

QUARTERLY FINANCE REPORT - MARCH 2023

Report Author: Manager Financial Services

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 31 March 2023. The report includes financial year-to-date data up to quarter three 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 nine months from 1 July 2022 to 31 March 2023 for the purpose of Section 97 of the Local Government Act 2020.***
- 2. Approves and adopts the Capital Works Transfers as outlined in the March 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.

Summary of year-to-date results

Comprehensive result (net surplus)

Year to date comprehensive result of \$10.7m is \$0.8m lower than the adopted budget. The major variances are:

- Grants revenue being lower than budgeted and there were no special charge schemes charged against an expected budget of \$1.6m in March;
- External contracts for infrastructure maintenance (footpaths/trails) and programmed maintenance (roads) have driven year-to-date actuals above budget by \$1.9m;
- Lower employee costs due to unfilled positions across the organisation (\$3.1m) with the largest variance in the Communities directorate (\$2.4m);
- Lower Covid-19 recovery costs to date against a budget of \$1.7m; and
- Increased revenue recognition related to work completed for the October 2022 storms, with grant income being above budget by \$4.4m.

Balance sheet and cashflow statement

Cash and investment holdings are \$75.7m as of 31 March 2023 representing a positive cash position. The Balance Sheet presents a working capital of \$18.2m (total current assets of \$143.2m less total current liabilities of \$125.0m). The annual budgeted working capital is expected to be positive at \$9.2m as at June 2023 reflecting Council's ability to meet its obligations as and when they fall due.

Capital Program

Capital expenditure of \$40.9m is \$24.4m or 37% below the year-to-date adopted budget of \$65.3m and is expected to be \$15.8m below the full year forecast.

The underspend to budget relates to:

- Infrastructure – Roads: Road for the Community Initiative (\$7.5m) and road rehabilitation and resurfacing (\$2.0m);
- Project Management Salary Capitalisation (\$3.9m);
- Property – Buildings: Pinks Reserve Pavilion and Stadium (\$2.1m) and Climate Resilient Buildings (\$0.5m), Powelltown Pavilion (\$0.3m);
- Buildings and Trails (new and improved) are (\$4.1m) and (\$1.8m) below budget; and
- Plant & Equipment replacements and Council Building minor works are under budget by a combined (\$1.9m) year-to-date.

Further details are included in the attached quarterly Capital Works report.

Conclusion

This report provides a summary of the March 2023 position for Yarra Ranges Council. Council is currently tracking slightly behind budget after the first nine months, with a full financial year forecast anticipated to be \$10.5m lower than budget. These variances are largely due to higher operating expenses in relation to material and services costs, as outlined in the attached report.

FINANCIAL ANALYSIS

The attached report outlines the financial performance and position of Council's activities for the 2022-23 financial year up to 31 March 2023, as well as forecast of performance for the full year.

APPLICABLE PLANS AND POLICIES

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 actual 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

Not applicable.

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

Not applicable.

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. March 2023 Quarterly Financial Report
2. March 2023 Quarterly Capital Works Report