



## **EXTRAORDINARY MEETING OF COUNCIL**

### **AGENDA**

**25 January 2022 at 12:00pm**

Kate Jessep  
**General Manager**

# Extraordinary Council Meeting

25 January 2022 at 12:00pm

Uralla Shire Council Chambers

## Purpose of Extraordinary Meeting



**REQUEST FOR EXTRAORDINARY COUNCIL MEETING**  
5366 of the Local Government Act

**REASON FOR EXTRAORDINARY MEETING FOR 25 January 2022**

The need to take urgent action to revise Council's budget to control spending and produce a break-even or surplus result at year's end as per the attached notice of motion.

**REQUESTED BY:**

Councillor Name	Councillor signature	Dated
ROBERT CRAVCH	R. Cravch	19/01/2022

  

Councillor Name	Councillor signature	Dated
Tara Twomey	Tara Twomey	19-1-2022

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**1. WELCOME – OPENING OF EXTRAORDINARY MEETING**

**2. PRAYER**

**3. ACKNOWLEDGEMENT OF COUNTRY**

**4. WEBCAST INFORMATION**

**5. APOLOGIES & APPLICATIONS FOR LEAVE OF ABSENCE BY COUNCILLORS**

**6. DISCLOSURES & DECLARATIONS OF INTEREST**

**7. REPORTS TO COUNCIL**

**7.1. NOTICE OF MOTION – THE NEED TO REVIEW COUNCIL’S 2021/22 BUDGET CONTROL SPENDING AND PRODUCE A BREAK-EVEN OR SURPLUS BUDGET.**

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**LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK**

**Objective:** An effective and efficient organisation

**Strategy:** Operate in a financially responsible and sustainable manner

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**SUMMARY:** Council must remain financially viable. The current approved budget projects a decrease in Cash and Cash Equivalents by \$373,709 and a budget deficit of \$1,826,711 in net operating result before grants and contributions provided for capital purposes. The Draft Long Term Financial Plan states that “Council’s current financial position continues to be moderate with a General Fund operating deficit/break-even that needs to be rectified in the near term and an unrestricted cash balance that needs to increase. Council needs to take a proactive approach to address these issues as a matter of urgency.

**COUNCILLOR’S MOTION:**

*That Council:*

- I. Suspend the delegation to the General Manager for recruitment of staff and alternate labour hire to council without Council’s approval, pending the development of a Council approved strategy to bring the 2021/22 budget into surplus;*
- II. Amend the General Manager’s delegation to accept quotations for the supply of goods and services to a maximum of \$150,000 for any one item already specified in the 2021/2022 budget and require the General Manager to bring to Council any purchasing and contracting decisions above that amount.*
- III. Be provided with a copy of the current staff structure including all positions;*

**RATIONALE:**

The planned scenarios within the Draft Long Term Financial Plan focus on increasing revenue, primarily through increased rates and charges or by reducing services. The December election highlighted the rejection of both these options by the electors in favour of a concerted effort to focus council activities on core functions and the need to demonstrate to our community efficiency savings from within the council organisation.

The 2021/22 budget projects a decrease in Cash and Cash Equivalents by \$373,709 and a budget deficit of \$1,826,711 in net operating result before grants and contributions provided for capital purposes. The Draft Long Term Financial Plan states that "Council's current financial position continues to be moderate with a General Fund operating deficit/break-even that needs to be rectified in the near term and an unrestricted cash balance that needs to increase.

Council's financial situation is not yet critical. However, to prevent further deterioration Council must look at instigating savings in the short term and modifying its business model to enable the continued delivery of core services within a balanced budget.

**CONCLUSION: Council must take responsibility for, and be proactive in, bringing the 2021/22 budget into surplus or a break even result. In anticipation of the need to implement significant savings within the 2021/22 budget as approved, staff recruitment and expenditure must be limited.**

Submitted by Councillor R Crouch  
19 January 2022

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#### **EXECUTIVE ADVICE:**

##### **Part One of the motion**

1. Part one of the motion in relation to the suspension of delegation is unlawful.
2. This is because the source of the authority for the General Manager to appoint, direct and dismiss staff is not a delegation of the governing body but is provided directly to the General Manager by the *Local Government Act 1993 (NSW)* (LG Act). Namely, sub-section 335(h) of the LG Act provides that it is a function of the General Manager to appoint staff. Staff are to be appointed in accordance with the organisation structure determined under chapter 11 of the LG Act and the resources approved by the governing body.
3. The General Manager determines the positions (other than the senior staff positions) within the organisation structure of the council (per ss332(1A) of the LG Act) and these positions are determined so as to give effect to the priorities set out in the strategic plans (including the Community Strategic Plan) and Delivery Program of the council (per ss332(1B) of the LG Act). It is the role of the governing body to allocate resources towards the employment of staff, which is done in accordance with the Operational Plan and Budget (per ss332(1)(c) of the LG Act).
4. Currently at Uralla Shire Council there is only one senior officer position being that of the General Manager.
5. There are no resources in the current budget for the development of an additional '*Council approved strategy to bring the 2021/22 budget into surplus*'. Should Council resolve to develop such a strategy Council may need to allocate additional resources (vote funds) to develop the proposed strategy. It is also noted that the timeframe for such work to be undertaken (engage consultant [if needed], develop strategy, Council adoption of the strategy and for the strategy to be

implemented) is unlikely to be able to achieve the desired outcome of a 2021/22 operational budget surplus by 30 June 2022.

