



AGENDA

**FOR PROGRAM REVIEW SUB COMMITTEE MEETING TO BE HELD ON
13 FEBRUARY 2017 AT THE CONCLUSION OF THE CEO REVIEW COMMITTEE
IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY**

MEMBERS

Cr E Gill (Chairman)
Mayor G Aldridge
Cr S Bedford
Cr D Bryant
Cr C Buchanan
Cr G Caruso
Cr L Caruso
Cr B Vermeer
Cr R Zahra

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Governance, Ms T Norman

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Program Review Sub Committee Meeting held on 05 December 2016.

REPORTS

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OTHER BUSINESS

CONFIDENTIAL ITEMS

PRSC4 Program Review Findings for Technical Services Division, Projects Division and Project Support Team.

Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if Council so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on that grounds that:

1. *Pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *Non disclosure of this matter would enable information that may have implications for resourcing/service levels to be considered in detail prior to a Council position in relation to the matter being determined.*

*On that basis the public's interest is best served by not disclosing the **Program Review Findings for Technical Services Division, Projects Division and Project Support Team.** item and discussion at this point in time.*

3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CLOSE



**MINUTES OF PROGRAM REVIEW SUB COMMITTEE MEETING HELD IN
COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY ON**

5 DECEMBER 2016

MEMBERS PRESENT

Cr R Zahra (Chairman)
Mayor G Aldridge
Cr D Bryant
Cr G Caruso
Cr L Caruso
Cr E Gill (Deputy Chairman)
Cr D Proleta (as Deputy to Cr Buchanan)
Cr J Woodman (as Deputy to Cr Bedford)
Cr B Vermeer

OBSERVERS

Cr S White

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Development, Mr T Sutcliffe
General Manager Community Development, Mrs P Webb
Manager Economic Development and Urban Policy, Mr G Ratsch
Manager Governance, Ms T Norman

The meeting commenced at 6:53 pm.

The Chairman welcomed the members, staff and the gallery to the meeting.

APOLOGIES

Apologies were received from Cr C Buchanan (Cr D Proleta was in attendance as a Deputy Member) and Cr S Bedford (Cr J Woodman was in attendance as a Deputy Member).

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr D Proleta
Seconded Cr D Bryant

The Minutes of the Program Review Sub Committee Meeting held on 14 November 2016, be taken and read as confirmed.

CARRIED

REPORTS

PRSC1 Program Review Findings for the Economic Development and Urban Policy Division

Cr B Vermeer entered the meeting at 06:55 pm.

Moved Cr G Caruso
Seconded Mayor G Aldridge

1. This report, and the Economic Development and Urban Policy Program Review report (provided as Attachment 1, Item No. PRSC1, Program Review Sub Committee, 5 December 2016), be received and noted.
2. The recommendations listed in paragraph 4.5 of this report (Item No. PRSC1, Program Review Sub Committee, 5 December 2016) be endorsed.
3. The recommendations for administrative action itemised on pp 6 & 7 of Attachment 1, Item No. PRSC1, Program Review Sub Committee, 5 December 2016 be noted.
4. The General Manager City Development monitor the implementation of actions as required.

CARRIED

OTHER BUSINESS

CLOSE

The meeting closed at 7:01 pm.

CHAIRMAN.....

DATE.....

ITEM	PRSC1
	PROGRAM REVIEW SUB COMMITTEE
DATE	13 February 2017
HEADING	Appointment of Deputy Chairman - Program Review Sub Committee
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This report provides information with respect to the appointment of a Deputy Chairman to the Program Review Sub Committee.

RECOMMENDATION

1. Cr _____ be appointed as Deputy Chairman of the Policy and Planning Committee for a term of _____.

ATTACHMENTS

There are no attachments to this report.

1. REPORT

- 1.1 In February 2016 Cr Gill was appointed as Deputy Chair to the Program Review Sub Committee for a period concluding in March 2017.
- 1.2 At the December 2016 Council meeting it was resolved that Cr Gill be appointed Chairman of the Program Review Sub Committee for the period commencing January 2017 until December 2017.
- 1.2 As the Deputy Chairman acts in the role of Chairman in their absence it is not possible for the same person to hold the position of Chair and Deputy Chair

2. CONCLUSION / PROPOSAL

- 2.1 The Program Review Sub Committee is asked to make a new appointment for the position of Deputy Chairman to ensure the same person does not hold the position of Chair and Deputy Chair.

CO-ORDINATION

Officer: Executive Group
Date: 07/02/2017

ITEM	PRSC2
	PROGRAM REVIEW SUB COMMITTEE
DATE	13 February 2017
HEADING	Program Review Brief - Strategic Development Projects
AUTHOR	Chantal Milton, Manager Strategic Development Projects, City Development
CITY PLAN LINKS	<p>4.2 Develop strong capability and commitment to continually improve Council's performance.</p> <p>4.3 Have robust processes that support consistent service delivery and informed decision making.</p> <p>4.4 Embed long term thinking, planning and innovation across the organisation.</p>
SUMMARY	The report and supporting documentation provides details of the current operation of the Strategic Development Projects Division and a proposed project brief to undertake a review of the Division under the Program Review Framework. Endorsement of the brief is sought to commence the review.

RECOMMENDATION

1. The information be received.
2. The Strategic Development Projects Program Review Project Brief and Background Paper as set out in Attachment 1 and 2 to the Program Review Sub-Committee Report (Item No. PRSC1, 13/02/2017) be endorsed.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Strategic Development Projects Program Review Brief
2. Strategic Development Projects Program Review Background Paper
3. Strategic Development Projects Program Review Communications Plan

1. BACKGROUND

- 1.1 As part of the Business Improvement Framework, Council has endorsed a comprehensive review of service delivery options and levels for all Council programs and services. This is intended to ensure that programs and services are delivered through the best use of resources while ensuring the organisation is positioned to respond to current and future operating environments.

- 1.2 The review of the Strategic Development Projects Division will consider the current level of service provision to ensure that the services align with the organisation's strategic directions, and deliver sound outcomes in the areas of strategic property for the benefit of the community, end users and the organisation.
- 1.3 Refer the attached Program Review Brief and Background Paper for further background information.

