

**GOVERNANCE AND TRANSPARENCY COMMITTEE SUPPLEMENTARY
REPORTS**

Item No.	Item Title	Page No.
	Officers' Reports	
2	Monthly Financial Performance Report - January 2024	3

** Item includes confidential papers

GOVERNANCE AND TRANSPARENCY COMMITTEE NO. 2

22 FEBRUARY 2024

SUPPLEMENTARY REPORTS

2. **MONTHLY FINANCIAL PERFORMANCE REPORT - JANUARY 2024**

This is a report concerning Council's financial performance for the period ending 31 January 2024, submitted in accordance with section 204 of the *Local Government Regulation 2012*.

RECOMMENDATION

That the report on Council's financial performance for the period ending 31 January 2024, submitted in accordance with section 204 of the *Local Government Regulation 2012*, be considered and noted by Council.

Doc ID No: A9886882

This matter has been determined to be of a significant nature and approval has been given to refer this report to the Governance and Transparency Committee as a supplementary item.

ITEM: 1

SUBJECT: MONTHLY FINANCIAL PERFORMANCE REPORT - JANUARY 2024

AUTHOR: FINANCIAL ACCOUNTING MANAGER

DATE: 15 FEBRUARY 2024

EXECUTIVE SUMMARY

This is a report concerning Council's financial performance for the period ending 31 January 2024, submitted in accordance with section 204 of the *Local Government Regulation 2012*.

RECOMMENDATION/S

That the report on Council's financial performance for the period ending 31 January 2024, submitted in accordance with section 204 of the *Local Government Regulation 2012*, be considered and noted by Council.

RELATED PARTIES

Not applicable

IFUTURE THEME

A Trusted and Leading Organisation

PURPOSE OF REPORT/BACKGROUND

This report outlines the financial results for Ipswich City Council as at 31 January 2024.

The total net result (including capital revenue) for Ipswich City Council as at 31 January 2024 is \$89.4 million compared to the year to date (YTD) budget of \$89.6 million.

Council's YTD operating deficit (excluding capital revenue) is \$2 million compared to the YTD budget deficit of \$4 million.

Overall, capital expenditure including the Nicholas Street Redevelopment but excluding the flood buy-back is below budget by \$16.7 million. Asset donations as at 31 January 2024 are \$8 million below the YTD budget.

Revenue

Operating revenue is \$6.1 million (2.8%) ahead of the YTD budget, primarily due to higher than budgeted general rate revenue and interest revenue.

Rates and utilities revenue is ahead of budget by \$930k, resulting from residential growth being slightly higher than forecast and adjustments due to valuation objections, being lower than anticipated.

Fees and charges are tracking above budget by \$483K, with the favourable variances relating to town planning development fees and property search fees.

Grants revenue is ahead of budget by \$11.2 million primarily due to the timing of Voluntary Home Buy Back home purchases.

Other revenue above budget is primarily due to additional interest revenue of \$1.2 million.

Expenses

Overall operating expenses are approximately \$4.2 million over the YTD budget primarily due to depreciation being \$2.7 million over budget.

Employee expenses including labour contracts are over budget by \$3.2 million largely because of higher expenditure on labour contracts as well as less employees working on capital projects compared to what was budgeted especially through January.

Materials and services (excluding labour contracts) is under budget by \$1.1 million. The variance is primarily related to the activation the Nicholas Street Precinct being behind schedule, and the timing in the Environment and Sustainability Department's delivery of initiatives. These underspends are partially offset by overspends in the Asset and Infrastructure Department, primarily in the Work and Field Services and Fleet areas due to additional mowing and maintenance needs.

Depreciation is over budget by \$2.7 million YTD as a result of asset revaluations processed in the 2022-2023 financial year.

Capital Expenditure

The total YTD capital expenditure (including the Nicholas Street Redevelopment and excluding home buy back) is \$109.7 million compared to the YTD budget of \$126.5 million.

The Nicholas Street Precinct Redevelopment is under budget by approximately \$8.1 million due to site delays caused by severe inclement weather in the current season.

Asset and Infrastructure Services January YTD capital expenditure is \$55.2 million compared to budget of \$52.2 million. This is mainly due to overspends in parks, sport and environment due to contract variations and works carried over from the prior year.

Planning and Regulatory Services YTD capital expenditure is greater than budgeted as works in the cemeteries and animal management facilities has been brought forward and additional costs have been incurred.

Cash Balances

Council's cash and cash equivalents balance as at 31 January 2024 was \$158.1 million. The actual cash balance includes \$11.2 million of funds related to the Voluntary Home Buy-Back program.

LEGAL IMPLICATIONS

This report and its recommendations are consistent with the following legislative provisions:
Local Government Regulation 2012

POLICY IMPLICATIONS

Council's financial position is managed in accordance with the Financial Management Policy.

RISK MANAGEMENT IMPLICATIONS

The operating result being a \$2 million deficit against a budgeted deficit of \$4 million is favourable and mainly driven by higher interest income as well as timing differences in both revenue and expenditure. As Oracle Fusion post go-live processes continue to be embedded, there could be timing delays in recognition of expenses which would impact on materials and services. Whilst depreciation is a "non-cash" expense, cost escalation pressure continues across other areas and will continue to be monitored.

