

Capital Expenditure Program Monthly Report

For the period 1 July 2023 to 30 September 2023

1. Executive Summary

1.1. Financial Summary

This report provides a brief overview of the published 2023-24 Capital Expenditure Program (CEP) and funds carried forward from 2022-23. Throughout the financial year, occasional approved changes to the CEP Budget are made, moving funds between projects or adding funds from various funding sources. In particular, this can occur when external funding is announced during the current year.

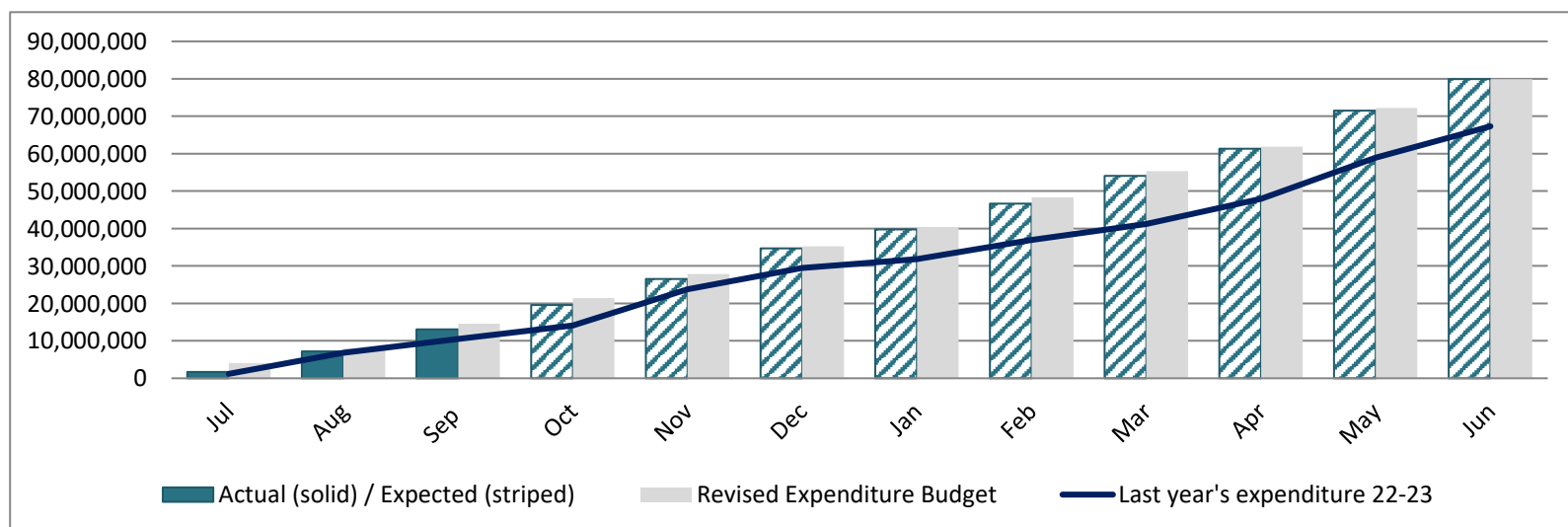
Approved 2023-24 Capital Expenditure Program (CEP) Budget		\$'000
Published Capital Budget Allocation: Council contribution		31,785
Published Capital Budget Allocation: external income		23,301
Carried forward from 2022-23 to 2023-24		20,943
Adopted Capital Expenditure Program Budget		76,029
Additional carried forward from 2022-23 to 2023-24		1,041
Capital Expenditure Program budget at 1 July 2023		77,070
Mid-year adjustments, including additional income <i>expected</i>		2,864
Capital Expenditure Program Budget (Revised Budget)		79,934
Less: Amount expected to be carried forward to 2024-25		-1,241
Plus: Expected forward spend from 2024-25 to 2023-24		1,560
Less: Savings expected at the end of 2023-24 financial year		-274
Less: Decreased expenditure due to lower income		-50
Expected to be spent by the end of the financial year		79,929
YTD Actual Spend to 30 September 2023		13,077
Percentage of the Revised Budget Expected to be Spent¹		100%

¹ Status:

- ✓ 90% or more of the revised budget is expected to be spent
- ⚠ Between 80% and 90% of the revised budget is expected to be spent
- ✗ Less than 80% of the revised budget is expected to be spent

