
GOVERNANCE AND TRANSPARENCY COMMITTEE SUPPLEMENTARY REPORTS

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** 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

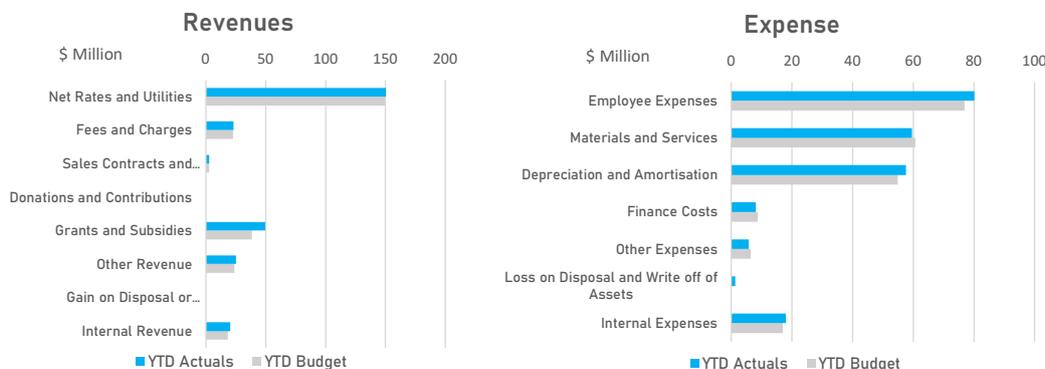
Performance Report

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.

