

4.1.2 Q3 2022-23 Council Quarterly Performance Report

File Id:	A9705606
Responsible Officer:	Executive Manager, Communications and Customer Service
Attachments:	Council Quarterly Performance Report 1 January – 31 March 2023 Financial Report 1 July 2022 – 31 March 2023

1. Report Summary

This report details Council's progress against performance targets outlined in the Council Plan 2021-25, Annual Plan 2022-23, and Mid-Year Budget.

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 March 2023.

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3. Background

Council formally adopted the Council Plan 2021-25 and Annual Plan 2022-23 on Monday 27 June 2022 and the Mid-Year Budget on 12 December 2022.

The Council Plan 2021-25 outlines the vision and objectives of the current Council over the four (4) 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 is outlined in two (2) components of this report.

Part 1 – The Quarterly Performance Report details the achievements for the Council Plan indicators from the Council Plan 2021-25 for the period 1 January to 31 March 2023.

Part 2 – The Financial Report is designed to inform Councillors of the results of operations for the period 1 July 2022 to 31 March 2023 including financial performance against the Mid-Year Budget adopted by Council on 12 December 2022.

Part 1 and Attachment 1: Quarterly Performance Report for the period 1 January to 31 March 2023

Performance highlights against the Council Plan strategic objectives include:

A socially connected, safe and healthy city

- Family Services engaged 44 families and 98 children, providing 2,959 contact hours of support.
- 160 families participated in supported playgroups and 20 families were part of in-home support.
- 32 applications were submitted for the Community Response Grants Program.
- A draft strategy for Keysborough South Community Hub (KSCH) has been prepared and community consultation will occur in April/May.
- A contractor has been appointed for KSCH and construction will commence shortly.
- The first Farm to Families pop-up was held at South East Community Links which is a market designed to provide fresh fruit, vegetables and non perishable food items for between 250-500 families depending on the location.

A city that respects and celebrates diversity, our history and the arts

- Over 200 entries were received for the inaugural SHE writing competition from local, national and international creatives aged from 9 to 84 years old.
- 30 events and activities, including 9 performances, were held at the Drum Theatre.

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- The Make Your Move Fun Run, Walk and Roll held on Australia Day attracted 90 participants.
- The Open Air Movies program delivered seven (7) movies to 900 attendees during February and March.
- Noble Park Community Fun Day was held on 4 March with 5,500 attendees.
- Over 35 people represented CGD at this year's Pride March in support of members of the LGBTIA+ community.

A city of accessible, vibrant centres and neighbourhoods

- Harmony Square and Garnar Lane public display boxes showcased four (4) exhibitions and 24 artists.
- Construction works are underway for the Railway parade, Noble Park streetscape.
- The Table Tennis Feasibility Study is complete and the next step is Council endorsement.
- The Road Safety Strategy is in development and consultation is timed to commence in alignment with Road Safety Week in Quarter 4.
- Council has obtained approximately \$1million in funding for three (3) Blackspot projects for the 2022-23 program to address safety issues based on historical crashes.

A green city committed to a sustainable future

- The 2023 Sustainability Festival was held on 26 February with more than 3,000 people attending and 55 per cent of survey respondents identifying as Greater Dandenong residents.
- The Biodiversity Action Plan has been completed and is scheduled to be adopted by Council on 24 April.
- 28 of the 48 open space projects scheduled for this financial year are complete with another 18 expected to be completed by July.
- Year five (5) of the Greening Our City: Urban Tree Strategy is underway and tree planting orders are complete ready for works to begin in April/May.

A city that supports entrepreneurship, quality education and employment outcomes

- More than 80 people attended SEBN's International Women's Day event held at the Drum Theatre.
- The 'Take a Swing for Charity' Golf Day was held on 22 February with over 100 people participating. This was the second time in the history of the event that more than \$50,000 was raised for a local charity.
- \$41,497 of funding was received by the Department of Government Services to run a Digital Literacy for Seniors program.
- English Conversation Circle attendance increased with 87 participants and there was a 71 per cent increase in attendance at Library Tech Assist sessions.