2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 Executive Group
- 2.2 External
 - 2.2.1 Nil

3. REPORT

- 3.1 The Strategic Development Projects Division is responsible for various functions including:
 - Development of surplus Council land for residential housing;
 - Investigating opportunities for Council land holdings to contribute towards the renewal agenda for the Salisbury City Centre; and
 - Identification of future development opportunities, project timing and business cases to inform Council's Long Term Financial Plan.
- 3.2 The objectives of the review are to:
 - Clarify the role and function of the Strategic Development Projects Division within the organisational structure and role in delivering strategic residential and commercial development projects;
 - Review the model for delivering strategic development projects reviewing the governance/risk and project management procedures with Council acting in a commercial environment; and
 - Identify opportunities to improve broader community value achieved through the delivery of the projects through aligning the future project pipeline to Council's adopted strategic objectives.
- 3.3 The program review deliverables are to ensure services align with strategic directions of Council and include:
 - a review and assessment of the current model, service activity, outcomes and strategic alignment;
 - identification of external and internal factors likely to influence future projects and how they are delivered;
 - identification of linkages with other parts of Council;

- identification of any current functions/projects that should be discontinued or transferred to other services providers including other Divisions of the organisation;
 - identification of services and functions being delivered by other Divisions of the organisation that may be more appropriately and effectively delivered by the Division; and
 - identification and assessment of options to optimise project delivery outcomes
 - recommendation of a preferred option in relation to systems and processes, structure and resources, Divisional skills profile, business model and measurement.
- 3.4 It is anticipated that the program review will be completed by the end of June 2017. This timing will allow incorporation of the outcomes of the final version of the endorsed Strategic Land Review and five year work plan, which is to be presented to Strategic Property Development Sub-Committee in March 2017.
- 3.5 Staff within the Strategic Development Projects Division have been briefed on the review, and will continue to be engaged throughout the process. While the review will be largely completed with in-house resources, external organisations will be utilised to undertake a customer and community satisfaction survey and REM Plan economic modelling on the economic impacts of projects delivered by the Division. It is also proposed that the final report will be peer reviewed in respect to the findings and recommendations.

4. CONCLUSION / PROPOSAL

- 4.1 The review of the Strategic Development Projects Division is part of the overall program review initiative currently being implemented across Council to ensure delivery of efficient and effective services.
- 4.2 It is anticipated that the review will be completed by the end of June 2017.

CO-ORDINATION

Officer:	GMCiD	Executive Group
Date:	03/02/2017	07/02/2017



Program Review Brief

Program Review – Strategic Development Projects

Name:	Program Review - Strategic Development Projects
Number:	
Project Sponsor:	Terry Sutcliffe, General Manager City Development
Project Leader:	Chantal Milton, Manager Strategic Development Projects
Project Team Members	

1. Scope:

The review will consider the current scope and delivery of services by the Strategic Development Projects Division to ensure the Division aligns with the organisation's strategic objectives.

It will consider the economic, social and commercial objectives and returns of current and completed residential projects developed on surplus Council land for residential housing, the future pipeline of property development opportunities to support Council's Long Term Financial Plan, and the Division's current and future contribution towards the renewal agenda for the Salisbury City Centre.

These considerations will be informed by:

- Existing delivered and future potential economic, social and commercial outcomes based on current identified project pipeline;
- Delivery of broader economic and social outcomes as part of the residential development program in the areas of affordable housing, housing diversity and local employment;
- Level of community support for program and quality of outputs;
- Efficiency and effectiveness in delivering existing projects and sharing learnings; and
- Review of governance and project management procedures to mitigate risks to Council acting in this non-traditional sector, including review of current and future market state.

2. Objectives

The high level objectives of this review are to:

- Clarify the role and function of the Strategic Development Projects Division within the organisational structure, and its role in delivering strategic residential and commercial development projects;
- Review the model for delivering strategic development projects reviewing the governance/risk and project management procedures with Council acting in a commercial environment;
- Identify opportunities to improve broader community value achieved through the delivery of the projects through aligning the future project pipeline to Council's adopted strategic objectives.

Program Deliverables:

The program deliverables are:

- a review and assessment of the current model, service activity, outcomes and strategic alignment
- identification of external and internal factors likely to influence future projects and how they are delivered
- identification of linkages with other parts of Council
- identification of any current functions/projects for which the service level should be changed, or that should be discontinued or transferred to other services providers including other Divisions of the organisation.
- identification of services and functions being delivered by other Divisions of the organisation that may be more appropriately and effectively delivered by the Division.
- identification and assessment of options to optimise project delivery outcomes
- recommendation of a preferred option in relation to systems and processes, structure and resources, Divisional skills profile, business model and measurement

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Program Review Brief

Program Review – Strategic Development Projects

Project Management Deliverables:

Stage 1: Measure the current state

This stage will involve a review and assessment of the current model, existing projects outcomes, level of community support and buyer satisfaction, commercial benchmarking considered in context of alignment with Council's strategic directions.

Resourcing: Manager Strategic Development Projects

Timing: February/ March 2017

Stage 2: Assessment of factors (external and internal) influencing project/service delivery outcomes

This stage will examine the impact of internal and external factors (including regulatory requirements) on the project delivery pipeline adopted by Council as part of its proposed consideration of the Strategic Land Review and work program, combined with the needs of the organisation to deliver the strategic agenda relating to the Salisbury City Centre renewal and other internal directions of Council as outlined in the City Plan.

Resourcing: Manager Strategic Development Projects

Timing: April 2017

Stage 3: Identification of and prioritisation of options

Identification, assessment and prioritisation of alternative business models, project delivery options and/or opportunities to enhance service delivery and outcomes. This will include identification of a preferred option. External peer review will be a component of this stage.

Resourcing: Manager Strategic Development Projects; external consultant

Timing: May/June 2017

3. Governance (include if known)

Project Sponsor:	General Manager City Development
Project Manager:	Manager Strategic Development Projects
Project Team:	Manager People and Culture, Manager Governance, Manager Projects, Manager Property & Buildings
Assurance:	Reporting via Executive Group and Program Review Sub-Committee to Council
Specialist Assistance:	Customer and community satisfaction survey, REM Plan modelling and peer review
Internal Consultation:	Consultation will occur with key staff and teams through the program review process

4. Approach

Following endorsement of the Program Review Brief and Discussion Paper by the Program Review Sub-Committee, the project will largely be undertaken by internal staff, principally the Manager Strategic Development Projects. Resources to support the Manager in the review will be engaged as required from within the Program Review Budget.

A customer and community satisfaction survey of purchasers and surrounding community members in and around Council's five existing residential projects will be undertaken as part of the process and this will be contracted out to an independent market researcher/engagement consultant. Further it is proposed that REM Plan modelling be undertaken for the three projects not yet completed, to allow estimation of a total economic benefit (not just financial benefit) as a result of Council's investment. It is proposed that individual discussions be held with key Divisions of Council and staff participate in a design risk and opportunity review to gather lessons learnt and future opportunities for the residential development projects program.

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Program Review Brief

Program Review – Strategic Development Projects

Given the Review is proposed to be undertaken internally, a peer review process has been built into the timeline to test the findings and recommendations (it is planned that this occur in late May/early June).

5. Communications

A Communication Plan has been developed and is provided as Attachment 1.

6. Resources:

Budget: \$5k for customer and community satisfaction survey, \$750 for REM Plan modelling and approximately \$5k for peer review and resources to support the Manager in the review to be funded from the Program Review budget.

Total CoS hours: 8 -10 hours per week for 10 weeks, considerate of the significant work already completed to identify and map the potential project pipeline through the Strategic Land Review project.

