

## 2021/22 Quarter 2 Review - Delivery Program 2017-2021

File No: X039568

### Summary

This report reviews the operating and capital results against budget for the 2021/22 financial year, and progress against the performance measures identified within the Operational Plan 2021/22, which represents an additional year for the Delivery Program 2017-2021 as a result of the extension to the previous Council term.

The Covid-19 pandemic, and the City's response to support its community through this crisis, has had a significant impact on the City's operations and adversely impacted its long term financial performance. While the Federal Government initially forecast the pandemic to last six months to September 2020, the operational and financial implications for the City's community and council have extended long beyond this original assumption.

The City committed early on to provide support to complement the Federal and State Government's financial assistance, and from the onset of the pandemic resolved two community support packages valued at \$72.5M focusing on local government responsibilities including fee waivers for footway dining, venue and banner hire, childcare services, parking services, rent relief in City-owned properties, grant funding for businesses and donations to support vulnerable communities. The City also partnered with the NSW Government, in 2020-21, to establish the \$20 million AI Fresco Summer program.

The City's 2021/22 budget was developed in a period that many of its major revenue sources had begun to show signs of significant improvement and was therefore quite optimistic in terms of our expected organisational and financial recovery. While not expecting a full revenue recovery, the City had budgeted for an Operating Surplus of \$110M, and a Net Surplus of \$23.7M. Unfortunately, by the time the budget was resolved in June 2021, the 'Delta' lockdown had commenced. While at that point the duration and extent of the later lockdown was uncertain, the ongoing pandemic and its impacts have continued to affect the City's businesses and community, our own operations and our forecast financial situation.

At the Quarter 1 Delivery Program review, the City had forecast an unfavourable operating variance of \$41.9M for the 2021/22 financial year, reflecting multiple and significant revenue losses arising from the Covid-19 pandemic, while most of our major expense items (salary and wages, materials and service contracts, etc) continued. As a result, Council resolved to increase its CEO Contingencies budget by \$45.0M, and decrease its budgeted Operating Surplus to \$65.0M, so that the Chief Executive Officer could transfer sufficient additional budget to the affected Divisions so they could continue to authorise and deliver services to our community, whilst still operating within their approved budget delegations. The resolution did not provide any additional discretionary funds to the Chief Executive Officer.

A number of these ongoing financial risks continue to evolve. Property income forecasts have again been reduced to reflect a further extension of the Federal Retail and Other Commercial Leases (Covid-19) Regulation 2022, now to the end of March 2022, to provide additional rental relief and support for small to medium business tenants. The City's flexible approach to parking related activities to support our community and organisational recovery, while still trying to regulate demand, maintain traffic flows and ensure a safe operational environment continues to impact forecast revenues. Venue hire and other attendance related revenues continue to be adversely impacted, and there have also been changes to planned expenditure in a number of areas across council.

It should be noted that this global pandemic is disrupting the acquisition and delivery of material supplies, including building and other materials. In addition, the level of community infection has resulted in significant shortages in the available workforce. These challenges are combining to impact the delivery of our core community services, some of our capital works and technical projects, and are also contributing to an environment of rising costs. The City continues to work closely with our suppliers to continue to deliver these services and projects, but the current environment does present ongoing timing and financial risks.

The Quarter 1 Delivery Program review noted that we expected that to have a clear picture of the pandemic's financial impacts on the City and its community by early 2022. It was proposed that by the Quarter 2 review, we would be in a position to provide an assessment of the total financial losses sustained for the last two years, since March 2020, to provide a financial recovery plan and a roadmap that would enable the City to understand what actions would be required to realign our finances back to the City's adopted long term financial plan.

Unfortunately the latest 'Omicron' strain, which commenced in December, exceeded most predictions in terms of the level of infection and continues to impact the broader economy and the City's financial situation. While a number of Federal and State government and medical commentators are suggesting that the peak of infection may now have passed, we obviously need to continue monitoring the current situation, and respond to the government health orders and other directives.

