



City of
Ipswich

Ipswich City Council

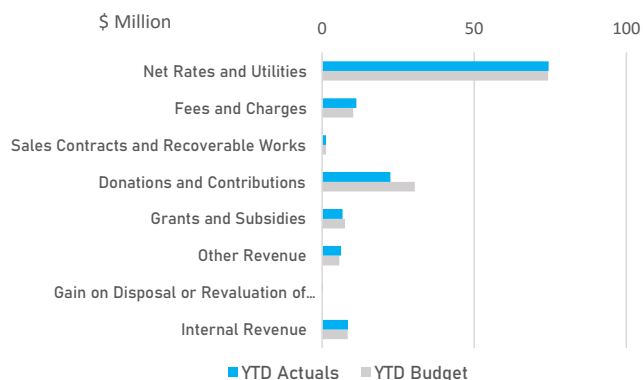
Performance Report

OCTOBER 2021

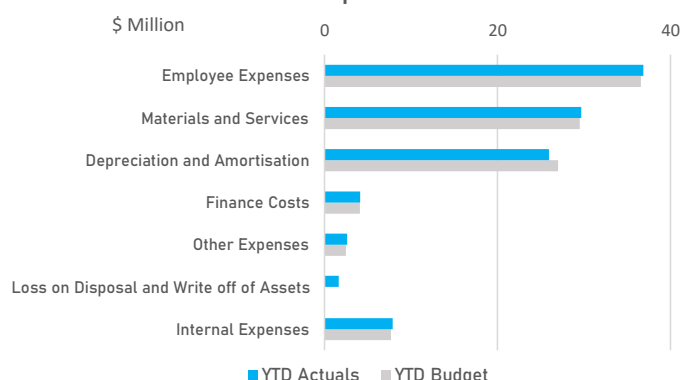
	YTD				Annual Current Budget \$'000s	Trend from SEP 2021
	Actuals	Current Budget	Variance	Variance		
	\$'000s	\$'000s	\$'000s	%		
Operating Revenue	104,577	102,269	2,308	2.3%	330,522	▲
Operating Expense	107,112	107,346	234	0.2%	332,349	▲
Operating Surplus/(Deficit)	(2,535)	(5,077)	2,542	(50.1%)	(1,827)	▼
Capital Revenue	26,322	35,587	(9,265)	(26.0%)	100,919	▼
Other Capital Income (Asset disposals)	141	0	141	N/A	0	▲
Capital Loss (Asset write-off)	1,561	0	(1,561)	N/A	0	▼
Net Result	22,367	30,510	(8,143)	(26.7%)	99,092	▲

Construction Program and Asset Purchase	31,418	33,413	1,995	6.0%	115,208	▲
CBD	10,022	16,464	6,442	39.1%	40,391	▲
Donated Assets	15,059	23,236	8,177	35.2%	69,716	▼
Total Capital Expenditure	56,499	73,113	16,614	22.7%	225,315	▲

Revenues



Expense



Net Result

The total Net Result (including capital revenues) for Ipswich City Council as at 31 October 2021 is \$22.4 million compared to the YTD budget of \$30.5 million. Council's operating deficit (excluding capital revenue) is approximately \$2.5 million compared to the YTD budget deficit of \$5.1 million.

Operating revenue is \$2.3 million above the YTD Budget

The \$2.3 million variance is made up of: net rates and utilities \$96k over budget, fees and charges \$1 million over budget, operational grant revenue \$393k over budget, other revenue \$522k over budget, sales contracts and recoverable works on budget, interest revenue \$90k over budget and internal revenue \$109k over budget. These items are discussed further in this report.

Operating expenses is \$0.2 million below the YTD Budget

The \$0.2 million variance is made up of: employee expenses including labour contracts \$304k over budget, materials and services over budget \$169k, other expenses \$135k over budget, depreciation and amortisation \$1 million under budget, finance costs on budget and \$196k over budget in internal expenses. These items are discussed further in this report.