FINANCIAL EXECUTIVE SUMMARY

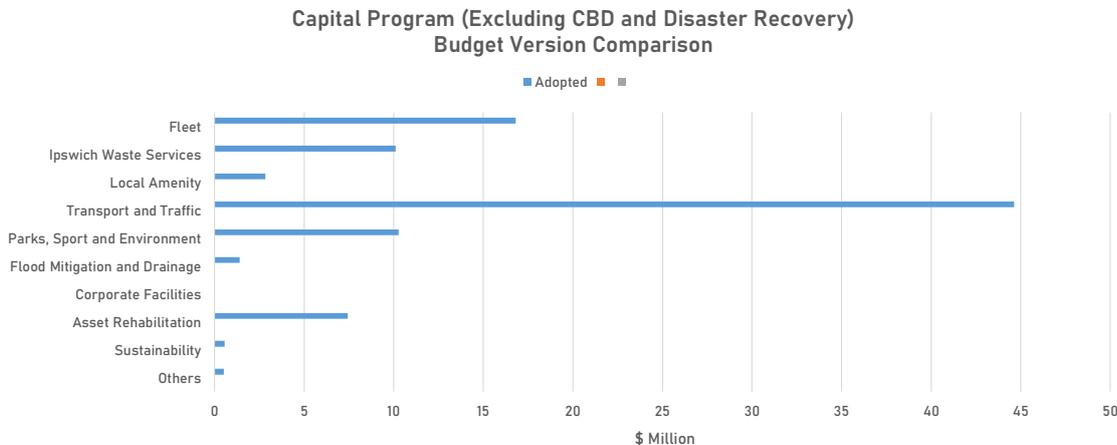
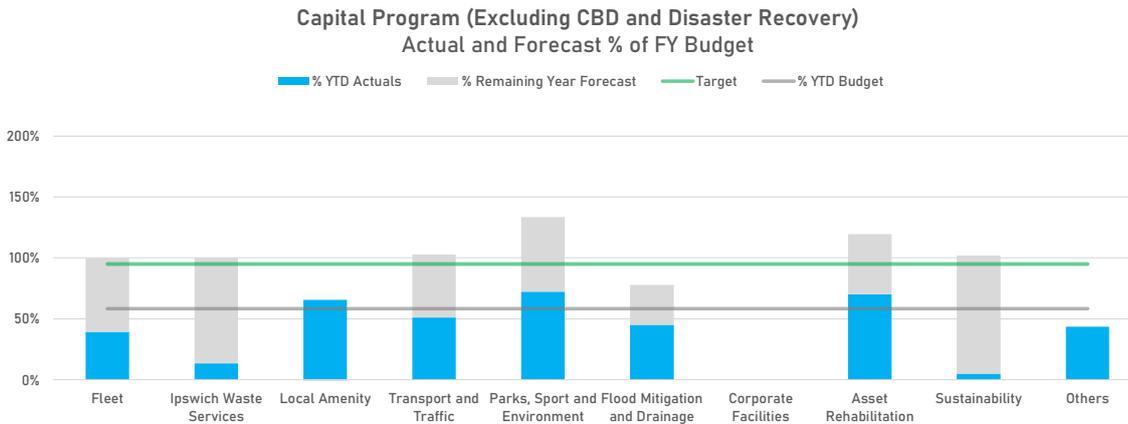
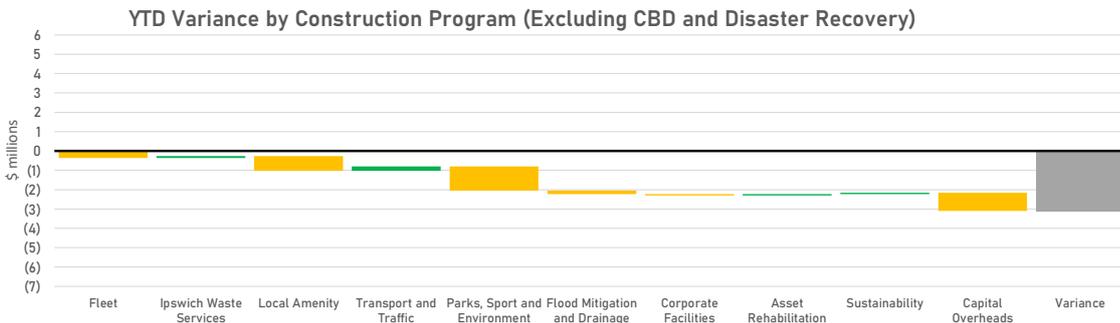
	YTD				Annual	
	Actuals \$'000s	Current Budget \$'000s	Variance \$'000s	Variance %	Current Budget \$'000s	Trend from DEC 2023
Revenue						
Net rates and utilities charges	150,351	149,421	█ 930	0.6%	257,065	▲
Fees and charges	23,155	22,672	█ 483	2.1%	39,129	▲
Government grants and subsidies	49,735	38,584	█ 11,151	28.9%	154,291	▲
Internal revenue	20,428	18,544	█ 1,884	10.2%	31,879	▲
Other revenue	28,228	26,592	█ 1,636	6.2%	47,269	▲
Donations and contributions	47,602	58,406	█ (10,804)	(18.5%)	100,126	▼
Total Revenue	319,499	314,219	5,280	1.7%	629,759	▲
Expense						
Employee expenses	77,688	75,539	█ (2,149)	(2.8%)	131,231	▼
Labour contracts	2,438	1,324	█ (1,114)	(84.1%)	2,237	▼
Materials and services	59,578	60,704	█ 1,126	1.9%	107,134	▲
