

4 OFFICERS' REPORTS - PART TWO

4.1 POLICY AND STRATEGY

4.1.1 Q2 2021-22 Quarterly Performance Report

File Id:	A8437575
Responsible Officer:	Executive Manager Communications and Customer Service
Attachments:	Q2 Quarterly Performance Report Financial Report - 1 July 2021 to 31 December 2021

1. Report Summary

This report details Council's progress for the period 1 October to 31 December 2021 against performance targets outlined in the Council Plan 2021-25 and the Mid-Year Budget 2021-22.

2. Recommendation Summary

This report recommends that Council notes the achievements against the Council Plan indicators and the Mid-Year Budget for the period ending 31 December 2021.

4.1.1 Q2 2021-22 Quarterly Performance Report (Cont.)

3. Background

Council formally adopted the Council Plan 2021-25 and Annual Plan 2021-22 on Monday 25 October 2021, and the Mid-Year Budget on 13 December 2021.

The Council Plan 2021-25 outlines the vision and objectives of the current Council over the four years of its term in office. This document guides service delivery, innovation and good governance, and provides the foundation for the corporate planning framework for all business activities. The Council Plan also guides the budget, service delivery priorities and the continuous improvement of our services.

The Council Plan 2021-25 is made available to residents through the Customer Service Centres, libraries and on Council's website at www.greaterdandenong.vic.gov.au

Progress against performance targets for the period 1 October to 31 December 2021 is outlined in two components of this report.

Part 1 – The Quarterly Performance Report details the achievements for the Council Plan Indicators from the Council Plan 2021-25.

Part 2 – The Financial Report is designed to inform Councillors of the results of operations for the period 1 July to 31 December 2021 including financial performance against the Mid-Year Budget adopted by Council on Monday 13 December 2021.

Part 1 and Attachment 1: Quarterly Performance Report for the period 1 October to 31 December 2021

Performance highlights against the Council Plan strategic objectives include:

A socially connected, safe and healthy city

- Two new COVIDsafe roles were established in the areas of arts and heritage and social support. The Stay Connected social support program commenced in October with volunteers contacting isolated clients.
- The Municipal Scan project addressing climate change risk to health and wellbeing was completed.
- Council's Public Space CCTV system and program are being maintained in accordance with all policies, procedures and agreements.
- A grant application, partnering with Play Australia, to roll out Street Play in 2022 was successful.
- Planning and design for the Keysborough South Community Hub is well advanced in preparation for the construction tendering phase.
- Family Services have engaged 40 families and 91 children, providing a total 2,498 contact hours of support.
- 200 families enrolled in the 20 supported playgroups.
- The Cultural and Linguistically Diverse (CALD) Kindergarten Project has supported 171 children and their families to enrol for early start kindergarten, referral to Playgroup, Maternal and Child Health and Immunisation Services.

4.1.1 Q2 2021-22 Quarterly Performance Report (Cont.)A city that respects and celebrates diversity, our history and the arts

- In December the 2021-23 Innovate Reconciliation Action Plan (RAP) was fully endorsed by Reconciliation Australia
- Children's Services hosted its sixth annual Children's Forum with 140 students from 15 primary schools attending.
- The Spirit of Snow Fest was delivered in August and December, via a series of neon light installations on Saturday and Sunday nights in Springvale, Noble Park and Dandenong.
- Progress on the development of the Council Gender Equality Action Plan continued, with findings of the Council survey, audit and consultation on each of the key topics summarised and submitted to the committee to inform the development of the draft Action Plan.
- 33 events were held at the Drum Theatre, including 23 performances, 1,542 performers and participants and an audience total of 3,965 people.

A city of accessible, vibrant centres and neighbourhoods

- The Hemmings Street public artwork (co-design with Dandenong West Primary Students) was successfully launched.
- Streetscape work for Douglas Street was recently completed and officially opened.
- The Dandenong Wellbeing Centre project is progressing to program. The Schematic design phase has been achieved but still to be formally endorsed before proceeding to detailed design.
- The State Government has funded an investigation to improve accessibility and safety at Dandenong station.
- Council assisted TAC with their VMS Road Safety projects in November and December. This comprised of drug and alcohol road safety messages to educate motorists for a period of approximately two weeks for each VMS deployment.

