

# Notice of Meeting

## Finance Advisory Committee Meeting

A Finance Advisory Committee Meeting of Byron Shire Council will be held as follows:

Venue	Conference Room, Station Street, Mullumbimby
Date	Thursday, 16 November 2023
Time	4.30pm

Esmeralda Davis  
Director Corporate and Community Services

*I2023/1794  
Distributed 10/11/23*

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## CONFLICT OF INTERESTS

**What is a “Conflict of Interests”** - A conflict of interests can be of two types:

**Pecuniary** - an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person or another person with whom the person is associated.

**Non-pecuniary** – a private or personal interest that a Council official has that does not amount to a pecuniary interest as defined in the Code of Conduct for Councillors (eg. A friendship, membership of an association, society or trade union or involvement or interest in an activity and may include an interest of a financial nature).

**Remoteness** – a person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision the person might make in relation to a matter or if the interest is of a kind specified in the Code of Conduct for Councillors.

**Who has a Pecuniary Interest?** - a person has a pecuniary interest in a matter if the pecuniary interest is the interest of the person, or another person with whom the person is associated (see below).

**Relatives, Partners** - a person is taken to have a pecuniary interest in a matter if:

- The person’s spouse or de facto partner or a relative of the person has a pecuniary interest in the matter, or
- The person, or a nominee, partners or employer of the person, is a member of a company or other body that has a pecuniary interest in the matter.

N.B. “Relative”, in relation to a person means any of the following:

- (a) the parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descends or adopted child of the person or of the person’s spouse;
- (b) the spouse or de facto partners of the person or of a person referred to in paragraph (a)

**No Interest in the Matter** - however, a person is not taken to have a pecuniary interest in a matter:

- If the person is unaware of the relevant pecuniary interest of the spouse, de facto partner, relative or company or other body, or
- Just because the person is a member of, or is employed by, the Council.
- Just because the person is a member of, or a delegate of the Council to, a company or other body that has a pecuniary interest in the matter provided that the person has no beneficial interest in any shares of the company or body.

### Disclosure and participation in meetings

- A Councillor or a member of a Council Committee who has a pecuniary interest in any matter with which the Council is concerned and who is present at a meeting of the Council or Committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.
- The Councillor or member must not be present at, or in sight of, the meeting of the Council or Committee:
  - (a) at any time during which the matter is being considered or discussed by the Council or Committee, or

- (b) at any time during which the Council or Committee is voting on any question in relation to the matter.

**No Knowledge** - a person does not breach this Clause if the person did not know and could not reasonably be expected to have known that the matter under consideration at the meeting was a matter in which he or she had a pecuniary interest.

**Non-pecuniary Interests** - Must be disclosed in meetings.

There are a broad range of options available for managing conflicts & the option chosen will depend on an assessment of the circumstances of the matter, the nature of the interest and the significance of the issue being dealt with. Non-pecuniary conflicts of interests must be dealt with in at least one of the following ways:

- It may be appropriate that no action be taken where the potential for conflict is minimal. However, Councillors should consider providing an explanation of why they consider a conflict does not exist.
- Limit involvement if practical (eg. Participate in discussion but not in decision making or vice-versa). Care needs to be taken when exercising this option.
- Remove the source of the conflict (eg. Relinquishing or divesting the personal interest that creates the conflict)
- Have no involvement by absenting yourself from and not taking part in any debate or voting on the issue as of the provisions in the Code of Conduct (particularly if you have a significant non-pecuniary interest)

**Committee members are reminded that they should declare and manage all conflicts of interest in respect of any matter on this Agenda, in accordance with the [Code of Conduct](#).**

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## RECORDING OF VOTING ON PLANNING MATTERS

### **Clause 375A of the Local Government Act 1993 – Recording of voting on planning matters**

- (1) In this section, **planning decision** means a decision made in the exercise of a function of a council under the Environmental Planning and Assessment Act 1979:
- (a) including a decision relating to a development application, an environmental planning instrument, a development control plan or a development contribution plan under that Act, but
- (b) not including the making of an order under that Act.
- (2) The general manager is required to keep a register containing, for each planning decision made at a meeting of the council or a council committee, the names of the councillors who supported the decision and the names of any councillors who opposed (or are taken to have opposed) the decision.
- (3) For the purpose of maintaining the register, a division is required to be called whenever a motion for a planning decision is put at a meeting of the council or a council committee.
- (4) Each decision recorded in the register is to be described in the register or identified in a manner that enables the description to be obtained from another publicly available document and is to include the information required by the regulations.
- (5) This section extends to a meeting that is closed to the public.