Internal expenses	17,791	17,089	█ (702)	(4.1%)	29,380	▼
Other expenses	15,003	15,055	█ 52	0.3%	25,160	▲
Depreciation & amortisation	57,594	54,858	█ (2,736)	(5.0%)	93,384	▼
Total Expenses	230,092	224,569	(5,523)	(2.5%)	388,526	▼
Net Result	89,407	89,650	(243)	(0.3%)	241,233	▼

FINANCIAL EXECUTIVE SUMMARY

JANUARY 2024

Capital

	YTD				Annual	
	Actuals	Current Budget	Variance	Variance	Current Budget	Trend from DEC 2023
	\$'000s	\$'000s	\$'000s	%	\$'000s	
Executive	31,563	39,671	8,108	20.4%	77,560	▼
Corporate Services	5,009	5,618	609	10.8%	7,159	▲
Community, Cultural and Economic Development	481	1,639	1,158	70.6%	3,670	▲
Asset and Infrastructure Services	98,047	96,693	(1,354)	(1.4%)	218,718	▲
Environment and Sustainability	5,222	5,246	24	0.5%	17,668	▲
Planning and Regulatory Services	2,365	1,542	(823)	(53.4%)	4,543	▲
Net Result	142,688	150,410	7,722	5.1%	329,317	▲