A green city committed to a sustainable future

- Key activities of the Climate Emergency Strategy and Action Plan included completion of the Municipal Health and Wellbeing Scan, delivery of the CIP climate change self-assessment mechanism and facilitation of two climate workshops with local school children through the Children's Festival and Children's Forum.
- Planning continues for the delivery of the 2022 Sustainability Festival. Dates and locations have been locked in and initial external partners have been approached with finalisation of involvement scheduled for January.
- High Risk Waste Site officers continue to do great work with close to 100 premises inspected resulting in intervention actions of some sort.
- Council adopted the Greater Dandenong Public Open Space Contribution and Subdivision Contribution Requirements and Calculations Plan 2021.
- 85 per cent of the open space projects are now underway and at various stages of implementation.

4.1.1 Q2 2021-22 Quarterly Performance Report (Cont.)A city that supports entrepreneurship, quality education and employment outcomes

- 17 referrals were made by Council's Community Development Support Officer to Victorian funded employment programs with nine people securing paid employment as a result.
- Youth and Family Services facilitated a range of programs to build young people's leadership capacity and enhance community participation, including the Young Leaders program, Noble Park Youth Committee, Holiday Activities Committee, FReeZA events committee and FReeZA 'Inquisitive Minds' workshop series.
- The Libraries continued to deliver both in person and online programs where COVID-19 restrictions have allowed. This included virtual and in person language and literacy appointments and programs with 487 attendees.
- Online Library Tech assistance incorporating the Digital certificate Help desk as part of the COVID-19 recovery assisted over 1,500 people to gain a digital vaccination certificate.
- EDU has continued to promote sustainability initiatives by including articles in Talking Business and the monthly e-news on reducing plastic waste and promoting the Small Business Energy Saver Program.

A Council that demonstrates leadership and a commitment to investing in the community

- Funding has been secured to support the employment of a team of Officers to support Monash Health in increasing the vaccination rates of the Greater Dandenong community.
- The capital works program is progressing well with 70 per cent of the projects complete, under construction or being procured.
- COVID compliance at businesses was at 48 per cent on the first visit, 83 per cent after a second visit and 99 per cent compliant on the third visit, demonstrating the importance of this program and the additional support our business community requires.
- Council's 10 year Long Term Financial Plan satisfied the requirements of the Local Government Act 2020 and was adopted by Council at its meeting on 25 October 2021.

Part 2 and Attachment 2: Financial Report for the period 1 July to 31 December 2021

The attached financial report is designed to inform Councillors of the results of operations for the period 1 July 2021 to 31 December 2021 including financial performance against the Mid-Year Budget adopted by Council on 13 December 2021.

The financial report incorporates a set of Financial Statements and a Directorate Analysis of financial performance by Business Unit. The following are contained in the Attachment:

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Capital Expenditure Statement
- Capital Expenditure report
- Investment Report
- Directorate Analysis

ORDINARY COUNCIL MEETING - MINUTES

4.1.1 Q2 2021-22 Quarterly Performance Report (Cont.)

Whilst the Financial Statements are prepared in accordance with Australian Accounting Standards, they contain several items which are “non-cash” in nature such as depreciation on assets and the written down (book) value of assets sold. They also exclude capital expenditure, new borrowings and loan repayments and as such, these Statements do not provide an accurate indication of the surplus/deficit cash position within a financial year.

The table on the following page provides a management accounting summary of the financial performance for the period 1 July 2021 to 31 December 2021 which removes non-cash items and adds back cash items that are excluded from the financial statements.

