

## QUARTERLY FINANCE REPORT - DECEMBER 2022

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Report Author: Manager Financial Services

Responsible Officer: Director Corporate Services

Ward(s) affected: (All Wards);

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*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 31 December 2022. The report includes financial year-to-date data up to quarter two 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 six months from 1 July 2022 to 31 December 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 December Quarterly Capital Works Report.***

### RELATED COUNCIL DECISIONS

There are no related Council decisions relevant to this item.

### DISCUSSION

#### *Purpose and background*

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 on the relevant quarter.

## ***Key issues***

### **Comprehensive result (net surplus)**

The year-to-date comprehensive result of \$9.1m or 31.8% is higher than the adopted budget mainly due to:

- Lower employee costs due to unfilled positions across the organisation (\$3.8m) with the largest variances in Building & Planning services (\$1.1m) and Family & Children services (\$0.5m); and
- Lower Covid-19 recovery costs to date (\$1.2m)

These were partially offset by:

- Grant funding recognised to date being \$1.1m below budget mainly related to the Roads for Community Initiative and delays across the capital project delivery program from poor weather, supply chain issues, significant community consultations and waiting for ministerial approvals/reviews; and
- Higher materials and services including for building maintenance works related to essential safety measures (\$0.9m) and temporary staff to backfill vacant positions due to labour shortages (\$1.4m)

### **Balance Sheet and Cashflow Statement**

Cash and investment holdings are \$39.4m as at 31 December 2022, which reflects a positive cash position year-to-date, noting that when full year forecast projections are taken into consideration, this will have a small impact Council's full year cash position. The Balance Sheet presents a working capital of \$18.4m (total current assets of \$129.4m less total current liabilities of \$111.0m). 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 of \$29.5m is \$16.3m or 35.6% below the year-to-date Adopted Budget of \$45.8m. The underspend is mainly in:

- Infrastructure – Roads: Road for the Community Initiative (\$6.0m) and road rehabilitation and resurfacing (\$2.0m);
- Property – Buildings: Pinks Reserve Pavilion and Stadium (\$1.1m), Climate Resilient Buildings (\$1.4m) and Powelltown Pavilion (\$0.9m). These were partially offset by Civic Centre Redevelopment (\$0.6m) and the land purchase deposit for 150 Cambridge Rd land (\$0.6m); and
- Infrastructure - Open Space: Trails (\$2.6m) including RidgeWalk, Yarra Valley and Warburton Mountain Bike Destination.

## ***Conclusion***

This report provides a summary of the December 2022 position for Yarra Ranges Council. Council is currently tracking ahead of budget after the first six months, with Council forecasting a full financial year result that will be lower than budget. These variances are largely related to the timing of recognition of capital grant income and storm recovery income and rising costs of materials and services as detailed below.

## **FINANCIAL ANALYSIS**

The attached report outlines the financial performance and position of Council's activities for the 2022-23 financial year up to 31 December 2022, as well as forecast of performance for the full year.

## **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 being 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 action year-to-date revenue and expenditure, at a Council meeting which is open to the public.

## **SUSTAINABILITY IMPLICATIONS**

### ***Economic Implications***

There are no broader 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**

No community consultation was undertaken in relation to this report; however it is included in a Council meeting to provide community members with relevant information regarding the financial position of Council.

## **COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT**

Not relevant.

## **RISK ASSESSMENT**

A risk assessment has been considered in relation to the financial report 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. December 2022 Quarterly Financial Report
2. December 2022 Quarterly Capital Works Report