



MINUTES

Finance Committee

held at

Council Administration Centre
Committee Room
180 Mort Street, Lithgow

on

Wednesday 20 April 2022

at 4:20 PM

DRAFT

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The Chairperson declared the meeting open at 4:20pm.

1. Present

Present: Cr Maree Statham, Cr Deanna Goodsell, Cr Eric Mahony, Cr Col O'Connor, Cr Almudena Bryce.

Officers: Craig Butler (General Manager), Ross Gurney (CFIO), Neil Derwent (Financial Services Manager)

2. Apologies

Apology: Cr Stuart McGhie

3. Declaration of Interest

There were Nil declarations of interest.

4. Staff Reports

4.1. 2022-2032 Long Term Financial Plan

Prepared by Ross Gurney

Department Finance & Assets

Authorised by Chief Financial & Information Officer

The CFIO presented the 2022-2032 Long Term Financial Plan (LTFP).

The proposed LTFP is regarded as interim. It satisfies the timelines for development of an LTFP and includes a scenario which sees Council achieve financial sustainability. The detail of the approach is yet to be determined and approved by Council.

"Business as usual" is not a viable option as Council would not be financially sustainable due to ongoing operating deficits and non-compliance with many of the mandated financial and asset performance indicators.

It is important to note that Council's Audit Risk and Improvement Committee has also been briefed on these matters. They endorsed that Council needs to take action to ensure financial sustainability.

Three scenarios were modelled in the LTFP:

- Scenario 1 Base Case
- Scenario 2 Improvement Plan
- Scenario 3 Sustainable Council

The Sustainable Council scenario includes strategies to enable Council to achieve financial sustainability over the 10 year term of the plan.

ACTION / RECOMMENDATION

THAT the Finance Committee endorse the 2022-2032 Long Term Financial Plan which will be considered by Council for public exhibition at the 26 April 2022 meeting.

MOVED: Councillor D Goodsell

SECONDED: Councillor E Mahony

4.2. Draft 2022/23 Budget

Prepared by Ross Gurney - Chief Financial and Information Officer

Department Finance & Assets

Authorised by Chief Financial & Information Officer

The CFIO presented the draft 2022/23 budget.

The draft budget meets the short-term budget objective (next 12 months) to deliver a balanced cash budget with operating and capital expenditure constrained within the level of cash receipts.

In the longer term, Council must be financially sustainable (as measured by the OLG performance ratios) to continue to deliver outcomes for the community.

The (\$2.3M) consolidated deficit operating result is within a level of tolerance:

- Cashflow positive – no use of internal restrictions to fund operational activities; and
- Limited revenue funded capital works projects to conserve cash, focus on grant funded asset renewal.

Methodology for 2022/23 fees and charges:

- 2% CPI related increase applied to all non-regulatory/non legislated fees;
- Simplifying fee structures where possible; and
- Fees and Charges reviewed to identify:
 - conscious Pricing Principles (e.g. should market rates apply).
 - new market opportunities and marketing of facilities,
 - cost to provide the service vs income generated.

ACTION / RECOMMENDATION

THAT the Finance Committee endorse the draft 2022/23 budget to fund the 2022/23 Operational Plan, which will be considered by Council for public exhibition at the 26 April 2022 meeting.

MOVED: Councillor D Goodsell

SECONDED: Councillor E Mahony

4.3. Finance Committee Terms of Reference

Report by Chief Financial & Information Officer

The key proposed changes to the Terms of Reference are:

- Addition of a fourth Councillor member of the Committee (including the Mayor), the current Committee members being Crs Goodsell, Mahony, McGhie and Mayor Statham;
- The chair of the Committee is the Mayor;
- A quorum of Committee members is 3 voting members; and
- Adding to the Committee's responsibilities – monitoring of financial risk and controls and review of annual financial statements

ACTION / RECOMMENDATION

THAT the Finance Committee endorse the revised draft Terms of Reference for the Finance Committee which will be considered by Council at the May 2022 meeting.

MOVED: Councillor D Goodsell

SECONDED: Councillor E Mahony

4.4. Review of Policy 1.7 Local Procurement

Prepared by Ross Gurney - CFIO

Department Finance & Assets

Authorised by Chief Financial & Information Officer

Cr Mahony has asked that Council review provisions of Policy 1.7 Local Procurement. The CFIO presented the policy for initial discussion with the Finance Committee.

Cr Mahony requested that Council consider removing "minimum 12 month period" from the policy definition of a qualified local supplier.

Current policy definition:

*A business that has a physical presence and operates from a permanently staffed address within the boundaries of the Lithgow City Council Local Government Area (LGA) for a **minimum period of twelve (12) months before submitting the quotation or tender.** Council reserves the right however to exclude a pop up shop or basic shop front from qualifying as a local supplier.*

Proposed policy definition:

A business that has a physical presence and operates from a permanently staffed address within the boundaries of the Lithgow City Council Local Government Area (LGA). Council reserves the right however to exclude a pop up shop or basic shop front from qualifying as a local supplier.

ACTION / RECOMMENDATION

THAT the Finance Committee endorse the proposed change to Policy 1.7 Local Procurement which will be considered by Council at the May 2022 meeting.

MOVED: Councillor E Mahony

SECONDED: Councillor D Goodsell

4.5. 2020/21 Final Audit Management Letter

Prepared by Ross Gurney - Chief Financial and Information Officer

Department Finance & Assets

Authorised by Chief Financial & Information Officer

The General Manager presented the 2020/21 Final Audit Management Letter which was noted by the Audit Risk & Improvement Committee at the 29 March 2022 meeting.

The CFIO advised that management actions have been added to the 2022 audit action list to track progress towards completion.

ACTION / RECOMMENDATION

THAT the 2020/21 final audit management letter be noted by the Committee.

MOVED: Councillor D Goodsell

SECONDED: Councillor E Mahony

4.6. Investment Report March 2022

Prepared by Sharon Morley – Finance Officer

Department Finance & Assets

Authorised by Chief Financial & Information Officer

The CFIO presented the Investment Report for March 2022.

The \$678K decrease in cash and investments in March 2022 was anticipated as March is typically a month of lower cash inflows. The decrease in the bank account balance to \$69K is not of concern, as Council maintains an "on-call" account with Macquarie Bank that permits Council to withdraw funds overnight.

Council has sufficient cash and investments to fund the current externally restricted reserve balances. The working capital loan facility is not yet required as a number of grants have been partly paid in advance and the cash received has not been spent.

ACTION / RECOMMENDATION

THAT

1. Investments of \$31,286,930 and cash of \$69,216 for the period ending 31 March 2022 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 D Goodsell

SECONDED: Councillor E Mahony

5. General Business

Cr Goodsell asked the CFIO to pass on her thanks to Trinity Newton and Negreeta Nunan for organising the Zoom link for her attendance at the meeting.

6. Meeting Close

Next Meeting: approx. 6 weeks – date TBA.

There being no further business the Chairperson declared the meeting closed at 5:34pm.