

7.1. Governance and Finance Committee - Minutes 10 August 2020

AUTHOR: Ian Curry, Manager Governance & Committee Services

ENDORSED BY: Margaret Palmer, Director Corporate Services

ATTACHMENTS:

1. Minutes - Governance & Finance Committee - 10 August 2020 [7.1.1 - 5 pages]

PURPOSE:

Council is required to consider the Minutes of this Committee under the Code of Meeting Practice.

EXECUTIVE SUMMARY:

This report presents the recommendations of the last meeting of the Governance and Finance Committee held on Monday 10 August 2020 for Council adoption. The minutes are attached for information.

FINANCIAL IMPLICATIONS:

Nil.

RECOMMENDATION:

1. **THAT** the Customer Feedback and Complaints Report: 1 January to 30 June 2020 be received. *(GF01)*
2. **THAT** the Quarterly Review of the Operational Plan - 1 April to 30 June 2020 be received. *(GF02)*
3. **THAT** the Committee notes the remedial action for those projects that were not on track for the period ending 30 June 2020. *(GF02)*
4. **THAT** Quarterly Budget Review – June 2020 report be received. *(GF03)*
5. **THAT** the report on Investments and Loan Borrowings held as at 31 July 2020 be received. *(GF04)*

LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

5. Our Civic Leadership

5.1 Council leads the strategic direction of North Sydney

BACKGROUND

In accordance with Council's Code of Meeting Practice:

20.24 The minutes of meetings of each Committee of the Council must be confirmed at a subsequent meeting of the committee.

The Charter of the Governance and Finance Committee states:

11.3 The recommendations arising at Committee meetings are to be submitted to the next available Council meeting for adoption. Any Councillor, irrespective of whether that Councillor is a member that Committee may be the mover or seconder of such recommendations.

CONSULTATION REQUIREMENTS

Community engagement is not required.

DETAIL

This report presents the recommendations of the last meeting of the Governance and Finance Committee held on 10 August 2020 for Council adoption. The minutes are attached for information.

Item GF03, the Quarterly Budget Review – June 2020, should be read in conjunction with Item 8.2 on this Agenda, which relates to the Special Rate Variation - Progress Report. In future this information will be reported to the Governance and Finance Committee.

NORTH SYDNEY COUNCIL

REPORT OF GOVERNANCE & FINANCE COMMITTEE

SUBJECT: PROCEEDINGS OF COMMITTEE AT MEETING HELD IN THE SUPPER ROOM AT THE COUNCIL CHAMBERS, NORTH SYDNEY, ON MONDAY 10 AUGUST 2020 AT 6.00PM.

PRESENT

Councillor Gibson in the Chair, Councillors Barbour, Brodie, Drummond, Keen and Mutton.

Staff: Ken Gouldthorp, General Manager
Margaret Palmer, Director Corporate Services
Darren Goode, Manager Accounting Services
Ian Curry, Manager Governance & Committee Services (Minutes)

Visitors: Nil

Apologies were received from Councillor Carr.

At the commencement of business (6.07pm) Councillors present were:
Councillor Gibson in the Chair, Councillors Barbour, Brodie, Drummond, Keen and Mutton.

Declarations of Interest

Nil

20. Minutes

The Minutes of the previous meeting held on 1 June 2020, copies of which had been previously circulated, were taken as read and confirmed.

The Motion was moved by Councillor Barbour and seconded by Councillor Keen.

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Voting was as follows:

For/Against 6/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi		Absent	Drummond	Y	
Keen	Y		Gunning		Absent
Brodie	Y		Mutton	Y	
Carr		Absent	Baker		Absent

3.1 Customer Feedback and Complaints Report: 1 January to 30 June 2020

Report of Ian Curry, Manager Governance & Committee Services

To provide a summary of the complaints, both justified and partially justified, and compliments received during the period 1 January to 30 June 2020.

A comparison is made in this report between the number of complaints received and the total number of customer contacts that Council received during the same period:

- Total number of customer contacts - 36,955
- Number of compliments - 77
- Number of complaints - 18

Recommending:

1. THAT the Customer Feedback and Complaints Report: 1 January to 30 June 2020 be received.

The Motion was moved by Councillor Keen and seconded by Councillor Barbour.

The Motion was put and carried.

Resolved to Recommend:

1. THAT the Customer Feedback and Complaints Report: 1 January to 30 June 2020 be received.

Voting was as follows:

For/Against 6/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi		Absent	Drummond	Y	
Keen	Y		Gunning		Absent
Brodie	Y		Mutton	Y	
Carr		Absent	Baker		Absent

3.2 Operational Plan Quarterly Performance Review - April to June 2020

Report of Sarah Malcolm, Corporate Planning Coordinator

This Quarterly Review reports project status updates against projects scheduled to have commenced or in progress in Q4 2019/20 and reviews the biannual result for cross functional operational key performance indicators (KPIs).

The North Sydney Council Delivery Program 2018/19-2020/21 was adopted on 25 June 2018. The Operational Plan 2019/20, i.e. Year 2 of the Delivery Program, was adopted on 24 June 2019 and commenced 1 July 2019.

