

4.2 POLICY AND STRATEGY

4.2.1 Q1 Quarterly Performance Report

File Id:

Responsible Officer:

Director Corporate Services

Attachments:

Quarterly Performance Report 1 July – 30
September 2020

Financial Report 1 July – 30 September 2020

Report Summary

This report details Council's progress for the period 1 July to 30 September 2020 against performance targets outlined in the Council Plan 2017-21 and the Amended Budget 2020-21.

Recommendation Summary

This report recommends that Council notes the achievements against the Council Plan indicators and the Amended Budget for the period ending 30 September 2020.

4.2.1 Q1 Quarterly Performance Report (Cont.)

Background

Council adopted the Council Plan 2017-21 (Revised 2020) and Annual Plan 2020-21 on Monday 22 June 2020, and the Amended Budget on Monday 14 September 2020.

The Council Plan 2017-21 outlines the vision and objectives of the current Council over the four years of its term in office. This document guides service delivery, innovation and good governance, and provides the foundation for the corporate planning framework for all business activities. The Council Plan also guides the budget, service delivery priorities and the continuous improvement of our services.

The Council Plan 2017-21 and Annual Budget 2020-21 are made available to residents through the Customer Service Centres, libraries and on Council's website at www.greaterdandenong.com

Progress against performance targets for the period 1 July to 30 September 2020 is outlined in two components of this report:

Part 1 – The Quarterly Performance Report details the achievements for the Council Plan Indicators from the Council Plan 2017-21.

Part 2 – The Financial Report is designed to inform Councillors of the results of operations for the period 1 July to 30 September 2020 including financial performance against the Amended Budget adopted by Council on Monday 14 September 2020.

Part 1 and Attachment 1: Quarterly Performance Report for the period 1 July to 30 September 2020

Performance highlights against the Council Plan strategic objectives include:

A vibrant, connected and safe community

- Youth and Family Services supported 89 families and 201 children.
- 185 food premises were inspected.
- 523 secondary school students and 697 additional children and adolescents under 20 were immunised.
- 464 families registered for the 2020 Big Day In event which was the online version of Little Day Out.

A creative city that respects and embraces diversity

- 20 online workshops for community arts participation were offered.
- The Home exhibition had 2,451 views for the online exhibition.
- 15 actions have commenced from the Greater Dandenong People Seeking Asylum and Refugee Action Plan 2018-21.

A healthy, liveable and sustainable city

- 1,067 street trees were planted.

4.2.1 Q1 Quarterly Performance Report (Cont.)

- The Climate Emergency Strategy was adopted by Council on 24 August.
- The Urban Forest Strategy is currently being developed.
- Eight inspections have taken place of materials recycling and green waste processing sites.
- Dandenong Park improvements including the rotary water wheel, tree planting and outdoor furniture are nearing completion and expected to be open to the community in October.

A city planned for the future

- A review of the Greater Dandenong Housing Strategy has commenced.
- The Springvale Community Hub reached practical completion.
- A Business Case is currently under development for the new Dandenong Aquatic and Leisure Centre.
- Council is advocating with State and Federal governments to increase the number of social and affordable housing stock in the municipality.
- The revised Open Space Strategy was adopted on 24 August.

A diverse and growing economy

- 82 students from eight schools attended SEBN's "Lunch with the Winners".
- 11,000 contacts received the 'Talking Business' magazine online, or in hard copy.
- 23 network activities were conducted with a total of 430 participants.

The Tourism and Regional Food Strategies action lists have been refreshed and implementation continues.

An open and effective Council

- Council's social media platforms grew by 4.5 per cent.
- Council adopted its Audit and Risk Committee Charter on 13 July.
- The Year One Action Plan has been developed for the Information Technology and Digital Strategy 2020-25 to be reviewed by the IT Steering Committee.
- Implementation of the new Asset Management System has commenced.
- The consultation process for the new Council Plan has commenced and a new engagement portal has been created.

4.2.1 Q1 Quarterly Performance Report (Cont.)**Part 2 and Attachment 2: Financial Report for the period 1 July to 30 September 2020**

The attached financial report is designed to inform Councillors of the results of operations for the period 1 July 2020 to 30 September 2020 including financial performance against the Amended Budget adopted by Council on 14 September 2020.

The financial report incorporates a set of Financial Statements and a Directorate Analysis of financial performance by Business Unit. The following are contained in the Attachment:

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Capital Expenditure Statement
- Capital Expenditure report
- Investment Report
- Directorate Analysis

Whilst the Financial Statements are prepared in accordance with Australian Accounting Standards, they contain several items which are “non-cash” in nature such as depreciation on assets and the written down (book) value of assets sold. They also exclude capital expenditure, new borrowings and loan repayments and as such, these Statements do not provide an accurate indication of the surplus/deficit cash position within a financial year.

