



AGENDA

**FOR BUDGET AND FINANCE COMMITTEE MEETING TO BE HELD ON
9 DECEMBER 2019 AT CONCLUSION OF POLICY AND PLANNING
COMMITTEE
IN THE LITTLE PARA CONFERENCE ROOMS, 34 CHURCH STREET,
SALISBURY**

MEMBERS

Cr B Brug (Chairman)
Mayor G Aldridge
Cr M Blackmore
Cr L Braun (Deputy Chairman)
Cr C Buchanan
Cr A Duncan
Cr K Grenfell
Cr N Henningsen
Cr D Hood
Cr P Jensen
Cr S Ouk
Cr D Proleta
Cr S Reardon
Cr G Reynolds
Cr J Woodman

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Development, Mr T Sutcliffe
General Manager Community Development, Ms P Webb
General Manager City Infrastructure, Mr J Devine
Manager Governance, Mr M Petrovski
Governance Support Officer, Ms K Boyd

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Budget and Finance Committee Meeting held on 18 November 2019.

Presentation of the Minutes of the Confidential Budget and Finance Committee Meeting held on 18 November 2019.

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Administration

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OTHER BUSINESS

CLOSE



**MINUTES OF BUDGET AND FINANCE COMMITTEE MEETING HELD IN THE
COUNCIL CHAMBER, 12 JAMES STREET, SALISBURY ON**

18 NOVEMBER 2019

MEMBERS PRESENT

Cr B Brug (Chairman)
Mayor G Aldridge
Cr L Braun (Deputy Chairman)
Cr C Buchanan
Cr A Duncan
Cr K Grenfell
Cr N Henningsen
Cr D Hood
Cr P Jensen
Cr S Ouk
Cr D Proleta
Cr S Reardon
Cr G Reynolds
Cr J Woodman

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Development, Mr T Sutcliffe
General Manager Community Development, Ms P Webb
General Manager City Infrastructure, Mr J Devine
Manager Governance, Mr M Petrovski
Governance Support Officer, Ms K Boyd

The meeting commenced at 7.28 pm.

The Chairman welcomed the members, staff and the gallery to the meeting.

APOLOGIES

An apology was received from Cr M Blackmore.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr L Braun
Seconded Cr G Reynolds

The Minutes of the Budget and Finance Committee Meeting held on 21 October 2019, be taken and read as confirmed.

CARRIED
UNANIMOUSLY

REPORTS

Administration

6.0.1 Future Reports for the Budget and Finance Committee

Moved Cr J Woodman
Seconded Cr D Proleta

1. The information be received.

CARRIED
UNANIMOUSLY

6.0.2 Minutes of the Innovation and Business Development Sub Committee meeting held on Monday 11 November 2019

Moved Mayor G Aldridge
Seconded Cr S Reardon

The information contained in the Innovation and Business Development Sub Committee of the meeting held on 11 November 2019 be received and noted with respect to the following recommendations contained therein to be adopted by Council, subject to removal of Cr K Grenfell as an Observer at the meeting, and including Cr S Reardon as an Observer.

CARRIED

6.0.2-IBDSC1 Future Reports for the Innovation and Business Development Sub Committee

Moved Mayor G Aldridge
Seconded Cr S Reardon

1. The information be received.

CARRIED

6.0.2-IBDSC2 Civil Works and Services Circular Economy Opportunities Presentation

Cr J Woodman declared a perceived conflict of interest on the basis of being a Board Member of NAWMA. Cr Woodman managed the conflict by remaining in the meeting and voting in the best interest of the community.

Cr K Grenfell declared a perceived conflict of interest on the basis of being a Deputy Member of NAWMA. Cr Grenfell managed the conflict by remaining in the meeting and voting in the best interest of the community.

Cr S Reardon declared a perceived conflict of interest on the basis of being a Deputy Member of NAWMA. Cr Reardon managed the conflict by remaining in the meeting and voting in the best interest of the community.

