

# LGFA Quarterly Report

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 11 June 2020  
**Reporting officer:** Sue Davidson, GM Sustainable Growth & Investment

## Purpose/Ngā whāinga

This report is for information only. Council is a member of Local Government Funding Agency (LGFA) and a guarantor. Reports are provided regularly by LGFA and it is appropriate that the Audit, Risk and Finance Committee understand the benefit and risks of our membership and receive a report twice a year.

## Executive summary/Whakarāpopototanga

The report from LGFA details the key performance indicators and how the Local Government Funding Agency has performed. The report is positive although not all the key performance Indicators were met.

## Recommendation/Ngā tūtohunga

That the Audit, Risk and Finance Committee

- a) Notes the Quarterly Report from LGFA ending 31 March 2020.

## Context/Horopaki

Council is a member of LGFA and a guaranteeing Council. All Council's borrowings are made through LGFA and total \$44,000,000 as at 30 June 2019. The interest rate is slightly cheaper than that charged by other lenders.

In February/March 2020, LGFA passed an amendment to allow LGFA to lend to CCOs and CCTOs, to enable them to have access to a cheaper rate of interest. These organisations (CCO and CCTO) can be the most risky businesses, however LGFA has secured any borrowings by the parent Council's guarantee so there would not be any cost to other shareholders or guarantors.

## Discussion/Ngā kōrerorero

In the LGFA report (**Attachment 1**), Page 6, describes how LGFA performed against KPIs and meeting most, and page 8 of the report shows how they performed in comparison to the requirements of the Statement of Intent for the LGFA. Committee members will be interested to see that they are providing a lower rate of interest than the general market.

LGFA have just announced they will relax the requirements for net debt to total revenue ratio due to COVID-19 (**Attachment 2**). The proposed change is to provide greater financial flexibility and borrowing capacity for such Local Authorities as a result of the short-term impacts of COVID-19 and the medium-term structural changes to infrastructure requirements.

### Policy and planning implications

The Treasury Policy allows the Council to borrow from a number of banks or other agencies. LGFA remains the cheapest.

### Financial implications

Council receives on average a cheaper interest rate of at least 10 basis points.

### **Risks and mitigations**

That a member council finds itself with larger debt than it can afford to repay, and calls are made on member councils. This is mitigated by having to adhere to certain treasury ratios enforced by LGFA and reported on 6 monthly to LGFA.

### **Significance and engagement/Hirahira me ngā whakapapa**

The decisions or matters of this report do not trigger the significance criteria outlined in council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

### **Attachments/Ngā tapiritanga**

	Title
1	LGFA Quarterly Report
2	LGFA Changes to Foundation Policies