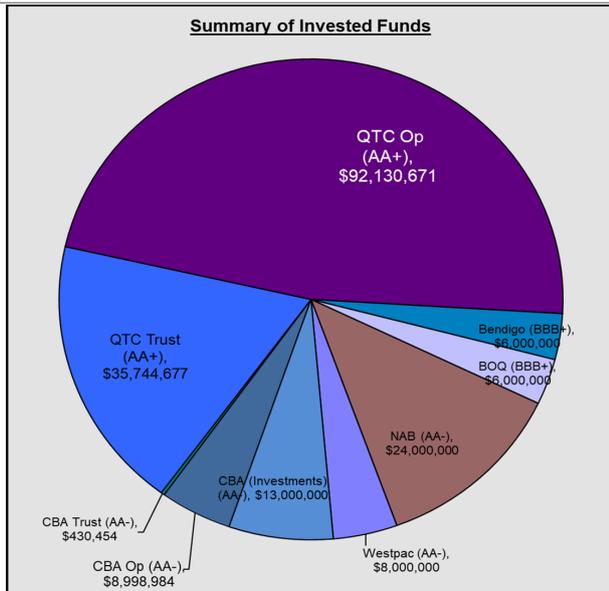
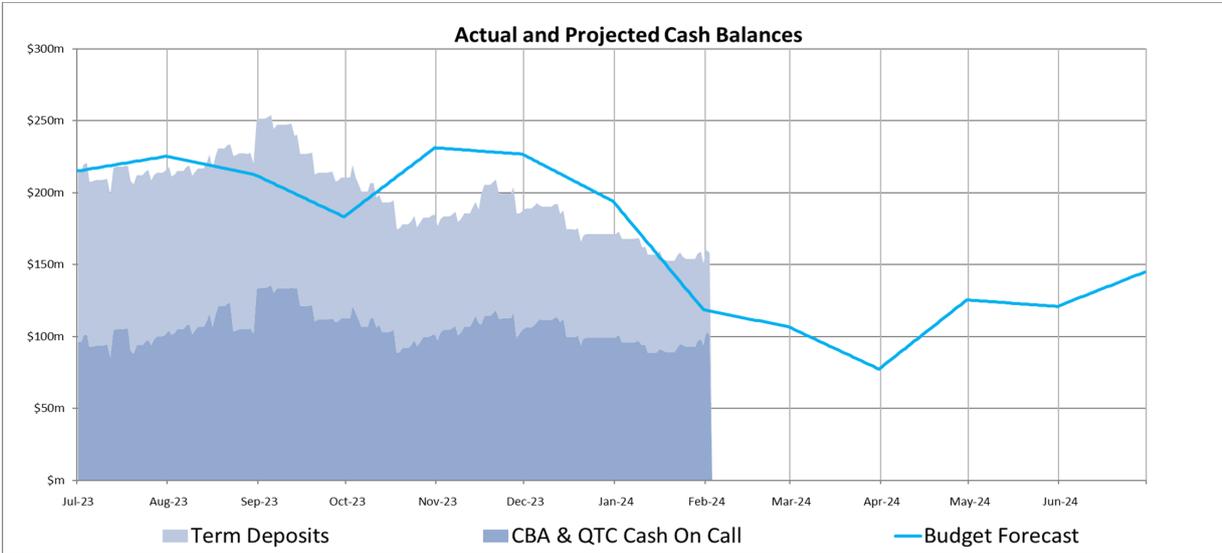
CAPITAL SUMMARY AS AT JANUARY 2024									
	MTD Actual \$'000s	MTD Budget \$'000s	MTD Variance \$'000s	YTD Actual \$'000s	YTD Budget \$'000s	YTD Variance \$'000s	Full Year Budget \$'000s	Forecast As at Jan-24 \$'000s	Comments
Whole of Council									
VHBB	1,070	3,900	2,830	32,966	23,900	(9,066)	43,400	45,466	
Construction Program and Asset Purchase (ex VHRR)	12,955	12,272	(683)	109,721	126,510	16,789	285,917	239,285	
Donated Assets	5,359	6,139	780	35,020	42,971	7,951	73,666	0	
Executive									
Construction Program and Asset Purchase	3,196	(7,028)	(10,224)	31,563	39,671	8,108	77,560	57,903	<p>NSP Redevelopment - \$2.89M underspend YTD: Venue - \$1.8M underspend YTD: Monthly actual lower than forecast due to delays on site caused by severe inclement weather in current wet season. Current Practical Completion date 18/04/2024. Commonwealth Hotel - \$701k underspend YTD: Monthly actual lower than forecast due to delays on site caused by severe inclement weather in current wet season. Current Practical Completion date 18/01/2024. Contract Extension of Time (EOT) likely to be submitted by Hutchinson Builders with potential a new target Practical Completion (PC) date of April 2024, to be further considered by ICC. Small reduction in FY forecast due to some contingency being moved to FY 24/25 for any end project outstanding works.</p> <p>Asset Rehabilitation - \$593k underspend YTD: related to deferrals to the 2024-25 FY.</p> <p>Major Projects - \$4.63M underspend YTD: related to City Deal Projects and Materials Recovery Facility.</p>
Total Capital Expenditure	3,196	(7,028)	(10,224)	31,563	39,671	8,108	77,560	57,903	
Corporate Services									
Construction Program and Asset Purchase	72	195	123	1,640	1,941	302	3,085	3,085	The ICT Hardware lifecycle is on track, as per the spend plans and delivery schedule. This ICT Portfolio is currently underbudget YTD and the delivery schedules are under review. Staff movement has caused some delays in delivery
iVolve	193	319	126	3,369	3,677	308	4,074	4,985	iVolve - satisfactory results - on track to deliver within full program budget
Total Capital Expenditure	265	514	249	5,009	5,618	609	7,159	8,070	
Community, Cultural and Economic Development									
Construction Program and Asset Purchase	106	329	223	481	1,639	1,158	3,670	3,690	<p>Libraries & Customer Service - \$412k underspent YTD : awaiting price negotiations on Redbank Plaza Library refurbishment and extension.</p> <p>Community Facilities - \$160K underspent YTD : delays on 1 Nicholas St. Dandiiri Room AV upgrade, and Civic Centre equipment, partially offset by works carried over from prior year for Civic Centre Gallery Seating project.</p> <p>Art Gallery - \$148k underspent YTD: mainly related to delays Transition to LED Lighting & artwork acquisitions.</p> <p>Sport and Recreation - \$34k Underspent YTD: satisfactory result.</p> <p>Safe City and Asset Protection - \$258k underspent YTD : mainly related to CCTV Infrastructure.</p> <p>Specialist Equipment - \$147k underspent YTD: mainly delayed purchase of mobile outdoor furniture for NSP.</p>
Total Capital Expenditure	106	329	223	481	1,639	1,158	3,670	3,690	