Cr G Reynolds declared a perceived conflict of interest on the basis of being a Board Member of NAWMA. Cr Reynolds managed the conflict by remaining in the meeting and voting in the best interest of the community.

Moved Cr G Reynolds
Seconded Cr C Buchanan

1. Council notes the City of Salisbury's innovation in creating a circular economy in the use of re-usable local resources.
2. Staff provide a report on how we can maximise, including the setting of targets and timeframes, and in conjunction with NAWMA, the use of local recycled resources for gutters, roads and other infrastructure.
3. Staff bring back a policy to be included in the sustainability strategy to construct new roads, re-seal programs and carparks with the highest recycling material amount, and incorporating the targets and timeframes as per part 2.
4. Staff provide a report including comparisons with what the City of Salisbury is doing, with the Fulton Hogan report.

With leave of the meeting and consent of the seconder, Cr G Reynolds VARIED the MOTION as follows:

1. Council notes the City of Salisbury's innovation in creating a circular economy in the use of re-usable local resources.
2. Staff provide a report on how we can maximise, including the setting of targets and timeframes, and in conjunction with NAWMA, the re-use of materials and use of local recycled resources for gutters, roads and other infrastructure.

3. Staff bring back a policy to be included in the sustainability strategy to construct new roads, re-seal programs and carparks with the highest recycling material amount, and incorporating the targets and timeframes as per part 2.
4. Staff provide a report including comparisons with what the City of Salisbury and Port Adelaide Enfield Councils are doing in road surface trials, with particular reference to the Fulton Hogan report.

CARRIED
UNANIMOUSLY

6.0.2-IBDSC3 Community Requests - Response Dashboard

Moved Mayor G Aldridge

Seconded Cr S Reardon

1. The information be received.
2. Council acknowledges the year to date of 95% responses achieved within the endorsed target, and commend staff on the result.
3. That future dashboard response reports be broken down by departments.

CARRIED

6.0.2-IBDSC4 Verge Maintenance Review

Moved Cr L Braun

Seconded Cr C Buchanan

1. That Council notes the report.
2. That Council endorse the trial of adjusted verge service levels for the 2020 cutting season, including additional operating budget provision of \$240k to be made through 2019/20 second quarterly review process, to be made as a non-discretionary budget bid.
3. A further report be provided at the completion of 2020 on the effectiveness of the trial.
4. Further work be undertaken over the next 12 months to identify sites for alternative verge treatments with consideration to aligning and funding through existing strategies and capital works programs, and a report be brought back recommending other sites and verge treatments.
5. A further report be provided on implementing changes to the Verge Development Policy with advice on the potential to provide financial and other incentives to residents to maintain their own verges.
6. Further advice also be provided discussing issues and costings of reducing verge cutting heights to 30-40mm.

CARRIED
UNANIMOUSLY

6.1.1 Council Finance Report - October 2019

Cr S Reardon declared a perceived conflict of interest on the basis of owning several plots in Salisbury Memorial Park. Cr Reardon managed the conflict by remaining in the meeting and not voting on the item.

Moved Mayor G Aldridge
Seconded Cr J Woodman

- 1. The information be received.

CARRIED

*The majority of members present voted IN FAVOUR of the MOTION.
Cr S Reardon DID NOT VOTE on the MOTION.*

Budget Review

6.5.1 First Quarter Budget Review 2019/20

Cr S Reardon declared a perceived conflict of interest on the basis of possibly purchasing property in the Hoyle Green Development. Cr Reardon managed the conflict by remaining in the meeting but not voting on the item.