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## OATH AND AFFIRMATION FOR COUNCILLORS

Councillors are reminded of the oath of office or affirmation of office made at or before their first meeting of the council in accordance with Clause 233A of the Local Government Act 1993. This includes undertaking the duties of the office of councillor in the best interests of the people of Byron Shire and the Byron Shire Council and faithfully and impartially carrying out the functions, powers, authorities and discretions vested under the Act or any other Act to the best of one's ability and judgment.

# BYRON SHIRE COUNCIL

## BUSINESS OF MEETING

### 1. APOLOGIES

### 2. DECLARATIONS OF INTEREST – PECUNIARY AND NON-PECUNIARY

### 3. ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

- 3.1 Adoption of Minutes of the Finance Advisory Committee Meeting held 17 August 2023 ..... 6

### 4. STAFF REPORTS

#### **Corporate and Community Services**

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4.2 Budget Review - 1 July 2023 to 30 September 2023 ..... 10

**ADOPTION OF MINUTES FROM PREVIOUS MEETINGS**

**Report No. 3.1 Adoption of Minutes of the Finance  
Advisory Committee Meeting held 17 August  
2023**

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**Directorate:** Corporate and Community Services

**Report Author:** Storm Townsend, Executive Assistant Corporate & Community Services

**File No:** I2023/1245


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**RECOMMENDATION:**

15 **That the minutes of the Finance Advisory Committee Meeting held on 17 August 2023 be confirmed.**

**Attachments:**

20 1 Minutes 17/08/2023 Finance Advisory Committee, I2023/1226 

# BYRON SHIRE COUNCIL

## ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1

### Report

The attachment to this report provides the minutes of the Finance Advisory Committee Meeting of 17 August 2023 .

#### 5 Report to Council

The minutes were reported to Council on 28 September 2023.

#### Comments

In accordance with the Committee Recommendations, Council resolved the following:

10 **23-001 Resolved** that Council notes the minutes of the Finance Advisory Committee Meeting held on 17 August 2023. (Lyon/Hunter)

**23-002 Resolved** that Council adopts the following Committee Recommendation:

#### **Report No. 4.1 Carryovers for Inclusion in the 2023-2024 Budget**

15 That Council approves the works and services (with respective funding) shown in Attachment 1 (#E2023/80387) to be carried over from the 2022/2023 financial year and that the carryover budget allocations be adopted as budget revotes for inclusion in the 2023/2024 Budget Estimates. (Lyon/Hunter)

**23-003 Resolved** that Council adopts the following Committee Recommendations:

#### **Report No. 4.2 Budget Review – 1 April to 30 June 2023**

20 That Council:

1. Authorises the itemised budget variations as shown in Attachment 2 (#E2023/80644) which include the following results in the 30 June 2023 Quarterly Review of the 2022/2023 Budget:
  - 25 a) General Fund – \$0 movement to the Estimated Unrestricted Cash Result
  - b) General Fund - \$14,926,000 increase in reserves
  - c) Water Fund - \$2,135,500 increase in reserves
  - d) Sewerage Fund - \$2,736,700 increase in reserves
2. Adopts the revised General Fund Estimated Unrestricted Cash Result of \$0 for the 2022/2023 financial year as at 30 June 2023. (Lyon/Hunter)

**STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES**

**Report No. 4.1      Review Constitution of Finance Advisory Committee**

5    **Directorate:**                      Corporate and Community Services

**Report Author:**                Storm Townsend, Executive Assistant Corporate & Community Services

**File No:**                            I2023/565

**Summary:**

10    Attached is the draft Constitution for the Finance Advisory Committee, for the Committee's review and endorsement.

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15    **RECOMMENDATION:**

**That the Finance Advisory Committee recommend to Council to adopt the draft Committee Constitution at Attachment E2021/147963.**

**Attachments:**

20    1      Draft Finance Advisory Committee Constitution 2022, E2021/147963 



## Report

The Finance Advisory Committee is requested to review and ratify the Committee Constitution (attached).

## 5 Strategic Considerations

### Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
<b>1: Effective Leadership</b> We have effective decision making and community leadership that is open and informed	1.1: Enhance trust and accountability through open and transparent leadership	1.1.2: Governance - Ensure legislative compliance and support Councillors to carry out their civic duties	1.1.2.4	Deliver Council meeting secretariat – including agenda preparation, minutes and council resolutions monitoring

### Recent Resolutions

- 22-026

### Legal/Statutory/Policy Considerations

- 10 The Constitution has been prepared with reference to Council’s Code of Conduct and Code of Meeting Practice.

