

Title	Budget & Business Planning
Policy Number (Governance Purpose)	



Policy Type

Council

Policy Purpose

The City's mission is 'to make the City of Cockburn the most attractive place to live, work, visit and invest in, within the Perth Metropolitan area'. To achieve the mission high level long term and ongoing strategic initiatives have been established. The Strategic Community Plan provides the over-arching guidance for development of the City. It contains details of the City's Mission, Vision (of what the future would look like), the drivers of change, and the key factors that will help deliver these outcomes – referred to as the 'Strategic Objectives'.

The Strategic Community Plan is functionally delivered through the Council's Annual Budget and Business Planning process. The Annual Business Plan outlines actions that City's administration will undertake to achieve the Strategic Community Plan whereas the Budget provides the financial wherewithal to support this outcome. An Annual Business Plan is not a requirement of the Integrated Planning and Reporting Framework.

The Local Government (Administration) Regulations 1996, Regulations 19C and 19D, have the requirements for the Strategic Community Plan and Corporate Business Plan. They stem from the Local Government Act 1995 Section 5.56.

Section 6.2 (1) of the Local Government Act 1995 requires Council to prepare and adopt a budget for its municipal fund during the period 1 June to 31 August for the following financial year.

Section 6.2 (2) requires Council to have regard to the contents of the plan for the future of the district in the preparation of the annual budget and to prepare estimates for revenues and expenditure in order to determine the amount required to be raised from rates.

Section 6.34 puts a limit on budget surpluses or deficits at no more than 10% of the rates amount required to achieve a balanced budget. Ministerial approval is required to vary this limit.

Part 3 of the Local Government (Financial Management) Regulations 1996 prescribes the form and content for the annual budget and the requirement to review the performance of the budget between 1 January and 31 March each year.

This policy has been formulated to articulate Council's requirements and processes for managing the annual budget in a manner that is both compliant with legislative requirements and pertinent to Council's operating needs.

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Policy Statement

The City of Cockburn is committed to a process of Strategic Community Planning, that focuses on organisational priorities and provides the platform for a uniform approach when considering major decisions which will affect the City into the future in accordance with the Integrated Planning and Reporting Framework and Guidelines.

This policy establishes a framework for the formulation, administration and management of Council's budget that meets both statutory and Council's requirements. It serves to provide strategic guidance to staff and sets out various guiding principles to be followed when developing the annual budget.

(1) Budget Formulation Principles

The following principles shall guide the preparation of the initial draft budget:

1. The Strategic Community Plan, Corporate Business Plan, Council adopted strategies, the Community Survey and the Customer Satisfaction Survey should provide strategic guidance to management in determining budget priorities.
2. The projects and financial indicators listed within Council's Long Term Financial Plan (10 year Plan), will form the basis and provide the general parameters for the annual budget. Budget submissions should be congruent with the objectives listed within the Strategic Community Plan.
3. Rating revenue is to be set at a level that will produce a balanced or small surplus budget. For this purpose, surplus/deficit calculations will be made in accordance with Local Government Operational Guidelines - Number 08 June 2005 "Opening and Closing Funds used in the Annual Budget (Includes Reference to Surplus and Deficit Budgets)"
4. Provisional allocation for Donations and Grants is to be up to a maximum of 2.0% of Rates Revenue (excluding the equivalent waste management and community surveillance service charges and interim rates). Council committee to make recommendations regarding individual donations and grants.
5. Provisional allocation for Community Events is to be up to a maximum of 1.0% of Rates Revenue (excluding the equivalent waste management and community surveillance service charges and interim rates). Council to approve a calendar of events.
6. Provisional allocation for project contingency fund is to be up to a maximum of 1% of rates revenue (excluding the equivalent waste management and community surveillance service charges and interim rates). These funds are set aside for the purpose of funding high priority projects identified during the year.
7. All budget submissions made are to include detailed cash flow requirements.
8. Sustainability issues need to be considered when assessing all new initiatives, as well as value for money.

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9. Standards established in other City policies, (such as verge maintenance), are to be adhered to. Where this causes a significant increase in costs, alternatives may be recommended.
10. The end of year current surplus/deficit position and value of carried forward works and projects will need to be estimated during the formulation of the annual budget. These estimates will be adjusted within the budget to reflect actual positions once end of year accounts have been finalised.
11. The residential improved rate in the dollar/minimum payment with rates modelling to be presented to the Elected Members at a Third Elected Member Budget Forum.

(2) Budget Considerations for Reserve Funds

The requirement for a Reserve Fund and target value of the Fund will be reviewed at each Budget setting meeting. Surplus funds identified at the end of the financial year are to be transferred to Reserve Funds or other financial contingencies so that the target figures for each Reserve can be achieved over the next ten years in line with the 10 year plan.