Moved Cr C Buchanan
Seconded Cr P Jensen

- 1. The budget variances identified in this review and contained in the Budget Variation Summary (Appendix 1) be endorsed and net operating \$1,388,756 be credited to the Sundry Project Fund. This will bring the balance to \$1,388,756.
- 2. Funds be allocated for the following **non-discretionary** net bids:

OPERATING

Salisbury Development Services Insurance	
Premiums	\$ 22,000
Portable CCTV Trial	\$ 65,000

CAPITAL

Confidential Item - Land Acquisition	\$ 779,500
Bridgestone Athletics Facility	\$ 490,000
Hoyle Green Development	(\$ 960,561)
School Zones and Pedestrian Crossings	\$ 120,000
Traffic Counter Renewals	\$ 18,000
Lease to Buy Laptop / PC's	\$ 218,000

TOTAL \$ 751,939

(NB: If parts 1 & 2 of this resolution are moved as recommended this will bring the balance of the Sundry Projects Fund to \$636,817.)

- 3. There are no **discretionary** net bids included in the First Quarter Budget Review.

4. Council approve the following transfers:
1. Transfer \$2,800 contractual services expenditure from the Continuous Improvement fund to Strategic Procurement to perform analysis works.
 2. Transfer \$160,000 from Wages and Salaries Provision to the Operational Readiness program.
 3. Transfer \$336,890 of Carry Forward funds from capital to operating for the Salisbury Community Hub, with no change in the overall budget. Refer Section 2.2 Carry Forward Review of this budget review.
 4. Transfer \$19,000 Legal Expenditure from City Development Administration to Environmental Health to cover ongoing Food Prosecution Act ongoing cases.
 5. **Non-Discretionary** transfer of \$17,000 operating lease budget to capital to contribute toward Budget Review Bid enable the purchase of IT devices as part of transitioning away from Desktop PC's.
5. Loan Borrowings are varied to reflect the bids and transfers endorsed by Council detailed in parts 1 to 4 of this resolution.
- (NB: If parts 1 to 5 of this resolution are moved as recommended loan borrowings in 2019/20 will decrease by \$636,817 to overall indicative loan borrowings of \$159,539, which includes Budget Timing Reinstatements totalling \$12,134,000 from the 2018/19 year and \$8,800,000 from the 2017/18 year, offset by Cash and Facilities Applied \$29,084,000).*
6. The 2019/20 budget be adjusted with \$1,794,000 funds carried forward from 2018/19 (noting \$12,719,500 funds carried forward endorsed August 2019) to be applied as detailed in Carried Forward Review page 5 in Attachment 1 to this report (Item No.6.5.1, Budget and Finance Committee, 18 November 2019).
 7. The 2018/19 project expenditure budgets be adjusted to reflect \$30,000 overstatement in returned funds (noting \$4,545,700, returned funds endorsed August 2019) as detailed in Carried Forwards Review page 5 in Attachment 1 to this report (Item No. 6.5.1, Budget and Finance Committee, 18 November 2019).

CARRIED

*The majority of members present voted IN FAVOUR of the MOTION.
Cr S Reardon DID NOT VOTE on the MOTION.*

OTHER BUSINESS

6.8.1 Financial Reserve Policies Review

Moved Cr N Henningsen
Seconded Cr J Woodman

1. The Open Space Reserve Fund Policy as set out in attachment 2 to this report (Item No. 6.8.1, Budget and Finance Committee, 18/11/2019) be endorsed.
2. The Business Unit Reserve Policy as set out in attachment 3 to this report (Item No. 6.8.1, Budget and Finance Committee, 18/11/2019) be endorsed.

CARRIED

CONFIDENTIAL ITEMS

6.9.1 Salisbury Recreation Precinct Swimming Pool Filtration System

Moved Cr K Grenfell
Seconded Cr S Ouk

1. *Pursuant to Section 90(2) and (3)(h) and (i) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to legal advice; and*
 - *information relating to actual litigation, or litigation that the Council or Council committee believes on reasonable grounds will take place, involving the council or an employee of the Council.*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*

*On that basis the public's interest is best served by not disclosing the **Salisbury Recreation Precinct Swimming Pool Filtration System** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED

The meeting moved into confidence at 8.15 pm.

