

CITY OF PORT PHILLIP REPORT

ORDINARY MEETING OF COUNCIL 28 NOVEMBER 2011

9	2011/12 FIRST QUARTER REPORT - JULY - SEPTEMBER 2011
LOCATION/ADDRESS:	WHOLE OF MUNICIPALITY
GENERAL MANAGER:	MARK BRADY, CORPORATE SERVICES
PREPARED BY:	ROWENA MCLEAN, MANAGER GOVERNANCE & ENGAGEMENT DAVID FILMALTER, CHIEF FINANCIAL OFFICER
FILE NO.:	TRIM FILE NO. 16/01/366
ATTACHMENTS:	ATTACHMENT 1: FIRST QUARTER COUNCIL PLAN (YEAR THREE) PERFORMANCE REPORT ATTACHMENT 2: FIRST QUARTER COUNCIL PLAN STRATEGIC DIRECTIONS PROGRESS REPORT ATTACHMENT 3: FIRST QUARTER FINANCIAL REPORT ATTACHMENT 4: FIRST QUARTER RISK AND INSURANCE REPORT

1. EXECUTIVE SUMMARY

Council adopted the 2009-2013 Council Plan Year 3 and 2011/12 Annual Budget at the Council Meeting of 27 June 2011. This is the first of the quarterly reports to be presented to Council and the community for the third year of the plan.

The report includes information on:

- 1.1 Progress to deliver the third year of the Council Plan
- 1.2 Council's financial results compared to budget including Council's financial performance against the budgeted capital works program
- 1.3 Risk and insurance

2. RECOMMENDATION

That Council:

- 2.1 Receives and notes the first Quarterly Report for 2011/12 financial year consisting of:
 - 2.1.1 Council Plan Report, detailing achievements against 2011/12 Council Plan commitments (Attachment 1)

- 2.1.2 Council Plan Strategic Direction Progress Report, listing all actions and their progress for the first quarter (Attachment 2)
- 2.1.3 Quarterly Financial Report including summary of progress on the Capital Works program (Attachment 3)
- 2.1.4 Risk and Insurance Report (Attachment 4)

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.
- 3.2 Council adopted the 2009 – 13 Council Plan - Year 3 and 2011/12 Annual Budget at the Council Meeting of 27 June 2011, including a suite of twenty four *'Indicators of Achievement'* in tracking progress of the Council Plan and its four strategic directions.
- 3.3 This is the first of the quarterly reports to be presented to Council and the community for the third year of the plan.

4. CONSULTATION AND STAKEHOLDERS

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

5. DISCUSSION

5.1 OPTIONS:

5.2 ALIGNMENT TO COUNCIL PLAN

- 5.2.1 The Quarterly Report has a strong alignment to the following strategies in the Council Plan:
 - 1.1.1 *Enhance Council's engagement with the community by maximizing community feedback to ensure open and inclusive decision making*
 - 1.2.1 *Promote a culture of good governance*
 - 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.*
 - 1.4.1 *Ensure robust financial management and accountability through the annual budget process and public reporting*

5.3 POLICY IMPLICATIONS

N/A

5.4 FINANCE / RESOURCE IMPLICATIONS

- 5.4.1 Council's net operating cash surplus (excluding non cash items) of \$10.709M for the three months ending 30 September 2011 is \$3.252M favourable compared to the year to date budget of \$7.458M.
- 5.4.2 Income has a favourable variance of \$1.776M which is primarily due to the following offsetting factors:
- Government Grants \$452K favourable due to state government payment of entire annual library grant in this period, instead of quarterly payment as per past practice.
 - Capital grants \$625K favourable due to unbudgeted government grant received for the Palais Theatre.
 - Contributions are favourable \$875K due to greater than anticipated developer's contributions. The majority of this income has been received in relation to developments in the St. Kilda Road Precinct \$760K. This income has been transferred to a statutory reserve.
 - Parking Revenue \$569K unfavourable due to some staffing shortages, a lower than budgeted number of parking infringements have been issued however this is being offset by improved revenue through paid parking and decreased expenditure.
- 5.4.3 Expenditure (excluding depreciation) has a favourable variance of \$1.476M and is primarily due to the following factors:
- Contract payments \$849K favourable largely due to various contracts within the Parks business unit. This is due to provisional sums not yet being utilised and Property Services \$136K favourable due to lower than expected building maintenance works. There are also minor favourable variances in various other departments across the organisation.
 - Materials and other costs \$753K favourable due to delays in capturing Workcover legal cost (invoice not yet received) and incorrect data usage billing from Optus. There are also minor favourable variances in various other departments across the organisation.

Capital Works

- 5.4.4 The year to date expenditure on capital works is \$3.540M compared to the year to date forecast of \$2.304M – a variance of \$1.236M. More information on the Capital Works program can be found in Attachment 3.

Organisational Development

- 5.4.5 Comments:
- Staff turnover has marginally increased in this quarter. This is due to employees who have chosen to make their termination date in the new financial year.
 - Workcover time lost days are mainly related to two claims (1 torn hamstring; 1 back strain) which required the relevant employees to take extended time off over the quarter. Both employees have now returned to work.

- Managers are actively working with staff to reduce leave accruals over 40 days.

5.4.6 Key Results:

Annual Staff Turnover	3.69% (annualised 14%)
Induction attendance	87%
Training course attendance	87%
Work Cover claims	0
Lost time days	108
% of unplanned absenteeism *	4.81%
Average unplanned absenteeism days per employee	3.18
Staff with more than 40 days holiday with pending leave approved	3
Staff with more than 40 days holiday with no pending leave approved	7

* Per quarter. 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.
- 5.5.2 A Risk and Insurance report is included as part of the Quarterly Management Report (Attachment 4). This is the first time a separate Risk and Insurance report has been presented to Council.

6. IMPLEMENTATION STRATEGY

6.1 TIMELINE

- 6.1.1 This is the first of four quarterly reports to be presented to Council and the community for the third 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 October - December quarter of the third year of the 2009-2013 Council Plan in February 2012.

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 Quarterly Report provides 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 and accessible public 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.