The table on the following page provides a management accounting summary of the financial performance for the period 1 July 2020 to 30 September 2020 which removes non-cash items and adds back cash items that are excluded from the financial statements.

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**Management Accounting Summary
for the period 1 July 2020 to 30 September 2020**

Description	YEAR TO DATE			FULL YEAR		
	ACTUAL \$'000	AMENDED BUDGET \$'000	VARIANCE Fav(unfav) \$'000	AMENDED BUDGET \$'000	ORIGINAL BUDGET \$'000	VARIANCE Fav(unfav) \$'000
Income Statement						
Income	51,120	50,662	458	228,964	226,225	2,739
Expenditure	43,772	46,282	2,510	204,161	196,467	(7,694)
Net surplus - ongoing operations	7,348	4,380	2,968	24,803	29,758	(4,955)
Management Accounting reconciliation						
<i>Add back (less) non cash items</i>						
Depreciation	7,855	7,855	-	31,433	31,433	-
Amortisation - right of use assets	145	-	145	-	-	-
Contributions non-monetary assets	(298)	(298)	-	(15,000)	(15,000)	-
Prior year capital expenditure unable to be capitalised	411	-	411	-	-	-
Written down value of assets sold/disposed	15	15	-	309	309	-
Sub total	8,128	7,572	556	16,742	16,742	-
Net operating surplus	15,476	11,952	3,524	41,545	46,500	(4,955)
<i>Add/less non operating cash items</i>						
Capital expenditure	11,145	6,694	(4,451)	74,956	43,705	(31,251)
Net transfers to (from) reserves	(2,068)	2,055	4,123	(6,239)	(331)	5,908
Repayment of borrowings	802	802	-	3,126	3,126	-
Repayment of lease liabilities	92	-	(92)	-	-	-
Sub total	9,971	9,551	(420)	71,843	46,500	(25,343)
Cash surplus (deficit)	5,505	2,401	3,104	(30,298)	-	(30,298)
Accumulated surplus brought forward	-	-	-	31,169	-	31,169
Surplus (deficit) position	5,505	2,401	3,104	871	-	871

Results for the period 1 July 2020 to 30 September 2020

The overall management accounting result (after removing non-cash items) for the period 1 July 2020 to 30 September 2020 shows a favourable variance between the budget and actual of \$3.10 million. The variance is mainly due to a favourable surplus from ongoing operations (mainly lower than anticipated operating expenditure).

Capital expenditure is \$4.45 million higher than the year to date budget (with a further \$16.85 million committed at 30 September 2020). The unfavourable variance relates mainly to two open space property acquisitions that have been funded from the Open Space Acquisitions reserve and will be adjusted in the Mid-Year Budget review.

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2020-21 Budget and the COVID-19 pandemic

A detailed review of the 2020-21 first quarter impact from COVID-19 stage four restrictions is currently underway and will be adjusted as part of the Mid-Year Budget review.

INCOME

Income for the period ended 30 September 2020 is favourable against budget. This is primarily due to the following:

Grants – operating (\$906,000 favourable) – Receipt of unbudgeted grant funding for the Work for Victoria fund (Corporate Accounting \$498,000), Community Revitalisation Project (Business Networks \$126,000) and Drug Strategy program (Community Wellbeing \$34,000) combined with additional funding received for Family Day Care (\$347,000) and Child First (\$101,000).

These favourable variances are partly offset by lower than anticipated grant funding based on target achievement for Home and Community Care (\$353,000) and Planned Activity Group (\$57,000).

These items will be considered during the Mid-Year Budget review.

Contributions – monetary (\$483,000 favourable) – Favourable variance due to better than anticipated income from public open space contributions (Non-Directorate \$483,000). The nature of these receipts makes timing difficult to predict. These funds are transferred to reserves.

The favourable variances in income are partly offset by unfavourable variances in:

User fees (\$444,000 unfavourable) – Mainly due to a reduction in the Family Day Care (FDC) administration levy fee income which is offset by higher FDC grant subsidy income (Community Services \$269,000) and unfavourable variances in fee income from parking ticket machines/meters, parking permits and building permits (City Planning, Design and Amenity \$176,000).

Other income (\$241,000 unfavourable) – Due to lower than anticipated interest returns on investments mainly due to lower interest rates (Non-Directorate \$171,000). It is estimated that the full year impact of lower investment returns will result in lower income of around \$800,000. This will be referred to the Mid Year Budget Review process.