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The adopted Delivery Program includes projects and services. This Quarterly Review includes a status update of these projects and cross functional operational key performance indicators (KPIs). It is a statutory IPR requirement to present the biannual performance reports against the Delivery Program to the Council.

Attachment 1 details the performance against projects by operational view (by Division) for the period 1 April to 30 June 2020. In summary, 309 projects were scheduled to commence/continue this quarter. 90% projects are on track (green and blue status) and 10% projects are behind schedule/delayed (red and amber status). 1 project was discontinued (4.2.2.07). This project is not included in the % analysis.

Financial performance information is detailed within the Quarterly Budget Review Statement (QBRs) presented separately to Council (refer Item 3.3).

Recommending:

1. **THAT** the Quarterly Review of the Operational Plan - 1 April to 30 June 2020 be received.
2. **THAT** the Committee notes the remedial action for those projects that were not on track for the period ending 30 June 2020.

The Motion was moved by Councillor Barbour and seconded by Councillor Drummond.

The Motion was put and carried.

Resolved to Recommend:

1. **THAT** the Quarterly Review of the Operational Plan - 1 April to 30 June 2020 be received.
2. **THAT** the Committee notes the remedial action for those projects that were not on track for the period ending 30 June 2020.

Voting was as follows:

For/Against 6/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi		Absent	Drummond	Y	
Keen	Y		Gunning		Absent
Brodie	Y		Mutton	Y	
Carr		Absent	Baker		Absent

3.3 Quarterly Budget Review - June 2020

Report of Darren Goode, Manager Accounting Services

The purpose of his report is to inform Council of the results of the review of the budget for the quarter ended 30 June 2020.

It should be noted that some transactions and balance date adjustment entries are yet to be processed and end of financial year reporting is continuing in line with external auditing timeframes. Therefore, the figures in this report are preliminary only.

While some transactions and balance date adjustment entries are still to be processed and the 2019/20 Financial Statements are still to be completed and audited, current indications are that the net operating result including capital

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grants and contributions for the year is likely to be a surplus in the order of \$4.9 million. Excluding capital grants and contributions, the result is likely to be a deficit of approximately \$6.1 million. This is \$2.7 million worse than that forecast at the end of the March quarter.

While the impact of the pandemic on revenue in the June quarter was not as significant as forecast, there is a need to book a much larger amount of depreciation expense in relation to the North Sydney Olympic Pool than budgeted for the year, prior to its closure for redevelopment. This is an accounting entry and has no impact on Council's cash position.

Recommending:

1. THAT Quarterly Budget Review – June 2020 report be received.

The Motion was moved by Councillor Drummond and seconded by Councillor Keen.

The Motion was put and carried.

Resolved to Recommend:

1. THAT Quarterly Budget Review – June 2020 report be received.

Voting was as follows:

For/Against 6/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi		Absent	Drummond	Y	
Keen	Y		Gunning		Absent
Brodie	Y		Mutton	Y	
Carr		Absent	Baker		Absent

3.4 Investments and Loan Borrowings Held as at 31 July 2020

Report of Garry Ross, Manager Financial Services

This report provides details of the performance of Council's investment portfolio and borrowing limits for the period ending 31 July 2020.

Investment Portfolio:

The Investment portfolio provided an annualised return of 2.13% for the year to date as at 31 July 2020, 1.40% above the reportable BBSW Bank Bill Index. The strong performance continues to be driven by the handful of the longer-dated deposits that were locked-in prior to the RBA's rate cuts, as well as the Floating-Rate Notes (FRNs) locked in at attractive margins.

Council's investment advisors have identified that Council's risk is not the potential loss of capital (given all the banks are well capitalised and regulated by APRA) but the loss of interest income due to the reduction in the funds available to invest and that interest rates are at an all-time low.

The total funds invested as at 31 July 2020 is \$84.3 million, which represents a reduction of \$6.9 million from 30 June 2020. This was attributed to the processing of end of year creditor payments and the delay incurred in the implementation of the 2020/21 rates levy, which traditionally occurs at the beginning of July which provides funds to invest. The rates were levied on 31 July 2020 which will enable an increase in funds invested.

Borrowings:

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Council entered into a fixed interest loan of \$9.5 million with quarterly interest and principal payments on 31 July 2018. The principal outstanding as at 31 July 2020 is \$7,891,956.69.

The 2020/21 budgeted returns on investments is estimated to be \$1,350,000.00. This is significantly less than previous returns due to the declining cash reserve balances and continued low interest rates. Any surplus funds generated in excess of adopted estimates will be transferred to Council's internally restricted reserves.

Recommending:

1. THAT the report on Investments and Loan Borrowings held as at 31 July 2020 be received.

The Motion was moved by Councillor Brodie and seconded by Councillor Barbour.

The Motion was put and carried.

Resolved to Recommend:

1. THAT the report on Investments and Loan Borrowings held as at 31 July 2020 be received.

Voting was as follows:

For/Against 6/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi		Absent	Drummond	Y	
Keen	Y		Gunning		Absent
Brodie	Y		Mutton	Y	
Carr		Absent	Baker		Absent

The meeting concluded at 6.34pm.

CHAIRPERSON

GENERAL MANAGER

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