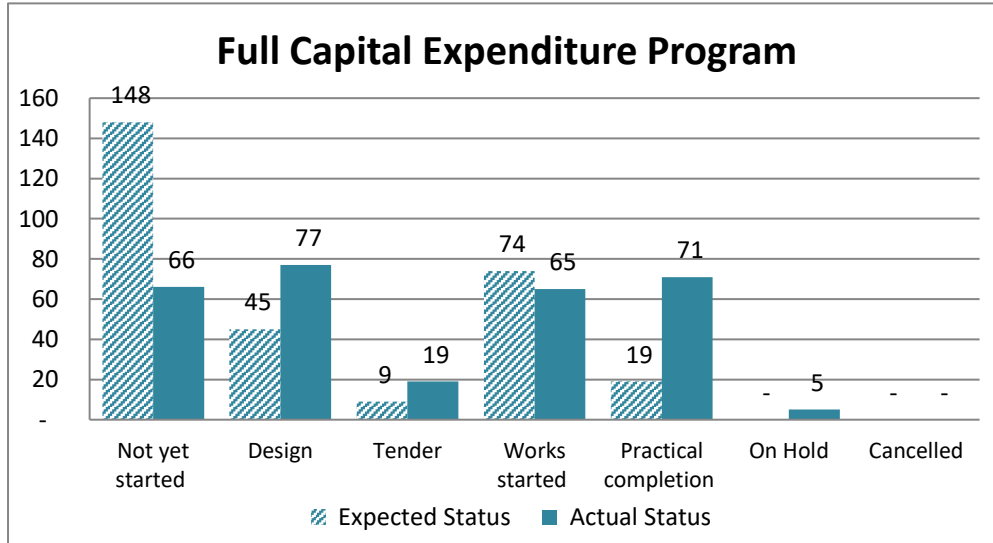
The following graphs show the *YTD Actual Spend*, *Expected Spend* and last year's expenditure. As with previous years, the expenditure is anticipated to increase as the year progresses. Further detail provided in the sections below.

Full Capital Works Program - Actual Spend and Expected Spend -vs- Last Year's Spend



1.2. Program Status Summary

The following graph shows the progression of projects through the various project phases.



Full program - phases	
Not yet started	66
On Hold	5
Consultation / design	77
Tendering	19
Works started	65
Practical completion	71
Cancelled	0
Total	303
Ahead of schedule	123
On schedule	152
Behind schedule	28
Total	303
On/ahead of schedule¹	91%

¹ Status:

- ✓ 90% or more of all projects in this program are expected to their planned milestone dates* (planned in August 2023)
- ⚠ Between 80% and 90% of projects in this program are expected to meet their planned milestone dates* (planned in August 2023)
- ✗ Less than 80% of projects in this program are expected to meet their planned milestone dates* (planned in August 2023)

* as per information given by Project Managers.

