

4.2 POLICY AND STRATEGY

4.2.1 Q2 Quarterly Performance Report

File Id:

Responsible Officer:

Director Corporate Services

Attachments:

Quarterly Performance Report 1 October – 31
December 2020
Financial Report 1 July – 31 December 2020

Report Summary

This report details Council's progress for the period 1 October to 31 December 2020 against performance targets outlined in the Council Plan 2017-21 and the Mid-Year Budget 2020-21.

Recommendation Summary

This report recommends that Council notes the achievements against the Council Plan indicators and the Mid-Year Budget for the period ending 31 December 2020.

4.2.1 Q2 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 Mid-Year Budget on Monday 14 December 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 October to 31 December 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 31 December 2020 including financial performance against the Mid-Year Budget adopted by Council on Monday 14 December 2020.

Part 1 and Attachment 1: Quarterly Performance Report for the period 1 October to 31 December 2020

Performance highlights against the Council Plan strategic objectives include:

A vibrant, connected and safe community

- Youth and Family Services engaged with 146 people in the COVID-19 research project.
- The Walk Against Family Violence was replaced this year with an online event focussing on the 16 Days of Activism.
- 21 of the actions from the Make Your Move Physical Activity 2020-30 are progressing well with only six to commence.
- Council's Carols event was held on 11 December as an online event, attracting an estimated 300 people.
- The Community Development Framework and Community Hubs Framework have been revised and will be out for public comment from 1-28 February.
- Council's draft Reconciliation Action Plan was endorsed by Council on 14 September.

A creative city that respects and embraces diversity

- 22 community arts participation opportunities were offered online and in person.

4.2.1 Q2 Quarterly Performance Report (Cont.)

- The 2020 Children's Forum was held online and attracted 126 children aged 7-12 from 17 local primary schools.
- Planning has commenced for the Springvale and District Historical Society to move into the Springvale Community Hub.

A healthy, liveable and sustainable city

- The 2020 tree planting program is complete and trees are now under maintenance.
- The draft Urban Forest Strategy is complete and due to go out for public comment in February.
- Six inspections have taken place of materials recycling and green waste processing sites.
- Implementation of the Climate Emergency Strategy and Action Plan has begun with a focus on Councillor and Officer climate change awareness training and capacity building for the internal Climate Emergency Implementation Group.

A city planned for the future

- The Springvale Community Hub community opening is scheduled for February.
- Detailed design of the Keysborough South Community Hub is nearing completion.
- The draft Business Case for the Dandenong Aquatic and Leisure Centre is complete.
- Council's advocacy to the State Government in regards to increasing access and availability of social housing stock has been successful. A \$5.3 billion Big Housing Build project has been announced to establish 12,000+ social and affordable properties across the state.
- Construction of the Greater Dandenong Gallery of Art has commenced.

A diverse and growing economy

- Eight virtual workshops were delivered as part of the Community Revitalisation project and the project has now been extended to 30 June 2021.
- Planning for the "Take A Swing" golf day event has continued and a soft launch is expected early February.
- 14 network activities were conducted with a total of 324+ participants.

An open and effective Council

- Council's social media platforms grew by 2.3 per cent.
- The Councillor Induction Program is 75 per cent complete with the remaining activities scheduled for early in quarter 3.
- The consultation process for the new Council Plan has continued with online activities and hard copy surveys. Face to face pop-up activities are scheduled for January now that COVID-19 restrictions have eased.

4.2.1 Q2 Quarterly Performance Report (Cont.)

Part 2 and Attachment 2: Financial Report for the period 1 July to 31 December 2020

The attached financial report is designed to inform Councillors of the results of operations for the period 1 July 2020 to 31 December 2020 including financial performance against the Mid-Year Budget adopted by Council on 14 December 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 31 December 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 31 December 2020

Description	YEAR TO DATE			FULL YEAR		
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE Fav(unfav) \$'000	MID YEAR BUDGET \$'000	ORIGINAL BUDGET \$'000	VARIANCE Fav(unfav) \$'000
Income Statement						
Income	102,642	101,921	721	236,013	226,225	9,788
Expenditure	88,675	96,593	7,918	213,023	196,467	(16,556)
Net surplus - ongoing operations	13,967	5,328	8,639	22,990	29,758	(6,768)
Management Accounting reconciliation						
<i>Add back (less) non cash items</i>						
Depreciation	16,148	16,148	-	32,308	31,433	875
Amortisation - right of use assets	291	291	-	581	-	581
Amortisation - intangible assets	30	30	-	60	-	60
Contributions non-monetary assets	(298)	(298)	-	(15,000)	(15,000)	-
Assets written off	178	-	178	-	-	-
Prior year capital expenditure unable to be capitalised	593	-	593	-	-	-
Written down value of assets sold/disposed	1,044	15	1,029	309	309	-
Sub total	17,986	16,186	1,800	18,258	16,742	1,516
Net operating surplus	31,953	21,514	10,439	41,248	46,500	(5,252)
<i>Add/less non operating cash items</i>						
Capital expenditure	25,105	25,323	218	81,831	43,705	(38,126)
Net transfers to (from) reserves	(3,107)	(3,106)	1	(13,240)	(331)	12,909
Repayment of borrowings	1,610	1,610	-	3,255	3,126	(129)
Repayment of lease liabilities	268	286	18	571	-	(571)
Sub total	23,876	24,113	237	72,417	46,500	(25,917)
Cash surplus (deficit)	8,077	(2,599)	10,676	(31,169)	-	(31,169)
Accumulated surplus brought forward	-	-	-	31,169	-	31,169
Surplus (deficit) position	8,077	(2,599)	10,676	-	-	-

