

4 OFFICERS' REPORTS - PART TWO

4.1 POLICY AND STRATEGY

4.1.1 Q3 2020-21 Quarterly Performance Report

File Id:

Responsible Officer:

Director Corporate Services

Attachments:

Quarterly Performance Report 1 January – 31
March 2021
Financial Report 1 July 2020 – 31 March 2021

Report Summary

This report details Council's progress for the period 1 January to 31 March 2021 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 March 2021.

4.1.1 Q3 2020-21 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 January to 31 March 2021 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 March 2021 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 January to 31 March 2021

Performance highlights against the Council Plan strategic objectives include:

A vibrant, connected and safe community

- Council's Australia Day Festival was conducted across a number of sites, including Dandenong Park, The Drum, Springvale Town Hall and Springvale Reserve.
- The 2020 Young Leaders group delivered a Youth Leadership Forum with 50 students attending from eight local secondary schools.
- 11 volunteer programs resumed over this period.
- All civil works for the 2020-21 Local Area Traffic Management program have been completed.
- 2,069 secondary school students were immunised.
- A comprehensive review of the Municipal Emergency Management Plan is nearing completion.

A creative city that respects and embraces diversity

- Day trips for Seniors recommenced.
- A draft Children's Plan has been completed and will be out for community consultation in April.
- Council represented the Local Government Mayoral Taskforce Supporting People Seeking Asylum at the Palm Sunday Justice for Refugees Rally.

4.1.1 Q3 2020-21 Quarterly Performance Report (Cont.)

- Arts and cultural heritage exhibitions have returned to a physical presence with two exhibitions on display in quarter 3.
- Digital programming continued at The Drum with 2,350 views over the quarter.
- The Springvale and District Historical Society has signed their lease on space within the Springvale Community Hub and planning has commenced for their move.

A healthy, liveable and sustainable city

- 12 webinars and face to face workshops have been held so far this year as part of the 2020-21 Waste Education Plan.
- The Sustainability Festival, now called 'Forever Fest, is scheduled for 22-30 May and the program is 95 per cent finalised.
- The introduction of FOGO is on track for 5 April.
- 10 inspections/audits were made of green waste and recycling facilities.
- The capital works program is 86 per cent in procurement, construction or complete.

A city planned for the future

- 100 per cent of town planning applications received were completed within the required timeframe.
- The Springvale Community Hub project is complete and the official opening on 17 April.
- Detailed design is complete for the Keysborough South Community Hub and the documentation phase is underway. Construction is due to commence in 2021-22.
- A Business Case for the Dandenong Wellbeing Centre is complete and design development is scheduled to commence in April.
- The Noble Park Structure Plan was tabled at a Councillor Briefing Session on 1 March and is due to be adopted at an upcoming Council meeting.
- Construction is well advanced on the Greater Dandenong Gallery of Art.
- The installation of parking sensors in central Dandenong is complete and testing is underway.

A diverse and growing economy

- Work has commenced on an Investment Attraction prospectus for Noble Park, Springvale and Dandenong activity centres.
- The 2021 'Take a Swing for Charity' golf day event was held on 24 February with more than 100 participants and 80 golfers.
- 49 business network activities have been held with over 974 participants.
- SEBN's 2021 International Women's Day breakfast event, in conjunction with the Greater Dandenong Chamber of Commerce, was held online on 10 March.

An open and effective Council

- The Community Satisfaction Survey was conducted in February/March and results are expected to be shared with Council in June.
- Council's social media channels reported a 2.8 per cent growth.

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- The 30 June 2021 interim finance audit is complete.
- The Councillor Induction Program is 90 per cent complete.
- The broad community consultation process for the new Council Plan concluded in February. The recruitment for the deliberative community panel is complete and the panel will meet over four sessions in April and May to discuss a new community vision and principles to guide Council's future thinking.

