

# CITY OF PORT PHILLIP REPORT

## ORDINARY MEETING OF COUNCIL 12 SEPTEMBER 2011

<b>4</b>	<b>2010/2011 QUARTER FOUR REPORT (APRIL - JUNE 2011)</b>
<b>LOCATION/ADDRESS:</b>	<b>WHOLE OF MUNICIPALITY</b>
<b>GENERAL MANAGER:</b>	<b>MARK BRADY, CORPORATE SERVICES</b>
<b>PREPARED BY:</b>	<b>ROWENA MCLEAN, MANAGER GOVERNANCE &amp; ENGAGEMENT</b> <b>BOB BAKER, COORDINATOR COUNCIL PLANNING &amp; PERFORMANCE</b> <b>DAVID FILMALTER, CHIEF FINANCIAL OFFICER</b>
<b>FILE NO.:</b>	<b>TRIM FILE NO. 16/01/346</b>
<b>ATTACHMENTS:</b>	<b>ATTACHMENT 1: QUARTER FOUR COUNCIL PLAN REPORT – YEAR 2</b> <b>ATTACHMENT 2: QUARTER FOUR COUNCIL PLAN STRATEGIC DIRECTION PROGRESS REPORT</b> <b>ATTACHMENT 3: QUARTER FOUR FINANCIAL REPORT</b>

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## 1. EXECUTIVE SUMMARY

Council adopted the 2009-2013 Council Plan Year 2 and 2010-11 Annual Budget at the Council Meeting of 28 June 2010. This is the fourth and last of the quarterly reports to be presented to Council and the community for the second year of the 2009-2013 Council Plan.

The report includes;

- 1.1 Detailed information on the progress of the 2009-2013 Council Plan for quarter four of the 2010-2011 period.
    - 1.1.1 At the end of 2010/2011 Quarter Four, 49 of the 142 Council Plan actions are complete, 80 actions are on track, 10 actions are not on track (minor) and three actions are not on track (major).
    - 1.1.2 12 of the 15 indicators of achievement have achieved their targets at the end of 2010/2011 quarter four, with three not having achieved their targets.
  - 1.2 Information on the progress of the Council's financial results compared to budget and Council's financial performance against the budgeted capital works program.
  - 1.3 Information on the organisational performance with respect to risk and insurance, and human resources.
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**2. RECOMMENDATION**

That Council:

2.1 Receives and notes the Quarter Four Report for the 2010/2011 financial year consisting of:

- 2.1.1 The Quarter Four Council Plan – Year Two Report, being a summary of performance against the Council Plan commitments (Attachment 1).
- 2.1.2 Council Plan Strategic Direction Progress Report, listing all actions and their progress for 2010/2011, quarter four (Attachment 2).
- 2.1.3 Quarterly Financial Report including summary of progress on the Capital Works program for quarter four of 2010/2011 (Attachment 3).

**3. BACKGROUND AND CONTEXT**

3.1 The Local Government Act requires that at least every three months, the Chief Executive Officer must ensure that a statement comparing the budgeted revenue and expenditure for the financial year with the actual revenue and expenditure to date is presented to the Council at a Council meeting which is open to the public.

**4. CONSULTATION AND STAKEHOLDERS**

4.1 Officers from across the organisation have collected and reviewed the data contained within the attachments. Variance analysis has been provided accordingly.

**5. DISCUSSION**

**5.1 OPTIONS**

**5.2 ALIGNMENT TO COUNCIL PLAN**

5.2.1 Council adopted the 2009–2013 Council Plan - Year 2 and 2010/2011 Annual Budget at the Council Meeting of 28 June 2010, including a suite of fifteen *'Indicators of Achievement'* in tracking progress of the Council Plan and its four strategic directions.

This is the fourth of the quarterly reports to be presented to Council and the community for the second year of the plan and delivers on the Council Plan action:

- 1.1.1 *Enhance Council's engagement with the community by maximizing community feedback to ensure open and inclusive decision making*
- 1.2.3 *Develop Council Plan targets that are measurable and meaningful to the community to serve as a gauge of Council's/local government performance.*

5.2.2 The Capital Works program relates to 2009 – 2013 Council Plan actions:

1.2.1 *Promote a culture of good governance*

1.4.1 *Ensure robust financial management and accountability through the annual budget process and public reporting*

### **5.3 POLICY IMPLICATIONS PLAN**

N/A

### **5.4 FINANCE / RESOURCE IMPLICATIONS**

5.4.1 Council's net operating cash surplus (excluding non cash items) of \$28.147M for the year ending 30 June 2011 is \$850K favourable compared to the full year budget of \$27.297M.