Budget surpluses identified at the end of each financial year are to be transferred to Reserves or other financial contingencies in a manner that is consistent with the objective of attaining the target values set.

The replacement program for major plant and vehicles will be funded from the Plant & Vehicle Reserve. Annual replenishing of this reserve will be based on the depreciation charge for applicable assets.

(3) Form and Content of Budget and Working Papers

Before presentation to Council, the budget will be developed and considered at a series of executive briefings and concept forums involving the Elected Members

The form of the draft budget to be presented to and considered at the various executive briefings and concept forums includes the following elements:

1. A Rating Objects and Reasons paper. (as per Delegated Authority LGAFCS1 – Advertising Property Differential Rates).
2. A summary of all Reserve Funds and their anticipated movements for the next three years based on known capital works/replacement programs and any other relevant information.
3. Details of proposed new initiatives, both capital and operating.
4. Details of proposed Capital Works program for Infrastructure.
5. Details of proposed new Staff positions
6. Details of proposed new Information Technology
7. Listing of budget submission items received but not included in the draft budget.
8. A fees and charges register
9. A Business Plan for the financial year for each Service Unit.

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The formal budget presented to Council for adoption will be in a format that complies with the Part 3 of the Local Government (Financial Management) Regulations 1996 and is to include any other information deemed relevant (e.g. summaries of the new initiatives and capital programs).

Council's significant accounting policies are to be updated and included within the formal budget to provide direction for the year ahead and explain the basis of preparation for the statutory financial statements

(4) Adjustment for Estimated Surplus/Deficit and Carried Forwards

Once the end of financial year accounts have been finalised, a review will be presented to Council, adjusting the estimated value of carried forward works and projects to their true amounts. The opening budget surplus/deficit will also be adjusted to reflect the final position. Any additional funds available will be transferred to Reserves.

(5) Mid-Year Budget Review

Council will conduct a mid-year budget review for the principal purpose of addressing budget variations that may arise or come to the attention of management during the first half of the year, in line with financial regulations.

The review is not for the purpose of including new initiatives or capital works. New initiatives will only be submitted to Council where they are deemed essential and have an identified source of funding. In this regard, the Project Contingency Fund is available as a source of funding for essential items.

Council is bound by legislation to conduct a review of the budget between January and March each year.

(6) Community Engagement of Draft Budget

At the completion of the Draft Municipal Budget, by the end of April (in the relevant financial year), the draft Capital Expenditure Budget and Draft Annual Business Plan (including proposed increases in differential rates plus Fees and Charges will be:

- Placed on Comment on Cockburn providing 28 days to provide feedback
- Presented to Community Group and Business Group (Chambers of Commerce) leaders
- Provide briefings to Elected Members in June (of the relevant financial year) of community feedback from Community and Business Groups' leadership teams
- Advertise proposed differential rates as required by the Local Government Act seeking additional (and formal) feedback (as per Delegated Authority LGAFC1 Advertising of Proposed Differential Rates)

(7) Budget Management Timetable

The following timetable includes all the major activities comprising Council's budgeting regime including the adoption of the Budget by a Special Meeting of

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Council in June of each financial year. It is indicative and may be subject to minor variations.

October	<ul style="list-style-type: none"> Community and Business Groups invited to consider budget requests and priorities for the following financial years' budget.
November	<ul style="list-style-type: none"> Community and Business Groups submissions to be submitted by the end of November.
December	<ul style="list-style-type: none"> Long Term Financial Plan reviewed and adopted (Biennially). Draft Annual Business Plan Review document showing Budget and Actual year-to-date figures distributed to the Executive. Mid-year budget review procedures and submission templates issued to Managers. Community and Business Group submissions to be assessed by relevant Business Unit Managers in line with LTFP, Corporate Business Plan, adopted Strategies and AMP.
January	<ul style="list-style-type: none"> Mid-year budget review submissions due back from Managers. Executive to consider the proposed budget review. Business Plan review updated with year-to-date financial data. Completion of budget and Business Plan reviews for adoption. Budget guidelines, procedures and submission templates issued to Managers for next year's budget. Budget Review amendments included in the monthly reports for February
February	<ul style="list-style-type: none"> New initiatives/capital works submissions due back to Management Accounting. Proposed new initiatives/capital works considered by the Executive. Advertising of differential rates. Review of fees and charges register by management. Completed operational budgets returned to Finance Council to adopt the Budget Review and Annual Business Plan Review.