A detailed financial recovery plan, based on our best knowledge and forecasts, is being developed in parallel with the preparation of next year's Operational Plan, budgets and the next iteration of the 10 year Long Term Financial Plan (LTFP). This plan will be incorporated into the City's next suite of Integrated Planning and Reporting documents, to be presented for Council's consideration in May, then public exhibition, and ultimately adoption in June.

Council's financial performance at Quarter 2 2021/22 reflected a year to date (YTD) Operating Surplus of \$40.2M, against a revised YTD budget of \$17.8M. After allowing for interest income, capital grants and contributions, depreciation and capital project related costs, the Council has achieved a YTD Net Surplus of \$23.4M against a YTD Deficit budget of \$21.6M. For the full year, Council is forecasting an Operating Surplus of \$65.0M in line with its budget as reduced at Q1, however a Net Surplus of \$8.3M which is \$26.0M favourable to budget, predominately reflecting favourable variances in operating expenditure and higher capital contributions, partially offset by unfavourable variances in operating income. All major variances are outlined within the body of this report, and full details are provided at Attachment A.

The Capital Works Program expenditure of \$82.8M compares to a YTD budget of \$106.6M. The annual forecast for the program has been revised to \$211.3M against a full year budget of \$251.1M. A summary of the 2021/22 capital project expenditure and forecast is outlined within the body of this report, and detailed at Attachment B.

The Information Services capital expenditure for projects developed internally was \$7.8M, \$3.1M favourable to the YTD budget, with a forecast of \$23.7M against a full year budget of \$23.1M, and minor adjustments to the budget recommended in Attachment B.

The Plant and Equipment expenditure at Quarter 2, net of disposals, was \$2.2M against a YTD budget of \$8.3M, with a full year forecast of \$12.5M, with adjustments to the budget recommended in Attachment B.

Property Divestments (net) at Q2 were \$33.8M and forecasting a favourable variance of \$156.1M. This favourable variance primarily reflects the anticipated timing for a number of large property transactions, now expected to occur in the 2022/23 financial year.

Progress against the Delivery Program performance measures is generally satisfactory, with full details provided at Attachment C, and a number of operational achievements are highlighted within the body of this report.

The additional supplementary reports, which include details of contracts over \$50,000, major legal issues and the Quick Response, Banner Pole and Reduced Rate Grant Programs, are provided at Attachment D for information.

An update on the progress of the City's Community Recovery Plan is provided at Attachment E.

## Recommendation

It is resolved that Council:

- (A) note the financial performance of Council for the second quarter, ending 31 December 2021, including a Quarter 2 Net Surplus of \$23.4M and the full year Net Surplus forecast of \$8.3M, as outlined in the subject report and summarised in Attachment A to the subject report;
- (B) note the Quarter 2 Capital Works expenditure of \$82.8M and a revised full year forecast of \$211.3M, and approve the proposed adjustments to the adopted budget, including bringing forward \$4.4M of funds into 2021/22 capital budget as detailed in Attachment B to the subject report;
- (C) note the Information Services capital expenditure of \$7.8M, net of disposals, and a full year forecast of \$23.7M and approve the proposed adjustments to the adopted budget, including bringing forward \$0.6M of funds into 2021/22 capital budget and transfer of \$0.4M from the capital works contingency, as detailed in Attachment B to the subject report;
- (D) note the Quarter 2 Plant and Assets expenditure of \$2.2M, net of disposals, and a revised full year forecast of \$12.5M and approve the proposed adjustments to the adopted budget by transferring \$0.6M from capital works contingency, as detailed in Attachment B to the subject report;
- (E) note the Quarter 2 Property Divestment of \$33.8M, and the full year forecast net Property Divestment of \$24.1M;
- (F) note the operational performance indicators and Quarter 2 achievements against the Operational Plan 2021/22 objectives, as detailed in Attachment C to the subject report;
- (G) note the supplementary reports, including contracts issued over \$50,000, major legal issues and the Quick Response, Banner Pole and Reduced Rate Grant Programs in Quarter 2, as detailed in Attachment D to the subject report;
- (H) extend the period for the Community Recovery Plan to June 2022; and
- (I) note the second quarter 2021/22 Community Recovery Plan report, as shown at Attachment E to the subject report.

