

Long Term Financial Planning

Introduction

This policy ensures that the Shire's long-term financial planning is based on a structured and consistent methodology in order to ensure long-term financial sustainability of the Shire.

Objective

To establish a strategic financial framework that ensures the Shire has sufficient and cost-effective funding to achieve its short-term and long-term operating, and capital budgets.

Scope

This policy applies to the development and review of the Shire's long-term financial planning.

Definitions

| Term | Definition |
|-----------------------|---|
| Act | <i>Local Government Act 1995.</i> |
| Assurance Cycles Plan | The 10-year Assurance Cycles Plan adopted by Council in April 2021 (as amended from time to time). |
| CEO | Chief Executive Officer |
| Council | The local government, responsible for making decisions in formal meetings held under the auspices of Part 5 of the <i>Local Government Act 1995</i> and under the <i>Shire's Standing Orders Local Law 2008</i> . |
| ISP documents | Integrated Strategic Planning documents are a combination of the Shire's: (a) Asset Management Plans; (b) Strategic Community Plan; (c) Corporate Business Plan; and the (d) Workforce Plan. |
| LTFP | The Long-term Financial Plan. |
| Regulations | <i>Local Government (Financial Management) Regulations 1996.</i> |
| Shire | The Shire of Toodyay. |

Policy Statement

The LTFP indicates a local government's long-term financial sustainability, allows early identification of financial issues and their longer-term impacts, shows the linkages between specific plans and strategies, and enhances the transparency and accountability of the Council to the community.

The LTFP is developed by the Shire, utilising its Annual Budget, Assurance Cycles Plan, and ISP documents.

1. Long Term Financial Planning

The LTFP sets out estimated expenditure over a ten-year period, based on resources necessary to achieve community goals and objectives. The LTFP includes, but is not limited to, the following:

- (a) Major underlying assumptions;
- (b) Projections of operating revenues and expenses;
- (c) Expected rate yield and percentage change from previous periods;
- (d) Major capital outlays separated into components of new and renewal;
- (e) Variations in net debt levels;
- (f) Changes in the value of reserve balances; and
- (g) Sensitivity analysis (changes most likely to affect the LTFP); and a
- (h) Strategic Asset Management Planning
- (i) An analysis of the impact of future changes in services levels;
- (j) An explanation of the strategic financial direction and rationale underpinning the Plan;
- (k) Details of strategic initiatives contained within the Plan; and
- (l) Strategic financial parameters and targets.

2. Planning Principles

LTFP Principles are based on:

- (a) Future financial viability of the Shire;
- (b) Optimal revenue collection, taking into consideration the socio-economic environment;
- (c) Optimal utilisation of grant funding;
- (d) Continuous improvement and expansion in the quality-of-service delivery;
- (e) Ensuring asset management is sustainable; and
- (f) Borrowing only for substantial long-term assets at affordable levels.

3. Annual Budget

The Annual Budget is developed from a base; being the first year of the Council's Adopted LTFP, in a form that is consistent with Regulations.

4. Annual Review

The review of the LTFP and Assurance Cycles Plan is to coincide with the annual budget process. Updates of the LTFP will include:

- (a) any direct change in financial status or internal factors, other than previously predicted, which may influence the financial status and viability of the Shire;
- (b) any changes in the economic and socio-economic environment, other than previously predicted, which may influence the financial status of the Shire;
- (c) any changes in the revenue base or composition which may have an impact on the financial viability of the Shire;
- (d) any changes in the community priorities as previously identified; and
- (e) any factors which may have an impact on the ability to implement previously identified projects.

Reference Information

- [Long-Term Financial Plan Guidelines](#) – Integrated Planning and Reporting – Department of Local Government, Sport and Cultural Industries.
- [Risk Management](#) (ADM18).

Legislation

- *Financial Management Act 2006*;
- *Local Government Act 1995*;
- *Local Government (Financial Management) Regulations 1996 (r.22)*;
- *Records Management Act 2000*.

Associated documents

10-year Assurance Cycles Plan.

[Infrastructure Asset Management Plan](#)

[Long-term Financial Plan](#)

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