The Committee is an advisory Committee of the Council. The objectives of the Committee are outlined in the Constitution. The role of the Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to the Constitution.

### 15 Financial Considerations

Not applicable

### Consultation and Engagement

Not applicable.

**Report No. 4.2      Budget Review - 1 July 2023 to 30  
September 2023**

**Directorate:** Corporate and Community Services

**Report Author:** James Brickley, Manager Finance

5 **File No:** I2023/1758

**Summary:**

10 This report has been prepared to comply with Section 203 of the *Local Government (General) Regulation 2021* and to inform Council and the community of Council's estimated financial position for the 2023/2024 financial year, reviewed as at 30 September 2023.

This report contains an overview of the proposed budget variations for the General Fund, Water Fund and Sewerage Fund. The specific details of these proposed variations are included in Attachment 1 and 2 for Council's consideration and authorisation.

15 Attachment 3 contains the Integrated Planning and Reporting Framework (IP&R) Quarterly Budget Review Statement (QBRS) as outlined by the Office of Local Government in circular 10-32.

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20 **RECOMMENDATION:**

**That Council:**

1. **Authorises the itemised budget variations as shown in Attachment 2 (#E2023/115792) which include the following results in the 30 September 2023 Quarterly Review of the 2023/2024 Budget:**
  - 25 a) **General Fund – \$0 movement to the Estimated Unrestricted Cash Result**
  - b) **General Fund - \$1,701,000 decrease in reserves**
  - c) **Water Fund - \$1,083,200 increase in reserves**
  - d) **Sewerage Fund - \$473,300 decrease in reserves**
- 30 2. **Adopts the revised General Fund Estimated Unrestricted Cash Deficit of \$250,000 for the 2023/2024 financial year as at 30 September 2023.**



**Attachments:**

- 1 Budget Variations for General, Water and Sewerage Funds, E2023/115791 

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

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- 2 Itemised Listing of Budget Variations for General, Water and Sewerage Funds, E2023/115792 
- 3 Integrated Planning and Reporting Framework (IP&R) required Quarterly Review Statements, E2023/115794 

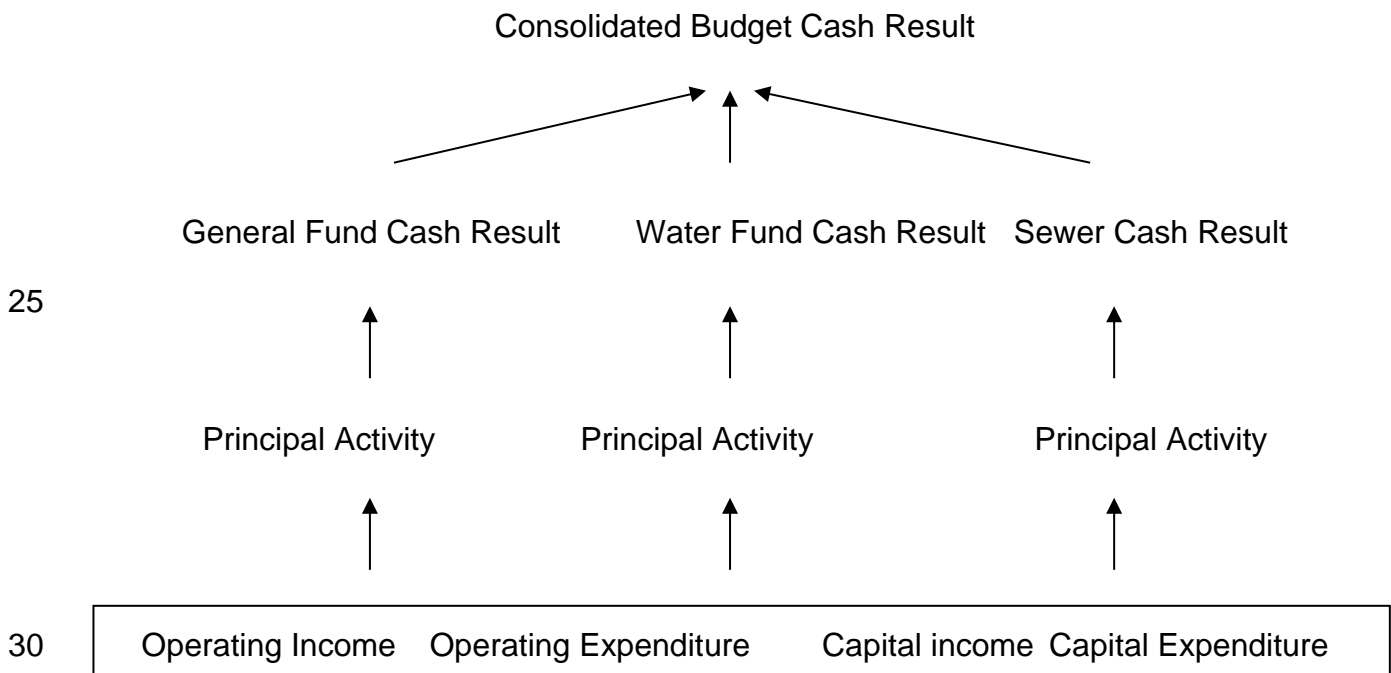
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### Report