Part 2 and Attachment 2: Financial Report for the period 1 July 2020 to 31 March 2021

Introduction

The attached financial report is designed to inform Councillors of the results of operations for the period 1 July 2020 to 31 March 2021 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 March 2021 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 March 2021**

| Description | YEAR TO DATE | | | FULL YEAR | | |
|---|------------------|------------------------------|----------------------------------|------------------------------|--------------------|----------------------------------|
| | ACTUAL \$'000 | MID YEAR BUDGET \$'000 | VARIANCE Fav(unfav) \$'000 | MID YEAR BUDGET \$'000 | FORECAST \$'000 | VARIANCE Fav(unfav) \$'000 |
| Income Statement | | | | | | |
| Income | 155,989 | 154,196 | 1,793 | 236,013 | 235,736 | (277) |
| Expenditure | 139,716 | 150,993 | 11,277 | 213,023 | 212,039 | 984 |
| Net surplus - ongoing operations | 16,273 | 3,203 | 13,070 | 22,990 | 23,697 | 707 |
| Management Accounting reconciliation | | | | | | |
| <i>Add back (less) non cash items</i> | | | | | | |
| Depreciation | 24,222 | 24,222 | - | 32,308 | 32,308 | - |
| Amortisation - right of use assets | 436 | 291 | 145 | 581 | 581 | - |
| Amortisation - intangible assets | 45 | 45 | - | 60 | 60 | - |
| Contributions non-monetary assets | (298) | (298) | - | (15,000) | (15,000) | - |
| Assets written off | 208 | - | 208 | - | - | - |
| Prior year capital expenditure unable to be capitalised | 593 | - | 593 | - | - | - |
| Written down value of assets sold/disposed | 1,043 | 155 | 888 | 309 | 1,237 | (928) |
| Sub total | 26,249 | 24,415 | 1,834 | 18,258 | 19,186 | (928) |
| Net operating surplus | 42,522 | 27,618 | 14,904 | 41,248 | 42,883 | 1,635 |
| <i>Add/less non operating cash items</i> | | | | | | |
| Capital expenditure | 35,336 | 36,002 | 666 | 81,831 | 82,984 | (1,153) |
| Net transfers to (from) reserves | (4,197) | (4,226) | (29) | (13,240) | (13,809) | 569 |
| Repayment of borrowings | 2,433 | 2,433 | - | 3,255 | 3,255 | - |
| Repayment of lease liabilities | 506 | 429 | (77) | 571 | 571 | - |
| Sub total | 34,078 | 34,638 | 560 | 72,417 | 73,001 | (584) |
| Cash surplus (deficit) | 8,444 | (7,020) | 15,464 | (31,169) | (30,118) | 1,051 |
| Accumulated surplus brought forward | - | - | - | 31,169 | 31,169 | - |
| Surplus (deficit) position | 8,444 | (7,020) | 15,464 | - | 1,051 | 1,051 |

Results for the period 1 July 2020 to 31 March 2021

The overall management accounting result (after removing non-cash items) for the period 1 July 2020 to 31 March 2021 shows a favourable variance between the budget and actual of \$15.46 million. The variance is mainly due to a favourable surplus from ongoing operations, caused by lower than anticipated operating expenditure to date.

Capital expenditure is \$666,000 lower than the year to date budget (with a further \$21.74 million committed at 31 March 2021).

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2020-21 Budget and the COVID-19 pandemic

Council's 2020-21 finances have been significantly impacted by COVID-19. 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-19 impacts and assumptions was performed during the Mid-Year Budget Review. This review found COVID-19 stage four restrictions have had a significant adverse impact on Council, estimated at a further \$5.57 million. These COVID-19 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-19 is continuing to be closely monitored and any permanent variances identified subsequent to the Mid-Year Budget Review have been reflected in the Full Year Forecast and are included in this report. Despite 2020-21 being an extraordinary financial year with the pressures and impacts of the COVID-19 pandemic, the forecast result predicts a cash surplus of \$1.05 million. Whilst the current forecast position indicates a surplus result, COVID-19 continues to cause unfavourable financial impacts in terms of reduced rental income and reduced user fee and statutory fine income, etc. This has been largely offset by employee expense savings across the organisation (including casuals and overtime), utility savings and general administration costs across the organisation.

INCOME

Income for the period ended 31 March 2021 is favourable against budget by \$1.79 million. This is primarily due to the following:

Grants – operating (\$2.63 million favourable) – Additional funding received for Family Day Care (offset by higher payments to educators, \$1.38 million) and Child First (\$290,000), 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).