The meeting moved out of confidence at 8.16 pm.

6.9.2 Action of Rate Accounts Outstanding under Section 184 of the Local Government Act 1999

Moved Cr K Grenfell
 Seconded Cr S Reardon

1. *Pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *This report contains financial and personal information in relation to their personal circumstances, it is adequate that this information remains confidential with a review to possibly remain confidential after 5 years*

*On that basis the public's interest is best served by not disclosing the **Action of Rate Accounts Outstanding under Section 184 of the Local Government Act 1999** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED
 UNANIMOUSLY

The meeting moved into confidence at 8.16 pm.

The meeting moved out of confidence at 8.18 pm.

6.9.3 Action of Rate Assessment for Remission and Postponement of Payment under Section 182 of the Local Government Act

Moved Cr J Woodman
Seconded Cr K Grenfell

1. *Pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *This report contains financial and personal information in relation to their personal circumstances, it is adequate that this information remains confidential for a period of 5 years and after this possibly review for a further period*

*On that basis the public's interest is best served by not disclosing the **Action of Rate Assessment for Remission and Postponement of Payment under Section 182 of the Local Government Act** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED

The meeting moved into confidence at 8.18 pm.

The meeting moved out of confidence and closed at 8.47 pm.

CHAIRMAN.....

DATE.....

ITEM	6.0.1
	BUDGET AND FINANCE COMMITTEE
DATE	09 December 2019
HEADING	Future Reports for the Budget and Finance Committee
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This item details reports to be presented to the Budget and Finance Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 Historically, a list of resolutions requiring a future report to Council has been presented to each committee for noting.

2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 Report authors and General Managers.
- 2.2 External
 - 2.2.1 Nil.

3. REPORT

3.1 The following table outlines the reports to be presented to the Budget and Finance Committee as a result of a Council resolution:

Meeting Item	Heading and Resolution	Officer
24/06/2019 13.2 Due: Deferred to: Reason:	Consideration of Council's Strategic Procurement Direction Council has previously resolved this resolution to be confidential. December 2019 February 2020 Refer to the update report which is part of this agenda.	Charles Mansueto
26/08/2019 1.3.1 Due:	Salisbury Community Hub - Project and Construction Progress Report 2. That the hours of operation to Library Services is increased to provide for the period 8.30am to 9:30am Monday to Friday, with the increase in costs (approximately \$140k) funded through existing salary & wages provision for 2019/20, and a report is brought back as part of the 2020/21 budget process to consider any future funding and service level changes. April 2020	Pippa Webb
26/08/2019 6.1.3 Due:	Event Management Framework and Room Booking Fees & Charges - Salisbury Community Hub 5. That a report on the operation of the Event and Room Booking Framework be brought back to Council following 12 months of operation from the opening of the Salisbury Community Hub. December 2020	Charles Mansueto

4. CONCLUSION / PROPOSAL

3.2 Future reports for the Budget and Finance Committee have been reviewed and at this point in time there are none that require a subsequent report to be presented.

CO-ORDINATION

Officer: Executive Group GMBE
Date: 02/12/19 05/12/19

ITEM	6.0.2
	BUDGET AND FINANCE COMMITTEE
DATE	09 December 2019
HEADING	Council Solutions Dissolution
AUTHOR	Mick Petrovski, Manager Governance - CEO/Governance, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This report seeks a formal resolution of Council supporting the dissolution of Council Solutions, which is a Regional Authority established in 2012, of which the City of Salisbury is a Constituent Council with five other Councils; Adelaide, Charles Sturt, Marion, Onkaparinga, and Tea Tree Gully.