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

- Customer Portal testing has been progressing and public testing and a soft launch are planned for next quarter.
- 65 per cent of capital works projects are in procurement, under construction or are completed.
- The Preventure Wearable Technology trial has commenced with Community Care and Operations staff. This project uses sensors to give real time readings on manual handling impacts on the body and enables Council to identify and address hazards and risks to prevent injuries.
- Council's Long Term Financial Plan, Proposed Budget 2023-24 and Annual Plan 2023-24 have been developed and will be out for community consultation in April/May.
- 42 students from 21 schools participated in the Children's Advisory Group meeting on 29 March and elected Tasneem from Keysborough Gardens Primary School as the new Junior Mayor for 2023.

Part 2 and Attachment 2: Financial Report for the period 1 July 2022 to 31 March 2023

The attached financial report is designed to inform Councillors of the results of operations for the period 1 July 2022 to 31 March 2023 including financial performance against the Mid-Year Budget adopted by Council on 12 December 2022.

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

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 2022 to 31 March 2023 which removes non-cash items and adds back cash items that are excluded from the financial statements.

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Management Accounting Summary
for the period 1 July 2022 to 31 March 2023

Description	YEAR TO DATE			FULL YEAR		
	ACTUAL	MID YEAR	VARIANCE	MID YEAR	FORECAST	VARIANCE
	\$'000	BUDGET	Fav(unfav)	BUDGET	\$'000	Fav(unfav)
		\$'000	\$'000	\$'000		\$'000
Income Statement						
Income	171,560	165,819	5,741	246,422	249,310	2,888
Expenditure	152,779	159,451	6,672	222,825	222,487	338
Net surplus - ongoing operations	18,781	6,368	12,413	23,597	26,823	3,226
Management Accounting reconciliation						
<i>Add back (less) non cash items</i>						
Depreciation	25,047	25,047	-	32,943	32,943	-
Amortisation - right of use assets	448	448	-	604	604	-
Amortisation - intangible assets	45	45	-	60	60	-
Contributions non-monetary assets	-	-	-	(10,000)	(10,000)	-
Assets written off	2,191	-	(2,191)	-	-	-
Prior year capital expenditure unable to be capitalised	4,005	-	(4,005)	-	-	-
Written down value of assets sold/disposed	67	183	116	261	261	-
Sub total	31,803	25,723	(6,080)	23,868	23,868	-
Net operating surplus	50,584	32,091	18,493	47,465	50,691	3,226
<i>Add/less non operating cash items</i>						
Capital expenditure	32,385	47,457	15,072	86,425	86,425	-
Net transfers to (from) reserves	8,832	6,881	(1,951)	(291)	1,987	(2,278)
Repayment of borrowings	2,598	2,598	-	3,484	3,484	-
Repayment of lease liabilities	538	435	(103)	710	710	-
Sub total	44,353	57,371	13,018	90,328	92,606	(2,278)
Cash surplus (deficit)	6,231	(25,280)	31,511	(42,863)	(41,915)	948
Accumulated surplus brought forward	-	-	-	42,863	42,863	-
Surplus (deficit) position	6,231	(25,280)	31,511	-	948	948

Results for the period 1 July 2022 to 31 March 2023

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The overall management accounting result (after removing non-cash items) for the period 1 July 2022 to 31 March 2023 shows a significant favourable variance between the budget and actual of \$31.51 million. The variance is due to a favourable surplus from ongoing operations (\$12.41 million), caused by lower than anticipated operating expenditure and higher income. The operating expenditure variance is even more favourable after removing two (2) fixed asset accounting entries (assets written off and prior year capital expenditure unable to be capitalised totalling \$6.2 million) resulting in a favourable net operating surplus variance of \$18.49 million. In addition, capital expenditure is \$15.07 million favourable to the year-to-date budget with \$32.39 million spent to 31 March 2023 and a further \$18.81 million committed.

OPERATING INCOME

Operating income for the quarter ended 31 March 2023 is \$5.74 million favourable against budget. This is primarily due to the following:

Other income (\$2.91 million favourable) – Mainly due to better than anticipated interest income as a result of higher than anticipated interest rates (Non-Directorate \$2.13 million). A favourable variance of \$1.4 million has been reflected in the 2022-23 Forecast and transferred to reserves.

Rates and charges (\$1.23 million favourable) - Better than anticipated income from supplementary rates (Non-Directorate \$1.18 million). This favourable variance has been reflected in the 2022-23 Forecast and transferred to reserves.

