

STRATEGY AND POLICY REVIEW COMMITTEE
2 FEBRUARY 2009 **GOVERNANCE AND COMPLIANCE**

A10	QUARTERLY MANAGEMENT REPORT
LOCATION/ADDRESS:	
EXECUTIVE DIRECTOR:	SALLY CALDER, ACTING CHIEF EXECUTIVE OFFICER
PREPARED BY:	CHRIS PIKE, MANAGER CORPORATE PLANNING & PERFORMANCE
FILE NO.:	
ATTACHMENTS:	ATTACHMENT 1: 2ND QUARTER FINANCIAL REPORT ATTACHMENT 2: 2ND QUARTER KPI REPORT ATTACHMENT 3: 2ND QUARTER SERVICE PROMISE REPORT

1. PURPOSE

- To provide Council with information on the financial, capital works, service and internal performance of the organisation.

2. RECOMMENDATION

- That the Strategy and Policy Review Committee recommend that Council resolve to:
 - Receive and note the 2nd Quarter 2008/09 Quarterly Management Report.

3. BACKGROUND AND CONTEXT

- 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.
- The CEO has traditionally provided a quarterly report to Council detailing:
 - the financial position and performance of the organisation
 - progress on the Capital Works program
 - the performance against target for organisational key performance indicators.

4. CONSULTATION AND STAKEHOLDERS

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

5. DISCUSSION

OPTIONS

- Council is asked to receive and note the report. It contains three attachments for the 2nd Quarter (Oct-Dec 2008) period:
 - Quarterly Financial Report including summary of progress on the Capital Works Program
 - Key Performance Indicator (KPI) Report detailing results against the 10 most important measures of operational success
 - Service Promise Report - included for the first time. The Service Promises were established in August 2008 for Council's top 10 most important services (as deemed by the residents and ratepayers of the City of Port Phillip).

POLICY IMPLICATIONS

- No policy adjustments are recommended at this time.

FINANCE / RESOURCE IMPLICATIONS

- The net operating surplus (excluding non cash items) for the 6 months ending 31 December 2008 is \$5.066M favourable compared to budget. The key variances are as follows:

Income (\$2.247M favourable)

- Open Space Contributions - \$1.336M favourable due to greater than expected developer contributions, particularly in the St Kilda Road and St Kilda Hill areas. These funds are transferred to statutory reserves.
- Rate Revenue - \$475K favourable due largely to supplementary rates of \$505K being raised and amortised (nb. full year supplementary rates are \$1.01M)
- Fees and Charges - \$473K unfavourable predominantly due to the West St Kilda Children's Centre not being operational and a variety of minor unfavourable variances within the Community Services department.
- Parking Revenue - \$465K unfavourable due to reduced patronage specifically in short term parking areas (South Melbourne Central and the Tourist Precinct). The part closure of Elwood car park is another contributing factor.
- Operating Grants - \$357K favourable largely due to the receipt of greater than anticipated grants from the Victorian Grants Commission (\$111K) and an unbudgeted grant from the Department Of Infrastructure in relation to Beacon Cove Planning Scheme Amendments (\$100K).

- Interest Received - \$317K favourable due to extra funds available for investment.

Expenditure (\$2.819M favourable)

- Contract Services - \$1.579M favourable due to the reversal of a year end accrual (\$314K) which is a timing variance, and delays in expending the phased budget across various departments throughout the organisation, most notably Community Services, Culture & Recreation and Building Services.
- Materials and Other Costs - favourable \$891K due to delays in expending the phased budget across various departments throughout the organisation, namely Community Services, Governance & Risk Management and Information Management Group.
- Employee Costs - favourable \$352K due to the phasing of the redundancy budget and delays in filling vacant positions across various departments throughout the organisation, namely Infrastructure Services, City Development, People & Culture and Governance & Risk Management.

LEGAL & RISK IMPLICATIONS

- The Local Government Act requires that at least every 3 months, the Chief Executive Officer must provide a financial report to the Council.
- Risk management actions are one of the key performance indicators reported on in this report.

SUSTAINABILITY ASSESSMENT

SOCIAL EQUITY

- Progress on the social equity dimension is addressed via the Service Promise Report (e.g. Community Care).

ECONOMIC VIABILITY

- Progress on the economic viability dimension is addressed via the Quarterly Financial Report and the KPI Report (e.g. Operating Profit and Loss indicator).

ENVIRONMENTAL RESPONSIBILITY

- Progress on the environmental responsibility dimension is addressed via the Service Promise Report (e.g. Parks and Open Spaces) and the KPI Report (e.g. Carbon Emissions indicator).

CULTURAL VITALITY

- Progress on the cultural vitality dimension is addressed via the Service Promise Report (e.g. Library Services).

6. IMPLEMENTATION STRATEGY

6.1 TIMELINE

- N/A.

6.2 COMMUNICATION

- Following the adoption of this report by Council, the KPI results will be posted on the Council's website.
- Key messages are:
 - The Council is in a strong financial position and is well placed to develop a new Council Plan for the period 2009-2013.
 - The Council is on track to deliver on the commitments outlined in the 2008/09 Council Plan.
 - The Financial, KPI and Service Promise Reports provide accountability and transparency in the Council's operations.