RECOMMENDATION

That:

1. This report be received (“the Report”);
2. Having received and considered all necessary reports and information both recommending and supporting the recommendation to wind up the Council Solutions Regional Authority (Council Solutions), Council resolves, pursuant to Schedule 2 Part 2 Clause 33(1)(a) of the *Local Government Act 1999*, for the reasons set out in the Report, that Council Solutions, being a regional subsidiary under section 43 of the *Local Government Act 1999*, of which the Council is a Constituent Council, be wound up on the following terms:
 - a. surplus assets of Council Solutions will be distributed and all liabilities incurred or assumed by Council Solutions will be met in accordance with the Charter, namely, in proportion to the equity shares of the Constituent Councils; and
3. Council makes formal application and request to the Minister accordingly, for the purpose of achieving the winding up of Council Solutions.
4. The Chief Executive Officer is authorised to make written application and request on behalf of the Council and in conjunction with the other Constituent Councils to the Minister for Transport, Infrastructure and Local Government, for the Minister’s approval to wind up Council Solutions, which request of the Chief Executive Officer is to include:
 - i. the reasons for the request;
 - ii. confirmation that the assets and liabilities have been identified and addressed appropriately in accordance with the Council Solutions' Charter; and
 - iii. a copy of the Report and this resolution.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Council Solutions Update report - 15 April 2019

1. BACKGROUND

- 1.1 Council Solutions was established in 2012 as a Regional Authority. The intended purpose was to “optimise the financial sustainability of its constituent councils through the benefits of collaborative strategic procurement and contract negotiation and management.”
- 1.2 As a regional Authority, Council Solutions has its own corporate and governance arrangements with various staff being members of its board and committees to guide the operations of the authority.
- 1.3 Early in 2019 the City of Salisbury began a process of review regarding the value proposition offered by Council Solutions, relative to our in-house procurement processes.

2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 General Manager Business Excellence
- 2.2 External
 - 2.2.1 Minter Ellison Lawyers

3. REPORT

- 3.1 In February 2019, staff provided a confidential report to the Innovation and Business Development Sub Committee seeking endorsement from Council to assess the value that is being derived from Council Solutions, considering the value being delivered by the City of Salisbury’s Strategic Procurement direction. The confidentiality order for that report remains in place.
- 3.2 Council resolved to “endorse staff to commence discussions with Council Solutions to exit the authority by 1 July 2019, subject to an assessment of the value derived from Council Solutions”, with a further report to be brought back to Council once further discussions had occurred with Council Solutions.
- 3.3 The further report was provided to the Budget and Finance Committee at its meeting on 15 April 2019 (attached) seeking Council endorsement for staff to exit the Council Solutions authority in accordance with the report and the requirements of the Council Solutions Charter, which meant that exit from the Authority would occur by 1 July 2020. Council also resolved for staff to develop a detailed transition plan to effectively manage the transition of contracts from Council Solutions.
- 3.4 Separately, the Board of Council Solutions, comprising an independent Chairperson and the Chief Executive Officers of the constituent Councils, resolved to commence the process to wind-up the Regional Subsidiary - Council Solutions by the 31 December 2019.
- 3.5 Accordingly, staff advised Council that they proposed to proceed, along with other constituent Councils, to wind up Council Solutions, rather than pursue the earlier decision of Council to independently withdraw from Council Solutions.
- 3.6 That advice was provided in a report to Council dated 24 June 2019, and Council resolved to “*endorse the decision of the Council Solutions Board to commence the process to wind-up the Regional Subsidiary - Council Solutions by the 31*

December 2019”, and that “*Council notes a further report will be provided to Council when notification has been received from the Minister*”.

- 3.7 Officers from Council Solutions, during September 2019, requested correspondence from the CEO of the City of Salisbury confirming Council’s support for the dissolution and seeking the Minister’s support. That letter was, along with similar letters from each Constituent Councils, sent to Minister Knoll indicating the collective intent and seeking his support.
- 3.8 The response from the Minister to Council Solutions was to seek unambiguous resolutions from each Constituent Council confirming that they wanted the Authority wound up, or dissolved.
- 3.9 Accordingly, Council Solutions sought legal advice from Minter Ellison to draft a resolution that will satisfy the requirements of the *Local Government Act 1999* and enable the Minister to give his approval to the dissolution of Council Solutions.
- 3.10 That draft resolution from Minter Ellison forms the recommendation of this report.