6. There are processes in place to review the current budget (quarterly budget reviews) during which staff assess each budget area to identify any possible under-spends and raise any unforeseen additional expenses for approval by Council. Where possible, offsets are proposed for additional expenses. Each Quarterly Budget Review is presented to Council for consideration and adoption.
7. In relation to staff recruitment, any proposed new full-time-equivalent (FTE) (additional, new positions) must be resourced within the approved Council budget. This normally occurs during the preparation of the following year's Operational Plan and Budget. For the avoidance of doubt, in the 2022/23 budget preparation, any such new resource bid will be presented clearly as a budget bid for Council consideration.
8. In relation to the proposal to suspend recruitment of staff as a budget saving measure there is likely to be serious operational consequences for a strict approach in this regard. Current practice is to carry a short-term vacancy where possible (or unavoidable due to market shortfalls) providing a small budget saving; however, there are a number of issues that the General Manager has to weigh up when each vacancy arises, including:
  - a. Some positions must be immediately filled with temporary staff (casual, redeployment, labour hire) so that operational service continues and statutory obligations, including safety, are met.
  - b. The effect of the vacancy on service delivery and implementation of the Delivery Program and Annual Operational Plan as to whether the work can be deferred or should be contracted-out.
9. Over the next several months, Council is required by legislation to develop its Integrated Planning and Reporting (IP&R) documents including the four-year Delivery Program, the 2022/23 Operational Plan and Budget and resourcing strategy (including Long Term Financial Plan, Workforce Management Plan and Asset Management Strategy and Plans). The draft version of the IP&R documents must be placed on public exhibition and community input must be considered before the Council endorse the documents.
10. As part of the process to prepare the IP&R documents, the organisation structure will be reviewed.
11. It is recommended that the motion at part 1 be revised along the following lines:
  - a. **That Council:**
    - i. **continue to monitor Council's estimated unrestricted cash position (noting this forecast only changes at each quarterly budget review) noting that operational underspends will improve the cash position; and**
    - ii. **continue to critically assess financial sustainability and focus on preparing the four year Delivery Program and 2022/23 Operational Plan and Resourcing Strategy to achieve an operational budget surplus; and**
    - iii. **note that any new full-time-equivalent (FTE) positions are subject to resourcing being approved by Council during the budget process prior to recruitment.**

## Part two of the motion

12. Part 2 of the motion amends the General Manager's delegation such that any tender over \$150,000 will be presented to Council for a decision to enter into contract.

## Part three of the motion

13. The organisation chart by department with positions and full-time-equivalent (FTE) per the current operational budget has been provided to Councillors via NextCloud. This will support Councillors' understanding of the resources needed to deliver current services/service levels. In turn, this will also assist the process for Council to set the Delivery Program, Operational Plan and budget.

## COUNCIL IMPLICATIONS:

14. **Community Engagement/ Communication (per engagement strategy)**  
Council is required to undertake community consultation on the draft Integrated Planning and Reporting (IP&R) documents.
15. **Policy and Regulation**  
*Local Government Act 1993 (NSW) s 355*  
Operational Plan 2021-2022 and Delivery Program 2017-2022
16. **Financial (LTFP)**  
Quarterly budget review statement as presented to Council.
17. **Asset Management (AMS)**  
Asset Management Strategy and Plans are part of the IP&R framework.
18. **Workforce (WMS)**  
Workforce Management Strategy forms part of the IP&R framework.
19. **Legal and Risk Management**  
**Legal** – part one of the motion is unlawful and if adopted could trigger reporting to the Office of Local Government (per regulation 182 and section 440H of the LG Act) which may result in an investigation and is assessed as high risk.

If the strategy proposed in part one of the motion were adopted and implemented:

**People** – likely to cause significant staff shortages and may cause major workplace injury/illness which is assessed as high risk.

**Service delivery** - is likely to create a significant impact on service delivery (eg. water quality or aged care provision) which is assessed as high risk.

**Clinical care** - is almost certain to create significant downtime/outage in multiple service areas and is assessed as high risk.

**Reputation** - subsequent service delivery outages are likely to occur and is almost certain to create significant public criticism/outcry and media attention which is assessed as medium to high risk.

20. **Performance Measures**  
Budget review and annual financial reporting processes.

21. **Project Management**  
General Manager

## **9. CLOSE OF EXTRAORDINARY MEETING**

END OF BUSINESS PAPER