Capital Expenditure

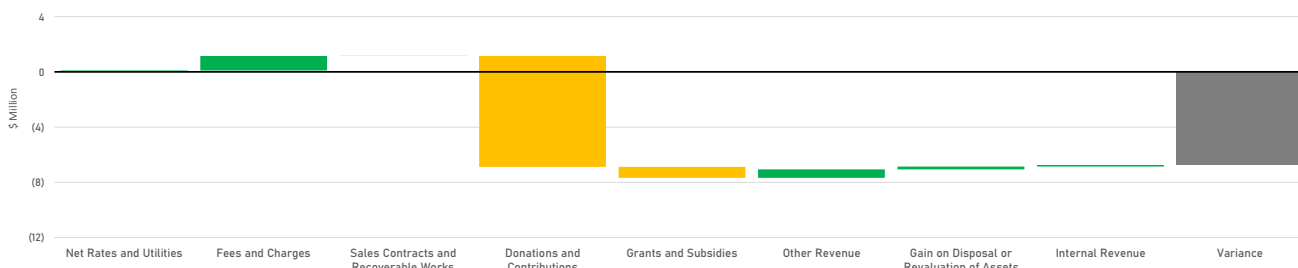
Capital expenditure including CBD as at 31 October is \$8.4 million below the YTD budget. Approximately \$41.4 million has been expended to 31 October compared to the YTD capital expenditure budget of \$49.9 million.

- The Infrastructure Program actual expenditure was below the October budget by approximately \$0.4 million. Actual YTD costs are \$22.8 million compared to the current YTD budget of \$23.6 million.
- CBD Development is approximately \$6.4 million under budget. Actual YTD costs are \$10 million compared to the current YTD budget of \$16.5 million.

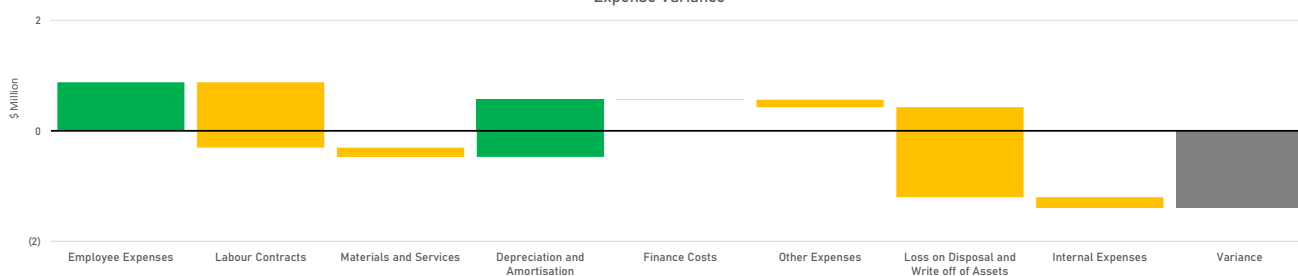
Asset donations as at 31 October is \$8.2 million under the YTD budget. Approximately \$15.1 million has been recognised to 31 October compared to the YTD donated assets budget of \$23.2 million.

	YTD				Annual			Variance \$'000s by Department					
	Actuals \$'000s	Current Budget \$'000s	Variance \$'000s	Variance %	Current Budget \$'000s	Trend from SEP 2021	Note	CP	CS	CE	IE	IWS	PR
Revenue													
Net rates and utilities charges	74,429	74,333	96	0.1%	224,356	▲	1	N/A	59	N/A	(1)	41	(5)
Fees and charges	11,232	10,183	1,049	10.3%	29,464	▲	2	N/A	282	(13)	(96)	371	505
Government grants and subsidies	6,749	7,553	(804)	(10.6%)	20,932	▼	3	N/A	0	0	(872)	0	67
Internal revenue	8,507	8,398	109	1.3%	25,316	▼	4	N/A	92	71	(58)	4	0
Other revenue	7,754	6,931	823	11.9%	39,993	▲	5	126	113	184	362	66	(29)
Donations and contributions	22,437	30,457	(8,020)	(26.3%)	91,381	▲	6	0	N/A	(145)	(7,874)	N/A	N/A
Total Revenue	131,108	137,855	(6,747)	(4.9%)	431,442	▲		126	546	97	(8,539)	482	538
Expense													
Employee expenses	35,110	35,989	879	2.4%	111,810	▲	7	220	175	39	653	(300)	91
Labour contracts	1,765	582	(1,183)	(203.3%)	2,009	▼	7	(165)	(71)	(105)	(901)	26	33
Materials and services	29,683	29,514	(169)	(0.6%)	94,796	▲	8	194	(221)	467	390	275	(1,274)
Internal expenses	7,891	7,695	(196)	(2.5%)	22,962	▼	9	(19)	(5)	6	(178)	(19)	15
Other expenses	8,350	6,575	(1,775)	(27.0%)	19,094	▼	10	254	(730)	(3)	(1,416)	113	10
Depreciation & amortisation	25,944	26,991	1,047	3.9%	81,678	▲	11	(858)	681	(129)	1,423	(69)	0
Total Expenses	108,743	107,346	(1,397)	(1.3%)	332,349	▼		(374)	(171)	275	(29)	26	(1,125)
Net Result	22,365	30,509	(8,144)	(26.7%)	99,093	▲		(248)	375	372	(8,568)	508	(587)