CAPITAL SUMMARY AS AT JANUARY 2024									
	MTD Actual \$'000s	MTD Budget \$'000s	MTD Variance \$'000s	YTD Actual \$'000s	YTD Budget \$'000s	YTD Variance \$'000s	Full Year Budget \$'000s	Forecast As at Jan-24 \$'000s	Comments
Assets and Infrastructure Services									
Infrastructure Program	5,037	10,407	5,370	47,759	44,994	(2,764)	81,230	84,677	The first Budget Amendment for 2023-24 was effective in the month of January. January YTD variance mainly due to: Parks, Sports & Environment - \$1.77M overspend YTD: Local Parks and Sports over \$893k: mainly works on Wiley St BMX Canteen Upgrade, Richardson Pk Playground, and Fernbrooke Sportsground lighting. Strategic Parks and Sports over \$969: mainly due to variations on the Ironbark Park clubhouse project and works carried over from 2022-23 on Jim Donald Parklands clubhouse. Transport And Traffic - \$220k underspend YTD, mainly in: Sustainable Travel under \$347k: mainly due to underspends in the PTaip bus stop upgrade program to date. Strategic Transport over \$163k: Redbank Plains Road stage 3 over, partially offset by unders on Springfield road upgrade projects to date. Flood Mitigation & Drainage - \$182k overspend YTD: Local Drainage over \$192k: increased costs on 122 Arthur Summervilles Rd drainage project due to encountering rock, design variation and change in delivery method.
Equipment	6	8	2	105	175	70	241	168	Equipment: satisfactory result YTD. Items purchased on a needs basis, with survey equipment allocation yet to be procured.
Ipswich Central Revitalisation	6	0	(6)	130	205	75	450	436	Ipswich Central Revitalisation: works on Cultural Heart Ipswich and East St projects behind original schedule.
Fleet	1,025	1,464	440	7,225	6,869	(356)	18,397	18,393	Fleet - \$356k overspend YTD: related to Truck Replacements, Growth Vehicles and Fleet CIP Acquisitions.
Disaster Recovery	2,044	2,500	456	9,863	20,550	10,687	75,000	44,978	Disaster Recovery - \$10.69M underspend YTD: Majority of expenditure YTD on REPA Gravel Roads.
Voluntary Home Buy Back Scheme	1,070	3,900	2,830	32,966	23,900	(9,066)	43,400	45,466	Voluntary Home Buy Back Scheme - \$9.07M overspend YTD.
Total Capital Expenditure	9,189	18,279	9,091	98,047	96,693	(1,354)	218,718	194,118	
Environment and Sustainability									
Infrastructure Program	671	2,954	2,283	3,866	3,801	(65)	7,559	6,815	The first Budget Amendment for 2023-24 was effective in the month of January. Asset Rehabilitation - \$710k overspend YTD: mainly related to Polaris Dr and Water Quality Rehab. Parks, Sport and Environment - \$525k underspend YTD: mainly related to Enviroplan underspend YTD
Waste	379	323	(56)	1,356	1,445	89	10,109	10,109	Resource Recovery - \$89k underspend YTD: mainly related to the Western Facility project.
Total Capital Expenditure	1,050	3,277	2,227	5,222	5,246	24	17,668	16,924	
Planning and Regulatory Services									
Construction Program and Asset Purchase	219	800	581	2,365	1,542	(823)	4,543	4,046	Cemeteries - \$324k overspend YTD: mainly as a result of works brought forward on Warrill Park Cemetery Section 3 Expansion and Ipswich Cemetery Heritage projects. Animal Management - \$524k overspend YTD: relating to flood restoration works at the animal management facility. It is expected that these works will attract a level of external grant funding. This is partially offset by delayed works on the Pound Facility Upgrade and Dog Kennel projects. Specialist Equipment - delayed acquisition of illegal dumping cameras is partially offset by increased spend on other specialist equipment required by the department.
Total Capital Expenditure	219	800	581	2,365	1,542	(823)	4,543	4,046	
Donated Assets									
Community, Cultural and Economic Development	0	3	3	137	19	(118)	31		
Corporate Services	0	0	0	0	0	0	0		
Asset and Infrastructure Services	5,359	6,136	777	34,882	42,952	8,070	73,635		
Environment and Sustainability	0	0	0	0	0	0	0		
Executive	0	0	0	0	0	0	0		
Planning and Regulatory Services	0	0	0	0	0	0	0		
Total Donated Assets	5,359	6,139	780	35,020	42,971	7,951	73,666	0	

FINANCIAL EXECUTIVE SUMMARY

JANUARY 2024

Cash and Investments



Investments and Earnings Summary	Margin	% Return	\$
CBA Operating Account	0.005	4.85%	\$8,998,984
Term Deposit Investments	0.007	5.05%	\$57,000,000
QTC Trust Fund Account	0.008	5.16%	\$35,744,677
QTC Operating Account - CBD	0.008	5.16%	
QTC Operating Account - General	0.008	5.16%	\$92,130,671
QTC Operating Account - Total	0.008	5.16%	\$92,130,671
Total Invested funds (W.Avg return)	0.008	5.11%	\$193,874,333
Total Operating Funds (Ex Trust)	0.008	5.10%	\$158,129,655

Cashflow

Council's cash and cash equivalents balance as at 31 January 2024 was \$158.1 million. Actual cash balance includes \$11.2 million of funds related to the Voluntary Home Buy-Back program. Council's investments are made in accordance with Council's Investment Policy (adopted as part of the annual budget) with an average return percentage of 5.09%.