4. CONCLUSION

- 4.1 Council Solutions is a Regional Authority established in 2012, comprised of six Constituent Councils; Salisbury, Adelaide, Charles Sturt, Marion, Onkaparinga, and Tea Tree Gully.
- 4.2 The Board of Council Solutions, comprising an independent Chairperson and the Chief Executive Officers of the constituent Councils, resolved to commence the process to wind-up the Regional Subsidiary - Council Solutions by the 31 December 2019.
- 4.3 The Minister for Local Government seeks an unambiguous resolution from each Constituent Council confirming that they want the Authority wound up, or dissolved, to satisfy the requirement of the *Local Government Act 1999*, in order to consider giving his approval.
- 4.4 An appropriate resolution has been drafted by Minter Ellison Lawyers and forms the recommendation of this report.

CO-ORDINATION

Officer: CEO
Date: 05/12/19

CONFIDENTIAL*(CEO revoked confidentiality on 11/11/2019, pursuant to resolution 0160 of 23/04/2019)*

ITEM	6.9.2
	BUDGET AND FINANCE
DATE	15 April 2019
HEADING	Council Solutions Update
AUTHOR	Matt Harris, Manager Strategic Procurement, Business Excellence
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making. 4.4 Embed long term thinking, planning and innovation across the organisation.
SUMMARY	<p>The City of Salisbury has participated in Council Solutions since 2012. Previously procurement collaboration across Councils occurred through the G6 which transitioned into Council Solutions.</p> <p>In 2016 the City of Salisbury embarked on a Strategic Procurement transformation which has delivered tangible benefits to the organisation through increased value through the procurement processes.</p> <p>This transformation has led to a review of the value proposition that Council Solutions authority is providing the City of Salisbury.</p>

RECOMMENDATION

1. It is recommended that Council endorse staff to exit the Council Solutions authority in accordance with this report and the requirements of the Council Solutions Charter.
2. Staff develops a detailed transition plan to effectively manage the transition of contracts from Council Solutions, noting that some contracts are in place to September 2021.
3. Pursuant to Section 91(7) of the Local Government Act 1999, it is recommended that the report, attachments, presentation, discussion, recommendations and minutes for this item will remain confidential and not available for public inspection until 30 June 2020.
4. Pursuant to Section 91(9)(c) of the Local Government Act 1999, the power to revoke the order under Section 91(7)(a)&(b) prior to any review or as a result of any review is delegated to the Chief Executive Officer.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Strategic Procurement Dashboard

1. BACKGROUND

- 1.1 Council Solutions consists of six constituent Councils:

ITEM 6.9.2

CONFIDENTIAL

- 1.1.1 City of Salisbury;
 - 1.1.2 City of Onkaparinga;
 - 1.1.3 City of Adelaide;
 - 1.1.4 City of Marion;
 - 1.1.5 City of Tea Tree Gully; and
 - 1.1.6 City of Charles Sturt.
- 1.2 Council Solutions was established in 2012 as a Regional Authority. Their intended purpose is to “optimise the financial sustainability of its constituent councils through the benefits of collaborative strategic procurement and contract negotiation and management.”
- 1.3 As a regional Authority, Council Solutions has its own corporate and governance arrangements with various staff being members of its board and committees to guide the operations of the authority.
- 1.4 In February 2019, staff provided a report to the Innovation and Business Development Sub Committee seeking endorsement from Council to assess the value that is being derived from Council Solutions, considering the value being delivered by the City of Salisbury’s Strategic Procurement direction.
- 1.5 Council subsequently resolved:

It is recommended that Council endorse staff to commence discussions with Council Solutions to exit the authority by 1 July 2019, subject to an assessment of the value derived from Council Solutions.