Revenue Variance



Expense Variance



Revenue

1. Rates and utilities are in line with budget estimations.
2. Fees and charges ahead of budget with most fee types yielding positive results, in particular town planning and development fees and waste disposal fees. Traffic and regulation fees is the exception primarily due to lower parking and compliance revenue and will be monitored over the coming months.
3. Grants revenue under budget relates to LRCI 20/21 (Rnd 2) not received in October. This is partially offset by grants received that were not forecast or had been budgeted for in previous years.
4. Internal revenue tracking slightly above budget relating to tax equivalents revenue and Civic Centre venue hire.
5. Other revenue over budget due to telecommunication rental payments received earlier than expected, rent for Hayden Centre not budgeted, gain on disposal of assets and Civic Centre venue hire.
6. Donations and Contributions below budget resulting from lower than expected developer contributions during the month of September.

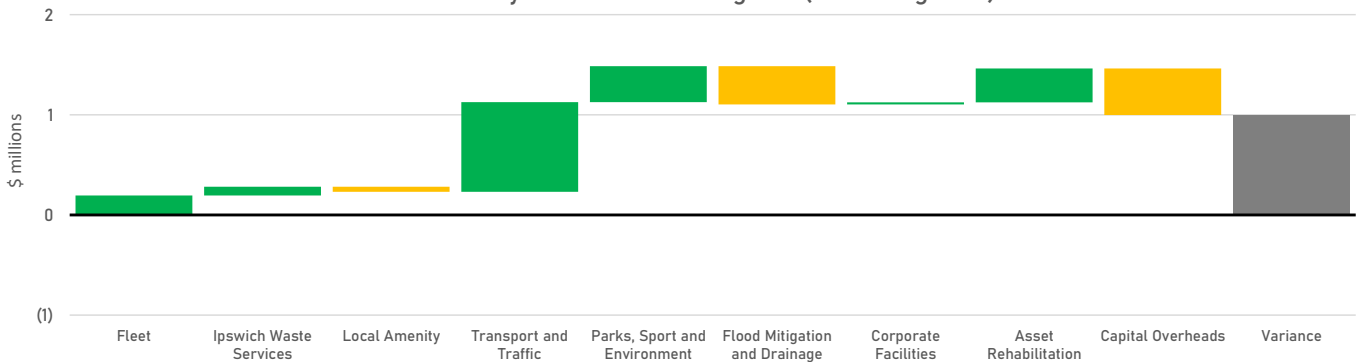
Expenses

7. Employee expenses including labour contracts over budget \$304k or 0.8%. Over budget primarily relates to the use of contingent workers to fill vacancies across Council, higher than expected overtime in Resource Recovery, a workers compensation payment relating to the 20-21 financial year of \$110k, termination payments across Council and less annual leave taken than budgeted. Further analysis on weekly employee costs will continue to be undertaken.
8. Materials and services (excluding labour contracts) over budget \$0.2 million. Primarily over budget relating to legal fees in the PRS Department and the efficiency target in the CS Department. There are a number of underspends across Council partially offsetting the overspend including Libraries and Customer Service Branch in CCED, the Works and Field Services Branch in IED and Resource Recovery.
9. Internal trading expense tracking over budget in IED indicating lower utilisation of assets compared to budgeted expectations.
10. Other expenses variances relates to the loss on a number of infrastructure asset disposals in IED including softfall, sealed roads surface assets and drainage assets (\$1.6 million). Variance also relates to a \$0.3 million receivable recognised as a doubtful debt, as per Council procedure to recognise a doubtful debt once the receivable is more than 90 days overdue.
11. Depreciation and amortisation is being reviewed with a view to realigning the budget across departments. Depreciation was affected by an update in August to useful lives for RBF assets as part of the revaluation process.

