operating grants

A 1% change in annual revenue for all these income streams represents \$425,000 in 2018/19 and \$722,000 in 2027/28.

Operating expenditure increases for key expenses such as employee costs and materials and contracts

A 1% change in employee costs and other operating expenditure (materials and contracts) represents \$1.02m in 2018/19 and \$1.48m in 2027/28.

Changes to the revenue or expenditure assumptions have a material impact on the projections in the Resourcing Strategy however Council believes the assumptions used are robust. A regular review of the Resourcing Strategy will ensure that Council is able to react and plan for any changes in costs and revenues over the term of this strategy.

7. The Recommended Scenario

Scenario 2 (Growth Case) is considered the most appropriate Scenario as it best reflects what Council sees unfolding over the next 10 years. Growth will feature prominently in how and where funds are spent over the next 10 years. A new Section 7.11 Plan will see hundreds of millions of dollars of new assets come on line from 2019/20. Many of these assets will need to be maintained and, in some instances, require Council funding to operate them (eg new library in Macquarie Park).

Population growth of 25,000 people is significant. If the City of Ryde is to respond to that magnitude of growth it needs to do so in a measured and sustainable manner. Productivity and efficiency gains are a 'necessity' and Council must continue its pursuit of innovation and continuous improvement if it is to meet the funding challenges associated with growth.

The modelled outcomes of Scenario 2 yield the most probable result for Council and its community. Key financial indicators are met, existing services continue, new assets come on line and additional staff are employed to help service the needs of the growing population.

8. Conclusion

In order to put the community's plan into action, Council has developed strategies and plans to deliver the best possible outcomes, value for money, staff and technology to implement and contribute to the achievement of the Community Strategic Plan.

Council is committed to delivering the best services to its community and uses the Community Strategic Plan as its primary guiding document. This Resourcing Strategy is Council's response to the Community Strategic Plan with the resources it has at its disposal today and those resources it expects to have over the next 10 years, on the back of significant growth.

This Resource Strategy is underpinned by 4 primary resource plans, namely

1. Workforce Plan
2. Asset Management Plan
3. Information and Communications Technology Plan, and
4. Long Term Financial Plan

Together, these Plans lay the foundation for Council's resource response to 'Ryde 2028', Council's Community Strategic Plan.

As with any strategy, this Resource Strategy will be periodically reviewed to ensure it remains current and relevant. Most importantly, it needs to be aligned to the community's aspirations, as outlined in the Community Strategic Plan and refined over time.