
STRATEGY AND POLICY REVIEW COMMITTEE
5 MAY 2008 **GOVERNANCE AND COMPLIANCE**

A3 QUARTERLY FINANCIAL REPORT & KEY PERFORMANCE INDICATOR REPORT

LOCATION/ADDRESS:

RESPONSIBLE EXECUTIVE DIRECTOR: DAVID SPOKES, CHIEF EXECUTIVE OFFICER

AUTHOR: DAVID SPOKES, CHIEF EXECUTIVE OFFICER

FILE NO.:

ATTACHMENTS: MARCH 2008 QUARTERLY FINANCIAL REPORT (ATTACHMENT 1)
MARCH 2008 KEY PERFORMANCE INDICATOR REPORT (ATTACHMENT 2)

1. EXECUTIVE SUMMARY

Quarterly Financial Report

- 1.1. The Quarterly Financial Report aims to provide Council with a summary of the major areas of activity and operational performance for the nine months ended 31 March 2008.
- 1.2. To provide Council with details and reasons for significant variances against the forecast position.
- 1.3. To inform Council on the major organisational achievements and challenges for the quarter.
- 1.4. To present Council with a summary of its capital works delivery for the nine months ended 31 March 2008.

Key Performance Indicator Report

- 1.5. The Key Performance Indicator Report aims to provide Council with a summary and analysis of the performance of the organisation for the six months ending 31 March 2008.

2. BACKGROUND AND CONTEXT

Quarterly Financial Report (Attachment 1)

- 2.1. Officers have reviewed their financial performance and provided reasons for major variances against forecast, details of which are contained in the body of the report.

Key Performance Indicator Report (Attachment 2)

- 2.2. The draft Key Performance Indicators and targets were adopted by Council on the 7th November 2007.
- 2.3. The Key Performance results have been collected from workgroups, managers and key result area champion groups throughout the organisation.

3. POLICY IMPLICATIONS

- 3.1. These reports and the recommendations arising from them do not have a direct impact on Council policy.

4. SUSTAINABILITY IMPLICATIONS

Economic

Council's net operating surplus for the nine months ending 31 March 2008 is \$26.491M. This result is \$5.166M favourable compared to the projected surplus of \$21.325M due to a number of variances, the most significant being:

- Parking revenue being \$740K less than forecast. This is due to fewer than anticipated parking infringements being issued as a result of increased compliance and reduced demand for pay parking.
- Fees & charges being \$684K less than forecast. This is due partly to unfavourable child care fees as a result of delays in completion of additional places at a number of centres including North St Kilda and Coventry.
- Capital revenue being \$561K greater than forecast. This is due to the receipt of greater than anticipated developers' contributions, particularly for South Melbourne's Clarendon St and Red Bears developments.
- Interest received being \$387K greater than forecast. This is due to extra funds being available for investment and higher interest rates.
- Employee costs \$890K less than forecast due to favourable variances on full/part time salaries and wages (\$1.409M) as a result of delays in filling vacant positions which is partially offset by unfavourable agency staff salaries (\$898K).
- Contract payments \$1.724M less than forecast due largely to:
 - Delays in payment for service agreements for Youth & Recreation programs, St Kilda Festival & Film Festival
 - Delays in receiving invoices for the Parking Enforcement contract
 - Delays in Vic Roads and various other works (eg. South Melbourne Market)

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- Timing of payments compared to forecast expenditure for approved programs such as waste collection and infrastructure maintenance. This will come into line next quarter.
- Materials and other costs \$3.114M less than forecast due to numerous factors including:
 - Delays in recording child care centre levies and subsidies.
 - Project delays due to staff shortages impacting on timing of expenditure against forecast.
 - Delays in receiving invoices from utility providers for telephones and water.
- Capital Works expenditure & capital carry over (06/07) is \$4.054M less than forecast with a large focus being placed on the carried forward capital works projects. It is anticipated that this variance will increase to around \$8M by the end of the financial year.
- Capital expenditure is \$930K less than forecast due to delays in computer purchases which is anticipated to be completed in June 2008.
- Net transfers from reserves are \$3.803M greater than the year to date forecast. This is largely due to the receipt of greater than anticipated developers contributions (which are transferred to statutory reserves) and the reversal of the year end tied grants to be expended in this financial year (which is a timing variance).

5. INTERNAL CONSULTATION

5.1. Executive Team.

6. RECOMMENDATION

That the Strategy and Policy Review Committee recommend that Council resolve:

- 6.1. That the Quarterly Financial Report from the CEO detailing Council's financial performance for the nine months ended 31 March 2008 be adopted.
- 6.2. That the Key Performance Indicator Report from the CEO detailing Council's performance for the six months ended 31 March 2008 be adopted.