10 Council adopted the 2023/2024 budget on 22 June 2023 via Resolution **23-280**. Council also considered and adopted the budget carryovers from the 2022/2023 financial year, to be incorporated into the 2023/2024 budget at its Ordinary Meeting held on 24 August 2023 via Resolution **23-414**. Since that date, Council has reviewed the budget taking into consideration the unaudited 2022/2023 Financial Statement results and progress through the first quarter of the 2023/2024 financial year. This report considers the September 2023 Quarter Budget Review.

15 The details of the budget review for the Consolidated, General, Water and Sewer Funds are included in Attachment 1, with an itemised listing in Attachment 2. This aims to show the consolidated budget position of Council, as well as a breakdown by Fund and Principal Activity. The document in Attachment 1 is also effectively a publication outlining a review of the budget and is intended to provide Councillors with more detailed information to assist with decision making regarding Council's finances.

20 Contained in the document at Attachment 1 is the following reporting hierarchy:



25

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35 The pages within Attachment 1 are presented (from left to right) by showing the original budget as adopted by Council on 30 June 2023 plus the adopted carryover budgets from 2022/2023 followed by the resolutions between July and September and the revote (or

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

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adjustment for this review) and then, the revised position projected for 30 June 2024 as at 30 September 2023.

5 On the far right of the Principal Activity, there is a column titled "Note". If this is populated by a number, it indicates there has been an adjustment in the quarterly review. This number then corresponds to the notes at the end of the Attachment 1 which provides an explanation of the variation.

There is also information detailing restricted assets (reserves) to show Council's estimated balances as at 30 June 2024 for all Council's reserves.

A summary of Capital Works is also included by Fund and Principal Activity.

### 10 **Office of Local Government Budget Review Guidelines:**

The Office of Local Government on 10 December 2010 issued the new Quarterly Budget Review Guidelines via Circular 10-32, with the reporting requirements to apply from 1 July 2011. This report includes a Quarterly Budget Review Statement (refer Attachment 3) prepared by Council in accordance with the guidelines.

15 The Quarterly Budget Review Guidelines set a minimum standard of disclosure, with these standards being included in the Local Government Code of Accounting Practice and Financial Reporting as mandatory requirements for Councils to address.

20 Since the introduction of the new planning and reporting framework for NSW Local Government, it is now a requirement for Councils to provide the following components when submitting a Quarterly Budget Review Statement (QBRs):-

- A signed statement by the Responsible Accounting Officer on Council's financial position at the end of the year based on the information in the QBRs
- Budget review income and expenses statement in one of the following formats:
  - Consolidated
  - 25 ○ By fund (e.g. General, Water, Sewer)
  - By function, activity, program etc. to align with the management plan/operational plan
- Budget Review Capital Budget
- Budget Review Cash and Investments Position
- Budget Review Key performance indicators
- 30 • Budget Review Contracts and Other Expenses

The above components are included in Attachment 3 and outlined below:

### **Income and Expenditure Budget Review Statement by Type**

35 This shows Council's income and Expenditure by type. This has been split by Fund. Adjustments are shown, looking from left to right. These adjustments are commented on through the last 13 pages of Attachment 1.

**Capital Budget Review Statement**

5 This statement identifies in summary Council's capital works program on a consolidated basis and then split by Fund. It also identifies how the capital works program is funded. As this is the first quarterly review for the reporting period, the Statement may not necessarily indicate the total progress achieved on the delivery of the capital works program.

**Cash and Investments Budget Review Statement**

10 This statement reconciles Council's restricted funds (reserves) against available cash and investments. Council has attempted to indicate an actual position as at 30 September 2023 of each reserve to show a total cash position of reserves with any difference between that position and total cash and investments held as available cash and investments. It should be recognised that the figure is at a point in time and may vary greatly in future quarterly reviews depending on cash flow movements.