Assumptions: Manager Strategic Development Projects will allocate one day per week over the review period to conduct the review.

7. Program & Milestones (Dates for Key Events/Outputs)

- 31 January 2017: Approval of Program Review Brief by Executive Group
- 13 February 2017: Approval of Program Review Brief by PRSC
- 27 February 2017: Approval of Program Review Brief by Council
- 10 April 2017: Progress Report provided to PRSC
- 30 May 2017: Draft final report provided to Executive Group for consideration
- 12 June 2017: Final report and recommendations presented to PRSC
- 26 June 2017: Council consideration and endorsement of review recommendations

8. Constraints and Risks

Internal resource availability with pre-committed Annual Leave, ongoing work and emerging operational demands, the Manager Strategic Development Projects could be restricted from allocating one day per week to complete the work required within this review.

Availability of data from within existing reporting and systems

(The above risks potentially impact upon timing of delivery of the Review)

9. Background

Refer to Attachment 2: Strategic Development Projects Background Paper

Program Review Brief Sign-Off

This document must be signed off by the Program Review Sub Committee and lodged in Dataworks.



PROGRAM REVIEW

STRATEGIC DEVELOPMENT PROJECTS

BACKGROUND PAPER

JANUARY 2017

Corporate Context

The Strategic Development Projects Division (SDP) of the City of Salisbury sits within the City Development Department and consists of a business unit responsible for overseeing Council's strategic development project agenda from inception and feasibility through to completion and handover including;

- Development of surplus Council land for residential housing
- Investigating opportunities for Council land holdings to contribute towards the renewal agenda for the Salisbury City Centre.
- Identification of future development opportunities, project timing and business cases to inform Council's Long Term Financial Plan.

Council's strategic development projects, while delivering commercial outcomes and financial return are also required to deliver broader community objectives and best practice urban developments through alignment to the following principles;

- Realise development profit returning a commercial outcome to Council to reduce debt and free up capacity to fund strategic projects.
- Inclusion of a range of living options, including affordable housing that provides housing choice for the Salisbury community of all ages, backgrounds and budgets.
- Deliver best practice design with a high attention to detail setting an improved standard for residential development, including medium density and infill land development in Salisbury and contribute towards Council's Strategic agenda set out in the City Plan 2030.
- Integration of the projects with the existing community through provision of improved connection and open space area upgrades that benefit both the new and existing community equally.
- Use of Council surplus landholdings to build a pipeline of development projects that support the local construction industry, creating local jobs for local people.

City Plan 2030

The Strategic Development Projects Division is a lead Division for the following key actions in Council's City Plan 2030:

- Deliver a new community hub in the Salisbury City Centre, incorporating library, civic facilities, offices and commercial spaces to stimulate investment opportunities.
- Progress the revitalisation of the Salisbury City Centre
- Develop Salisbury Oval to include an integrated recreation and residential project

The Division also plays a strong supporting role in demonstrating project outcomes that support Council's delivery of the following objectives:

The Prosperous City

Objective 4: Have well planned urban growth that stimulates investment and facilitates greater housing and employment choice

The Sustainable City

Objective 1: Capture economic opportunities arising from sustainable management of natural environmental resources, changing climate, emerging policy direction and consumer demands

Objective 3: Have natural resources and landscapes that support biodiversity and community wellbeing

Objective 4: Have urban and natural spaces that are adaptive to future changes in climate

The Liveable City

Objective 2: Have interesting places where people want to be

Objective 3: Be a connected city where all people have opportunities to participate

Objective 4: Be a proud, accessible and welcoming community

Enabling Excellence

Objective 1: Strengthen partnerships that enable us to better address our community's priorities

Objective 2: Develop strong capability and commitment to continually improve Council's performance

Objective 3: Have robust processes that support consistent service delivery and informed decision making

Objective 4: Embed long term thinking, planning and innovation across the organisation

2016–17 Annual Business Plan

Council has funded the following projects to be delivered by the Division and resolved the following projects for feasibility investigations.

Strategic Development Projects	
Project /Program Name	Project Details
Development of surplus Council land holdings for residential development.	<p>Complete delivery and project close out of the Tranche 1 projects</p> <ul style="list-style-type: none"> • Greentree Walk – Walpole Road Stage 1 • Riverwalk – Whites Road Stage 2 • Emerald Green – Ryans Road • The Reserve – Diment Road

	<p>Commence delivery of the Tranche 2 projects and completion of all Business Cases.</p> <ul style="list-style-type: none"> • Boardwalk at Greentree – Walpole 3 • Hoyle Green • Shoalhaven (existing zoned section) • Lake Windemere
Complete a Strategic Land Review to identify a future pipeline of projects and work program for delivery	Secure endorsement of Strategic Land Review delivered through a methodology to identify surplus Council land holdings that can deliver future projects and inform Council decision making and LTFP in respect to revenue opportunities from the SDP Agenda
Complete project feasibilities and commence community revocation for identified Tranche 3 projects	<ul style="list-style-type: none"> • Salisbury Oval Residential including St Jays • Fairbanks Reserve
Salisbury City Centre Renewal Agenda and facilitating the scoping and design of the Salisbury Community Hub.	<p>Provide internal project management services to support the external project manager delivery of the Salisbury Community Hub.</p> <p>Undertake development feasibility and concept design for Council owned land parcels within the Salisbury City Centre, freed up as a result of the Salisbury Community Hub project.</p>
Develop a Salisbury Living umbrella brand and marketing strategy and project website to build a project portfolio and support future project delivery.	

External Funding

Five existing projects within Tranche 1 and 2 secured Federal Funding in the form of two Housing Affordability Fund Grants with a value of \$3.02 million. The grant funding returns grants to purchasers at settlement to support housing affordability and the grant requires half yearly project update reports and supporting information be submitted to the Australian Government Department for Social Services to meet the terms of the grant. The external funding has assisted in project cash flow in addition to providing affordability benefits to purchaser, but with a net zero effect on project costs and returns given the grants are a 'pass through' to the purchaser.