The above favourable variance is partly offset by unfavourable variances in:

Net gain (loss) on disposal of property, infrastructure, plant and equipment (\$908,000 unfavourable) – Due to the sale of the car park at 2 Mason Street, Dandenong as part of a three-way land swap has been reflected in the Full Year Forecast. This is a non-cash accounting entry.

User fees (\$759,000 unfavourable) – Mainly due to a reduction in the Family Day Care (FDC) administration levy fee income caused by COVID-19 which is offset by higher FDC grant subsidy income (Community Services \$540,000), combined with lower fee income for building permits (City Planning, Design and Amenity \$155,000).

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EXPENDITURE

Actual expenditure at 31 March 2021 against the budget is favourable by \$13.07 million. The major variances are in materials and services and employee costs.

Materials and services (\$5.68 million favourable) – The major items contributing to this favourable variance include:

- Contract services (\$1.46 million) – mainly due to timing of works and delay in receipt of invoices in Roads and Drains, Waste Management and Cleansing combined with a temporary reduction in services and expenditure in Building Maintenance due to COVID-19 restrictions (Engineering Services \$2.00 million). These favourable variances are partly offset by higher payments to educators due to additional grant funding received (Family Day Care \$925,000).
- Materials, maintenance and services (\$1.27 million) – mainly due to delay in commencement of works and receipt of invoices in Home and Community Care and Libraries (Community Services \$529,000), Building Maintenance and Parks Services (Engineering Services \$394,000) and Parking Management (City Planning, Design and Amenity \$240,000).
- Consultants, professional services (\$1.21 million) – due to delay in commencement or delay in receipt of invoices relating to a number of grant funded programs (Community Services \$388,000), strategic planning projects, planning scheme amendments and legal expenses (City Planning, Design and Amenity \$352,000), asset condition audits (Engineering Services \$207,000) and Occupational Health and Safety program combined with Risk and Organisational Development legal and professional services (Corporate Services \$187,000).
- Administration costs (\$1.01 million) – lower than anticipated expenditure to date across a range of accounts including promotions, community education, postage/courier, printing/stationery, Council publications, fuel, postage, advertising and events (Community Services \$528,000, Engineering Services \$225,000 and Corporate Services \$128,000).
- Utilities (\$630,000) – mainly due to lower than anticipated electricity and water costs to date because of facility closures as per COVID-19 restrictions and a delay in receipt of invoices (Engineering Services \$465,000 and Corporate Services \$113,000).

Overall, a \$440,000 favourable adjustment has been included in the Full Year Forecast for Materials and Services.

Employee costs (\$5.18 million favourable) – This favourable variance is mainly due to staff recruitment occurring later than planned, delay in commencement and recruitment of grant funded projects and lower than anticipated corporate training and training/conference expenditure (Community Services \$3.42 million, City Planning, Design and Amenity \$915,000, Engineering Services \$282,000 and Corporate Services \$444,000).

Of the \$3.42 million favourable variance in the Community Services directorate, \$2.29 million relates to grant funded programs which require an acquittal. Any unspent grant funding at 30 June 2021 will be carried over to the 2021-22 financial year.

Overall, a \$436,000 favourable adjustment has been included in the Full Year Forecast for Employee Costs.

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Other expenses (\$1.19 million favourable) – Favourable variance mainly due to delay in receipt of invoices for the Council election costs (Non-Directorate \$631,000), savings in Council's contribution to the Dandenong Night Market which has been cancelled due to COVID-19 and delay in Council's Melbourne Food and Wine Festival contribution (Corporate Services \$117,000).

Capital expenditure

Total capital expenditure at 31 March 2021 is \$35.34 million. A further \$21.74 million was committed at the end of March. 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 January to 31 March 2021 and the Financial Report for the period 1 July 2020 to 31 March 2021.

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

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

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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 and key performance indicators.

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.

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.

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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 January to 31 March 2021 and the financial report for the period 1 July 2020 to 31 March 2021.

MINUTE 156

Moved by: Cr Rhonda Garad
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 January to 31 March 2021 and the financial report for the period 1 July 2020 to 31 March 2021.

CARRIED