



MINUTES

Finance Committee

held at

Council Administration Centre
180 Mort Street, Lithgow

on

Monday 9 August 2021

at 4:30 PM

ORDER OF BUSINESS

1. Present	3
2. Apologies	3
3. Declaration of Interest.....	3
4. Presentations	3
5. Staff Reports	3
5.1. Carryovers to the 2021/22 Budget	3
5.2. Cashflow Report - July 2021	4
5.3. Investment Report July 2021.....	5
6. General Business.....	6
7. Meeting Close.....	6

The Chairperson declared the meeting open at 4.30pm.

1. Present

Clr Ray Thompson, Clr Steven Ring, Clr Wayne McAndrew, Neil Derwent, Ross Gurney, Craig Butler

2. Apologies

NIL - All Committee members were present.

3. Declaration of Interest

NIL

4. Presentations

NIL

5. Staff Reports

5.1. Carryovers to the 2021/22 Budget

The CFIO advised that there were no revote requests (i.e. 2021/22 projects not commenced), however, there were carryovers on projects that have started but were not completed at the end of June. All multi-year projects were phased to the correct years before the end of the financial year and therefore there are no revote requests. Carryovers don't require further approval from Council.

The report provided to the Committee gave detail on the key projects that were not completed, totaling approximately \$2.24 million.

There are some large projects included in the carryover requests, such as the Resource Recovery Centre which is phased over 2 years. There is \$554K that had not been spent from the 20/21 Budget. \$1.9million was already moved to 2021/22 (around half of the remaining budget, equal to two milestone payments. The project end date is now estimated at February next year. There was geotech analysis completed at the site and it was found that there was additional stabilisation required which took more time than initially expected.

The Pump Track is due to be completed at the end of August with an expected opening in the September school holidays.

Clr McAndrew asked for clarification on the variety of reasons why we have carryovers and the comment regarding local contractors working on multiple council projects. CFIO advised that Drought Communities projects, for example, used the same local contractors on a number of projects. Finance Manager advised that we have limited contractors for some of these projects. Local contractors may have multiple Council projects to complete, Council then sets the priorities (projects with deadlines for completion).

The Community Recovery Officer carryover (\$93K) is mainly for materials (\$66K) with the remainder being for wages and on-costs to be claimed early in 2021/22. The grant funding included up to \$70K for operating costs (including program and service development costs) with only \$4K spent to 30 June. The \$66K unspent will fund incomplete programs and services in 2021/22.

A number of BCRRF projects that the Officer was to complete had to be pushed back because she has been unable to do them face to face. Projects that were organised have needed to be rescheduled, mainly because of COVID. \$156K has been carried over for these grant funded projects.

Clr McAndrew raised concerns with the large and ambitious program for the year ahead. CFIO indicated that Directors had not raised issues at this stage. All Directors and Budget Managers are aware of expectations to complete the program. The \$5million Fixing Country Bridge program may be one that needs to re-phased over multiple years. There will be adjustments at the quarter one review to correct the phasing of some projects.

ACTION / RECOMMENDATION

THAT the Finance Committee endorse the inclusion in the 2021/22 Operational Plan of \$2,240,935 of carryover budgets, as detailed in the attachment.

MOVED: Councillor S Ring

SECONDED: Councillor W McAndrew

CARRIED: Unanimously

5.2. Cashflow Report - July 2021

July was expected to be cashflow negative. July is usually very high for cash outflows due to finalisation of projects at the end of the financial year and incoming cash is lower. We did have extra cash receipts from rates notices going out earlier as a number of residents paid in full for the entire year.

Loan payments included the NSW Government subsidised pool loan which is a 10 year loan and we are approximately half way through the loan term.

The report provides details on the impact of lockdowns and there hasn't been any identifiable impact on rates and debtors, however, we will continue to closely monitor the situation. Rates instalment is due at the end of August, followed by the next water billing cycle. We have not had any requests for any commercial rent relief at this stage and there has been some impact on capital works projects.

Cashflow will continue to be a standing item on the agenda and we will continue to monitor.

With the approval for the line of credit facility, we will source a loan facility ASAP. In Quarter One, there is minimal major capital projects, we have time to set that up and build the forward cashflow model.

Clr Thompson made enquiries about the store stocktake issue (raised by the General Manager at the July meeting). The General Manager indicated that this is an operational matter and there strengthened controls have been put in place, this was simply a deviation from our processes and

lack of staffing. The ARIC will be meeting in October and the risks will be reported to this meeting. This matter was recorded in the minutes of the July Finance meeting.

ACTION / RECOMMENDATION

THAT the Finance Committee note the cashflow report for July 2021 and the remedial actions implemented to manage expected ongoing cashflow issues.

MOVED: Councillor W McAndrew

SECONDED: Councillor S Ring

5.3. Investment Report July 2021

The July Investment Report reflects the negative cashflow for the month with the investment balance falling by approx. \$2 million. CFIO provided comments relating to Council allocating the internal reserve balances at the end of June and we need to closely monitor these balances. Building the working capital fund will make a major difference.

We are in the process of sourcing the loan for the Working Capital Fund. August is the peak month of the year for rates income and our cash outflows for supplier payments are lower so we are able to manage cashflow at the moment. When we start on the larger grant funded capital works projects is when we will need to have the line of credit in place. That is likely to be in the second quarter of the year. We still need to ensure reserve balances are maintained and will continue to monitor and report to Council at the Quarter One review.

We are going to review the phasing the projects, looking at when they are due to start, when the milestone payments are due, how many projects are in progress and looking to sequence the outgoings to match our cash balances. Once we have the line of credit in place, we will need the GM's approval and processes in place to draw on the funds.

What is the deadline for the projects to be completed this year? The General Manager advised that the Directors are currently committed to having their projects completed. We have not historically achieved completion of such a large program. There is a major review workshop scheduled in the next few weeks that will consider the projects, phasing of the program, the risks and contingencies and then ELT will determine whether programs need to be revised at the first quarter review or move forward with those Directors and GM committing that the projects will be completed. There may still need to be adjustments at each quarter but we are monitoring the progress of the capital works projects.

Income from Investments remains low, we continue to try and renew the higher performing investments to maximise returns.

ACTION / RECOMMENDATION

THAT

1. Investments of \$26,544,593 and cash of \$712,584 for the period ending 31 July 2021 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.
3. The commentary on funding requirements for restricted reserves be noted.

MOVED: Councillor W McAndrew

SECONDED: Councillor S Ring

6. General Business

NIL

7. Meeting Close

Next Meeting: Monday 13th September 2021 at 4.30pm

There being no further business the Chairperson declared the meeting closed at 4.54pm.