**Management Accounting Summary
for the period 1 July 2021 to 31 December 2021**

Description	YEAR TO DATE			FULL YEAR		
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE Fav(unfav) \$'000	MID YEAR BUDGET \$'000	ORIGINAL BUDGET \$'000	VARIANCE Fav(unfav) \$'000
Income Statement						
Income	109,152	107,540	1,612	245,867	235,462	10,405
Expenditure	97,780	101,835	4,055	215,831	204,057	(11,774)
Net surplus - ongoing operations	11,372	5,705	5,667	30,036	31,405	(1,369)
Management Accounting reconciliation						
<u>Add back (less) non cash items</u>						
Depreciation	16,612	16,612	-	33,237	33,277	40
Amortisation - right of use assets	299	299	-	604	604	-
Amortisation - intangible assets	50	50	-	100	60	(40)
Contributions non-monetary assets	-	-	-	(10,000)	(10,000)	-
Prior year capital expenditure unable to be capitalised	582	-	582	-	-	-
Written down value of assets sold/disposed	31	120	(89)	301	301	-
Sub total	17,574	17,081	493	24,242	24,242	-
Net operating surplus	28,946	22,786	6,160	54,278	55,647	(1,369)
<u>Add/less non operating cash items</u>						
Capital expenditure	15,425	18,476	3,051	90,738	63,362	(27,376)
Net transfers to (from) reserves	(225)	186	411	(5,319)	(5,656)	(337)
Repayment of borrowings	1,671	1,671	-	3,372	3,372	-
Proceeds from borrowings	-	-	-	-	(6,120)	(6,120)
Repayment of lease liabilities	286	345	59	689	689	-
Sub total	17,157	20,678	3,521	89,480	55,647	(33,833)
Cash surplus (deficit)	11,789	2,108	9,681	(35,202)	-	(35,202)
Accumulated surplus brought forward	-	-	-	35,202	-	35,202
Surplus (deficit) position	11,789	2,108	9,681	-	-	-

4.1.1 Q2 2021-22 Quarterly Performance Report (Cont.)**Results for the period 1 July 2021 to 31 December 2021**

The overall management accounting result (after removing non-cash items) for the period 1 July 2020 to 31 December 2021 shows a favourable variance between the budget and actual of \$9.68 million. The variance is due to a favourable surplus from ongoing operations, caused mainly by lower than anticipated operating expenditure, combined with a favourable capital expenditure variance of \$3.05 million.

Capital expenditure is \$15.43 million to 31 December 2021 (with a further \$31.86 million committed).

2021-22 Budget and the COVID-19 pandemic

The 2021-22 Annual Budget was largely based on a return to some degree of economic normality. At the time of the preparation of the budget, it was not anticipated that Lockdown 6 would occur in July/August 2021. Council's finances continue to be impacted by COVID-19 and Lockdown 6 restrictions - most significantly on Council's revenue (statutory fees and fines, user fees, rental and interest income).

The Mid-Year Budget Review was conducted and endorsed by Council on 13 December 2021. This report now incorporates the outcomes of the Mid-Year Budget Review. In summary, COVID-19 financial losses for 2021-22 are estimated at nearly \$4 million. Reducing this unfavourable outcome are favourable non-COVID-19 related budget adjustments (\$730,000) and the surplus available at 30 June 2021 (\$1.88 million). The balance of \$1.35 million has been transferred from the Major Projects Reserve where Council had prudently transferred \$2 million dollars to this reserve as a COVID-19 contingency fund in 2020-21.

The financial impact of COVID-19 will continue to be closely monitored and any permanent variances identified subsequent to the Mid-Year Budget Review will be reflected in the full year forecast. The forecast review is expected to be completed in March 2022.

INCOME

Income for the period ended 31 December 2021 is \$1.61 million favourable against budget. This is primarily due to the following:

Grants – operating (\$1.26 favourable) – Receipt of unbudgeted grant funding for COVID-Safe Outdoor Activation (\$575,000), Pandemic Local Partnerships – phase 2 (\$279,000), New Directions – Mothers and Babies (\$172,000) and Waste Management (\$167,000), combined with additional funding received for Family Day Care (\$716,000) and grant funding received earlier than anticipated for Maternal and Child Health (\$112,000)

These favourable variances are partly offset by lower than anticipated grant funding based on target achievement for Home and Community Care (\$822,000) and Sleep and Settling Initiative (\$139,000).