**Attachments**

**Attachment A.** Financial Results Summary

**Attachment B.** Capital Expenditure Financial Results

**Attachment C.** Second Quarter Operational Plan Report 2021/22

**Attachment D.** Second Quarter Supplementary Report 2021/22

**Attachment E.** Second Quarter Community Recovery Plan Report 2021/22

## Background

1. The City's 2017-2021 Delivery Program and 2021/22 Operational Plan, including the 2021/22 budgets, were adopted by Council on 28 June 2021.
2. The Local Government Act 1993 requires quarterly progress reports against the financial objectives and six monthly reports against the Operational Plan.
3. This report provides the second quarter (Q2) and full year forecast financial results for the 2021/22 financial year, and the achievements to date against the Operational Plan objectives.
4. A Q2 Financial Results Summary, together with a detailed breakdown of income and expenditure items, and a separate report showing operating results by the principal activities identified within the Operational Plan, are provided at Attachment A.
5. The Capital Expenditure results to Q2, together with a summary of project expenditure, and proposed budget adjustments for 2021/22 and future years, are outlined within the body of this report and detailed at Attachment B.
6. Progress against the Operational Plan performance measures is generally satisfactory, with full details provided in Attachment C, and a number of operational achievements are highlighted within the body of this report.
7. Additional reports, including expenditure against contingency funds, contracts over \$50,000, major legal issues and the Quick Response, Banner Pole and Reduced Rate Grant Programs, are also provided at Attachment D for information.
8. The Community Recovery Plan progress report at Attachment E provides an update on the current state of the City, business and community confidence, and the activities undertaken in respect of the six agreed action areas.

## 2021/22 Operating Budget

9. The adopted 2021/22 budget projected operating income of \$624.5M and operating expenditure of \$514.5M, for an Operating Surplus of \$110.0M. After allowing for interest income of \$2.4M, capital grants and contributions of \$37.5M, depreciation expenses of \$113.9M, capital project related costs of \$8.7M, Council budgeted for a Net Surplus of \$27.3M.
10. The second wave of the Covid pandemic, had a broad and deeply adverse impact upon performance against the City's 2021/22 adopted budget, which had been predicated on the continued gradual recovery of our major revenue sources. As detailed in this report, the pandemic and the subsequent lockdown following the public health orders, has significantly reduced the City's revenue from its property rentals, all parking related activities, venue and facility hire, and construction related activities.
11. In order for the City's operations, services and facilities to continue for the benefit and support of our community, Council approved additional contingency budget of \$45.0M for operational support and a further \$5M for capital works at Q1 to allow the Divisions and business units impacted, to continue to operate within approved delegations.

12. The revised operating budget anticipated operating income of \$624.5M and operating expenditure of \$559.5M, resulting in an Operating Surplus of \$65.0M. After allowing for interest income of \$2.4M, capital grants and contributions of \$37.5M, depreciation expenses of \$113.9M, capital project related costs of \$8.7M, Council adopted a revised budget with a Net Deficit of \$17.7M.