**Key Performance Indicators (KPI's)**

At this stage, the KPI's within this report are:

- 15 ○ **Debt Service Ratio** - This assesses the impact of loan principal and interest repayments on the discretionary revenue of Council.
- **Rates and Annual Charges Outstanding Ratio** – This assesses the impact of uncollected rates and annual charges on Councils liquidity and the adequacy of recovery efforts
- 20 ○ **Asset Renewals Ratio** – This assesses the rate at which assets are being renewed relative to the rate at which they are depreciating.

These may be expanded in future to accommodate any additional KPIs that Council may adopt to use in the future.

25 **Contracts and Other Expenses** - This report highlights any contracts Council entered into during the July to September quarter that are greater than \$50,000.

**CONSOLIDATED RESULT**

The following table provides a summary of the overall Council budget on a consolidated basis inclusive of all Funds' budget movements for the 2023/2024 financial year projected to 30 June 2024 but revised as at 30 September 2023.

<b>2023/2024 Budget Review Statement as at 30 September 2023</b>	<b>Original Estimate (Including Carryovers) 1/7/2023</b>	<b>Adjustments to 30 Sept 2023 including Resolutions*</b>	<b>Proposed 30 Sept 2023 Review Revotes</b>	<b>Revised Estimate 30/6/2024 at 30/9/2023</b>
Operating Revenue	117,955,300	371,900	(9,592,500)	108,734,700
Operating Expenditure	127,753,000	0	(6,003,800)	121,749,200

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2023/2024 Budget Review Statement as at 30 September 2023	Original Estimate (Including Carryovers) 1/7/2023	Adjustments to 30 Sept 2023 including Resolutions*	Proposed 30 Sept 2023 Review Revotes	Revised Estimate 30/6/2024 at 30/9/2023
<b>Operating Result – Surplus/Deficit</b>	<b>(9,797,700)</b>	<b>371,900</b>	<b>(3,588,700)</b>	<b>(13,014,500)</b>
Add: Capital Revenue	155,394,600	410,000	(103,307,000)	52,497,600
<b>Change in Net Assets</b>	<b>145,596,900</b>	<b>781,900</b>	<b>(106,895,700)</b>	<b>39,483,100</b>
Add: Non Cash Expenses	20,523,000	0	0	20,523,000
Add: Non-Operating Funds Employed	10,487,100	0	1,350,000	11,837,100
Subtract: Funds Deployed for Non-Operating Purposes	(204,353,500)	(3,706,900)	104,454,600	(103,605,800)
<b>Cash Surplus/(Deficit)</b>	<b>(27,746,500)</b>	<b>(2,925,000)</b>	<b>(1,091,100)</b>	<b>(31,762,600)</b>
Restricted Funds – Increase / (Decrease)	(27,311,500)	(3,110,000)	(1,091,100)	(31,512,600)
<b>Forecast Result for the Year – Surplus/(Deficit) – Unrestricted Cash Result</b>	<b>(435,000)</b>	<b>185,000</b>	<b>0</b>	<b>(250,000)</b>

### GENERAL FUND

In terms of the General Fund projected Unrestricted Cash Result the following table provides a reconciliation of the estimated position as at 30 September 2023:

<b>Opening Balance – 1 July 2022</b>	<b>\$0</b>
Plus original budget movement and carryovers	(435,000)
Council Resolutions July – September Quarter	185,000
Recommendations within this Review – increase/(decrease)	0
<b>Estimated Unrestricted Cash Result Closing Balance – 30 June 2024</b>	<b>(\$250,000)</b>

5 The General Fund financial position overall has not moved as a result of this budget review, leaving the forecast cash result for the year at an estimated deficit of \$250,000.

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The proposed budget changes are detailed in Attachment 1 and summarised further in this report below.

### Council Resolutions

- 5 Resolution 23-409 relating to the Financial Assistance Grant part 2 states “that part of the additional 2023-2024 Financial Assistance Grant allocation to reduce the 2023-2024 Budget Deficit from \$435,000 to \$250,000 and transfer \$186,900 to the Financial Assistance Grant Reserve”.