Results for the period 1 July 2020 to 31 December 2020

The overall management accounting result (after removing non-cash items) for the period 1 July 2020 to 31 December 2020 shows a favourable variance between the budget and actual of \$10.68 million. The variance is mainly due to a favourable surplus from ongoing operations, caused by lower than anticipated operating expenditure.

Capital expenditure is \$218,000 lower than the year to date budget (with a further \$23.45 million committed at 31 December 2020).

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2020-21 Budget and the COVID-19 pandemic

Council's 2020-21 finances have been significantly impacted by COVID. In its original 2020-21 Budget, Council allocated \$4.6 million across various areas relating to adverse impacts, with a residual contingency remaining of approximately \$600,000.

A detailed review of additional COVID impacts and assumptions was performed during the Mid-Year Budget Review. This review found COVID stage four restrictions have had a significant adverse impact on Council, estimated at a further \$5.57 million. These COVID items, combined with other known adjustments since adoption of the 2020-21 Annual Budget were reflected in the Mid-Year Budget Review. In order to balance the 2020-21 Budget, capital project deferrals of \$4.40 million were included.

The financial impact of COVID will continue to be closely monitored and any permanent variances identified subsequent to the Mid-Year Budget Review will be reflected in the full year forecast. The forecast review is expected to be completed in March 2021.

INCOME

Income for the period ended 31 December 2020 is favourable against budget by \$721,000. This is primarily due to the following:

Grants – operating (\$1.13 million favourable) – Additional funding received for Family Day Care (offset by higher payments to educators, \$914,000) and Child First (\$188,000), combined with an unbudgeted grant from the Department of Environmental, Land, Water and Planning (will be offset by grant expenditure, relates to High Risk Waste Sites Local Government Capacity Building Grant \$224,000).

Other income (\$432,000 favourable) – Unanticipated car parking fringe benefits tax refund (Corporate Accounting \$262,000) and contributions for rectification works (Parks Services \$85,000), combined with higher than anticipated rental income to date (Property Management Administration \$78,000).

Statutory fees and fines (\$331,000 favourable) – Favourable variance due to better than anticipated parking infringement income (Parking Management \$303,000) and sub-divisions and plan checking income to date (Transport and Civil Development \$105,000). Both budgets were reduced in the Mid-Year Budget due to COVID impacts.

The above favourable variances in income are partly offset by an unfavourable variance in:

User fees (\$449,000 unfavourable) – Mainly due to a reduction in the Family Day Care (FDC) administration levy fee income caused by COVID which is offset by higher FDC grant subsidy income (Community Services \$329,000).

EXPENDITURE

Actual expenditure at 31 December 2020 against the budget is favourable by \$7.92 million. The major variances are in materials and services and employee costs.

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Materials and services (\$4.79 million favourable) – The major items contributing to this favourable variance are:

- Contract services (\$2.35 million) – mainly due to timing of works and delay in receipt of invoices in Roads and Drains and Waste Management, combined with a temporary reduction in services and expenditure in Building Maintenance due to COVID restrictions (Engineering Services \$2.78 million).

Employee costs (\$3.23 million favourable) – This favourable variance is mainly due to staff recruitment occurring later than planned combined with a delay in commencement and recruitment of grant funded projects (Community Services \$1.87 million, City Planning, Design and Amenity \$477,000, Working for Victoria Fund \$328,000, Engineering Services \$232,000 and Corporate Services \$209,000).

Of the \$3.23 million favourable variance across all directorates, \$1.73 million relates to grant funded programs which require an acquittal (Community Services \$1.40 million and Working for Victoria Fund \$328,000).

Other expenses (\$492,000 favourable) – Favourable variance due to delay in community grant funding agreements as a result of required COVID-19 clause adjustments (Community Services \$221,000), savings in Council's contribution to the Dandenong Night Market which has been cancelled due to COVID and delay in Council's Melbourne Food and Wine Festival contribution (Corporate Services \$117,000).

Capital expenditure

Total capital expenditure at 31 December 2020 was \$25.11 million. A further \$23.45 million was committed at the end of December. 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 October to 31 December 2020 and the Financial Report for the period 1 July to 31 December 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

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- *Outdoor Activity and Sports* – Recreation for everyone
- *Lifecycle and Social Support* – The generations supported

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 Mid-Year 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 October to 31 December 2020 and the financial report for the period 1 July to 31 December 2020.

MINUTE 91

Moved by: Cr Sean O'Reilly
Seconded by: Cr Richard Lim

That Council notes the progress against the performance targets outlined in the Council Plan 2017-21 for the period 1 October to 31 December 2020 and the financial report for the period 1 July to 31 December 2020.

CARRIED