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1. PREAMBLE

1.1 Background

This policy is made pursuant to Section 48(aa1) of *the Local Government Act 1999 (the Act)*, which provides that Council must develop and maintain policies practices and procedures for the assessment of projects to ensure that the Council:

- (a) acts with due care diligence and foresight; and
- (b) identifies and manages risks associated with a project; and
- (c) makes informed decisions; and
- (d) is accountable for the use of Council and other public resources.

1.2 Purpose

This policy ensures that decision making in respect of any project is made with reliable, accurate and timely information. This policy seeks to enhance Council's existing policies governing Council's strategic management processes.

1.3 Scope

Under Section 48(1) of the Act, there are specific prudential review requirements for projects that meet the following criteria:

- (a) where the expected expenditure of Council over the ensuing five years is likely to exceed 20 per cent of the Council's average operating expenses over the previous five financial years; or
- (b) The expected capital costs over the ensuing five years is likely to exceed \$4.5 million (indexed); or
- (c) Council considers that it is necessary or appropriate.

In accordance with Section 48(3) this policy does not apply to road construction or maintenance or drainage works.

1.4 Definitions

Project May include a new or discrete undertaking or activity that would involve the expenditure of money, deployment of resources.

1.5 Strategic Reference

Culture: Being financially accountable

Culture: Supporting excellent, efficient operations

2. PRINCIPLES

2.1 Prudential Report

Projects falling within the scope of this policy require a Prudential Report and the following criteria will be applied.

2.2 Prudential Report Author

Council will engage a suitably qualified independent author to undertake Prudential Reviews in accordance with this policy. This may be an employee of Council; however in such instance the person must not have an interest in the proposed project.

2.3 Prudential Report content

In accordance with Section 48(2) of the Act, the report will address the following:

- (a) the relationship between the project and relevant strategic management plans
- (b) the objectives of the Development Plan in the area where the project is to occur
- (c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in away that ensures fair competition in the market place;
- (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;
- (e) if the project is intended to produce revenue, revenue projections and potential financial risks;
- (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;
- (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;
- (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);
- (i) the most appropriate mechanisms or arrangements for carrying out the project.

2.4 Consideration of the Prudential Report

The author will prepare a Prudential Report in accordance with this policy and the legislation for consideration of Council prior to the project commencement.

2.5 Public Access of the Prudential Report

The Prudential Review Report will form part of the Council Agenda papers and will be a public document unless it been determined otherwise by the Council in accordance with Section 90 of the Local Government Act 1999.

3. REFERENCES

3.1 Legislation

- *Local Government Act 1999*

3.2 Other References

- Procurement Policy
- Risk Management Policy