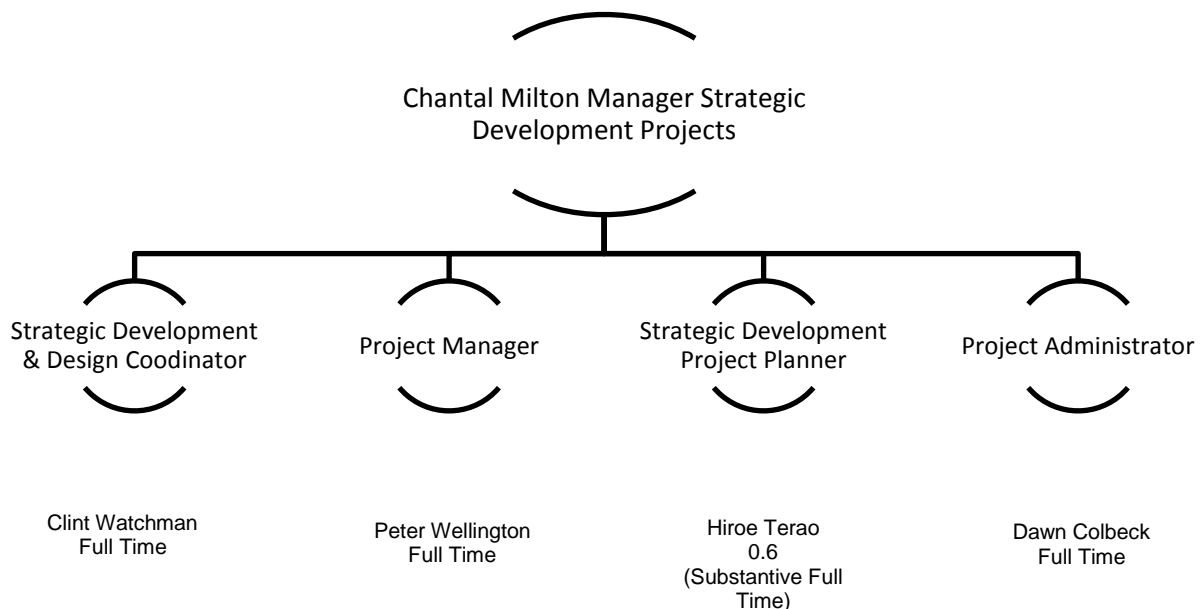
Structure & Resourcing

The Division consists of five staff and is part of the City Development Department. One role has negotiated part time working arrangements which results in the Division having staffing equivalent to 4.6 FTE.

Two positions are fully capitalised as a cost as part of the delivery of the residential projects with all other staff part funded between a mix of capitalised and operating costs. Three staff within the Division are on three year contract arrangements and the remaining two staff are on secondment arrangements from existing operating roles within Council. The contract arrangements for the Division reflect the Division's role and are linked to Council's strategic agenda, and reflecting the ability of Council to revisit the decision to operate within the development project sector at any time, or to change the delivery model.

The Division also is responsible for reporting and support of the Salisbury Community Hub project including support of the externally engaged project manager.

The structure of the Division provides for all staff to report through the Manager Strategic Development Projects.



Budget Summary

The following table, outlines the Operating Budget for the Strategic Development Projects Division:.

Strategic Development Projects Operating Budget	2016/17 Annual Plan Budget
Wages & Salaries	\$498,700
Wages and Salaries (capitalised to projects)	(\$334,180)
Contractual Services	\$6,000
Materials	\$3,350
Other Expenses	\$1,100
Internal Expenses	\$4,500
Strategic Land Review Feasibilities	\$150,000
Total - Operating Expenditure	\$329,470

Table 1 – The capitalised wages and salaries component represents approximately 67% of the total cost of the 4.6 FTE's budgeted in the area. This is subject to review and may be adjusted dependent on project delivery

Note that the Strategic Land Review Feasibilities is an annual \$150,000 allowance for ongoing residential feasibilities and completion and regular update of the Strategic Land Review. This figure is provided on an annual basis and does not accrue

Due to the nature of the Strategic Development Projects residential projects the delivery extends over multiple financial years. A whole of life budget is reported to Council quarterly through the Strategic Property Development Sub-Committee. The numbers below reflect those last reported in December 2016 and are subject to change during the period of the Strategic Development Project Program Review. Those projects that are trading and have a confirmed cost and revenue budget completed are combined below

Projects	Project Cost	Sales Revenue	HAF Grant Revenue	Rebate Revenue	Net Proceeds (excl Land Cost)
Greentree Walk	\$6,508,969	\$10,008,875	\$670,000	\$103,384	\$4,273,290
Emerald Green	\$5,555,820	\$13,448,216	\$768,000	\$104,960	\$8,765,356
The Reserve	\$7,118,472	\$8,675,568	\$752,000	TBD	\$2,309,096
Riverwalk	\$1,565,014	\$3,553,636	\$120,000	TBD	\$2,108,622
Boardwalk	\$9,627,357	\$15,083,136	\$710,000	TBD	\$6,165,780

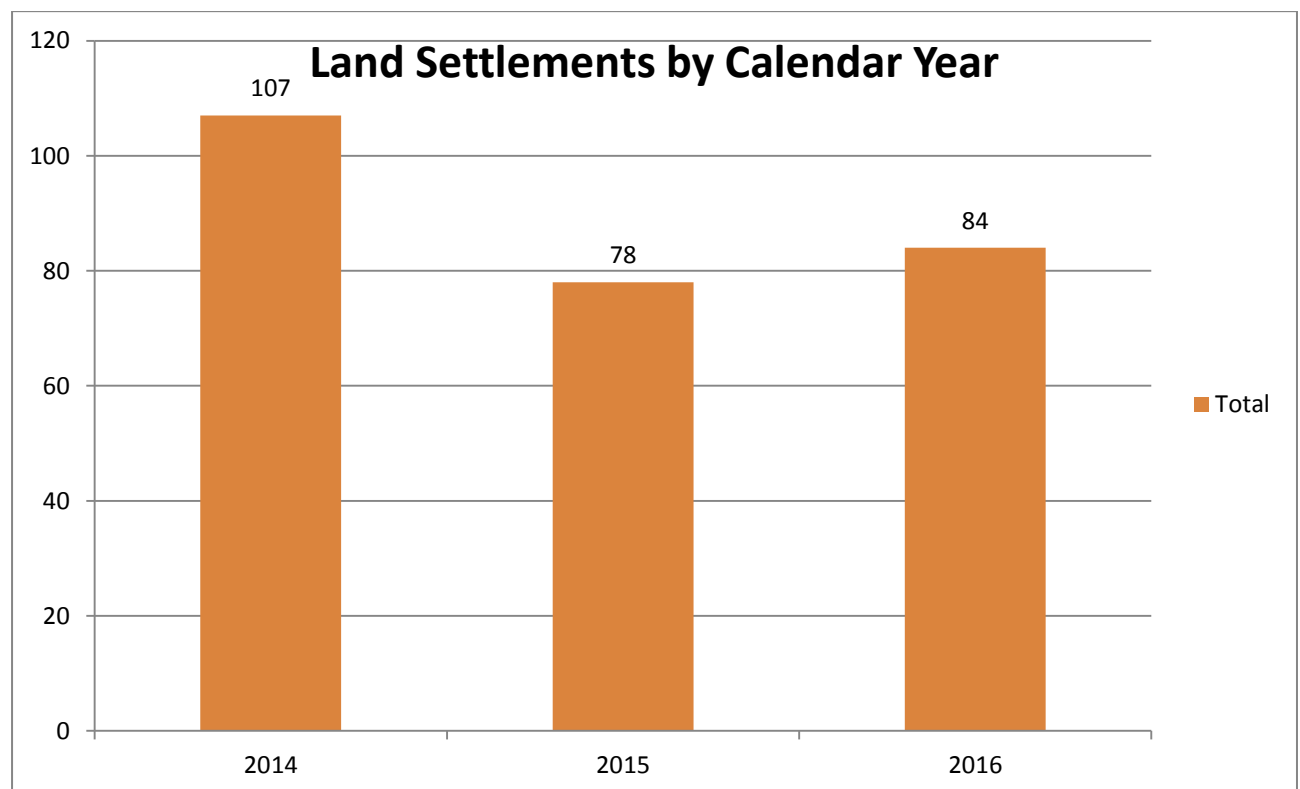
The following projects have an indicative feasibility budget assigned to them for delivery with final budget and revenue targets that will be confirmed following completion of Business Cases and consideration of delivery approach by Council.

