

**ORDINARY MEETING OF COUNCIL MEETING
23 NOVEMBER 2009**

14	QUARTERLY REPORT
LOCATION/ADDRESS:	N/A
GENERAL MANAGER:	MARK BRADY, CORPORATE SERVICES JOHN HICKS, CITY AND INFRASTRUCTURE SERVICES
PREPARED BY:	ROWENA MCLEAN, A/MANAGER CORPORATE PLANNING & PERFORMANCE BOB BAKER, BUSINESS ANALYST DAVID FILMALTER, CHIEF FINANCIAL OFFICER SAM HEWETT, MANAGER, ASSET SERVICES
FILE NO.:	TRIM FILE NO. 18/01/25
ATTACHMENTS:	ATTACHMENT 1: 1ST QUARTER COUNCIL PLAN REPORT ATTACHMENT 2: 1ST QUARTER COUNCIL PLAN STRATEGIC DIRECTIONS PROGRESS REPORT ATTACHMENT 3: CAPITAL WORKS RECOMMENDATIONS AND ROLLOVERS ATTACHMENT 4: 1ST QUARTER FINANCIAL REPORT

1. EXECUTIVE SUMMARY

Council adopted the Council Plan 2009-2013 and Annual Budget 2009-10 at the Special Council Meeting of 29 June 2009. This is the first of four quarterly reports to be presented to Council and the community for the first year of the plan.

The report includes;

- 1.1 Information on the financial, council plan progress and internal performance of the organisation.
 - 1.2 Progress of the annual capital works program including financial details. It also makes an assessment of the projected year-end capital works rollover position.
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2. RECOMMENDATION

That Council:

- 2.1 Receives and notes the first 2009/10 Quarterly Report
- 2.2 Endorses the recommendations made by the General Manager City and Infrastructure Services outlined in Attachment 3 Table 1 – Capital Works Project Board Recommendations October 2009

3. BACKGROUND AND CONTEXT

- 3.1 The Local Government Act requires that at least every 3 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.

Capital Works

- 3.2 In August 2008, Council resolved 'to endorse the establishment of the Capital Works Project Board which will have the responsibility for monitoring and reporting on the progress of the annual capital works program and intervening where necessary to ensure capital works project accountability'
- 3.3 Since September 2008, the Capital Works Project Board has met monthly with project managers and project sponsors from across the organisation.
- 3.4 The project board meeting is chaired by the General Manager City and Infrastructure Services and the board discuss all capital projects scheduled for delivery in 2009/2010.
- 3.5 At the project board meetings, project managers and project sponsors responsible for the delivery of individual projects are asked to report on;
 - Progress on key milestones
 - Risks facing the project
 - Issues that need resolution
 - Financial summary
 - Current status of the project
 - Whether the project will be delivered in 2009/2010

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.
- 4.2 The following internal departments have been consulted in relation to Capital Works
 - 4.2.1 Parks and Open Space, Asset Services, Building Services, Environment and Renewal, Community Services, Infrastructure Services and Culture and Recreation.

5. DISCUSSION

5.1 OPTIONS

Council is asked to receive and note the report. It contains four attachments for the 1st Quarter (July - Sept 2009) period:

- 5.1.1 The Council Plan Report
- 5.1.2 Council Plan Strategic Direction Progress Report, listing all actions and their progress for the 1st quarter
- 5.1.3 Capital Works Recommendations and Rollovers
- 5.1.4 Quarterly Financial Report including summary of progress on the Capital Works Program

5.2 ALIGNMENT TO COUNCIL PLAN

- 5.2.1 Council adopted the Council Plan 2009-2013 and Annual Budget 2009-10 at the Special Council Meeting of 29 June 2009, including a suite of fifteen *'Indicators of Achievement'* in tracking progress of the Council Plan and its four strategic directions.
This is the first of four quarterly reports to be presented to Council and the community for the first year of the plan and delivers on council plan action
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 Council Plan 2009 – 2013 actions
 - 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*
 - 1.4.1 Ensure robust financial management and accountability through the annual budget process and public reporting*

5.3 POLICY IMPLICATIONS PLAN

- 5.3.1 In its decision of 25 August 2008, Council resolved to establish the Capital Works Project Board and at that time requested regular quarterly reporting against the progress of the program.
- 5.3.2 The General Manager City and Infrastructure Services has the delegated authority to reallocate savings from one capital project to another to a maximum of \$100,000. The decisions made or recommended in this report are consistent with that delegation.