Grants – operating (\$1.15 million favourable) – Receipt of unbudgeted grant funding for Waste Management Kerbside Reform support (\$369,000), Market Street Occasional Child Care Centre (\$180,000), Parks Services (\$170,000), Major Projects (\$100,000), School Crossings (\$69,000), Festivals and Events (\$61,000) and Emergency Management (\$22,000), combined with earlier than anticipated funding received for Family Day Care (\$1.57 million), Community Revitalisation (\$190,000), Maternal and Child Health (\$131,000), HACC Co-ordination (\$84,000), Pre-School Field Officer (\$64,000), Immunisation (\$39,000), Childrens Support Services (\$31,000), Playgroup Initiative (\$27,000), Child First (\$26,000) and Y-Space (\$25,000). Grant funding is offset by associated expenditure.

These favourable variances are partly offset by lower than anticipated grant funding based on target achievement for Home and Community Care (\$1.00 million) and Planned Activity Group (\$136,000), combined with a delay in recognition of grant funding for HACC – Assessment & Team Leaders (\$395,000), HACC – Home Maintenance (\$216,000), Sleep and Settling Initiative (\$192,000), and delay in receipt of grant funding for Empowering Communities (\$180,000) and LG Capacity Building (\$53,000).

Grants – capital (\$632,000 favourable) – Receipt of unbudgeted grant funding for Thomas Carroll Oval lighting (\$116,000) and grants recognised earlier than anticipated Ross Reserve Soccer Pitch (\$530,000) and Frederick Wachter Tennis Lights (\$32,000).

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This favourable variance is partly offset by the delay in recognition of grant funding for Walker Street Carpark (\$109,000). Capital grant funding will be offset by associated project expenditure.

Contributions – monetary (\$300,000 favourable) – Better than anticipated income from public open space contributions to date. The nature of these receipts makes timing difficult to predict. These funds are transferred to reserves.

These favourable income variances are partly offset by unfavourable variance in:

Statutory fees and fines (\$479,000 unfavourable) – Mainly due to lower than anticipated income from parking, littering, health and food infringements and planning applications (City Planning, Design and Amenity \$560,000). Around half of this variance is expected to be permanent with an adjustment of \$285,000 in the 2022-23 Forecast.

User fees (\$184,000 unfavourable) – Mainly due to lower than anticipated income for inspection fees, building permits and parking permits (City Planning, Design and Amenity \$138,000). An unfavourable variance of \$196,000 has been reflected in the 2022-23 Forecast.

OPERATING EXPENDITURE

Operating expenditure for the quarter ended 31 March 2023 is favourable by \$6.67 million against the year-to-date budget. The major variances are in employee costs and materials and services.

Employee costs (\$10.60 million favourable) – mainly due to the 2022-23 pay rise not yet processed, vacant positions, delay while staff are recruited and commencement of grant funded projects. Of the \$10.60 million favourable employee costs variance, \$4.37 million relates to fully funded grant programs (mainly in Community Services). The remaining \$6.26 million favourable variance is attributable partly to the delay in Council staff receiving their pay increase for 2022-23 due to negotiations in relation to the new Enterprise Agreement (EA). This has now been finalised and the EA is awaiting approval by the Fair Work Commission. The pay increase will occur in April. Additionally, a delay in the recruitment of vacant positions caused by a variety of reasons is contributing to the favourable variance such as:

- Skilled staff shortages (Maternal and Child Health and Planning).
- Ageing workforce on limited duties or Workcover in Community Care (wholly offset by reduction in income).
- Staff taking parental leave, extended leave or leave without pay particularly in a post-COVID environment.
- The decision to hold off recruitment of a number of key positions until the incoming CEO commenced requiring internal staff to act in higher positions.

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\$2.46 million of the year-to-date favourable salaries variance has been estimated to be permanent and is reflected in the 2022-23 Forecast.