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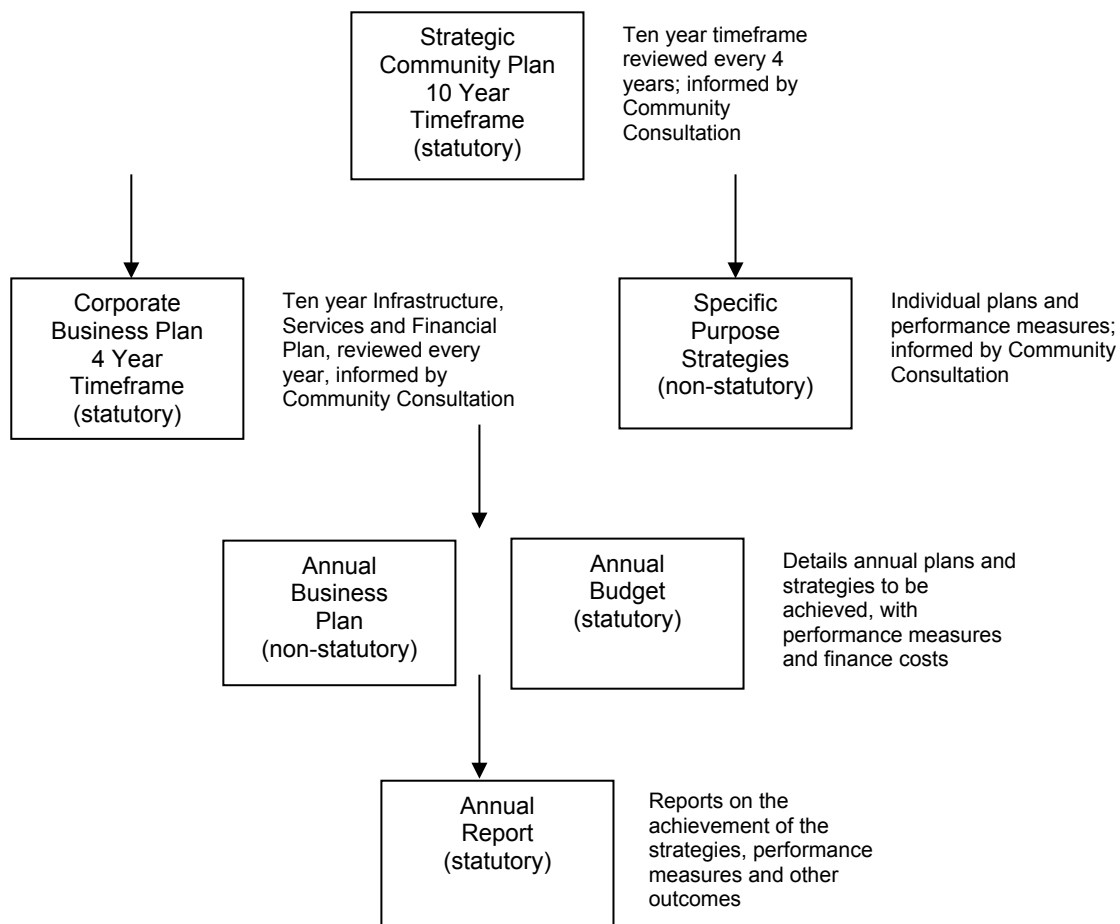


March	<ul style="list-style-type: none"> • Review & Update of Activity Based Costing Model. • Annual Business Plan prepared by management. • The Executive considers initial draft of Budget and Annual Business Plan. • First Budget Concept Forum for Elected Members covering capital expenditure projects. • Fees & Charges Register updated.
April	<ul style="list-style-type: none"> • Second Budget Concept Forum for Elected Members covering operational budgets. • Third Budget Concept Forum for Elected Members covering Rates Modelling • Differential Rating report to Council • Carried forward projects estimated by management. • Review of completed budget by the Executive. • Finalisation of Statutory Budget and Annual Business Plan.
May	<ul style="list-style-type: none"> • At beginning of May, place on Comment on Cockburn providing 28 days to provide feedback • Presented to Community Group and Business Group (Chambers of Commerce) leaders • Advertise proposed differential rates as required by the Local Government Act seeking additional (and formal) feedback
June	<ul style="list-style-type: none"> • Provide a briefing to Elected Members on feedback from community engagement • Provide feedback to Community and Business Groups on budget submissions • Adoption of Budget and Annual Business Plan at Special Council Meeting.
October	<ul style="list-style-type: none"> • Budget amended to reflect final position with regard to estimated carried forward projects and end of financial year current surplus/deficit.

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Corporate Strategic Planning Process



Strategic Link:	Long Term Financial Plan, Strategic Community Plan
Category	Budgeting, Rates & Procurement
Lead Business Unit:	Finance; Strategy
Public Consultation: (Yes or No)	Yes (budget only)
Adoption Date: (Governance Purpose Only)	14 March 2019
Next Review Due: (Governance Purpose Only)	March 2021
ECM Doc Set ID: (Governance Purpose Only)	4134024