

CITY OF PORT PHILLIP REPORT

ORDINARY MEETING OF COUNCIL 23 MAY 2011

7	QUARTERLY REPORT JANUARY – MARCH 2011
LOCATION/ADDRESS:	WHOLE OF MUNICIPALITY
GENERAL MANAGER:	MARK BRADY, CORPORATE SERVICES
PREPARED BY:	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: 3 RD QUARTER COUNCIL PLAN REPORT – YEAR 2 ATTACHMENT 2: 3 RD QUARTER COUNCIL PLAN STRATEGIC DIRECTION PROGRESS REPORT ATTACHMENT 3: 3 RD 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 third of the quarterly reports to be presented to Council and the community for the second year of the 2009-2013 Council Plan.

The report includes;

- 1.1 Information on the progress of the 2009-2013 Council Plan for the third quarter of the 2010-2011 period
- 1.2 Information on the progress of the Council's financial results compared to budget and Council's financial performance against the budgeted capital works program
- 1.3 Information on the organisational performance with respect to risk and insurance, and human resources

2. RECOMMENDATION

That Council:

- 2.1 Receives and notes the third Quarterly Report for 2010/11 financial year consisting of:

- 2.1.1 The Third Quarter Council Plan – Year Two Report, being a summary of performance against the Council Plan commitments (Attachment 1)
- 2.1.2 Council Plan Strategic Direction Progress Report, listing all actions and their progress for the third 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 2009–2013 Council Plan - Year 2 and 2010/2011 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 third 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:
 - 1.1.1 *Enhance Council's engagement with the community by maximizing community feedback to ensure open and inclusive decision making*
 - 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:
 - 1.2.1 *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

N/A

5.4 FINANCE / RESOURCE IMPLICATIONS

5.4.1 Council's net operating cash surplus (excluding non cash items) of \$26.020M for the nine months ending 31 March 2011 is \$5.251M favourable compared to the year to date budget of \$20.769M.

5.4.2 Income has a favourable variance of \$3.956M which is primarily due to the following factors:

- Interest income \$1.190M favourable due to additional funds being available for investment and better returns on funds than originally projected.
- Contributions \$1.136M favourable due to greater than anticipated open space developer contributions (which have subsequently been transferred to a statutory reserve)
- Capital grants \$756K favourable due to the earlier than anticipated receipt of grant funding.
- Government grants \$674K favourable due to the receipt of unanticipated grants and the earlier than anticipated receipt of grant funding.
- Parking revenue \$382K 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).

5.4.3 Expenditure (excluding depreciation) has a favourable variance of \$1.296M and is primarily due to the following offsetting factors:

- Materials and other costs \$1.740M favourable largely due to delays in spending the non capital projects budget (\$1.188M favourable). There are also minor favourable variances in various other departments across the organisation.
- Contract payments \$886K favourable due to delays in the delivery of contract services in several departments across the organisation.
- Employee costs \$1.325M unfavourable which is due to Council's decision to meet it's unfunded superannuation liability early and benefit from a discount (\$1.740M unfavourable) partially offset by savings due to unfilled positions across the organisation

Capital Works

5.4.4 The year to date expenditure on capital works is \$10.2M compared to the year to date forecast of \$18.3M – a variance of \$8.1M. More information on the Capital Works program can be found in Attachment 3.

5.5 ORGANISATIONAL DEVELOPMENT

5.5.1 Comments:

- Staff turnover remains at forecast level of 12%

- Significant increase in lost time days due to back pay required on claim where entitlement was terminated and then reinstated by Accident Compensation Conciliation. Back paid period 15/6/10 to 31/3/11.
- Managers are actively working with staff to reduce leave accruals over 40 days increase in numbers is being followed up with relevant managers.

5.5.2 Key Results:

- | | |
|---|------------------------|
| ○ Annual Staff Turnover | 3.26% (Annualised 12%) |
| ○ Induction attendance | 89% |
| ○ Training course attendance | 89% |
| ○ Work Cover claims | 4 |
| ○ Lost time days | 75 |
| ○ % of unplanned absenteeism | 4.4% |
| ○ Average unplanned absenteeism days per employee | 2.8 |
| ○ Staff with more than 40 days holiday | 11 |

* Unplanned absenteeism includes sickness, bereavement and carers leave

5.6 LEGAL & RISK IMPLICATIONS

- 5.6.1 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 January to March quarter the following Insurance and Risk information is provided:

5.5.1 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

5.5.2 Insurance Claims:

- There were 30 public liability claims open
- Most claims are due to problems associated nature strip tree roots

5.5.3 Risk Management:

- Reviewing of departmental risk plans has commenced and it is anticipated that all plans will be reviewed by May 2011
- Review of Risk Management Framework and the Strategic Risk Plan scheduled to commence in May 2011
- Regular auditing is undertaken for property and public liability

6. IMPLEMENTATION STRATEGY

6.1 TIMELINE

- 6.1.1 This is the third 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 fourth quarter of the second year of the 2009-2013 Council Plan in August 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.

6.2.2.1.1 At the end of quarter three for the 2010/2011 period, 108 of the 142 Council Plan initiatives are on track, 17 are completed, 12 are not on track (minor) and four are not on track (major)

6.2.2.1.2 Of the 15 Council Plan Strategic Indicators, nine have achieved their targets for the third quarter of the 2010/2011 period, five have not achieved their targets and one is not reported on in the first or third quarters.

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.