

QUARTERLY FINANCE REPORT - SEPTEMBER 2022

Report Author: Executive Officer Finance
Responsible Officer: Director Corporate Services
Ward(s) affected: (All Wards);

The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.

CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

SUMMARY

The attached quarterly finance report has been prepared as at 30 September 2022. The report includes financial year-to-date data up to quarter one of the 2022-23 financial year and is compared to the adopted budget and the forecast projections for the full year to 30 June 2023.

RECOMMENDATION

That Council

- 1. Receives and notes the Finance Report for the three months from 1 July 2022 to 30 September 2022 for the purpose of Section 97 of the Local Government Act 2020.***
- 2. Approves and adopts the Capital Works Transfers as outlined in the September Quarterly Capital Works Report.***

RELATED COUNCIL DECISIONS

There are no related Council decisions relevant to this item.

DISCUSSION

Key Issues

Comprehensive Result (Net Surplus)

The year to date comprehensive result of \$8.8m against the adopted budget of \$7.3m is \$1.5m or 20% above budget largely due to:

- Higher special charges related to the Roads for Community Initiative (\$1.1m)
- Lower employee costs due to vacant positions (\$0.5m)
- Lower materials and services costs due to delayed activities, mainly for storms recovery, programmed and infrastructure maintenance and waste management (\$5.8m)

These were partially offset by:

- Timing of grant funding recognised to date:
 - Lower capital grant recognition due to delayed project delivery progress across several projects (\$7.4m)
 - Lower storm funding allocation which is subject to processing of Disaster Recovery Funding Arrangements (DRFA) claims (\$0.5m)

Higher temporary staff costs while positions are recruited (\$0.5m)

Balance Sheet and Cash Flow Statement

Cash and investment holdings are \$63.0m as at 30 September 2022 representing a strong cash position. The Balance Sheet presents a working capital of \$29.7m (total current assets of \$133.6m less total current liabilities of \$103.9m). The annual budgeted working capital is still expected to be positive at \$9.2m reflecting Council's ability to meet its obligations as and when they fall due.

Capital Program

Capital expenditure is \$9.5m below the year to date adopted budget of \$20.0m.

The underspend is mainly in:

- Infrastructure – Roads: Road for the Community Initiative (\$3.9m) and renewals (\$0.6m). These were partially offset by Milners Rd Blackspot unbudgeted spend (\$0.3m)
- Property – Buildings: Pinks Reserve Pavilion and Stadium (\$1.5m), Climate Resilient Buildings (\$0.7m) and Powelltown Pavilion (\$0.5m). These were partially offset by the land purchase deposit for 150 Cambridge Rd (\$0.6m).
- Infrastructure - Open Space: Trails (\$1.4m) including RidgeWalk, Yarra Valley and Warburton Mountain Bike Destination.

Conclusion

This report provides a summary of the September 2022 position for Yarra Ranges Council. Council is in a strong financial position after the first quarter of the 2022-23 financial year with year-to-date profitability and the current forecasted result for the full financial year performing above budgeted parameters.

RISK ASSESSMENT

A risk assessment has been considered in relation to the financial reports and deemed an acceptable level of risk.

CONFLICTS OF INTEREST

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

ATTACHMENTS TO THE REPORT

1. September 2022 Quarterly Finance Report
2. September 2022 Quarterly Capital Works Report

APPENDIX 1 – REPORT CONTEXT

PURPOSE AND BACKGROUND TO QUARTERLY FINANCE REPORT

Section 101 of the Local Government Act 2020 outlines the financial management principles that Council needs to adhere to. Monthly reporting to the Executive Leadership Team (ELT) and quarterly reporting to Council and the Audit & Risk Management Committee (ARMC) on the operational financial results fulfils this requirement.

Section 97 requires Council to prepare and present a quarterly finance report that compares annual budgeted revenue and expenditure with actual year to date revenue and expenditure, at a Council meeting which is open to the public.

The quarterly financial update presents summary financial statements and a series of other progress reports on matters that will inform both Council and the Community on the performance for the relevant quarter.

APPLICABLE PLANS AND POLICIES

This report contributes to the following strategic objective in the Council Plan:

Sound financial management and reporting of Council's activities forms part of Council's commitment to be a High Performing Organisation, one of Council's five Strategic Objectives outlined in its Council Plan.

RELEVANT LAW

Section 97 of the Local Government Act 2020 requires Council to prepare and present a quarterly finance report that compares annual budgeted revenue and expenditure with actual year to date revenue and expenditure, at a Council meeting which is open to the public.

SUSTAINABILITY IMPLICATIONS

Economic Implications

There are no economic impacts associated with this report.

Social Implications

There are no social impacts associated with this report.

Environmental Implications

There are no environmental impacts associated with this report.

COMMUNITY ENGAGEMENT

Not applicable

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

Not relevant.