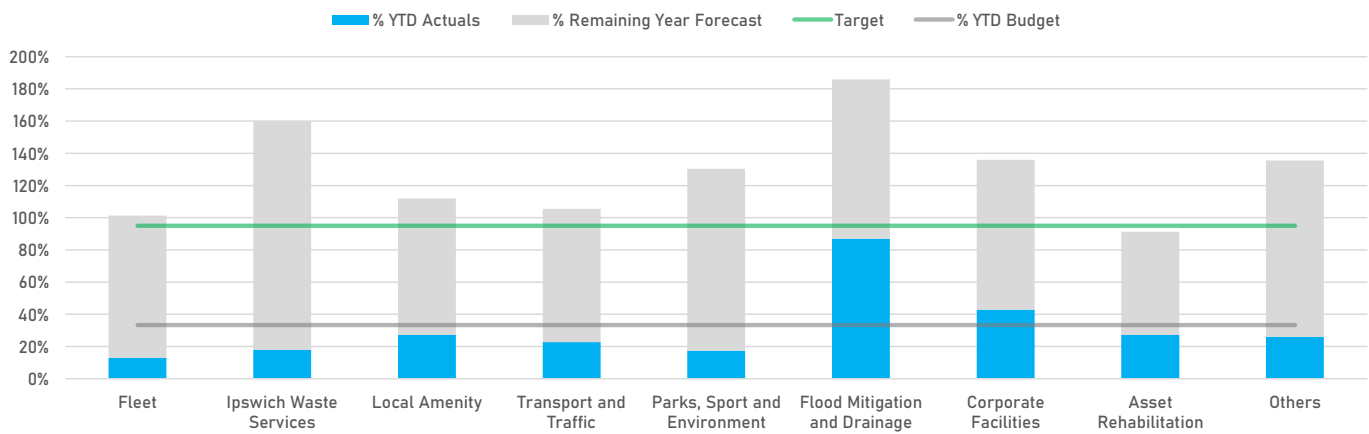
Capital

	YTD				Annual Current Budget \$'000s	Trend from SEP 2021
	Actuals	Current Budget	Variance	Variance		
	\$'000s	\$'000s	\$'000s	%		
Coordination and Performance	15,406	21,761	6,355	29.2%	45,321	▲
Corporate Services	1,239	1,735	496	28.6%	8,688	▲
Community, Cultural and Economic Development	273	703	429	61.1%	3,818	▲
Infrastructure and Environment	24,211	25,169	957	3.8%	96,778	▼
Planning and Regulatory Services	310	510	200	39.2%	994	▲
Net Result	41,440	49,877	8,437	16.9%	155,599	▼

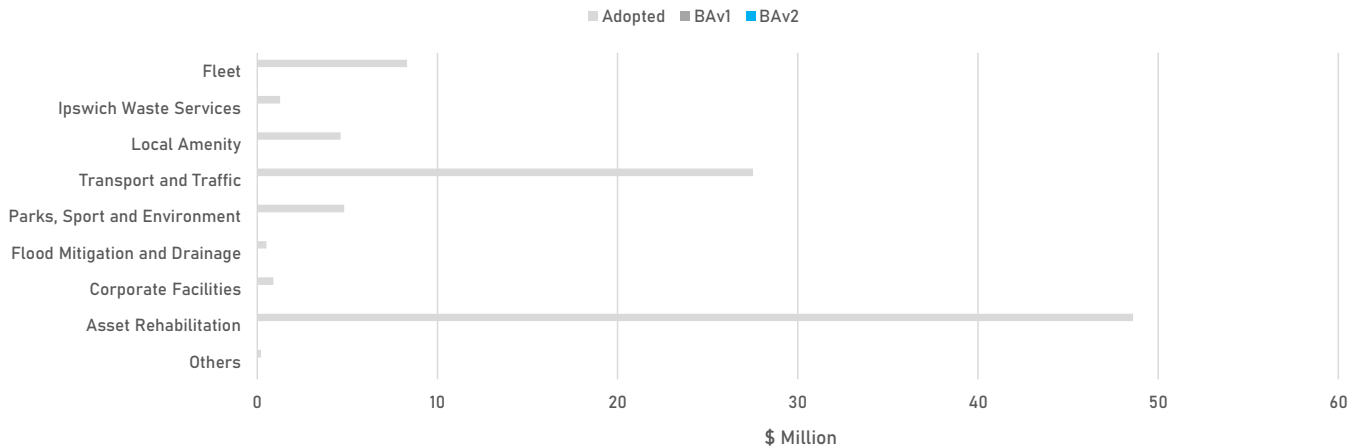
YTD Variance by Construction Program (Excluding CBD)



