

SUBJECT: CCL 16/04/19 - EXECUTIVE MONTHLY PERFORMANCE REPORT

REPORT BY: GOVERNANCE
CONTACT: DIRECTOR GOVERNANCE / CHIEF FINANCIAL OFFICER

PURPOSE

To report on City of Newcastle's (CN) monthly performance. This includes:

- a) Monthly financial position and year to date (YTD) performance against the 2018/19 Operational Plan as at the end of March 2019.
- b) Investment of temporary surplus funds under section 625 of the Local Government Act 1993 (Act), submission of report in accordance with the Act and clause 212 of the Local Government (General) Regulation 2005 (Regulation).

RECOMMENDATION

That Council:

- 1 Receives the Executive Monthly Performance Report for March 2019.

KEY ISSUES

- 2 At the end of March 2019 the consolidated YTD actual operating position is a surplus of \$26.1m which represents a positive variance of \$20.5m against the budgeted YTD surplus of \$5.6m. This budget variance is due to a combination of income and expenditure variances which are detailed in **Attachment A**. The full year revised budget for 2018/19 is a surplus of \$6.5m.
- 3 The net funds generated as at the end of March 2019 is a surplus of \$43m (after capital revenues, expenditure and loan principal repayments). This is a positive variance to the YTD budgeted deficit of \$1.2m. This is primarily due to a timing variance in the delivery of CN's works program with a higher amount of project expenditure (both capital and operational expenditures) expected to be incurred during the final quarter of the financial year.
- 4 CN's temporary surplus funds are invested consistent with CN's Investment Policy, Investment Strategy, the Act and Regulations. Details of all CN funds invested under s.625 of the Act are provided in the Investment Policy and Strategy Compliance Report (section 4 of **Attachment A**).

FINANCIAL IMPACT

- 5 The variance between YTD budget and YTD actual results at the end of March 2019 is provided in the Executive Monthly Performance Report.

COMMUNITY STRATEGIC PLAN ALIGNMENT

- 6 This report aligns to the Community Strategic Plan under the strategic direction of 'Open and Collaborative Leadership' action:

7.4b 'ensure the management of Council's budget allocations and funding alternatives are compliant with Council policy and relevant legislation to ensure the long term financial sustainability of the organisation.'

IMPLEMENTATION PLAN/IMPLICATIONS

- 7 The distribution of the report and the information contained therein is consistent with:
- i) CN's adopted annual financial reporting framework,
 - ii) CN's Investment Policy and Strategy, and
 - iii) Clause 212 of the Regulation and s.625 of the Act.

RISK ASSESSMENT AND MITIGATION

- 8 No additional risk mitigation has been identified this month.

RELATED PREVIOUS DECISIONS

- 9 At the Ordinary Council Meeting held on 25 September 2018 Council adopted to receive an Executive Monthly Performance Report for July to May no later than one month after the month being reported as part of the annual financial reporting framework.
- 10 The Investment Policy Compliance Report included in the Executive Monthly Performance Report includes a specific confirmation in regard to compliance with part E of the Investment Policy.

CONSULTATION

- 11 A monthly workshop is conducted with the Councillors to provide detailed information and a forum to ask questions.

BACKGROUND

- 12 The presentation of a monthly Executive Performance Report to Council and a workshop addresses the Council resolution for monthly reporting and exceeds the requirements of the Act.

OPTIONS

Option 1

- 13 The recommendation as at Paragraph 1. This is the recommended option.

Option 2

- 14 Council resolves to vary the recommendations in the adoption of the report.
This is not the recommended option.

REFERENCES

ATTACHMENTS

Attachment A: Executive Monthly Performance Report - March 2019