### Budget Adjustments

- 10 The budget adjustments identified in Attachments 1 and 2 for the General Fund have been summarised by Budget Directorate in the following table:

Budget Directorate	Revenue Increase/ (Decrease) \$	Expenditure Increase/ (Decrease) \$	Accumulated Surplus (Working Funds) Increase/ (Decrease) \$
General Manager	0	0	0
Corporate & Community Services	3,200	(7,100)	10,300
Infrastructure Services	(108,562,300)	(108,521,400)	(40,900)
Sustainable Environment & Economy	194,400	163,800	30,600
<b>Total Budget Movements</b>	<b>(108,364,700)</b>	<b>(108,364,700)</b>	<b>0</b>

### Budget Adjustment Comments

- 15 Within each of the Budget Directorates of the General Fund, are a series of budget adjustments identified in detail at Attachment 1 and 2. More detailed notes on these are provided in Attachment 1 but in summary the major additional items included are summarised below by Directorate and are included in the overall budget adjustments table above.

### Corporate and Community Services

- 20
- In the General Purpose Revenue program, it is proposed to decrease operating income due to the full amount of the 2023/24 Financial Assistance Grant (FAG) being paid in the 2023 financial year. This was restricted in the OLG Financial Assistance Grant reserve at the June 2023 Quarterly Budget Review (QBR), to be transferred from the reserve at the 30 September 2023 QBR.
- 25
- In the Corporate Services program, it is proposed to decrease operating expenditure due to the insurance premiums Council paid for various classes being less than the budget. Although there is a decrease within these insurance premiums, the property

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insurance premium is split out across various budget programs within Council. Various adjustments are required and are commented on within the respective programs.

- 5
- In the Community Development program, it is proposed to increase the budget against 2437.3 – Discussion Paper – After the Floods due to \$30,000 of this ledger being expended against this incorrectly in the 2023 financial year (part of the DPI Local Govt Support Package grant). This meant that the budget carried over from 2023 was not sufficient. This incorrect expenditure should have been costed against the Flood Response Planning grant in the Development and Certification program where there is an offsetting adjustment.
- 10

### **Infrastructure Services**

- In the Projects and Commercial Development Program, it is proposed to increase capital income by \$1,200,000 as a loan needs to be borrowed for the Lot 12 development. This was originally budgeted to be drawn down in 2023 but the expenditure against the capital works in 2023 was funded through \$500,000 of the ELE reserve and \$208,400 of the IRR Byron reserve. When this \$1,200,000 loan is drawn down, \$708,400 can be transferred to the above reserves to reimburse them from the 2023 financial year, with the additional \$491,600 being allocated to capital expenditure for construction costs this financial year.
- 15
- 20
- In the Emergency Services program, it is proposed to increase operating income and expenditure by \$162,000 due to a grant being approved for a river flood level warning system funded by the Department of Regional NSW, NSW Public Works
- 25
- In the Local Roads and Drainage program, there are a number of adjustments outlined under Note 10 on pages 53 to 57 in the Budget Variations explanations section of Attachment 1. Further disclosure is included in the second and third pages of Attachment 2 under the budget program heading Local Roads and Drainage.
- 30
- In the Transport for New South Wales program (TfNSW), it is proposed to increase operating income and expenditure due to the Block grant due from Transport for New South Wales (TfNSW) being more than the original 2023/24 budget (\$34,000). Council have also been advised that the capital REPAIR project funded by TfNSW will not occur in 2023/24. The budget for this project is \$310,000, with \$155,000 funded from the block grant. The block grant portion has been redistributed across the Regional road expenditure.
- 35
- In the Infrastructure Recovery program, it is proposed to decrease income and expenditure due to a number of Natural Disaster affected projects within the program not having a written funding agreement in place. These budgets will be added back at future Quarterly Budget Reviews when funding agreements are in place. A breakdown of these can be seen on page 3 of attachment 2
- 40
- In the Open Space and Recreation program, there are a number of adjustments outlined under Note 13 on pages 58 and 60 in the Budget Variations explanations
- 45



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section of Attachment 1. Further disclosure is included on the third and fourth pages of Attachment 2 under the budget program heading Open Space & Recreation.

- 5 • In the Facilities Management program, it is proposed to increase operating income due to a budget being added for the lease and licence fees to be received from TAFE NSW for the site at Lot 12 Bayshore Drive. It is proposed to increase operating expenditure due to a budget required for a fire services audit of Councils buildings (\$35,000) and an adjustment to the property insurance premium (\$30,100). It is also proposed to redirect \$125,000 from Durrumbul hall flooring to the Mullumbimby Civic Hall. Durrumbul hall 10 already has \$160,000 allocated for works which is anticipated to be sufficient. A budget is required for the Mullumbimby Civic Hall to fix major structural issues that have been identified. It is proposed to increase capital expenditure by \$363,200 due to the additional grant funding to be recognised for the Byron Community Hub. This adjustment will bring the overall construction budget for the project to \$6,887,000.