Capital Program (Excluding CBD)
Actual and Forecast % of FY Budget



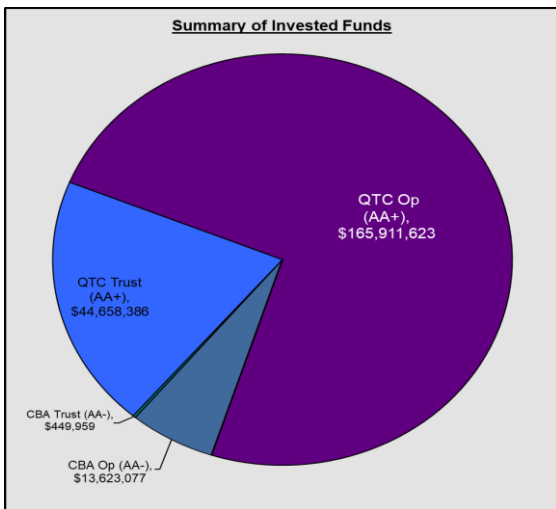
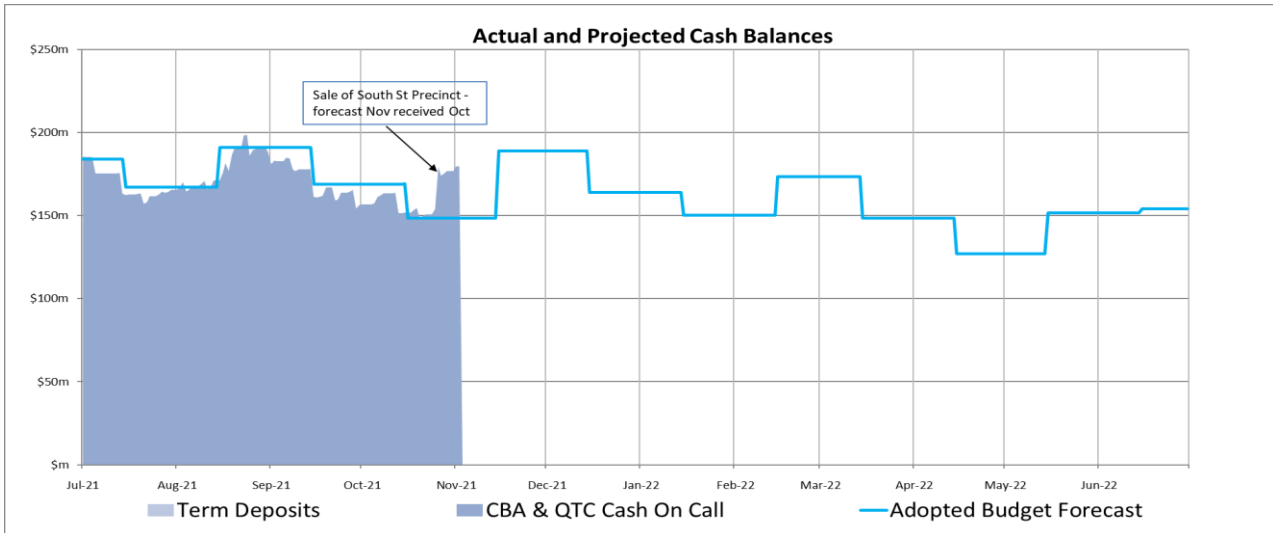
Capital Program (Excluding CBD)
Budget Version Comparison



