



2022-32

Finance Management Strategy



Randwick City Council
a sense of community

June 2022

OBJECTIVE	STRATEGIC APPROACHES	WHY?	OUTCOME
<p>We maintain a strong financial position that is able to withstand financial shocks</p>	<p>Undertake a Long Term Financial Plan (LTFP) sensitivity analysis each year to inform recommendations on future cash and investment levels.</p>	<p>Sensitivity analysis allows Council to consider and plan for the consequences of a range of financial shocks on the position and sustainability of Council. This ensures business continuity and resilience, without the need for major reactive revenue corrections.</p>	<p>A strong and sustainable Council.</p>
	<p>Evaluate the strategic and operational risks for the management of financial resources and consider within Council's Risk Management Framework each year.</p>	<p>A strong internal audit program identifies: macro and micro risks that may impact the organisation, opportunities for organisational improvement, evaluation of quality initiatives and effectiveness, and importantly, the assessment of vulnerabilities in critical systems and technologies. With the support of ARIC, the internal audit compliance program provides independent insights and recommendations for improvements to assist in better meeting desired outcomes.</p>	
	<p>Test strategic and operational financial controls periodically, within Council's internal audit program, and report to the Audit Risk and Improvement Committee.</p>	<p>Robust internal controls within a pro-active culture of transparency work together to mitigate financial risks and protect staff and Council from unexpected and/or inappropriate events.</p>	
	<p>Manage Council's cash and investment portfolio to achieve a return greater than Ausbond Bank Bill Index, with no loss of capital in each financial year.</p>	<p>As the custodian of public funds, preservation of capital is a core financial objective. While it is important to generate revenue from Council's investment portfolio, Council must also ensure credit and interest rate exposure risk is managed.</p>	
	<p>Assess any financial performance indicators in the Long Term Financial Plan and where the plan indicates that a financial indicator may fall below benchmark, a recommendation is made to provide options for the improvement of this position prior to the next annual review of the Long Term Financial Plan.</p>	<p>By taking a long term view to financial decisions, Council is provided an opportunity to plan for and best consider opportunities for correction where required. A planned approach ensures adequate time to consider a range of alternatives, possibilities and choices, and the opportunity to take a proactive and consultative approach to decision making.</p>	
	<p>Reduce outstanding rates and annual charges to 3% by 31 December 2023.</p>	<p>Over the past three years, Council's outstanding rates and charges have increased, more recently due to concessions provided in response to the pandemic environment. Ensuring a reduction in this level of debt, while maintaining appropriate opportunities for hardship relief, ensures Council's financial performance doesn't diminish, and also ensures we do not encourage and support expanding personal debt that can start small and lead to greater hardship due to the compounding nature of debt.</p>	
	<p>Improve the financial performance of Des Renford Leisure Centre to pre-pandemic position by 30 June 2023.</p>	<p>The pandemic affected environment is likely to continue to affect DRLC operations in the medium term. By adapting their business model, DRLC can transition towards a return to an optimal financial position.</p>	
	<p>Provide finance training to all councillors, senior staff, managers and co-ordinators by 31 December 2022.</p>	<p>Knowledgeable and competent staff are equipped to ask the right questions (at the right time), and make better decisions and recommendations.</p>	
	<p>Develop a long term financial plan for all restricted cash and investments, outlining the timing of intended use of funds, and update by 30 June each year.</p>	<p>Council collects some revenue that can only be used for specific purposes (e.g. Grant funding, domestic waste management charges and developer contributions). It is important that these funds are levied with clear intentions for timely expenditure in line with agreed services/projects.</p>	

OBJECTIVE	STRATEGIC APPROACHES	WHY?	OUTCOME
<p>Our continued financial sustainability enables the realisation of community outcomes for this generation and the next</p>	<p>Develop a sustainable procurement policy and statement of intent by 31 December 2022.</p>	<p>A sustainable approach to procurement looks past the initial transaction and considers the contribution of the transaction to social, economic and environmental objectives, taking a holistic approach to measurement of value.</p>	<p>A strong and sustainable Council.</p>
	<p>Review and update Council's Long Term Financial Plan by 30 June each year, ensuring all financial and asset performance measures meet benchmark.</p>	<p>It is important to ensure Council's LTFP is current and reflective of emerging changes in technology, community expectations and government legislation, to best inform decision making and ensure decisions made today are considerate of long term sustainability. This is particularly important in relation to financial decisions concerning infrastructure to ensure intergenerational equity.</p>	
	<p>Consider and test all upfront and associated ongoing operational costs and income within Council's LTFP for decisions involving new or enhanced infrastructure or services, throughout the financial year.</p>	<p>To ensure best possible outcomes, Council should consider the possible long-term impacts and/or opportunities of changes to revenue and expenditure as decisions are made.</p>	
	<p>Provide an analysis and recommendation report to Council in relation to strategic borrowing opportunities that support improved financial strength and/or sustainability by 30 April each year.</p>	<p>As a provider of services from long lived infrastructure, Council must maintain ongoing service levels as well as accommodating growth and provision of new infrastructure. Infrastructure costs are lumpy in nature and it may not be possible to levy taxes and charges on an intergenerationally equitable basis without making use of debt. Where demand for infrastructure is such that anticipated income generation is expected to fund lifecycle costs, borrowings may be an effective way of ensuring available cash remains prioritised towards asset renewal priorities.</p>	
	<p>Undertake a review of Council's property portfolio by 31 December 2022 and make recommendation in relation to utilisation or divestment.</p>	<p>The investment in assets managed by Council should be considered an opportunity cost of a competing asset, investment or service level. Where assets are not providing the community value, divestment can free funds to provide new or renewed infrastructure inline with community needs.</p>	
	<p>Survey the community, prior to the expiry of the Environment Levy, to seek feedback on the continuation of this levy on a permanent basis to support the outcomes and objectives of the Environment Strategy adopted in 2020.</p>	<p>Council introduced a 5 year Environment Levy in 2004. This levy has been renewed every five years, most recently in 2019. Since that time, Council has adopted its long term Environment Strategy, which requires ongoing investment to ensure commitment to the outcomes in the strategy.</p>	





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