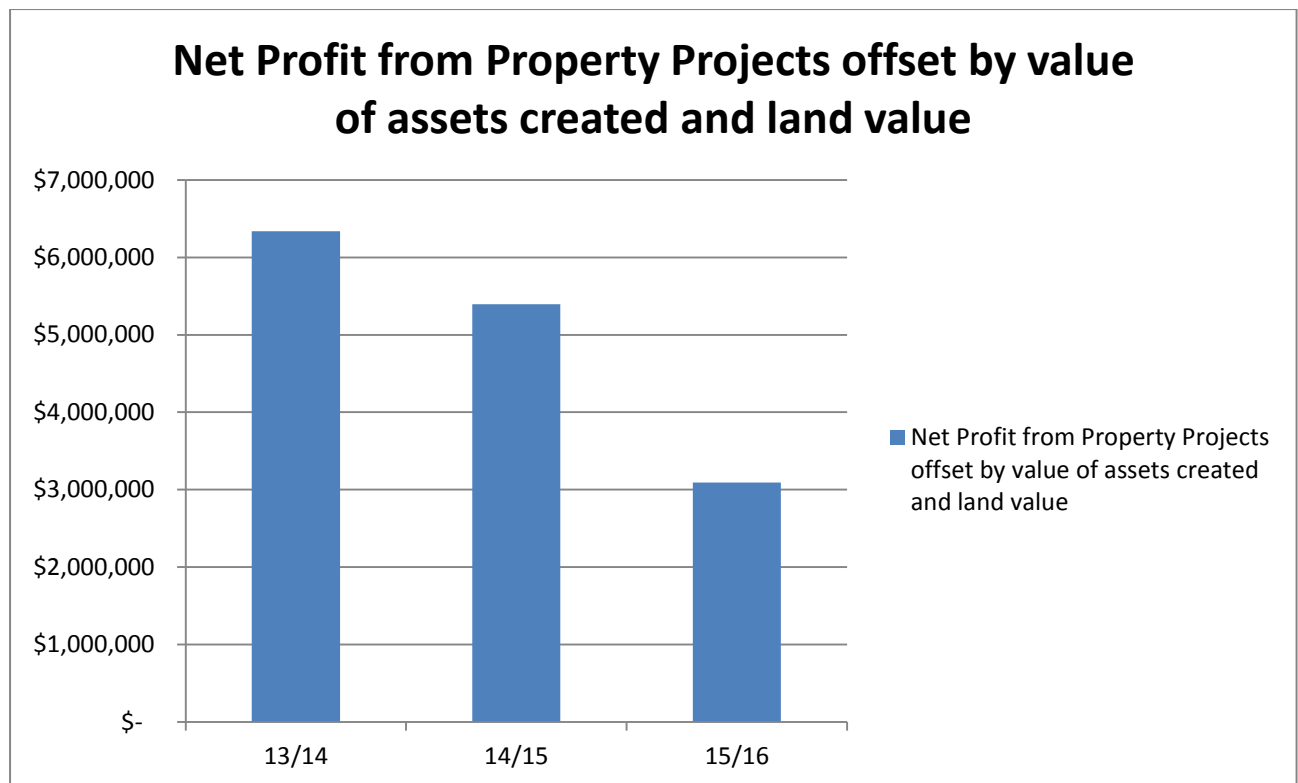
Projects	Project Cost	Sales Revenue	Rebate Revenue	Net Proceeds (excl Land Cost)	Feasibility Preparation Date
Hoyle Green	\$1,059,218	\$3,274,000	TBD	\$2,214,782	April 2014
Shoalhaven	\$1,290,000	\$1,508,000	TBD	\$218,000	April 2014
Lake Windermere	\$2,231,000	\$3,400,000	TBD	\$1,168,000	April 2014

Further to the residential projects above the Strategic Development Projects budget strategic projects budgets for 16/17 contained within the Division's budget and areas of responsibility includes:

- Walpole Road Upgrade Road reconstruction project \$2,050,000
- St Jays Demolition and residential feasibility Salisbury Oval - \$300,000 Budget
- Salisbury Community Hub \$3,740,000 for architectural design and consultancy work a part of the total project delivery budget of \$43.8 million.

The following graph indicates the settlement volumes for the five projects, providing a summary of the multi-year nature of the residential development projects and timeframes for completion managed by the Strategic Development Projects team





Internal Links & Dependencies

In delivering the Division's responsibilities, support of other departments and divisions is critical for success. Given the complexity of the Strategic Development Projects and the size of the internal team that is responsible for oversight of projects, cross organisational support is paramount to their success, not only to offer technical skills but also to value add through cost effective delivery, through maximising use of Council's existing services, staff and plant. The support is cyclical in nature and not a constant draw on resources, subject to the lifecycle timing of the projects.

The following lists the key internal links and dependencies in 2016/17. Whilst some links relate to a responsibility for a function (eg Development Services within City Development currently manage encumbrances applying to Council's land development projects), others identify that there is input required from another part of the organisation on projects that the Strategic Development Projects Division are responsible for (eg Community Development Department input to the Salisbury Community Hub project). The list relates to those projects or processes that the Strategic Development projects Division interfaces with other parts of the organisation:

CITY DEVELOPMENT DEPARTMENT

Identified Project/Process Links

- Strategic Development Project encumbrance management
- Development engineering standards and input
- Growth Action Plan and associated precinct plans
- Planning policy
- Northern Adelaide Economic Plan – strategic projects

COMMUNITY DEVELOPMENT DEPARTMENT

Identified Project/Process Links

- Salisbury Oval Masterplan
- Fairbanks Reserve Masterplan
- Community Hub (library, community facility needs, design)
- Customer Service Improvement Program
- Communication & Advocacy Strategy
- Aged Appropriate Housing
- Open Space Planning and the review of the Game Plan

BUSINESS EXCELLENCE DEPARTMENT

Identified Project/Process Links

- Transitioning to a mobile environment – information, IT systems, enhanced cloud solutions
- Enhanced system integration
- Community Hub change management
- Procurement support and policy
- Financial support and advice
- Long Term Financial Plan informed by revenue potential of SDP projects
- GST Margin Scheme applications for residential projects
- Financial modelling to inform the Salisbury Community Hub
- Salisbury Water infrastructure, standards and handover
- Governance service to Elected Members, and probity and process requirements

CITY INFRASTRUCTURE DEPARTMENT**Identified Project/Process Links**

- Coordination of capital works with other projects
- Consistent civil design standards
- Project task code & asset depreciation take-up
- Project landscape design feedback and oversight
- Infrastructure handover
- Maintenance standard within and around projects for presentation.
- Community land revocation and road closure process management
- Community Land Coordination Group
- Building and infrastructure standards and design, and handover

The Division also has a regular and critical interface with Elected Members, formally through the reporting process via the Strategic Property Development Sub-Committee and Policy and Planning Committee, and less formally through Informal Strategy Project Briefings, community engagement on projects, and provision of updates to Elected Members on projects. This reflects the nature of the projects being delivered through the Division.