A further report be brought back to Council once further discussions have occurred with Council Solutions that will also include any formal decision required by Council should exiting Council Solutions be a viable proposition.

The report to include an assessment of any impacts, opportunities and a transition plan to effectively manage the transition of contracts from Council Solutions, noting that some contracts are in place to September 2021.

Pursuant to Section 91(7) of the Local Government Act 1999, it is recommended that the report, attachments, presentation, discussion, recommendations and minutes for this item will remain confidential and not available for public inspection until 29 February 2020.

Pursuant to Section 91(9)(c) of the Local Government Act 1999, the power to revoke the order under Section 91(7)(a)&(b) prior to any review or as a result of any review is delegated to the Chief Executive Officer.

Resolution No. 0110/2019

1. REPORT

- 1.1 Following a review and assessment of the value being derived from Council Solutions and considering:

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- 1.1.1 The value being derived for our own approach to procurement (approx. \$2.2m since mid-2016) has delivered greater value than what is evident from Council Solutions arrangement;
 - 1.1.2 Impact on achieving Northern Region targets due to contracts needing to cover a wider region not just focused on local content; and
 - 1.1.3 Concern with the current funding model linked to value of goods & services procured.
- It is proposed to transition out of Council Solutions.
- 1.2 Subject to support from Council to progress this, staff will engage with Council Solutions and develop a transition plan to manage the existing contracts in place through Council Solutions.
 - 1.3 Proposed Transition Plan:
 - 1.3.1 Provide formal notice to Council Solution of the intention to exit with at least 6 months' notice as required under the Council Solutions Charter;
 - 1.3.2 Majority approval is required by the Board, and
 - 1.3.3 Also the Ministers approval will be required but is not expected to be an issue.
 - 1.3.4 The actual exit date subject to the above, will occur on 30 June after the expiry of the 6 months' notice, which in our situation will be 30 June 2020.
 - 1.3.5 Develop interim (short term) procurement strategies for all contracts expiring in Financial Year 18/19 within procurements standard procurement timeframes;
 - 1.3.6 Develop procurement strategies for all other contracts, acknowledging that the longest contract (Road Resealing) expiry is the 30th of September 2021.
 - 1.3.7 Note that we would gradually reduce the cost of Council Solutions membership, approximately \$175,000 per annum, as we transition out of the various contracts.
 - 1.3.8 An assessment of resourcing requirements will be monitored during this transition.
 - 1.4 Strategic Procurement has successfully delivered over \$2.2m in tangible benefits in Cost Avoidance and Cost Reduction since commencing its transformation.
 - 1.4.1 FY16/17 = \$0.52m;
 - 1.4.2 FY17/18 = \$1.04m (first full financial year); and
 - 1.4.3 FY18/19 (to 31 December 18) = \$0.71m.
 - 1.5 Strategic Procurement has also been able to focus on the Northern Region Economic Benefit agenda with \$38.5m spent in FY16/17, \$32m spent in FY17/18 and \$13.2m spent in FY18/19 (to 31 December 2018).
 - 1.6 The Chief Executive Officer has advised the Council Solutions Board of Council's intent to exit the authority, pending formal endorsement by Council.

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- 1.7 The current status of not formally advising Council Solutions of our intent to exit, has created difficulties as contracts become due for renewal.
- 1.8 The approach has been not to join in any new contracts through Council Solutions and negotiate with the existing provider a short term contract while formal resolution of our position is able to be communicated.
- 1.9 Should Council determine not to support exit of Council Solutions, we would be able to rejoin the contracts as a constituent Council.

2. CONCLUSION / PROPOSAL

- 2.1 It is recommended that Council endorse staff to exit the Council Solutions authority in accordance with this report and advise the Council Solutions board of this decision.
- 2.2 Staff develops a detailed transition plan to effectively manage the transition of contracts from Council Solutions, noting that some contracts are in place to September 2021.

CO-ORDINATION

Officer: Executive Group
Date: 08/04/2019