2. Project Financial Summary

	Adopted Annual Budget excl. carry forward	Revised Budget	Expected spend	YTD Actual spend	Anticipated carry f'ward to next year	Expected Saving/ (Overspend)	Status ¹
PROPERTY	13,109	15,777	17,289	3,573	(1,038)	(474)	
<i>Land</i>	0	675	675	61	0	0	
Land New / Improvements	0	675	675	61	0	0	✓
<i>Buildings</i>	13,109	15,102	16,614	3,511	(1,038)	(474)	
Buildings Rehab / Renewal	3,248	3,309	4,044	276	0	(736)	✓
Buildings New / Improvements	9,861	11,793	12,569	3,235	(1,038)	262	✓
PLANT & EQUIPMENT	3,302	5,782	5,495	365	287	0	
<i>Plant, Machinery & Equipment</i>	2,048	3,461	3,306	219	155	0	
Plant & Equipment Renewal	2,048	2,048	2,048	85	0	0	✓
Plant & Equipment New / Improvements	0	1,413	1,258	134	155	0	!
<i>Fixtures, Fittings & Furniture</i>	18	18	18	0	0	0	
FFF Rehab / Renewal	18	18	18	0	0	0	✓
<i>Computers & Telecommunications</i>	1,236	2,303	2,171	145	132	0	
ICT New / Improvements	1,236	2,303	2,171	145	132	0	✓
INFRASTRUCTURE	38,675	58,375	57,145	9,140	432	748	
<i>Roads</i>	19,257	26,928	26,618	4,607	214	27	
Roads Rehab / Renewal	10,229	9,653	9,958	1,490	(450)	146	✓
Roads New / Improvements	917	2,525	2,629	1,059	0	(104)	✓
Roads Traffic Management & Other Works	215	342	356	131	0	(15)	✓
Roads for the Community Initiative	7,896	14,408	13,675	1,927	664	0	✓
<i>Bridges</i>	257	2,036	2,036	253	0	0	
Bridges Rehab / Renewal	257	1,288	1,288	253	0	0	✓
Bridges New / Improvements	0	749	749	0	0	0	✓
<i>Footpaths & Cycleways</i>	1,142	1,218	1,215	363	0	3	
Footpaths Rehab / Renewal	601	601	598	363	0	3	✓
Footpaths New / Improvements	541	617	617	0	0	0	✓
<i>Drainage</i>	1,689	2,246	2,118	431	268	(140)	
Drainage Rehab / Renewal	255	255	255	39	0	0	✓
Drainage New / Improvements	1,434	1,991	1,863	392	268	(140)	✓
<i>Recreational, Leisure & Community Facilities</i>	6,617	7,117	7,154	1,253	0	(30)	
Playspace Rehab / Renew	800	1,227	1,227	351	0	0	✓
Playspace New / Improvements	2,453	2,599	2,599	494	0	0	✓
Sports Reserves Rehab / Renewal	2,202	2,204	2,241	403	0	(30)	✓
Sports Reserves New / Improvements	1,162	1,087	1,087	5	0	0	✓
<i>Parks, Open Space & Streetscapes</i>	4,051	12,181	12,246	2,125	(50)	(2)	
Open Space Rehab / Renewal	576	576	576	69	0	0	✓
Open Space New / Improvements	100	1,302	1,348	622	(50)	(6)	✓
Townships New / Improvements	837	2,535	2,549	559	0	8	✓
Trails Rehab / Renewal	1,016	1,016	1,016	78	0	0	✓
Trails New / Improvements	1,522	6,752	6,756	797	0	(5)	✓
<i>Off-street Carparks</i>	467	467	467	89	0	0	
Off-street Carparks Rehab / Renewal	367	367	367	89	0	0	✓
<i>Other Infrastructure</i>	5,195	6,182	5,291	18	0	891	
Infrastructure - Project Management	5,042	5,042	5,042	0	0	0	✓
Infrastructure - Asset New / Improve Reserve	153	1,140	249	18	0	891	✗
Projects total:	55,086	79,934	79,929	13,077	(318)	274	

¹ Status:

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- ✗ Less than 80% of the revised budget is expected to be spent

3. Items for Consideration

3.1. Significant Capital Expenditure Transfers

From time to time, it is necessary to transfer all or part of a budget from one project to another.

Reasons could include work program budgets being distributed to programmed projects or newly created, previously unanticipated projects being funded. All budget transfers valued \$250,000 and over require the approval of the Director, in coordination with EO - Project Management Office. If the value is \$500,000 or over and is transferred from one distinct project to another they require Council approval.

Any budget transfers that represent a significant change to the CEP Budget also require Council approval. Such changes may include the reassignment of budgets for cancelled projects published in the Capital Expenditure Program, the transfer of project funds carried forward from the previous year to a different project, or the transfer of funds allocated for renewal works to non-renewal projects. Transfers under the approval threshold have been included for information only.

		Previous budget	Transfer amount	New budget
From:	Unspent 2022-23 Asset Renewal Fund	\$852,952	-\$852,952	\$0
From:	Unspent 2022-23 Capital Works funding (other savings across the entire program)	\$5,348,115	-\$5,348,115	\$0
To:	Asset Renewal Fund 2023-24	\$0	\$852,952	\$852,952
To:	Asset Investment Fund 2023-24	\$0	\$5,348,115	\$5,348,115

As reported in the 2022-23 June Quarterly Report there was a year end saving of \$6.2 million. In total, \$853k is being returned to the Asset Renewal Fund and \$5.35 million to the Asset Investment Fund for redistribution to projects in 2023-24, as detailed below. These projects were evaluated by the Capital Works Management Steering Committee. The balance of savings is being transferred to the 2024-25 Asset Renewal Fund (\$812k) and the 2024-25 Asset Investment Fund (\$795k).

		Previous budget	Transfer amount	New budget
From:	Asset Investment Fund 2023-24	\$5,348,115	-\$2,967,108	\$2,381,007
To:	206982 Mountain Bike Destination, Warburton 2024-25 & 2025-26 budget allocation	\$1,198,892	\$2,967,108	\$4,166,000

Redistribution of Regional Growth Funds due to expiration of the funding agreement in May 2023. The additional funding is required due to the significant Environmental Effects Statement.

		Previous budget	Transfer amount	New budget
From:	Asset Investment Fund 2023-24	\$2,381,007	-\$736,000	\$1,645,007
To:	200300 Council Building Minor Works	\$1,847,000	\$736,000	\$2,583,000

Allocation of 2022-23 savings to fund remaining committed works from 2022-23 program (\$736k).