External Stakeholders

Further to the internal dependencies the Strategic Development Projects Division maintains key contacts with external agencies, builders and industry representatives required to facilitate the delivery of residential projects within the Development Industry. The key external stakeholders include the following organisations:

- South Australian project home builder industry
- Urban Development Institute of Australia
- Defence Housing Australia
- Community Housing providers
- Home Start Finance
- Renewal SA – Affordable Housing Program
- Development Assessment Commission – decision making authority
- SA Water
- SA Power Networks
- NBN Co
- APA
- Federal Department of Social Services – Housing Affordability Funding body
- Department of Planning, Transport & Infrastructure - MOSS payback

Opportunities and Challenges

Project delivery model, resources and structure:

The Strategic Development Projects Program has previously sat with other Divisions of Council across their delivery timeline, including within the Finance and Property and Building areas. A change in the structure and resourcing of projects resulted in the transfer of the program to the City Development Department in 2012.

There was a further adjustment to the structure in 2014 when the urban policy functions of the Division transferred to the Economic Development Division (to for the Economic Development and Urban Policy Division), and re-naming to the Strategic Development Projects Division. This reflected a stronger focus on strategic project design and delivery for the Division, resulting in the need for access to specific skills related to project feasibility, design, management and delivery.

The current SDP team within City Development has evolved over the last four years with challenges relating to availability and stability of staff resources and establishment of a new team with new employees and an adjusted internal skills set. This reflects a transition from outsourcing project management of key projects with a significant reliance on external consultants, and developing in-house resources to oversee and deliver the residential development projects from feasibility through design and into delivery and handover. As part of this transition three staff were bought onto the team with direct experience in the residential property development industry, offset by reduced use of external consultants.

This new team completed the tasks of closing out and resolving the Tranche 1 Residential Development Projects including the sale of the last remaining allotments, completion and handover of final construction and close out of old contracts and existing budgets, and reconciling project history and budgets due to the extended timelines and multiple handovers of projects that has occurred.

Learnings from projects to date:

Significant learnings have been made by both the team and entire organisation on the risk mitigation and delivery approach for these projects, and formalising these learnings through detailed close-out reports covering the full scope of the projects will be critical to implement improved systems and processes for future projects. Close out reports are anticipated to be completed over all Tranche 1 projects across 2016/17 and will include involvement from across the organisation. The timing for the close out reports of some of the projects will allow information to feed into the Program Review findings.

The Division has been tasked with proceeding with feasibilities on the known Tranche 3 projects identified through existing complementary pieces of work, notably the Salisbury Oval Master Plan and related St Jay's residential development, and Fairbanks Reserve. These projects, specifically Salisbury Oval, is a complex multi-objective project seeking to deliver not only commercial returns but drive medium/high density built form outcomes currently unproven in the Salisbury City Centre, whilst also delivering on open space and recreation and sporting facilities as part of the broader Salisbury Oval Master Plan. Ensuring that flexibility is retained to respond to community expectations and the market, through the completion of the Salisbury Oval Masterplan and associated community land revocation process not locking into a single solution, will be critical to the ultimate project's success.

The quality of delivery achieved by the team on the first of the Tranche 2 projects, Boardwalk at Greentree, which was the first project that had a Business Case developed with a focus on design review and documentation and market aligned product, demonstrates the possibilities for the Strategic Development Projects into the future to push the built form innovation agenda and bring new product to market for the Salisbury Community, while also increasing revenue.

Further to this, the delivery of affordable housing and other community programs, such as the OPAL partnership for promoting a nature play and healthy activity message to local schools introduced at Boardwalk (noting the cessation of OPAL program external funding on 30/6/17), has demonstrated potential for increasing consideration as to how Council's investment in the strategic development projects agenda could provide an opportunity to not only return revenue to Council but directly contribute and support community programs, improved social connection and other City Plan 2030 objectives.

There is a need to better identify builder and development partnerships that can assist to deliver value add and new product delivery within the projects that can bring direct benefits to the community and demonstrate solutions not otherwise being delivered by the private development industry. Within a Local Government probity setting this focus will need to be positioned within a clear framework as part of each project Business Case, building on the learnings from Boardwalk at Greentree and the affordable home product of Jewel Living. The Program Review should include a governance review to put a clear framework in place for investigation into these future opportunities.

Understanding the strength of the Salisbury Living development brand, building off the back of five residential projects, and developing marketing approaches that can utilise the strength of this brand and the quality of delivered projects to simplify marketing for new projects and convert enquiry, will be critical. Repeat purchasers and buyer referrals are the cornerstone of successful developers, and given our reach within the Salisbury community we should be seeking to maximise this potential. As projects moving forward, and change scale and format, this umbrella brand will become critical, when the projects alone don't command a brand or identity that can stand on its own.

A specific focus on identifying areas of Council that could optimise return or contribute to efficiencies for Council acting in this area should be explored through the Program Review including, but not limited to;

1. Liaison with City Infrastructure, to investigate potential to reduce project costs from existing contracts or via increased utilisation of internal resources where cost-effective. In-house resources, material and plant may offer opportunities for savings in costs attributed to projects in comparison to use of contract resources, dependent upon the resources available, and requires exploration. This will also need be considered in a competitive neutrality context and be transparent and accountable.
2. Liaison with Strategic Procurement to investigate the most appropriate commercial structure of projects, as the pipeline extends to include a larger number of smaller projects. In particular, investigation of the option of releasing to market construction packages of work that would potentially result in a more competitive price through tender, as opposed to a series of smaller and separate work packages for each individual project.
3. Identifying an internal service delivery and/or external contract for the timely and cost effective removal of dumped rubbish and maintenance of sites, post construction through to the completion of sale. Site presentation is an important part of positioning and branding the Salisbury Living projects, and if not managed appropriately also has the potential for additional project costs.
4. Identifying appropriate communication channels for Council to market and promote the projects through existing material and collateral, maximising our exposure into the Salisbury Community (who are 70% of purchasers in our Boardwalk at Greentree Project to date). The cost of marketing and building a database from scratch for each project can equate to between \$1,000 - \$1,500 dollars/lot. Efficient use of existing Council resources provides an opportunity to reduce this cost and improve project exposure and sales. This work would need to be done in close partnership with Communications and Customer Relations Division. As part of this the guidelines for use of Council platforms and data in such projects will need to be reviewed given the commercial aspects of the projects.