### Second Quarter Operating Results

13. The Q2 YTD Operating Surplus was \$40.2M against a budget of \$17.8M, a favourable variance of \$22.3M. After allowing for interest income, capital grants and contributions, depreciation and capital project related costs, the Net Surplus was \$23.4M against a budget deficit of \$21.6M, a favourable variance of \$44.9M.
14. The result includes operating income results which are significantly unfavourable to budget by \$49.6M, a favourable variance to budget of \$72.0M for operating expenditure which includes the increased \$45.0M of CEO contingency, a \$10.6M unfavourable variance for capital grants and contributions and a favourable variance of \$6.9M for gain on sale of assets.
15. The primary operating income variations to the budget are detailed in the table below

Income Type	2021/22 YTD Budget Variance	2021/22 Full Year Budget Variance	Comment
	Favourable / (Unfavourable)	Favourable / (Unfavourable)	
Parking Station Income	(\$2.9M)	(\$2.9M)	Impacted by lockdown as more people worked from home and free parking for essential workers. The forecast represents an initial slow return, in parking revenue, toward pre pandemic levels as the City starts to re-open.
Parking Meter Income	(\$10.8M)	(\$11.2M)	
Enforcement Income	(\$12.6M)	(\$19.7M)	
Advertising Income	(\$3.8M)	(\$4.2M)	Street Furniture advertising income adversely impacted by Covid-19, and the resultant lack of passing foot traffic.
Private Work Income	(\$1.2M)	(\$2.6M)	Unfavourable due to the public health order restrictions including the temporary shutdown of the construction industry in the early phase of the lockdown in mid-2021.
Work Zone Income	(\$2.1M)	(\$2.8M)	

<b>Income Type</b>	<b>2021/22 YTD Budget Variance</b>	<b>2021/22 Full Year Budget Variance</b>	<b>Comment</b>
	Favourable / (Unfavourable)	Favourable / (Unfavourable)	
Venue Facility Income	(\$3.3M)	(\$4.2M)	Venue closures due to the public health order, with the forecast representing the uncertainty in the industry with many postponing to later in the year.
Commercial Property Income	(\$9.4M)	(\$14.6M)	Extension of rental waivers until March 2022 as the City continues to support its commercial tenants under the re-introduction of the Retail and Other Commercial Leases (COVID-19) Amendment Regulation.  QVB revenue share is also subject to the code, and significantly reduced the forecast income share to the City.
Community Property Income	(\$0.8M)	(\$1.0M)	

16. The primary operating expenditure variances to the budget are detailed in the table below:

<b>Expenditure Type</b>	<b>2021/22 YTD Budget Variance</b>	<b>2021/22 Full Year Budget Variance</b>	<b>Comment</b>
	Favourable / (Unfavourable)	Favourable / (Unfavourable)	
Employee Related	\$6.0M	\$7.1M	Predominately relates to permanent vacancies. (partially offset by an increase in agency used to backfill).
Enforcement and Infringement Costs	\$2.9M	\$4.5M	Reduced infringements, results in lower processing fees.
Event Related	\$3.0M	\$1.4M	Due to Covid some events were scaled back or cancelled, including some Christmas events and the New Year's Eve picnic.

Expenditure Type	2021/22 YTD Budget Variance  Favourable / (Unfavourable)	2021/22 Full Year Budget Variance  Favourable / (Unfavourable)	Comment
Facility Management	\$0.2M	(\$2.5M)	Leisure facilities contract is a fee for service, and therefore costs will be incurred as the services re-open, but attendance remains below pre pandemic levels.
Infrastructure Maintenance	\$4.9M	\$3.5M	<p>Mainly due to the temporary shutdown of the construction industry on roadway maintenance.</p> <p>Changes to the contract transition for street furniture maintenance.</p> <p>Lower usage resulted in a reduction of parking meter maintenance.</p>
Other Operating Expenditure	\$1.1M	\$1.4M	<p>Reduction in Ausgrid's lighting network LED replacement program costs as residual, capital and maintenance charges are lower than anticipated in the budget.</p> <p>Lower bank charges due to lower parking meter usage.</p>
Service Contracts	\$2.2M	\$1.1M	Covid lockdown meant that several library programs / courses and sports competitions were cancelled. CBD Revitalisation project delayed during lockdown and will extend into next financial year.
Surveys and Studies	\$0.2M	(\$1.0M)	Higher full year spend associated with the delivery of three State significant projects at Pyrmont, Central and Blackwattle Bay

<b>Expenditure Type</b>	<b>2021/22 YTD Budget Variance</b>	<b>2021/22 Full Year Budget Variance</b>	<b>Comment</b>
	Favourable / (Unfavourable)	Favourable / (Unfavourable)	
Utilities	\$1.0M	\$1.1M	Favourable due to consumption savings.