		Previous budget	Transfer amount	New budget
From:	Asset Investment Fund 2023-24	\$1,645,007	-\$115,000	\$1,530,007
To:	207542 Spring Lane, Gruyere	\$620,000	\$115,000	\$735,000

Allocation of 2022-23 savings to fund cost escalations resulting from the delay of construction of this road rehabilitation (\$115k).

		Previous budget	Transfer amount	New budget
From:	Asset Investment Fund 2023-24	\$1,530,007	-\$150,000	\$1,380,007
To:	207927 Biochar - Stage 1	\$151,679	\$150,000	\$301,679

Allocation of 2022-23 savings to fund cost escalations due to latent conditions discovered onsite once construction had commenced. Original project variation amount of \$300k reassessed and amended down to \$150k in August 2023.

		Previous budget	Transfer amount	New budget
From:	Asset Investment Fund 2023-24	\$1,380,007	-\$480,000	\$900,007
To:	208309 Lysterfield Transfer Station Fire Service	\$266,625	\$480,000	\$746,625

Allocation of 2022-23 savings to fund cost variation for design and installation of fire service water storage tanks due to latent conditions on site. Original project variation amount of \$330k reassessed and increased to \$480k in August 2023, with works deferred until 2023-24.

		Previous budget	Transfer amount	New budget
From:	Asset Investment Fund 2023-24	\$900,007	-\$60,000	\$840,007
To:	208565 Pedestrian Steps - Pauline Avenue and Hakea Street, Tecoma	\$0	\$60,000	\$60,000

Allocation of 2022-23 savings to fund emergency works to repair damaged steps (\$60k).

		Previous budget	Transfer amount	New budget
From:	Asset Investment Fund 2023-24	\$840,007	-\$25,000	\$815,007
To:	208566 Eastern Dandenong Ranges Trail - Menzies Creek	\$0	\$25,000	\$25,000

Allocation of 2022-23 savings to fund Yarra Ranges Council connecting section of trail to broader trail network (\$25k).

		Previous budget	Transfer amount	New budget
From:	Asset Renewal Fund 2023-24	\$852,952	-\$41,000	\$811,952
To:	208075 Lilydale Tennis Court - Lighting	\$78,908	\$41,000	\$119,908

Allocation of 2022-23 savings to fund increased costs for excess rock removal works at Lilydale Tennis Club (\$41k).

		Previous Budget	Transfer Amount	New budget
From	Public Open Space Fund - Ryrie		-\$110,000	-\$110,000
To:	207751 Yering & Coldstream Station Open Space Development	\$53,474	\$110,000	\$163,474

Allocation of POSF (Ryrie ward) to fund project completion (landscaping, carpark resurfacing and pathways).

		Previous budget	Transfer amount	New budget
To:	208300 Kallista-Emerald Rd, Kallista - Blackspot	\$626,010	-\$192,152	\$433,858

Reduction of external funding by \$192,152 due to changes in project scope.

		Previous Budget	Transfer Amount	New budget
From	204270 WP Road Traffic Management Works	\$215,000	-\$60,000	\$155,000
To:	208560 Anderson St, Lilydale- Pedestrian/Cyclist Safety	\$60,000	\$60,000	\$120,000

Council contribution to match external grant.

		LRCI Funding	Transfer Amount	New LRCI funding
From:	208477 Kilsyth Recreation Reserve - Stage 1	\$230,000	-\$230,000	\$0
To:	208494 Lilydale BMX Lighting Renewal	\$0	\$200,000	\$200,000
To:	208563 Victoria Road, Coldstream - Stage 2	\$0	\$16,000	\$16,000
To:	208478 Belgrave Heights Tennis Facility	\$0	\$14,000	\$14,000

LRCI Phase 4 adjustments:

Kilsyth Recreation Reserve - Stage 1 was not approved for inclusion in the LRCI program by the Federal Government. This was substituted with the project changes listed above with Council funding from these projects allocated back to deliver Kilsyth Recreation Reserve - Stage 1.

4. Carry Forwards & Forward Spends

Projects that have been delayed and are impacting on anticipated expenditure will request funds to be carried forward for use in the next financial year. Early identification of *carry forward* funds ensures the optimum utilisation of cash resources.

Forward spends occur when capacity becomes available to make an early start on a future year's project.