CAPITAL SUMMARY AS AT OCTOBER 2021

	MTD Actual \$'000s	MTD Budget \$'000s	MTD Variance \$'000s	YTD Actual \$'000s	YTD Budget \$'000s	YTD Variance \$'000s	Full Year Budget \$'000s	EOY Forecast \$'000s	Comments
Whole of Council									
Construction Program and Asset Purchase	7,601	10,399	2,798	41,440	49,877	8,437	155,599	155,048	
Donated Assets	6,524	5,809	(715)	15,059	23,236	8,177	69,716	69,716	
Coordination and Performance									
Construction Program and Asset Purchase	0	88	88	5,602	5,688	86	7,100	7,100	Springfield Stadium - on track.
CBD Development	1,648	2,635	987	9,804	16,074	6,270	38,221	38,221	iVolve - Delays in the development of the iVolve Project Management Plan and engaging the appropriate resourcing model are contributing to the variance. CBD - Variance related to additional Client instructions/variations to the Metro B reconstruction works leading to program delays.
Total Capital Expenditure	1,648	2,723	1,075	15,406	21,761	6,355	45,321	45,321	
Corporate Services									
Construction Program and Asset Purchase	232	528	296	1,022	1,345	323	6,518	6,518	ICT - waiting for hardware on order to be delivered. GIS spatial solution will go to tender in the new year, however, implementation is unlikely to start until late in the FY, so we need to review the current financial year budget allocation. The cloud strategy and business continuity project has a projected overspend of ~\$900k this FY, and there will be a reallocation of underspends across the portfolio.
CBD Development - ICT Component	16	30	14	217	390	173	2,170	420	CBD component - the finalisation of the work to exit the South Street buildings has been delayed due to the timing of the WHM taking ownership of the buildings.
Total Capital Expenditure	247	558	310	1,239	1,735	496	8,688	6,938	
Community, Cultural and Economic Development									
Construction Program and Asset Purchase	113	345	232	273	703	429	3,818	3,802	Library - Satisfactory results. Civic Centre - behind original schedule for equipment acquisitions and lighting projects, currently forecast to complete in Dec/Jan ~\$100k. Art Gallery - Satisfactory results. Safe City and Asset Protection - Under budget YTD mainly due to - part, traffic and equipment delays on camera upgrades (expect completion in December) ~\$100k; Safer Parks CCTV Cameras with supplier for quote ~\$50k; and supply delays on the Key System Upgrade (expect to receive in November) ~\$50k.
Total Capital Expenditure	113	345	232	273	703	429	3,818	3,802	
Infrastructure and Environment									
Infrastructure Program	5,556	5,968	412	22,843	23,557	714	86,988	87,232	Infrastructure Program - 3% under budget YTD primarily due to Whitwood Rd Nth Disturbed Land Management project ~\$1.5m - received contractor cashflow forecast which is substantially lower than original estimate and converted to clay cap from GCL further reducing forecast spend. In addition, Old One Mile Bridge ~\$700k, Springfield Parkway road upgrade ~\$900k, and South Station Rd rehabilitation ~\$740k are currently behind budget. Partially offset by variations on Trevor St remedial works ~\$500k; and 2020-21 works carried over.
Equipment	13	4	(9)	54	14	(40)	206	279	Equipment - Specialist equipment above budget with majority of YTD spend on items required for WHS purposes.
Waste	58	63	5	230	319	89	1,273	2,035	Waste - Satisfactory results with domestic bin acquisitions dependant on resident demand.
Fleet	(106)	644	749	1,085	1,278	193	8,311	8,420	Fleet - Truck deliveries behind ~\$580k - delay with materials required for custom body builds on 2 trucks pushing delivery out from October, now expected November/December. Vehicle replacement ahead of original schedule ~\$315k.
Total Capital Expenditure	5,521	6,678	1,158	24,211	25,169	957	96,778	97,966	
Planning and Regulatory Services									
Construction Program and Asset Purchase	71	95	24	310	510	200	994	1,021	Cemeteries - over budget YTD as projects progress ahead of budget ~\$80k. Animal Management - under budget YTD with works on the Pound facility upgrade having shifted to later in the financial year ~240k. Software projects - slightly under budget YTD relating to infrastructure management system ~\$40k. Delays in Info integration has meant that the complete rollout of the system has also been delayed.
Total Capital Expenditure	71	95	24	310	510	200	994	1,021	
Donated Assets									
Coordination and Performance	0	0	0	0	0	0	0	0	
Corporate Services	0	0	0	0	0	0	0	0	
Community, Cultural and Economic Development	0	2	2	0	8	8	29	29	
Infrastructure and Environment	6,524	5,807	(717)	15,059	23,228	8,169	69,687	69,687	
Planning and Regulatory Services	0	0	0	0	0	0	0	0	
Total Donated Assets	6,524	5,809	(715)	15,059	23,236	8,177	69,716	69,716	

Cash and Investments



Investments and Earnings Summary	Margin	% Return	\$
CBA Operating Account	0.005	0.60%	\$13,623,077
Term Deposit Investments	-0.001		
QTC Trust Fund Account	0.008	0.90%	\$44,658,386
QTC Operating Account - CBD	0.008	0.90%	\$18,267,454
QTC Operating Account - General	0.008	0.90%	\$147,644,169
QTC Operating Account - Total	0.008	0.90%	\$165,911,623
Total Invested funds (W.Avg return)	0.008	0.88%	\$224,193,086
Total Operating Funds (Ex Trust)	0.008	0.88%	\$179,534,700

Cashflow

Council's cash and cash equivalents balance as at 31 October 2021 was \$179.5 million. The end of period cash holdings includes \$18.2 million of carried forward unspent loan funds invested with QTC. 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 0.88%.