<b>Income Type</b>	<b>2021/22 YTD Budget Variance</b>	<b>2021/22 Full Year Budget Variance</b>	<b>Comment</b>
	Favourable / (Unfavourable)	Favourable / (Unfavourable)	
Interest Income	\$1.0M	\$1.8M	Higher opening cash balances and lower capital expenditure. Interest rates offered are anticipated to slowly increase in the second half of this financial year.

<b>Income Type</b>	<b>2021/22 YTD Budget Variance</b>	<b>2021/22 Full Year Budget Variance</b>	<b>Comment</b>
	Favourable / (Unfavourable)	Favourable / (Unfavourable)	
Capital Grants and Contributions	\$10.6M	\$17.2M	The timing of developer contributions are difficult to predict.  The increase in the full year forecast relates to development rights scheme for 77-93 Portman St Zetland, which is Site 15 in the Green Square Town Centre.

<b>Expenditure Type</b>	<b>2021/22 YTD Budget Variance</b>  Favourable / (Unfavourable)	<b>2021/22 Full Year Budget Variance</b>  Favourable / (Unfavourable)	<b>Comment</b>
Depreciation	\$3.1M	\$0.0M	The YTD variance in part is due to revaluations of some infrastructure asset classes at year end, and timing of assets being completed.

<b>Type</b>	<b>2021/22 YTD Budget Variance</b>  Favourable / (Unfavourable)	<b>2021/22 Full Year Budget Variance</b>  Favourable / (Unfavourable)	<b>Comment</b>
Gain on Sale of Assets	\$6.9M	\$6.9M	Recognition of sale and disposal of heritage floor space at QVB.  Disposal of 330-332 Botany road, Alexandria, as resolved by Council.

17. The adopted 2021/22 operating budget was developed prior to the Covid-19 'Delta' lockdown commencing in late June 2021. Operational contingencies in the operating budget were increased from \$5.5M to \$7.0M, for the 2021/22 financial year, to include a higher provision for the uncertain operating and financial environment. However, the budget only anticipated the tail end impact of Covid-19 in areas such as commercial property income, venue management and parking related services, with a gradual recovery back to normal expected after the height of the pandemic.
18. As noted above, Council resolved at Q1 to increase the CEO contingency by a further \$45.0M to allow those affected business units to operate within an approved financial framework and provide their required services to the community. The contingency budget has then been allocated to the impacted Divisions, as noted below, and detailed in Attachment A.
19. The City Life Division, specifically the Venue Management unit, was heavily impacted by the public health orders and the associated restrictions.
20. The City Projects and Properties Division, specifically City Property has been impacted by a reduction in commercial property income as the City continues to support commercial tenants with rental waivers, and the City's income share from QVB has also substantially reduced.

21. The City Services Division suffered the loss of income in the City Rangers, Parking and Fleet Services, and City Infrastructure units, due the lockdown and health orders and few people in the CBD.