	Carry Forward	Forward Spend	Total Carry Forward to next year
	Budgets to be carried forward to 2024-25	Future year budgets to be brought forward from 2024-25 for spending in 2023-24	
<i>Figures in \$'000</i>			
Buildings New / Improvements	0	-1,038	-1038
Plant & Equipment New / Improvements	155	0	155
ICT New / Improvements	132	0	132
Roads Rehab / Renewal	0	-450	-450
Roads for the Community Initiative	664	0	664
Drainage New / Improvements	290	-22	268
Open Space New / Improvements	0	-50	-50
	1,241	-1,560	-318

Projects with expenditure carry forward amounts in excess of \$100k

Project Number	Project	Carry Forward to next year
		<i>Figures in \$'000</i>
208102	Alfred St and John St, Wandin North - RFCI	500
207558	Waratah Avenue, Belgrave - RFCI	210
208465	Biochar Facility - Stage 2	155
290103	YRConnect	132

Projects with expenditure forward spend amounts in excess of \$100k

Project Number	Project	Forward Spend
		<i>Figures in \$'000</i>
207790	Community Sports Pavilion, Pinks Reserve, Kilsyth	-1038
208086	Gruyere Road, Gruyere (Harvey Cl - Darling Rd) - Roads Rehab	-363

Glossary

Annual Budget: The annual published budget of capital projects for delivery each year. It complies with the State Government reporting guidelines and so, excludes the non-capital components of projects. The carry forward amounts captured are estimates only as they were formed at the time the budget was set, not the end of the financial year.

Approved Changes: Throughout the year, formally approved changes to the Capital Works Program budget can include budget transfers from one project to another, funds from a future year's Capital Works Program brought forward for expenditure this year, or additional external funds identified for inclusion in the budget.

Capital Expenditure Program (CEP): Allocated funding for renewal, improvement or new project works.

Capital Expenditure Program (CEP) Budget: This comprises of the Capital Expenditure Program adopted by Council, any funds carried forward from the previous financial year, and any approved changes made to the Budget during the financial year.

Carry Forward: A component of the CEP Budget brought to the next financial year. This becomes part of the next financial year's CEP

Current Year Projects: Typically projects delivering rehabilitation and renewal works on existing assets, which can be achieved in a single year. These projects may or may not include a community consultation and / or a design phase.

Expected Saving/(Overspend): The expected final financial position of a project, which equals Budget less Forecast less Carry Forward.

Expenditure Target: Set before the start of the financial year, this represents the agreed upon Capital Works expenditure for the year. The target equals the CEP Budget less funds held over for works during future years.

Forward Spending: This is when capacity becomes available to make an early start on a future year's project. Early spending requires the Capital Works Management Steering Committee approval.

Income Recognition: Income will be recognised in line with project expenditure. Income cannot be carried forward to a future year, it will remain on the balance sheet until project expenditure occurs. For this reason, a project that has external funding which is not delivered in a current year may not show as having carry forward even though the project is delayed to a future year.

Held Over: Any project specific funds not expected to be spent until a following financial year, do not form part of the Expenditure Target.

Major Projects: These run over multiple years and may involve detailed community consultation and design phases. These early phases may take place in the year before construction.

Milestone Dates: Set prior to the start of the financial year, these represent the start of key phases during the life of a project. (Also see

Multi-year Projects: These projects deliver improvements, upgrades or expansions on existing assets or build new assets. They typically include a design phase, which may occur in the year before construction. Construction works may run over more than one financial year.

Phases: Throughout the life of a project, there may be various phases, as explained below.

Consultation/Design: formal investigation, design or consultation is underway

Tender Phase: tender/quote is currently being sought or evaluated

Works/Construction Started: work has begun on site

Practical Completion: all works except minor defects or final seals are complete and the deliverable is ready for use

Finalisation: the project is complete, all monies owing have been paid and the defect liability period has passed

Program Status Overview: Successful delivery of a project to schedule involves meeting *milestone dates* set prior to the commencement of the financial year. Project *milestone dates* represent the start of four project *phases*: *consultation/design*; *tender phase*; *works started*; and *practical completion*. Project complexity is taken into consideration when establishing *milestone dates*. A project which falls behind in an earlier milestone may still meet a later *milestone date* and then be on schedule again.

Revised Budget: The Revised Budget is the current total expenditure budget for works to be completed in the current financial year. It includes the adopted budget, final carry forward from the previous financial year, external grants made within the year and any budget adjustments or transfers approved within the financial year.

Work Program: A lump sum budget for a group of projects of the same type, such as minor drainage works. Projects undertaken from Work Programs are generally single year projects. Very minor projects may be funded directly from the block fund, or part of the budget may be transferred out from the block fund to a programmed project during the financial year.

YTD Actual Spend: The amount of funds expended year to date.