5.4 FINANCE / RESOURCE IMPLICATIONS

- 5.4.1 Council's net cash surplus (excluding non cash items) of \$8.549M for the three months ending 30 September 2009 is \$3.104M favourable compared to the year to date budget of \$5.445M.
- 5.4.2 Income (excluding profit on asset sales) has a favourable variance of \$1.043M which is primarily due to the following offsetting factors:
- Contributions \$550K favourable due to greater than anticipated developer contributions, particularly in the Port Melbourne area. This income has been transferred to a statutory reserve.
 - Parking revenue \$454K favourable due to the issuance of greater than budgeted parking infringement notices and the continued strong performance of paid parking. This issuance of greater than expected parking infringement notices is attributable to the utilisation of optimal staffing levels.
 - Other income \$288K favourable due to the earlier than anticipated receipt of contributions in relation to the South Melbourne Central development.
 - Fees and charges \$402K unfavourable largely due to reduced utilisation of various child care centres and the West St Kilda child care centre not being operational until 2010.
- 5.4.3 Expenditure (excluding depreciation) has a favourable variance of \$2.061M and is primarily due to the following factors:
- Contract payments \$1.299M favourable due to delays in expending the phased budget across the whole organisation, primarily within Building Services, Community Services, Customer Services and South Melbourne Market.
 - Materials and other costs \$562K favourable due to delays in expending the phased budget across the organisation, primarily for staff training, lease charges and utility costs.
 - Employee Costs \$203K favourable due to unfilled positions across the organisation particularly within Community Services, Governance & Community Relations, Asset Services and Parks & Open Spaces.

Capital Works

- 5.4.4 Based on information supplied by project managers and project sponsors at the monthly Capital Works Project Board meeting, the projected financial rollover percentage at year's end currently stands at approximately 32%.
At present 18 projects have been identified as at risk of not being delivered this financial year. These are listed on Attachment 3 Table 3
- 5.4.5 As a result of the meetings held in the first quarter of this financial year, decisions are;
- being recommended to the Council for a decision Attachment 3 Table 1 or
 - have been made by the General Manager City and Infrastructure Services as part of his delegated authority – Attachment 3 Table 2

5.4.6 The financial impact of these decisions is set out below.

Project	Budget 09/10	Additional funding sought	Reduction in funding
Garden City Reserve	\$590,000		\$50,000
Middle Park Beach Toilet	\$330,000	\$60,000	
Cleve Plaza and Jacka Crossing (Foreshore Connections)	\$697,273	\$650,000	
Total		\$710,000	\$50,000

Cumulative Financial Summary 09/10

	Increase in funding recommended	Reduction in funding recommended (savings)	Net Result
October Project Board Report	\$710,000	\$50,000	(\$660,000)

5.5 LEGAL & RISK IMPLICATIONS

5.5.1 The Local Government Act requires that at least every 3 months, the Chief Executive Officer must provide a financial report to the Council.

5.5.2 The following risks exist should Capital Works decisions made or recommended be rejected by council.

5.5.2.1 The Middle Park Beach toilet will not have sufficient funding to complete the project should the decision be made not to allocate the additional funding.

5.5.2.2 Work has already been commissioned or completed on the Cleve Plaza/Jacka Crossing project by the contractor and council is exposed to a risk should payments for work completed not be made.

6. IMPLEMENTATION STRATEGY

6.1 TIMELINE

6.1.1 N/A

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 is on track to deliver the majority of commitments outlined in the 2009/13 Council Plan.

6.2.2.2 The Council Plan report, Council Plan Strategic Directions Progress report, Capital Works Recommendations and Rollovers and the Financial Report provide accountability and transparency in the Council's operations.

6.2.2.3 The Council is in a sound financial position.

6.2.2.4 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'.

6.2.3.1 The first quarterly Council Plan report has aimed to improve the presentation in reporting Councils fifteen 'Indicators of Achievement' to make it more accessible to the community. Presentation of the report now includes narrative stories and visuals as well as providing the quantitative data on progress of the Plan.

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.