### Capital Expenditure

22. The Capital Works program achieved expenditure of \$82.8M against a YTD budget of \$106.6M.
23. The full year forecast of the capital works program has been reduced from a budget of \$251.1M to \$211.3M following the latest review, which assessed the expected delivery of the projects and revised cost estimates for each individual project.
24. Capital Works projects that are finalised may have savings that can be utilised to offset the expenditure in programs requiring additional funds for project completion. Progress on a number of projects has also advanced beyond that included within the program budget projections for 2021/22. Approval is therefore recommended to bring forward funds of \$4.4M from future years' capital works forward estimates, and to reallocate funds from within relevant programs, into the 2021/22 budget to continue the progress on these projects.
25. There are also a number of other cashflow changes proposed within the future years' forwards estimates. Full details are provided in Attachment B.
26. Significant variances are forecast for a number of the 2021/22 capital programs asset enhancement budgets and future years' forward estimates, including
  - (a) Open Space & Parks:
    - (i) Wimbo Park Surry Hills - favourable variance to date due to ongoing preparation of tender documentation and management of DA approval conditions by TfNSW.
    - (ii) Synthetic Sports Field - Turruwul Park - Project proposed to be cancelled subject to a separate report to going to Council in this reporting round.
    - (iii) Alexandria School and Park Synthetic Sports field (Joint Use) - Additional scope which is subject to a separate tender report going to Council in this reporting round.
    - (iv) Sydney Park Impact Mitigation Works - Finalising tender documentation. Increase in forecast reflects current market conditions. Tenderers to be sought in early 2022 with construction in the 2022/23 financial year.
  - (b) Properties - Investment and Operational
    - (i) Organisation wide building management system integration - unfavourable due to Covid impacts affecting the completion dates of other projects, and a consequent delay in assigning resources to this project.

27. Significant variances are also forecast for a number of the 2021/22 capital programs asset renewal budgets and future years' forward estimates, including
- (a) Property Assets
    - (i) Corporation Building - Façade, Roof, Window, Awning Repairs - expenditure higher this financial year due to works proceeding ahead of schedule.
    - (ii) Town Hall Arcade (Sydney Square) Waterproofing - Project completed, saving realised.
    - (iii) Lift Upgrades/Replacement – various sites - favourable variance as tender process is still underway. Covid related impact on lead times will impact the construction start timeframe.
    - (iv) Pittsway Arcade Food Court Refurb & Upgrade - Additional funds required to undertake the revised scope.
    - (v) Commonwealth Bank 546 George St - BCA Fire Electrical Renewal - potential project savings resulting from a reduced scope.
28. A financial summary of the Capital Works program, the proposed budget adjustments, and a status report on all active capital projects exceeding \$5.0M in value is provided at Attachment B.
29. Information Services capital expenditure, for internally developed projects, is \$7.8M against a budget of \$10.9M with a forecast of \$23.7M that is slightly over the full year budget of \$23.1M. The current challenges which are being experienced in regards to supply and resources means the reported forecast remains at risk. Approval is sought to bring forward \$0.6M into the 2021/22 budget and allocate \$0.4M from capital works contingency to continue progress on a number of these projects.
30. The Plant and Equipment expenditure incurred year to date, net of disposals, was \$2.2M against a budget of \$8.3M, due to the timing of delivery for fleet and plant items. And a full year forecast of \$12.5M against a full year budget of \$15.8M at this stage. Approval is sought to allocate \$0.6M from capital works contingency to continue progress on the migration of the Skype to MS Teams project.
31. Property divestments at Q2 reflects the sale of heritage floor space, and the divestment of 330-332 Botany Road, Alexandria, as resolved by Council.

### **Operational Highlights**

32. The Youth Week 2022 Training and Employment Program commenced on 24 September 2021. Fifteen young people who live and study in the City of Sydney local government area were selected through a competitive recruitment process to participate in the program for seven months. Through this program Participants have access to mentors from youth led organisation, Y-Lab, to assist them through their study and to implement Youth Week 2022 events. The programs outcomes are to provide participants with increased skills and knowledge, increased social and community connection, and increased understanding and connection to the City of Sydney.