User fees (\$316,000 favourable) – Mainly due to higher fee income from parking ticket machines/meters than expected to date (City Planning, Design and Amenity \$281,000).

4.1.1 Q2 2021-22 Quarterly Performance Report (Cont.)

Rates and charges (\$108,000 favourable) – Favourable variance due to higher than anticipated income from supplementary rates (Non-Directorate \$104,000).

EXPENDITURE

Actual expenditure at 31 December 2021 against the budget is favourable by \$4.06 million. The major variances are in employee costs and materials and services.

Employee costs (\$2.89 million favourable) – This favourable variance is mainly due to staff recruitment occurring later than planned and a delay in commencement of grant funded projects (Community Services \$2.13 million, Corporate Services \$285,000, City Planning, Design and Amenity \$214,000, Engineering Services \$136,000 and Greater Dandenong Business \$110,000). Of the overall \$2.89 million employee costs favourable variance, \$2.16 million relates to grant funded programs which require an acquittal (predominantly in Community Services).

Materials and services (\$1.43 million favourable) – The major items contributing to this favourable variance are:

- Administration costs (\$521,000) – lower than anticipated expenditure across a range of accounts including promotions, community education, postage/courier, printing/stationery, Council publications, fuel, postage, advertising and events (Community Services \$350,000, Corporate Services \$89,000, City Planning, Design and Amenity \$36,000 and Non-Directorate \$27,000).
- Utilities (\$439,000) – mainly due to lower than anticipated electricity and water costs to date (Engineering Services \$340,000 and Corporate Services \$72,000).
- Materials, maintenance and services (\$285,000) – mainly due to lower than anticipated expenditure for materials, delay in receipt of invoices and commencement of projects (Community Services \$188,000, Community Services \$188,000 and City Planning, Design and Amenity \$98,000).

Prior year capital expenditure unable to be capitalised (non-cash) (\$582,000 unfavourable) – This unfavourable variance is due to works in progress (prior year capital expenditure) that is not able to be capitalised to the asset register because it is not capital in nature, does not meet the capitalisation threshold or relates to non-Council owned assets (Corporate Accounting \$582,000). This is an accounting entry that does not impact on Council's cash position. Examples of non-capital expenditure includes asset relocation, asset removal/demolition, operating services, projects cancelled, repairs and maintenance expenditure, studies/surveys and concept planning.

Bad and doubtful debts (\$296,000 favourable) – Lower than anticipated bad and doubtful debt expenditure to date (City Planning, Design and Amenity \$292,000).

Capital expenditure

Total capital expenditure at 31 December 2021 was \$15.43 million. A further \$31.86 million remains committed at the end of December. The capital works program comprises of asset renewal, expansion, upgrade and the investment in new assets.

4.1.1 Q2 2021-22 Quarterly Performance Report (Cont.)

4. Proposal

That Council notes the progress against performance targets outlined in the Council Plan 2021-25 for the period 1 October to 31 December 2021 and the Financial Report for the period 1 July to 31 December 2021.

5. Financial Implications

The financial position of the Council will be monitored against the approved Mid-Year Budget to ensure that Council achieves its financial goals.

6. Consultation

The Chief Executive Officer, Directors and staff responsible for reporting were consulted. Council's Finance Department has prepared the financial statements and all other attachments with feedback from Business Unit Managers.

7. Community Vision 2040 and Council Plan 2021-25 – Strategic Objectives, Strategies and Plans

After consultation with the Greater Dandenong community on what kind of future they wanted for themselves and our city, the Greater Dandenong People's Panel developed a new Community Vision for 2040:

*The City of Greater Dandenong is a home to all.
It's a city where you can enjoy and embrace life through celebration and equal opportunity.
We harmonise the community by valuing multiculturalism and the individual.
Our community is healthy, vibrant, innovative and creative.
Our growing city is committed to environmental sustainability.
Welcome to our exciting and peaceful community.*

7.1 Community Vision 2040

This report is consistent with the Community Vision 2040 and its accompanying principles:

- Safe and peaceful community
- Education, training, entrepreneurship and employment opportunities
- Sustainable environment
- Embrace diversity and multiculturalism
- Mind, Body and Spirit
- Art and Culture