5.4.2 Income (excluding proceeds on sale of assets) has a net favourable variance of \$5.400M which is primarily due to the following offsetting factors:

- Interest income - \$1.858M favourable due to additional funds being available for investment and better returns on funds than originally projected.
- Government grants - \$1.022M favourable due to the receipt of greater than anticipated grant funding particularly in the Community Development, Culture & Leisure, Diversity & Ageing, and Family, Youth & Children departments. The advance receipt of the first quarterly payment from the Victorian Grants Commission also contributed to this favourable variance.
- Contributions - \$1.516M favourable due to the greater than anticipated receipt of developer contributions. The majority of this income received is in relation to Albert Park \$840K and Elwood \$573K developments.
- Parking revenue - \$592K favourable due to the introduction of new parking machines across the city and improved services provided by our contractors which have increased the uptime of ticket machines. Additional income from parking infringement notices (PINS) has also contributed to this variance.
- Other income - \$1.568M favourable due to the unbudgeted receipt of \$396K from the sale of revaluation data to the State Revenue Office, the recovery of legal and contractor costs associated with the defence of Council and Land tax valuation, and the write back of FBT.
- Capital grants – \$736K unfavourable largely due to the delay in the progress of the Liardet Street project, St Kilda Family & Children's centre, and the Northport Pavilion redevelopment. These delays have resulted in funding being held over to the next financial year.

- 5.4.3 Expenditure (excluding depreciation) has a net unfavourable variance of \$4.253M and is primarily due to the following offsetting factors:
- Salaries and wages - \$4.678M unfavourable which includes the unbudgeted payment of \$2.040M to Vision Super in full settlement of the defined benefits super liability. Also included in this variance is the recognition of Council's share of the Streetsahead joint venture's salaries (\$2.637M) which was not included in the original budget.
  - Materials and other costs - \$1.422M unfavourable largely due to the recognition of Council's share of Streetsahead joint venture costs (\$857K) and unbudgeted public liability claims of \$675K.
  - Contract payments - \$1.945M favourable largely due to the consolidation adjustment of \$2.458M to reflect Council's share of the Streetsahead joint venture (not originally budgeted for).

### Capital Works

- 5.4.4 The full year expenditure on capital works is \$18.885M compared to the full year budget of \$38.545M – a variance of \$19.660M. Delays in works and under expenditure across a range of infrastructure assets have resulted in this favourable variance. This under expenditure will be carried over to the next financial year in anticipation of works being completed in 2011-12

More information on the Capital Works program can be found in Attachment 3.

## 5.5 ORGANISATIONAL DEVELOPMENT

- 5.5.1 Comments:
- Staff turnover 11.7% for 2010/2011, slightly under 12% forecast.
  - Lost time days increase due to one claimant off work for duration of quarter.
  - Managers are actively working with staff to reduce leave accruals over 40 days
- 5.5.2 Key Results:
- |   |                          |
|---|--------------------------|
| ○ Staff Turnover  | 2.58% (Annualised 11.7%) |
| ○ Induction attendance  | 94%                      |
| ○ Training course attendance  | 92%                      |
| ○ Work Cover claims   | 3                        |
| ○ Lost time days  | 114                      |
| ○ % of unplanned absenteeism*   | 4.29%                    |
| ○ Average unplanned absenteeism days per employee                     | 2.8                      |
| ○ Staff with more than 40 days holiday with pending leave approved    | 5                        |
| ○ Staff with more than 40 days holiday with no pending leave approved | 14                       |

- \* Unplanned absenteeism includes sickness, bereavement and carers leave

## **5.5 LEGAL & RISK IMPLICATIONS**

- 5.5.1 The Local Government Act requires that at least every three months, the Chief Executive Officer must provide a financial report to the Council.

For Quarter Four the following Insurance and Risk information is provided:

### 5.5.1 Insurance Renewals:

- o Review of Council's insurance portfolio complete
- o Range of insurances has remained consistent with 2009\10
- o A slight increase in premiums can be directly attributed to the Victorian bushfires, Queensland flooding & New Zealand earthquakes

### 5.5.2 Insurance Claims:

- o There were 33 public liability claims open as at 30th June 2011
- o Most claims are due to problems associated with nature strip tree roots

### 5.5.3 Risk Management:

- o Reviewing of all departmental risk plans is now complete
- o Review of Risk Management Framework and the Strategic Risk Plan is scheduled to commence July 2011
- o Regular auditing is undertaken for property and public liability

## **6. IMPLEMENTATION STRATEGY**

### **6.1 TIMELINE**

- 6.1.1 This is the last of four quarterly reports to be presented to Council and the community for the second year of the 2009 – 2013 Council Plan.
- 6.1.2 The next quarterly report to be presented to Council and the community will be for the first quarter of the third year of the 2009-2013 Council Plan in November 2011.

### **6.2 COMMUNICATION**

- 6.2.1 Following the adoption of this report by Council, the report and all attachments will be posted on the Council's website.
- 6.2.2 Key messages are:
- 6.2.2.1 The Council Plan report, Council Plan Strategic Directions Progress report and the Financial Report provide accountability and transparency in the Council's operations.
- 6.2.2.2 The Council is in a sound financial position.

6.2.2.3 Council is committed to robust financial management and accountability through regular public reporting.

6.2.3 Council committed in its Council Plan 2009-2013 under 1) Engaging and Governing the City in 1.2.5 to 'Improve the readability of the Council Plan and Budget'. The presentation of this report is consistent with the improvements made during the first year of the 2009 – 2013 Council Plan Quarterly Reporting.

**7. OFFICER DIRECT OR INDIRECT INTEREST**

7.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.