Statutory fees and fines (\$217,000 unfavourable) – Due to lower than anticipated income from parking and animal infringements (Regulatory Services \$119,000), planning applications, local laws, health and food infringements (Building and Compliance Services \$97,000).

EXPENDITURE

Actual expenditure at 30 September 2020 against the budget is favourable by \$2.51 million. The major variances are in employee costs and materials and services.

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Employee costs (\$1.83 million favourable) – This favourable variance is mainly due to staff recruitment occurring later than planned and a delay in commencement of grant funded projects (Community Services \$1.34 million, City Planning, Design and Amenity \$399,000 and Corporate Services \$146,000). Of the \$1.34 million favourable variance in Community Services, \$626,000 relates to grant funded programs which require an acquittal.

Materials and services (\$1.16 million favourable) – The major items contributing to this favourable variance are:

- Contract services (\$623,000) – mainly due to delay in commencement of works and receipt of invoices (Engineering Services \$514,000).
- Utilities (\$426,000) – mainly due to lower than anticipated street lighting costs to date (Engineering Services \$302,000).
- Administration costs (\$290,000) – lower than anticipated expenditure across a range of accounts including promotions, community education, postage/courier, printing/stationery, Council publications, fuel, postage, advertising and events (Community Services \$125,000, Engineering Services \$63,000 and Corporate Services \$51,000).

The favourable variances detailed above are partly offset by an unfavourable variance in insurance premium costs which will be referred to the Mid-Year Budget review (Risk Management \$165,000).

Capital expenditure

Total capital expenditure at 30 September 2020 was \$11.15 million. A further \$16.85 million was committed at the end of September. The capital works program comprises of asset renewal, expansion, upgrade and the investment in new assets.

Proposal

That Council notes the progress against performance targets outlined in the Council Plan 2017-21 for the period 1 July to 30 September 2020 and the Financial Report for the period 1 July to 30 September 2020.

Community Plan 'Imagine 2030' and Council Plan 2017-2021 – Strategic Objectives, Strategies and Plans

After consultation with the Greater Dandenong community on what kind of future they wanted to see for themselves and the City in 2030, the result was the Greater Dandenong Community Plan 'Imagine 2030'. This report is consistent with the following community visions:

Community Plan 'Imagine 2030'

People

- *Pride* – Best place best people
- *Cultural Diversity* – Model multicultural community
- *Outdoor Activity and Sports* – Recreation for everyone
- *Lifecycle and Social Support* – The generations supported

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Place

- *Sense of Place* – One city many neighbourhoods
- *Safety in Streets and Places* – Feeling and being safe
- *Appearance of Places* – Places and buildings
- *Travel and Transport* – Easy to get around

Opportunity

- *Education, Learning and Information* – Knowledge
- *Jobs and Business Opportunities* – Prosperous and affordable
- *Tourism and visitors* – Diverse and interesting experiences
- *Leadership by the Council* – The leading Council

Council Plan 2017-2021

The Council Plan describes the kind of future the Council is working for, and how Council will do this over four years. This report is consistent with the following goals:

People

- A vibrant, connected and safe community
- A creative city that respects and embraces diversity

Place

- A healthy, liveable and sustainable city
- A city planned for the future

Opportunity

- A diverse and growing economy
- An open and effective Council

Related Council Policies

This report is in accordance with Council's policy of providing regular information and feedback to Council and the community about Council's financial position.

Victorian Charter of Human Rights and Responsibilities

All matters relevant to the Victorian Human Rights Charter have been considered in the preparation of this report and are consistent with the standards set by the Charter.

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Financial Implications

The financial position of the Council will be monitored against the approved Amended Budget to ensure that Council achieves its financial goals.

Consultation

The Chief Executive Officer, Directors and staff responsible for reporting were consulted. Council's Finance Department has prepared the financial statements and all other attachments with feedback from Business Unit Managers.

Conclusion

Greater Dandenong City Council provides a performance report against organisational objectives on a quarterly basis. The reporting procedures and systems in place provide Councillors and the community with the opportunity to monitor progress against Council Plan Indicators and the Annual Budget. This ensures that all resources are managed effectively and accountably. Council will be kept informed of the financial position on a quarterly basis, as is current practice.

Recommendation

That Council notes the progress against the performance targets outlined in the Council Plan 2017-21 for the period 1 July to 30 September 2020 and the financial report for the period 1 July to 30 September 2020.

MINUTE 21

Moved by: Cr Tim Dark
Seconded by: Cr Rhonda Garad

That Council notes the progress against the performance targets outlined in the Council Plan 2017-21 for the period 1 July to 30 September 2020 and the financial report for the period 1 July to 30 September 2020.

CARRIED