

**8a. QUARTERLY BUDGET REVIEW – DECEMBER 2020**

**(DCCS: 21/1502)**

Executive Summary

In accordance with the Local Government Act, 1993, a review of Council's Budget position as at 31 December 2020 has been undertaken and the following is submitted for Councillors consideration.

Report

**General Fund**

When Council adopted the 2020-2021 Operational Plan Budget in July 2020 Council budgeted for a surplus of **\$13,782.00**. The Budget Review as at 31 December 2020 indicated an estimated **SURPLUS of \$6,027.00** as at 30 June 2021 after taking into account movements in revenue and expenditure for the second quarter.

Adjustments of note in the second Quarterly Review Budget:

Reduction in income general ledger:		decrease	new total
• 1040-1231-0000 Interest on Investment		\$7,000	\$39,000
Increases in expenditure general ledgers:		increase	new total
• 1020-2220-0000 Consultants		\$20,000	\$80,000
• 3680-2330-0000 Parks & Gardens - R&M		\$20,000	\$297,000
• 5020-2330-0000 Urban Roads R&M		\$30,000	\$100,000

**Roads Revaluation**

As an outcome of the 2019-20 audit of Council's financial statements, it has been strongly recommended that Council undertake a full revaluation of its roads infrastructure assets and that this be best facilitated by an external valuer. A scope of works is being developed before going to the market.

Council has gone to the market and engaged Australis to perform Council's revaluation on its roads network. The cost came in higher than originally estimated and a further increase to Consultants is required. Total cost of revaluation will be approx. \$50,000.

**Sale of Scrap Metal**

In the next quarterly budget review, there will be income from sale of scrap metal that has been collected from Council's waste management sites of \$47,000. The stockpile of metal was collected over the past 18 months.

**Grant Funded Projects Contingency**

From the grant funding programs specific to the Status Report – Grant Funded Projects, Council has 40 projects in varying stages of progress. Eight projects have been completed, leaving 32 projects to the value of in excess of \$3.085M currently underway in the Shire. With this many projects it is possible there could be unplanned variations and/or other over budget expenses. Also, some of the quotes received were sourced when the grant applications were submitted, and some costs have increased by the time grants applications have been approved. Depending on the size and scope of a project, it is common for projects to have in their budget a 5% to 10% contingency. For example, Council is being advised by builders that plumbing supplies have increased anywhere up to 20% over the past 6 to 9 months.

As Council is on some now tight timelines with some of these projects and to minimise any delays in the event of variations, it is proposed to create a Grant Projects Contingency Reserve of \$70,000. This represents 2.3% of the value of projects an internal reserve to provide Council the funding, if required, to enable any variations to progress between Council meetings. It is proposed that to access this internal reserve that would require the approval of both the General Manager and the Mayor and be reported to next Council meeting for ratification.

**Sewer Fund**

When Council adopted the 2020-2021 Operational Plan Budget in July 2020 Council budgeted for a surplus of \$10,144.00 for the Sewer fund operations. For the Budget Review at 31 December 2020 there were some budget adjustments regarding the Lockhart STP Scoping Study resulting in an estimated **SURPLUS of \$22,825.00** as at 30 June 2021 after taking into account movements in revenue and expenditure for the first quarter.

*Lockhart Shire Council*  
*Ordinary Meeting – 15 February 2021*

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Integrated Planning and Reporting Reference

E1: Council is strong, sustainable and able to stand alone.

- Plan for the long-term sustainability of the Shire.

Legislative Policy & Planning Implications

As per Integrated Planning and Reporting Guidelines.

Budget & Financial Aspects

Fund	Adopted Budget @ 1 July 2020	Amendments @ 30 Sept 2020	Amendments @ 31 Dec 2020	Revised Estimates @ 30 June 2021
General Fund-Net of Inc & Exp and Capital Budget	\$13,782.00	\$19,119.00	-\$26,874.00	\$6,027.00
Sewerage Fund	\$10,144.00	\$13,191.00	-\$510.00	\$22,825.00
<b>Net Consolidated Budget Surplus/(Deficit)</b>	<b>\$23,926.00</b>	<b>\$32,310.00</b>	<b>-\$27,384.00</b>	<b>\$28,852.00</b>

Attachments

Quarterly Budget Review Statement for the period 01/01/2020 to 31/12/2020 will be provided under separate cover.

**Recommendation:** That:

- a) The information be noted, and
- b) The adjustments in income and expenditure in the December 2020 Quarterly Budget Review be adopted.
- c) The adjustments in internal and external reserves in the December 2020 Quarterly Budget Review be adopted.
- d) That an internal reserve "Grant Projects Contingency Reserve" be established, and authority be given to the General Manager and Mayor to approve expenditure from the internal reserve between Council meetings, and any expenditure reported to the next Council meeting for ratification.