### 15 **Sustainable Environment and Economy**

- 20 • In the Planning Policy & Natural Environment program, it is proposed to increase operating income and expenditure by \$95,900 due to a grant received for CMP for Byron Bay Embayment (\$75,900) and the Addressing Priority Flood Impacts in BSC project (\$20,000). Operating expenditure decreased by \$10,900 due to the NSW Koala Monitoring Framework project expending \$10,900 in 2022/23 that was made after the carryovers were completed. This adjustment brings the project budget back to the funding that is available. It is proposed to further decrease operating expenditure by \$30,000 due to expenditure for the Flood Response Planning grant being incorrectly 25 costed against 2437.3 – Discussion Paper – After the Floods, in the Community Development program in the 2023 financial year (part of the DPI Local Govt Support Package grant). This meant that the budget carried over from 2023 was too high and needs to be lower. There is an offsetting adjustment against 2437.3 in the Community Development program.
- 30 • In the Environment & Compliance program, it is proposed to increase operating expenditure against 2785.31 - Environment Enforcement Levy expenditure and fund this from the Environment Enforcement Levy reserve. This reserve will not receive any further income. The original budgeted transfer from this reserve of \$62,300 was to fund part of the position of Development Investigation Lead so the reserve balance remained 35 zero. After the June 2023 QBR and finalisation of the 2023 financial statements, it became apparent that the reserve had an additional \$31,300 that could be utilised to further fund this position and continue to leave the balance of the reserve at zero.
- 40 • In the Economic Development program, it is proposed to increase operating income and expenditure by \$78,200 due to a grant being approved for 'Unsung Heroes' a NSW Social Cohesion Grant.

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## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

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### WATER FUND

After completion of the 2022/2023 Financial Statements the Water Fund as at 30 June 2023 has a capital works reserve of \$5,702,300 and held \$1,720,900 in section 64 developer contributions.

- 5 The estimated Water Fund reserve balances as at 30 June 2024, and forecast in this Quarter Budget Review, are derived as follows:

#### Capital Works Reserve

<b>Opening Reserve Balance at 1 July 2023</b>	<b>\$5,702,300</b>
Plus original budget reserve movement	(3,254,300)
Resolutions July - September Quarter – increase / (decrease)	(690,700)
September Quarterly Review Adjustments – increase / (decrease)	(1,208,600)
<b>Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)</b>	<b>(5,153,600)</b>
<b>Estimated Reserve Balance at 30 June 2024</b>	<b>\$548,700</b>

#### Section 64 Developer Contributions

<b>Opening Reserve Balance at 1 July 2023</b>	<b>\$1,720,900</b>
Plus original budget reserve movement	(2,199,600)
Resolutions July - September Quarter – increase / (decrease)	(917,900)
September Quarterly Review Adjustments – increase / (decrease)	2,291,800
<b>Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)</b>	<b>(825,700)</b>
<b>Estimated Reserve Balance at 30 June 2024</b>	<b>\$895,200</b>

- 10 Movements for Water Fund can be seen in Attachment 1 with a proposed estimated increase to reserves (including S64 Contributions) overall of \$1,083,200 from the 30 September 2023 Quarter Budget Review.

### SEWERAGE FUND

- 15 After completion of the 2022/2023 Financial Statements the Sewer Fund as at 30 June 2023 has a capital works reserve of \$3,935,300 and plant reserve of \$896,200. It also held \$5,448,900 in section 64 developer contributions and a \$272,500 unexpended grant.

#### Capital Works Reserve

<b>Opening Reserve Balance at 1 July 2023</b>	<b>\$3,935,500</b>
Plus original budget reserve movement	(504,300)

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Resolutions July - September Quarter – increase / (decrease)	(1,613,600)
September Quarterly Review Adjustments – increase / (decrease)	(666,600)
<b>Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)</b>	<b>(2,784,500)</b>
<b>Estimated Reserve Balance at 30 June 2024</b>	<b>\$1,151,000</b>

#### Plant Reserve

<b>Opening Reserve Balance at 1 July 2023</b>	<b>\$896,200</b>
Plus original budget reserve movement	0
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	0
<b>Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)</b>	<b>0</b>
<b>Estimated Reserve Balance at 30 June 2024</b>	<b>\$896,200</b>

It is proposed to create a reserve for Property Development -Temporary Housing funded from income received for temporary housing on Sewer Fund land.

