

CITY OF PORT PHILLIP REPORT

ORDINARY MEETING OF COUNCIL 22 NOVEMBER 2010

6	QUARTERLY REPORT JULY - SEPTEMBER 2010
LOCATION/ADDRESS:	WHOLE OF MUNICIPALITY
GENERAL MANAGER:	MARK BRADY, CORPORATE SERVICES
PREPARED BY: NAME, TITLE	ROWENA MCLEAN, MANAGER GOVERNANCE & ENGAGEMENT BOB BAKER, COORDINATOR COUNCIL PLANNING & PERFORMANCE DAVID FILMALTER, CHIEF FINANCIAL OFFICER
FILE NO.:	TRIM FILE NO. 16/01/346
ATTACHMENTS:	ATTACHMENT 1: 1ST QUARTER COUNCIL PLAN REPORT ATTACHMENT 2: 1ST QUARTER COUNCIL PLAN STRATEGIC DIRECTIONS PROGRESS REPORT ATTACHMENT 3: 1ST QUARTER FINANCIAL REPORT

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 first of the quarterly reports to be presented to Council and the community for the second year of the plan.

The report includes;

- 1.1 Information on the progress of the Council's financial results compared to budget, the progress of the Council Plan and the internal performance of the organisation
- 1.2 Council's financial performance against the budgeted capital works program

2. RECOMMENDATION

That Council:

- 2.1 Receives and notes the first Quarterly Report for 2010/11 financial year consisting of:
 - 2.1.1 The 1st Quarter Council Plan Second Year Report (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)

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 – 13 Council Plan - Year 2 and 2010/11 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 first 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:
1.2.3 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:
1.1.1 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

N/A

5.4 FINANCE / RESOURCE IMPLICATIONS

- 5.4.1 Council's net operating cash surplus (excluding non cash items) of \$10.832M for the three months ending 30 September 2010 is \$2.356M favourable compared to the year to date budget of \$8.476M.

- 5.4.2 Income has a favourable variance of \$480K which is primarily due to the following offsetting factors:
- Interest income \$351K favourable due to additional funds being available for investment and better returns on funds than originally projected.
 - Capital grants \$255K favourable due to the earlier than anticipated receipt of grant funding.
 - Parking revenue \$111K favourable due to the introduction of new parking machines across the city and improved service provided by contractors (resulting in increased up time of machines).
 - Government grants \$368K unfavourable due to a delay in the receipt of the first quarter Victorian Grants Commission grant (as a result of the hung federal parliament).
- 5.4.3 Expenditure (excluding depreciation) has a favourable variance of \$1.876M and is primarily due to the following factors:
- Contract payments \$1.056M favourable largely due to contractors not submitting invoices in a timely manner to the Infrastructure Services (\$377K favourable) and Compliance & Parking (\$155K favourable) departments. There are also minor favourable variances in various other departments across the organisation.
 - Materials and other costs \$916K favourable largely due to delays in spending the centralised IT budget (\$488K favourable). 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 \$2.432M compared to the year to date forecast of \$2.564M – a variance of \$131K. More information on the Capital Works program can be found in Attachment 3.

Organisational Development

- 5.4.5 Comments:
- Staff turnover has increased in this quarter but increases are not abnormal in times of change and there have been many changes in the last few months.
 - Our level of work cover claims is low as are our lost time days.
 - Managers are actively working with staff to reduce leave accruals over 40 days.
- 5.4.6 Key Results:
- | | |
|---|------------------------|
| ○ Annual Staff Turnover | 3.52% (Annualised 14%) |
| ○ Induction attendance | 78% |
| ○ Training course attendance | 95% |
| ○ Work Cover claims | 3 |
| ○ Lost time days | 2 |
| ○ % of unplanned absenteeism | 3.94% |
| ○ Average unplanned absenteeism days per employee | 2.6 |
| ○ Staff with more than 40 days holiday | 10 |

* 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 the July to September quarter the following Insurance and Risk information is provided:

5.5.2 Insurance Renewals:

- Review of Council's insurance portfolio complete
- Range of insurances has remained consistent with 2009\10
- A very moderate cost increase of 0.12% overall

5.5.3 Insurance Claims:

- There were 26 public liability claims open for September 2010
- Most claims are due to problems associated nature strip tree roots

5.5.4 Risk Management:

- Planning for 2011/12 risk reporting is underway
- Regular auditing is undertaken for property and public liability
- Council's Business Continuity Plan is being revised

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 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 second quarter of the second year of the 2009-2013 Council Plan in February 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.