Future opportunities:

The current projects under delivery making up Tranche 1 and 2 were identified and the Community Land status revoked a number of years ago. Confirming the pipeline of project opportunities to support Council's broader strategic objectives and Long Term Financial Plan needs to be a significant focus. To this issue, the Strategic Land Review will be completed by March 2017, providing a transparent and evidence based decision making structure and process for land development and disposal decisions at a Council wide level. This implementation plan has identified 91 land parcels across the City and a 15-30 year pipeline of projects subject to consideration and approval by Council of a detailed work-plan and land revocation strategy in March 2017. Dependent on the work program adopted this decision may have resourcing and/or budget implications should consultants or

additional staff (or a combination of both) be needed to deliver the pipeline within the identified period. The Strategic Land Review is timed to be considered as part of the final report of the Strategic Development Projects Program Review.

While the Strategic Land Review will identify a potential capacity and available returns from the future pipeline of projects, the exact timing and format will be informed by future Council decisions and community engagement. Given the nature of the projects that form the Strategic Development Projects portfolio, the regular review of the land development pipeline and confirmation of an ongoing commitment to continue with this discretionary program that falls outside Council's core business will need to be considered in the Program Review and structure of the team.

Ultimately the Strategic Development Projects Division is a small team that relies on both external specialist consultants and critically the support of a range of Division's and Departments from across Council. Improved integration back into Council's systems and processes and improved support from internal business partners will be a focus of the Program Review and important to continuity of projects.

The internal project management of the Salisbury Community Hub is a major priority project for the Division and will continue through detailed design, delivery and relocation in mid-2019. Running in parallel with the Community Hub project is the investigation of commercial land freed up as a result of the Community Hub, being 12 James Street and the Len Beadell Library. That will be able to be released to market between 2018/2019 and 2021/2022 and will secure revenue for Council and directly catalyse and contribute towards the development agenda and mixed use land uses proposed within the Salisbury City Centre Renewal Agenda.

Resources:

Staffing in strategic development projects has been rebalanced over the last 12 months to provide a better project oversight from initial project inception through to delivery, but ongoing support of key industry experts will be required in project delivery. The exact structure will need to be tailored based on the team's workloads and the specific complexities of any one project. From a staffing perspective, continuity and retention remains an issue with the multi-year timelines for project delivery from initial identification through the handover, with the risk of staff in the residential development and project management fields being mobile reflecting the cyclical project-based nature of the sector. Robust internal record keeping protocols are needed to ensure critical project history is not lost in this environment.

Due to the inertia of development projects and the need to continue to drive and support delivery once underway, the Division needs to manage periods of vacancy and leave by upskilling and multiskilling across the team, in addition to accessing specialised resources from across Council or externally. Options for increasing of the projects will be explored, which could serve both as a facility to share the commercial knowledge being gained through the projects into other areas of the organisation but also increase the pool of resources who can assist to oversee components of the project as needed. The ability to retain key staff with experience in the residential development industry given the contract nature of employment within the team will also be an ongoing challenge. As the development environment has turned in South Australia over the last 12 months and new development players enter the South Australian market, there is an ongoing risk of staff resignation and a potential difficulty in refilling positions with staff qualified/experienced within the property development industry.

The extent of time that members of the Strategic Development Projects Division spend out of the office due the nature of work makes it critical that ICT and technology solutions are found that can enable staff to work efficiently out of the office. This is an agenda that also closely aligns with the new Salisbury Community Hub project. Opportunities to explore web based platform and mobile computing amongst team members would improve operational efficiencies while also mitigating project risks by allowing sharing of documentation between the large consultant supporting teams that work on the projects.

Conclusion

The Strategic Development Projects Division has a strong functional focus related to residential and other strategic development projects on Council land, with multiple objectives. The Division is expected to operate commercially and with a focus on community benefit, but within a Local Government regulatory, probity and decision-making environment.

Accordingly the Program Review needs to take into account the unique operating environment of the Division and the multiple project objectives in reviewing the current operational model and resourcing. It also needs to be cognizant of the outcomes of completed and pending Program Reviews of other parts of the organisation that interface with the Strategic Development Projects Division.

The Program Review will consider the current structure and operation of the Division and identify the risks and opportunities in the future.

Communications Plan

Project: Strategic Development Projects Program Review

Department Responsible: City Development

Background

The Strategic Development Projects Program Review, as part of the Council wide Program Review Process, will commence in February 2017. This communications plan identifies how Elected Members, staff within the Strategic Development Projects Division, staff nominated as part of the Project Team and broader organisation will be engaged in the Review.

Noting that this communications plan will require update and refinement post consideration of the Program Review Background Paper by Executive and the Program Review Sub-Committee as communication requirements may change as a result of the decision to undertake this review internally or via an external consultant.

Objectives for the Communication Plan

The specific objectives of the communication plan are to provide early information relating to the reason behind the Program Reviews and process that will be followed, initial outcomes and final report.

Target Audience

Primary –

- Strategic Development Projects Division
- Nominated Members of the Strategic Development Projects Project Team

Secondary –

- Broader organisation
- Executive
- Elected Members

Barriers/Critical Success Factors

- > Decisions regarding the continuation/discontinuation of services, changes in service level, and changes in the method of service delivery will impact upon staff, and ensuring that the Program Review is well communicated, inclusive and transparent will assist in managing and allaying staff concerns in this regard. It should be noted that given the 'discretionary' nature of the services provided by the Strategic Development Projects Division and the focus of the Division on project delivery, staff of the Division are either employed on contract arrangements or secondments.

Communication of any outcomes that may impact on staff tenure will therefore be critical to ensure any industrial requirements are managed appropriately.

- > The availability of current and accurate data and information will be an important part of the communications approach, to re-inforce that the Program Review is evidence-based.

Key Messages

- > The review of the Strategic Development Projects Division is part of Council's commitment under the Business Improvement Framework to review all service delivery, Council Programs and Services. The Strategic Development Projects Program Review will consider:
 - Levels of services
 - Service delivery model – in house/outsourced or variation
 - Service efficiency and effectiveness.

to ensure that the services align with the organisation's strategic directions, and deliver sound outcomes in the areas of strategic property for the benefit of the community, end users and the organisation.
- > In addition to assessing what and how we deliver programs and services to the community, there is also an administrative imperative to ensure that our operations are as efficient and effective as possible

Communications Plan

The purpose of this communications plan is to outline the actions required to provide information on the Strategic Development Projects Program Review

The plan will be split into three stages:

Stage one

Reason behind the Program Review and process that will be followed and how you will be involved

Stage two

Provision of preliminary feedback and seeking of input to the Review

Stage three

Outcomes identified in the Final Report.