4.1.1 Q2 2021-22 Quarterly Performance Report (Cont.)

7.2 Council Plan 2021-25

The Council Plan describes the kind of future the Council is working for, and how Council will do this over four years. This report is consistent with the following strategic objectives:

- A socially connected, safe and healthy city
- A city that respects and celebrates diversity, our history and the arts
- A city of accessible, vibrant centres and neighbourhoods
- A green city committed to a sustainable future
- A city that supports entrepreneurship, quality education and employment outcomes
- A Council that demonstrates leadership and a commitment to investing in the community.

8. The Overarching Governance Principles of the *Local Government Act 2020*

Section 9 of the *Local Government Act 2020* states that a Council must in the performance of its role give effect to the overarching governance principles.

This report addresses the following principles:

- a. the municipal community is to be engaged in strategic planning and strategic decision making;
- b. the transparency of Council decisions, actions and information is to be ensured.

And also takes into account the following supporting principles:

- a. the community engagement principles (section 56);
- b. the public transparency principles (section 58);
- c. the strategic planning principles (section 89);
- d. the financial management principles (section 101);
- e. the service performance principles (section 106).

The Quarterly Performance Report provides details on Council's progress against its key strategic objectives to ensure accountability and transparency of its actions.

9. Victorian Charter of Human Rights and Responsibilities

Council, Councillors and members of Council staff are a public authority under the *Charter of Human Rights and Responsibilities Act 2006* and, as such, are all responsible to act in accordance with the *Victorian Charter of Human Rights and Responsibilities 2006* (the Charter).

All matters relevant to the Victorian Human Rights Charter have been considered in the preparation of this report and are consistent with the standards set by the Charter.

4.1.1 Q2 2021-22 Quarterly Performance Report (Cont.)

10. The Gender Equality Act 2020

The *Gender Equality Act 2020* came into operation on 31 March 2021 and requires councils to take positive action towards achieving workplace gender equality and to promote gender equality in their policies, programs and services.

The content/topic/issue (of this report) is purely administrative in nature and does not benefit any one gender group over any other. The Council Plan itself was the subject of a Gender Impact Assessment and all strategic objectives and key priorities were developed to ensure that all genders were represented.

11. Consideration of Climate Change and Sustainability

One of the overarching governance principles of the *Local Government Act 2020* is that the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted.

In January 2020, this Council joined a growing number of cities around Australia and declared a "Climate and Ecological Emergency" and committed this Council to emergency action on climate change. Council has developed a Climate Change Emergency Strategy and Action Plan 2020-30 to help the City of Greater Dandenong become a resilient, net zero carbon emission city with an active community prepared for the challenges of changing climate.

This report outlines progress against some of Council's overarching climate change and sustainability actions for 2021-22. The Council Plan highlights key activities which impact Council's Declaration on a Climate and Ecological Emergency, Council's Climate Change Emergency Strategy 2020-2030 and the requirements of the *Local Government Act 2020*.

12. Related Council Policies, Strategies or Frameworks

This report forms part of Council's Integrated Planning Framework and is in accordance with Council's policy of providing regular information and feedback to Council and the community about Council's financial position.

13. Conclusion

Greater Dandenong City Council provides a performance report against organisational objectives and its financial position on a quarterly basis. The reporting procedures and systems in place provide Councillors and the community with the opportunity to monitor progress against Council Plan Indicators. This ensures that all resources are managed effectively and accountably.

14. Recommendation

That Council notes the progress against the performance targets outlined in the Council Plan 2021-25 for the period 1 October to 31 December 2021 and the Financial Report for the period 1 July to 31 December 2021.

4.1.1 Q2 2021-22 Quarterly Performance Report (Cont.)

MINUTE 382

Moved by: Cr Rhonda Garad

Seconded by: Cr Sophie Tan

That Council notes the progress against the performance targets outlined in the Council Plan 2021-25 for the period 1 October to 31 December 2021 and the Financial Report for the period 1 July to 31 December 2021.

CARRIED