Materials and services (\$1.72 million favourable) – Mainly relates to:

- Consultants, professional services (\$1.17 million) – due to delay in commencement of building disposal projects, grant funded projects (LG Capacity Building and Indian Cultural Precinct), lower than anticipated use of consultants in Strategic Design and Sustainability Planning and Business Networks, no recovery actions of outstanding rate debtors combined with a delay in the receipt of invoices (Engineering Services \$478,000, Greater Dandenong Business \$414,000, City Planning, Design and Amenity \$194,000 and Corporate Services \$119,000).
- Materials, maintenance and service delivery (\$965,000) – mainly due to lower than anticipated expenditure for materials, delay in receipt of invoices and commencement of projects particularly in Home and Community Care (including Food Services), Building Maintenance and Parking Management (Community Strengthening \$516,000, City Planning, Design and Amenity \$233,000 and Engineering Services \$218,000).
- Administration costs (\$780,000) – 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 Strengthening \$348,000, Corporate Services \$141,000, Engineering Services \$121,000 and Greater Dandenong Business \$102,000). A minor favourable variance of \$29,000 has been reflected in the 2022-23 Forecast.
- Utilities (\$573,000) – mainly due to lower than anticipated electricity and water costs to date (Engineering Services \$500,000 and Corporate Services \$82,000). \$364,000 has been reflected as a favourable permanent variance in the 2022-23 Forecast.

Other than about 60% of the utilities favourable variance, the remaining variances are not anticipated to be permanent.

These favourable expenditure variances are partly offset by unfavourable variances in:

Prior year capital expenditure unable to be capitalised (non-cash) (\$4.01 million 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 (Non-Directorate). This is a non-cash 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. The main contributors to the \$4.01 million year to date result include amounts unable to be capitalised to the asset register because they are:

- Repairs and maintenance costs (\$1.31 million).
- Less than the capitalisation threshold in the Fixed Asset Accounting Policy (\$1.07 million).

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- Not capital in nature relating to studies, surveys and concept plans (\$706,000).
- Contribution costs on non-Council assets (\$572,000).

Asset write offs (\$2.19 million unfavourable) – Unfavourable variance arising from asset renewal and replacement as part of capital work projects. This variance predominantly relates to a building, two (2) car parks and a bridge that were replaced. This item is difficult to predict and is a non-cash accounting entry (Non-Directorate).

CAPITAL EXPENDITURE

The capital works program comprises of asset renewal, expansion, upgrade and the investment in new assets.

Capital expenditure to 31 March 2023 is \$32.38 million, which is \$15.07 million favourable to budget. This is due to favourable variances across a number of projects, the most material being the Road Resurfacing, Reconstruction and Rehabilitation programs (\$5.46 million) along with a further \$3.28 million in related commitments which are currently awaiting delivery by contractors. Total commitments (open purchase orders) at 31 March are \$18.81 million. This means that \$35.24 million of the capital program is not yet spent or committed. This outstanding amount comprises some large projects that await formal contract commencement or purchase orders raised, examples include the Keysborough South Community Hub, Perry Road, Abbotts Road, the Leonard Street streetscape project and the Mason Robinson streetscape project.

A detailed review as to the progress of projects occurs monthly by the City Improvement department. To date 72% of projects are now in the construction or completed phases. Eleven projects equating to an estimated amount of \$8.29 million in likely carry overs to 2023-24 have been assessed and identified. Most of these projects have been delayed due to third party approvals or grant related, combined with a project affected by market supply issues and another in contractual dispute. City Improvement will continue to monitor all projects closely and provide reporting on progression of the 2022-23 CIP program and projects at risk of carry over.

4. Proposal

That Council notes the progress against performance targets outlined in the Council Plan 2021-25 for the period 1 January to 31 March 2023 and the Financial Report for the period 1 July 2022 to 31 March 2023.

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.

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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

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 (4) 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.

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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. The development of the Council Plan 2021-25 provides the community with the right to take part in public life through various community consultation activities which influence the priorities of Council for its four (4) year elected term.

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 of this report is purely administrative in nature and does not benefit any one (1) 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.

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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 a changing climate.

This report outlines progress against some of Council’s overarching climate change and sustainability actions for 2022-23. The Council Plan highlights key activities which impact Council’s Declaration on a Climate and Ecological Emergency, Council’s Climate Change Emergency Strategy 2020-30 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. Council will be kept informed of the financial position on a quarterly basis, as is the current practice.

14. Recommendation

That Council notes the progress against the performance targets outlined in the Council Plan 2021-25 for the period 1 January to 31 March 2023 and the Financial Report for the period 1 July 2022 to 31 March 2023.

MINUTE 758

Moved by: Cr Sophie Tan
Seconded by: Cr Rhonda Garad

That Council notes the progress against the performance targets outlined in the Council Plan 2021-25 for the period 1 January to 31 March 2023 and the Financial Report for the period 1 July 2022 to 31 March 2023.

CARRIED