FINANCIAL/RESOURCE IMPLICATIONS

There are no specific implications as a result of this report.

COMMUNITY AND OTHER CONSULTATION

The contents of this report did not require any community consultation. Analysis and explanations of the variances are undertaken in conjunction with the various departments.

CONCLUSION

Regular reporting and monitoring of expenditure will continue during the financial year as part of Council's regular governance and reporting process.

HUMAN RIGHTS IMPLICATIONS

HUMAN RIGHTS IMPACTS
RECEIVE AND NOTE REPORT
The Recommendation states that the report be received and the contents noted. The decision to receive and note the report does not limit human rights. Therefore, the decision is compatible with human rights.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Monthly Financial Performance Report - January 2024 ↓ 
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Christina Binoya
FINANCIAL ACCOUNTING MANAGER

I concur with the recommendations contained in this report.

Jeffrey Keech
CHIEF FINANCIAL OFFICER

I concur with the recommendations contained in this report.

Matt Smith
GENERAL MANAGER, CORPORATE SERVICES

“Together, we proudly enhance the quality of life for our community”



Ipswich City Council

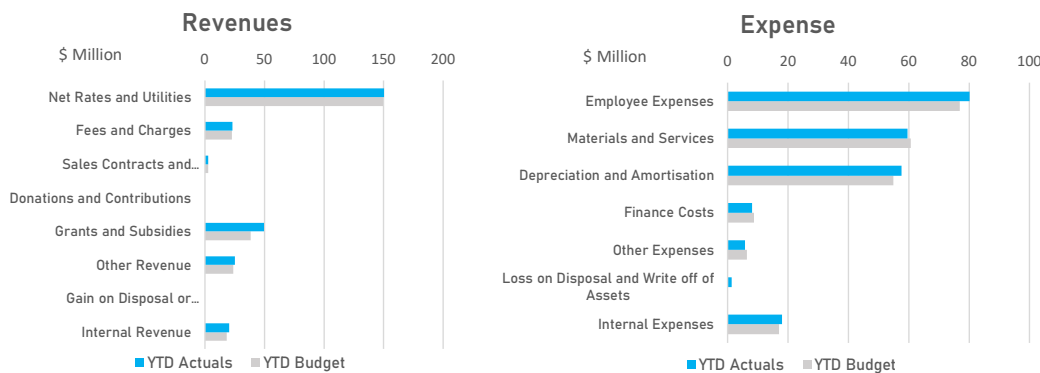
Performance Report

JANUARY 2024

FINANCIAL EXECUTIVE SUMMARY

JANUARY 2024

	YTD				Annual Current Budget \$'000s	Trend from DEC 2023
	Actuals	Current Budget	Variance	Variance		
	\$'000s	\$'000s	\$'000s	%		
Operating Revenue	226,734	220,576	6,158	2.8%	388,976	▼
Operating Expense	228,799	224,568	(4,231)	(1.9%)	388,525	▼
Operating Surplus/(Deficit)	(2,065)	(3,992)	1,927	(48.3%)	451	▼
Capital Revenue	92,750	93,643	(893)	(1.0%)	240,782	▼
Other Capital Income (Asset disposals)	(8)	0	(8)	N/A	0	▼
Capital Loss (Asset write-off)	1,267	0	(1,267)	N/A	0	▼
Net Result	89,410	89,651	(241)	(0.3%)	241,233	▼
Construction Program and Asset Purchase	107,756	107,062	(694)	(0.6%)	247,684	▼
CBD	34,932	43,348	8,416	19.4%	81,634	▼
Donated Assets	35,020	42,971	7,951	18.5%	73,666	▼
Total Capital Expenditure	177,707	193,381	15,674	8.1%	402,983	▼



Net Result

The total Net Result (including capital revenues) for Ipswich City Council as at 31 January is \$89.4 million compared to the YTD budget of \$89.6 million. Council's operating deficit (excluding capital revenue) is approximately \$2.0 million compared to the YTD budget deficit of \$4.0 million.

Operating revenue is \$6.1 million above the YTD budget

The \$6.1 million variance is made up of: net rates and utilities \$930k ahead of budget, fees and charges \$483k above budget, operational grant revenue \$1.2 million ahead of budget, other revenue \$128k below budget, sales contracts and recoverable works \$71k ahead of budget, and interest revenue \$1.3 million above budget. These items are discussed further in this report.

Operating expenses are \$4.2 million over the YTD budget

The \$4.2 million variance is made up of: employee expenses including labour contracts \$3.3 million over budget, materials and services \$1.1 million under budget, other expenses \$709k under budget, depreciation and amortisation \$2.7 million over budget, finance costs \$52k over budget, and internal expenses \$1.5 million over budget. These items are discussed further in this report.

Capital Expenditure

Capital expenditure including CBD excluding the flood buy-back as at 31 January is \$16.8 million below the YTD budget. Approximately \$109.7 million has been expended to 31 January compared to the YTD capital expenditure budget of \$126.5 million.

- The Infrastructure Program actual was over the December YTD budget by \$3 million. Actual YTD costs are \$55.2 million compared to the current YTD budget of \$52.2 million.
- CBD redevelopment is approximately \$8.1 million under budget. Actual YTD costs are \$31.6 million compared to the current YTD budget of \$39.7 million.

