

Relevant Information for Council

FILE: X039568 **DATE:** 12 May 2022

TO: Lord Mayor and Councillors

FROM: Bill Carter, Chief Financial Officer

THROUGH: Monica Barone, Chief Executive Officer

SUBJECT: Information Relevant To Item 6.2 - 2021/22 Quarter 3 Review - Delivery Program 2017-2021

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 9 May 2022, further information was sought on the following:

The difference between the Salaries and Wages YTD actual to budget variance and the Superannuation YTD variance, as shown in Attachment A (p20)

The City's budget for direct salaries and wages includes funding for all permanent positions within the approved establishment. However as for most large organisations, there are a rolling number of vacancies that occur throughout the year as employees resign or retire, recruitment processes are undertaken, and before successful candidates are onboarded into the organisation. In a highly competitive jobs market, with skill shortages in a range of select professions, individual vacancies can remain for quite a period of time, resulting in a significant underspend or variance to budget.

The City's annual salaries and wages budget always incorporates a provisional reduction to anticipate this 'vacancy factor', and the resultant underspend. The vacancy factor is estimated by reviewing historical trends and considering any specific challenges to the coming year's employment market. The budgeting process ensures that the City fully funds its salary and wages commitments, but also frees up and redirects surplus funding to support other Council activities and programs, to optimise the use of its scarce financial resources each year.

For 2021/22, the vacancy factor amounts to \$10.3M (\$7.7M to the end of March), or 5 per cent of direct salaries and wages. If the salaries and wages budget category did not include this vacancy factor, the YTD variance for this category of expenditure would rise from 7 per cent to 12 per cent, which is in line with the superannuation variance of 13 per cent.

Explain grant timeframes for Council endorsed recipients who have not yet received funding

The details regarding endorsed recipients not yet paid is set out below.

On 26 October 2015, Council resolved to approve a \$250,000 grant to the Salvation Army for design and planning costs for an affordable housing development at 5-19 Mary Street, Surry Hills. This grant was ceased, as the project did not progress. No money was paid.

On 9 March 2020, Council resolved to approve two grants totalling \$1,010,000:

\$1,000,000 was awarded to UTS for the Indigenous Residential College. This grant remains allocated as the project has been delayed and is yet to be paid. A contract is currently being negotiated with UTS.

\$10,000 was awarded to Housing All Australians for their Housing All Australians economic study. This grant has been paid.

On 14 December 2020 Council resolved to approve a \$3,000,000 grant to Wesley Community Services Limited, to develop 74 new dwellings in an existing and currently vacant building located at Glebe Point Road, Glebe. The grant is due to be paid when the project has been issued with a construction certificate to commence work. This milestone has not yet been reached. Wesley advise that their operations have been affected by the pandemic. City staff continue to liaise with Wesley on progress of the project.

On 11 October Council resolved to approve \$195,000 for St George Community Housing Limited, these funds are to supplement the \$150,000 paid in February 2020 to support continued employment of another Aboriginal affordable Housing Engagement Coordinator. This grant remains allocated and yet to be paid, however the development of a contract is in process with St George Community Housing and expected to be paid before 10 June 2022.

Memo from Bill Carter, Chief Financial Officer

Prepared by: Chief Financial Office Managers

Approved



MONICA BARONE

Chief Executive Officer