33. Sydney Christmas included Christmas trees, smart pole decorations, lighting and street banners, the Canopy of Light in Pitt St Mall, a light canopy installation over Martin Place and a huge illuminated star hanging from the entrance of the Green Square library. Christmas tree outdoor locations included: Town Hall, Martin Place, Taylor Square, Customs House Square, Union Square Pyrmont, Surry Hills, St Mary's Cathedral Forecourt, Green Square Plaza, Erskineville and Fitzroy Gardens, Kings Cross. Roving program and pop up performances were aimed at reactivating the City and high streets and attracting people to businesses. More than 18 choirs performed in December near Martin Place Christmas tree and on George Street.
34. The City worked with the NSW Government to ensure the Sydney New Year's Eve event was held safely for attendees and staff. The 9pm Welcome to Country with Fireworks included a live performance broadcast by the ABC, Sydney Harbour Bridge pylon projections and curated soundtrack. The midnight Fireworks and lighting display included a commissioned soundtrack by Sydney-based The Presets and pylon projections.
35. The City of Sydney website picked up a top prize at the recent Good Design Awards, receiving a prestigious gold accolade for outstanding digital design and innovation. The Good Design Awards are the highest honour for design and innovation in Australia. The website, which launched in late 2020, also recently won a Sitecore Experience Award for 'best innovation with emerging technologies'. Since the launch, we've seen a 50% improvement in click-through rates to online services and 25% reduction in the time and effort it takes our customers to complete what they want to do.
36. Gunyama Park Aquatic and Recreation Centre was awarded the National Award in Public Architecture, 2021, by the Australian Institute of Architects (AIA). The national awards were held on 5 November 2021. The Project also won the NSW Chapter Award for Public Architecture, 2021. Gunyama Park Aquatic and Recreation Centre is Australia's first 5 Star Green Star Design and As Built Aquatic facility.

### **Financial Implications**

37. Financial performance in the majority of the principal activities, as defined within the Delivery Program 2017-2021, continues to be impacted by Covid-19, and noted in the body of the report.
38. At Quarter 2 the YTD Operating Surplus was \$40.2M, with a full year forecast Operating Surplus of \$65.1M against a revised budget of \$65.0M.
39. At Quarter 2 the YTD Net Surplus was \$23.4M, with a full year forecast Net Surplus of \$8.3M against a deficit budget of \$17.7M, a favourable variance of \$26.0M.
40. In the current year, the Covid-19 pandemic has had a significantly adverse impact on a number of the City's key income streams and the City continues to expend significant sums in support of its local economy and community, including donations and a number of additional grant programs.

41. As the challenging operating environment is expected to extend well into the second half of this financial year, the City will continue to review in detail its operational and capital programs within the long term financial plan, to update its financial recovery plan and ensure that all plans are in line with our long term financial sustainability principles. The long term financial plan will be incorporated within the suite of integrated planning and reporting documents, to be considered by Council in May, then publicly exhibited before formal adoption in June 2022.
42. The City remains in a strong financial position with a YTD cash balance of \$729.1M that includes unrestricted funds of \$326.4M. The 2021/22 year end cash position is forecast to be \$544.6M, favourable to budget by \$212.8M, largely reflecting the operational variances explained within this report and a number of budgeted property acquisitions which are now expected to occur early next financial year.
43. Note that surplus funds not yet required for projects are generally being directed towards specific cash reserves (restrictions), in accordance with Council's resolution and the City's long term financial plan, while the majority of the unrestricted cash is required to fund those capital programs without a specific reserve.

### **Relevant Legislation**

44. The Local Government Act 1993 and Local Government (General) Regulation 2005 require quarterly progress reports against the financial objectives and regular reports (at least six monthly) against the Operational Plan.
45. Section 406 of the Act requires councils to comply with the Integrated Planning and Reporting Guidelines, issued by the Chief Executive of the Office of Local Government.

### **Critical Dates / Time Frames**

46. The quarterly report is due to be submitted to Council within two months of the end of the respective quarter.
47. The information contained within this report reflects Council's financial performance in the 2021/22 financial year.

### **Public Consultation**

48. There is no requirement for public consultation for this report.

### **BILL CARTER**

Chief Financial Officer