

CONFIDENTIAL

Service Review - Fleet Management and Maintenance - Report

Report Reference: FAC210223F01

Moved Councillor Duncan, Seconded Ms Rantanen

That pursuant to Section 90(2) and (3)(a) and (d) of the *Local Government Act 1999*, the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull - Chief Executive Officer, Tony Lines - General Manager City Services, Sorana Dinmore - General Manager Corporate Services, Ilia Houridis - General Manager City Development, Ray Barnwell - Manager Finance, Jamie Dunncliff - Manager Strategic Procurement Services, Fiona Harvey - Manager Operations, Karen Cocks - Manager Customer Experience, Kate McKenzie - Manager Corporate Governance, Vicky Travers - Performance and Innovation Lead, Karen Brewster - Business Analyst and Mel Nottle-Justice - Business Improvement Officer be excluded from the meeting as the Committee receives and considers information relating to the *Service Review – Fleet Management and Maintenance – Report*, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to personnel matters and commercial information of a confidential nature.

Carried Unanimously

2.03 pm the meeting went into confidence.

The General Manager City Services provided an overview of the report highlighting the opportunities for improvement. The key recommendation from the review regarded the appointment of a joint Fleet Manager across the Councils.

The Committee commented that this was a good report and demonstrated solid analysis. The Committee observed that the City of Marion is often a leader in the collaborative work however, the Council may gain more value from collaboration work when there is an opportunity to learn from others.

The Committee:

- Sought clarity regarding which Council will own the asset if they are a shared resource? Management advised that one Council will purchase and own the asset, then invoice the other Council's at the agreed rate for the use of the equipment.
- Queried how the scheduling will occur for the use of assets? Management advised that this will be managed by the team responsible for the service and based on availability of resources and equipment. The irrigation program was provided to the Committee as a current example regarding how this can work.
- Sought clarity regarding what formula and forecasting was used when determining the useful life of the assets? The Committee was advised that a large body of work was completed approximately three years ago when trying to determine appropriate replacement timing based on age and mileage. The replacement schedule was amended as a result with heavy fleet now being sold at approximately 10 years (previously seven) and still receiving good resale value. This resulted in a reduction in whole of life costs to the asset.
- Noted that the fleet costs and forecast from the Asset Management Plan are now included within the Long Term Financial Plan.
- Queried the 0.9 ratio on page 13 and requested an explanation. Advice was provided that it represented that for every \$10 budgeted, there was \$9 spent
- Sought clarity regarding how a mutual decision is made regarding specifications. Management confirmed this was achieved through Councils specifying what they need rather than what they want and agreeing on non-negotiable specifications. It was anticipated that the introduction of a joint Fleet Manager will standardize specification and manage this across the three councils.

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- Queried if management knew or had a number in mind regarding how much fleet will be shared. It was advised that there was no specific number but would be based on under utilized equipment or fleet.

It was noted that the new Fleet Manager will report to the Strategic Procurement Lead to ensure equity. The Committee made a final point that it may be helpful for staff who work across all three Councils to have the opportunity to meet and share common issues.

Moved Ms Rantanen, Seconded Councillor Duncan.

That the Finance and Audit Committee:

- 1. Notes the Fleet Management and Maintenance Cross Council Service Review as provided in Attachment 1.**
- 2. In accordance with Section 91(7) and (9) of the *Local Government Act 1999*, orders that this report, the attachments and any minutes arising from this report having been considered in confidence under Section 90 (2) and (3)(a) and (d) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2021.**

Carried Unanimously

2.22pm the meeting came out of confidence

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Internal Audit Contract

Report Reference: FAC210223F02

Moved Councillor Duncan, Seconded Ms Rantanen

That pursuant to Section 90(2) and (3)(d) of the Local Government Act 1999, the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull -Chief Executive Officer, Ilia Houridis - General Manager City Development, Sorana Dinmore - General Manager Corporate Services, Tony Lines - General Manager City Services, Kate McKenzie Manager Corporate Governance, Victoria Moritz - Acting Unit Manager Governance and Council Support, be excluded from the meeting as the Committee receives and considers information relating to the Internal Audit Contract, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the management of the contract.

Carried Unanimously

2.22pm the meeting went into confidence

The Manager Corporate Governance provided an overview of the current contract arrangements. The Committee had a general discussion about KPMG and agreed with the recommendation to extend the current contract.

Moved Ms Rantanen, Seconded Councillor Duncan

That the Finance and Audit Committee:

- 1. Recommends to Council that the KPMG Internal Audit Contract be extended until June 2023.**
- 2. In accordance with Section 91(7) and (9) of the Local Government Act 1999, the Finance and Audit Committee orders that this report, and any minutes arising from this report, having been considered in confidence under Section 90 (2) and (3)(b)(i)(ii) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting or until the new contract has been executed. This confidentiality order will be reviewed at the General Council Meeting in December 2021.**

Carried Unanimously

2.26 pm the meeting came out of confidence