#### Property Development Reserve – Temporary Housing

<b>Opening Reserve Balance at 1 July 2023</b>	<b>\$0</b>
Plus original budget reserve movement	136,200
Resolutions July - September Quarter – increase / (decrease)	0
September Quarterly Review Adjustments – increase / (decrease)	0
<b>Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)</b>	<b>136,200</b>
<b>Estimated Reserve Balance at 30 June 2024</b>	<b>\$136,200</b>

5

#### Section 64 Developer Contributions

<b>Opening Reserve Balance at 1 July 2023</b>	<b>\$5,448,900</b>
Plus original budget reserve movement	(610,000)
Resolutions July - September Quarter – increase / (decrease)	(865,700)
September Quarterly Review Adjustments – increase / (decrease)	193,300
<b>Forecast Reserve Movement for 2023/2024 – Increase / (Decrease)</b>	<b>(1,282,400)</b>

# BYRON SHIRE COUNCIL

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<b>Estimated Reserve Balance at 30 June 2024</b>	<b>\$4,166,500</b>
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Movements for the Sewerage Fund can be seen in Attachment 1 with a proposed estimated overall increase to reserves (including S64 Contributions) of \$473,300 from the 30 September 2023 Quarter Budget Review.

### Legal Expenses

- 5 One of the major financial concerns for Council over previous years has been legal expenses. Not only does this item represent a large expenditure item funded by general revenue, but can also be susceptible to large fluctuations.

The table that follows indicates the allocated budget and actual legal expenditure within Council on a fund basis as at 30 September 2023.

### 10 Total Legal Income & Expenditure as at 30 September 2023

<b>Program</b>	<b>2023/2024 Budget (\$)</b>	<b>Actual (\$)</b>	<b>Percentage To Revised Budget</b>
<b>Income</b>			
Legal Expenses Recovered	0	0	0%
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Expenditure</b>			
General Legal Expenses	210,000	54,468.79	25.94%
<b>Total Expenditure General Fund</b>	<b>210,000</b>	<b>54,468.79</b>	<b>25.94%</b>

Note: This should continue to be monitored to ensure there is enough funding for future expenses.

## Strategic Considerations

### Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
<b>1: Effective Leadership</b> We have effective decision making and community leadership that is open and informed	1.3: Ethical and efficient management of resources	1.3.1: Financial Management - Ensure the financial integrity and sustainability of Council through effective financial management	1.3.1.2	Provide Quarterly Budget Reviews to Council for adoption.

### Legal/Statutory/Policy Considerations

5 In accordance with Section 203 of the Local Government (General) Regulation 2021 the Responsible Accounting Officer of a Council must:

- 10 (1) *Not later than 2 months after the end of each quarter (except the June quarter), the responsible accounting officer of a council must prepare and submit to the council a budget review statement that shows, by reference to the estimate of income and expenditure set out in the statement of the council's revenue policy included in the operational plan for the relevant year, a revised estimate of the income and expenditure for that year.*
- 15 (2) *A budget review statement must include or be accompanied by:*
- (a) *a report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the council is satisfactory, having regard to the original estimate of income and expenditure, and*
- (b) *if that position is unsatisfactory, recommendations for remedial action.*
- (3) *A budget review statement must also include any information required by the Code to be included in such a statement.*

### 20 Financial Considerations

25 The 30 September 2023 Quarter Budget Review of the 2023/2024 Budget has left the overall estimated budget result at a \$250,000 deficit. This leaves the movement against the unrestricted cash balance attributable to the General Fund to an estimated deficit of \$250,000 for the year, leaving the unrestricted cash balance attributable to the General Fund at an estimated \$250,000 deficit at 30 June 2024.

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It is the view of the Responsible Accounting Officer that the short term financial position of the Council is still satisfactory for the 2023/2024 financial year, having consideration of the original estimate of income and expenditure at the 30 September 2023 Quarter Budget Review.

- 5 This opinion is based on the estimated General Fund Unrestricted Cash Result position and that the current indicative budget position for 2023/2024 outlined in this Budget Review is further improved through the remaining quarterly budget reviews for the 2023/2024 financial year. Council must remember it has a short term financial goal of maintaining \$1,000,000 in unrestricted cash.
- 10 Council must also be mindful of its cash flow position as the financial year progresses given the ongoing expenditure on restoration of infrastructure from the February/May 2022 flood events whilst experiencing significant delays in claims approvals, processing and payments from the NSW State Government. This position will need continual close monitoring as Council is delivering business as usual plus the flood recovery.
- 15 It is essential that the Quarterly Budget Reviews for the December 2023 and March 2024 Quarters are carefully considered in terms of delivery capacity and Council's financial position.