Communication Actions

Stage 1 – Late February – early March 2017 (subject to sign-off of initial brief by the Program Review Sub-Committee)

- > Obtain feedback from PRSC and Council and incorporate into project brief as required
- > Briefing of the Strategic Development Projects (SDP) Team via team meeting discussion and circulation of the Project Brief and Discussion Paper
- > One-on-one discussion with each team member as part of fortnightly catch-ups
- > Email to Project Team nominated to support the project

Stage 2 – March –May 2017 - Preliminary Feedback post review of initial report by the Program Review Sub-Committee

- > Data collection and validation with the SDP team
- > Identification of issues, risks and opportunities with the SDP team and areas of the organisation with links and dependencies identified in the Discussion Paper, including meeting with relevant Manager/General Manager
- > Interim report to PRSC
- > Strategic Development Projects Team Meeting Discussion
- > One on One discussion with each team member as part of fortnightly catch-ups

Stage 3 – June 2017 - Final Outcomes post consideration by the Program Review Sub-Committee

- > Strategic Development Projects Team Meeting Discussion to communicate outcomes
- > One on One discussion with each team member as part of fortnightly catch-ups
- > Meeting with Manager/General Manager of any other Divisions identified with a role/responsibility relating to the delivery of the outcomes.
- > Review of the implementation plan with the SDP team and any other staff impacted by the outcomes of the Review.
- > Assessment of the effectiveness of the Communications Plan and its implementation, via structured stakeholder feedback on both the outcomes of the Review and the communication throughout the Review process. The assessment will build through the Review process by gathering feedback as the Program Review progresses, as well as at the conclusion of the Review.

Budget

It is not expected that a budget will be required for the Communications Plan.

ITEM	PRSC3
	PROGRAM REVIEW SUB COMMITTEE
DATE	13 February 2017
HEADING	Program Review Budget Update
AUTHOR	Charles Mansueto, General Manager Business Excellence, Business Excellence
CITY PLAN LINKS	4.3 To deliver sustainable, creative and innovative solutions that enable excellent operations and service delivery 4.5 To apply business and resource management that enables excellent service delivery and financial sustainability 4.6 To provide our customers with excellent service that meets their needs
SUMMARY	This report provides the Program Review Sub Committee with an update on the budget allocated to deliver the Program Review.
RECOMMENDATION	1. That the information be noted.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Program Review Schedule

1. BACKGROUND

- 1.1 The City of Salisbury is currently progressing through a planned approach to ensuring its services are delivered in the most efficient and effective manner that also aligns the service delivery with its community's needs.
- 1.2 In 2012 Council endorsed the Business Improvement Framework (refer diagram below) as the structure for oversight of the ongoing program review.



1.3 The framework provides for two streams – Program Review and Process Review. The work of the Program Review Sub-Committee (PRSC) is focused on the Program Review stream, which addresses the ‘what and how’ we deliver our services.

1.4 The attached Program Review Schedule lists the status of all the reviews.

2. CONSULTATION / COMMUNICATION

2.1 Internal

2.1.1 Executive Group

3. OVERALL PROGRESS

3.1 The program review schedule includes 32 individual reviews. Of these 22 (68.8%) are completed and/or being implemented. A further 7 (21.9%) are in progress or presented to the PRSC this month, and 3 (9.4%) are yet to start.

3.2 The program review is scheduled to be completed by June 2017 with various timeframes for implementation of the review outcomes depending on the complexity of each area.

3.3 As part of the implementation of the Information Services Program Review a Continuous Improvement Specialist was recruited to continue the focus of identifying improved service delivery. A key focus of the role is to embed continuous improvement approach across the organisation.

3.4 Further information on the proposed approach to continue delivering on improvements across the organisation will be presented to the Committee in March 2017.

4. BUDGET STATUS

4.1 The full year 2016/17 Budget of \$254,800 includes carry forward funds of \$104,800 from previous years. Year to date spend (including commitments) is \$196,112, leaving a balance of \$58,688.

- 4.2 Remaining reviews not yet allocated funds include Strategic Property Development (note only minor additional funds are required of \$11k – refer separate agenda item), Community – Health & Wellbeing, Community – Planning & Vitality, and the CEO/Governance Office.
- 4.3 Previous reviews undertaken externally have generally cost approximately \$30k. It is unlikely that the remaining reviews will be solely undertaken by an external consultant but may require specialist advice for particular stages of the review or peer reviewed.
- 4.4 Worst case scenario (assuming \$30k per remaining review), the three (3) remaining reviews will cost \$90k with a balance of \$59k; a further \$31k would be required.

5. CONCLUSION

- 5.1 The program review initiative provides Council with the opportunity to assess policy and service levels to meet changing community needs. It also provides the opportunity for consideration of alternate service delivery models should it be identified as a preferred option.
- 5.2 Overall the program reviews provide service level improvements, a more efficient and responsive organisation, and expenditure savings that provide the capacity for Council to enhance its financial sustainability to meet future community demands.
- 5.3 Given the status of the Program Review funding and likelihood of the remaining three (3) reviews being delivered through use of internal resources, with external resources sought for specific stages, it is recommended that no action is taken at this stage.

CO-ORDINATION

Officer: Executive Group
Date: 07/02/2017

PROGRAM REVIEW SCHEDULE

Function	Stage	Status/Timeframe
Organisational Restructure Stage 1 (2011)	1	Completed
Organisational Restructure Stage 2 (2012)	1	Completed
Project Asset Management & Maintenance Review (PAMMR)	1	Completed
Recreation Centres	1	Completed
Cemetery	1	Completed
Library	1	Completed
Marketing & Communication	1	Completed
Cultural Program	1	Completed
Nursery	1	Completed
Dogs Wandering at Large (res. 1696 May 2013)	1	Completed
Twelve25	1	Completed
People & Culture	2	Completed
Parks & Landscape	2	Implementation
Civil (inc. Capital Works Team)	2	Implementation
Development Assessment	2	Implementation
Information Services	2	Implementation
Community Centres Governance Review	2	Completed
Technical Services	3	Report to PRSC in February
Capital Works (City Infrastructure)	3	Report to PRSC in February
Waste Transfer Station	3	Implementation
Procurement	3	Implementation
Business Support / Fleet /Store (City Infrastructure)	4	In progress
Property & Buildings / Security	4	In progress
Environmental Health	4	Implementation
Urban & Social Planning	5	Implementation
Financial Services	5	In progress
Economic Development	5	Implementation
Strategic Property	6	Brief to PRSC in February
Inspectorate	6	In progress
Community – Health & Wellbeing	6	Feb 2017 – May 2017
Community – Planning & Vitality	6	Feb 2017 – May 2017
Governance / CEO Office	6	Feb 2017 – May 2017