

Cumberland Council

FORECAST FOR MARCH 31, 2019

Report from Director Finance and Governance

Summary:

The attached Quarterly Budget Review Statement (QBR) refers to the period ended 31 March 2019. The QBR indicates that Council's financial position is satisfactory for the actual year-to-date income and expenditure, as well as the original and proposed revised estimates of income and expenditure for the year.

Report:

Clause 203(2) of the Local Government (General) Regulation 2005 (the Regulation) requires that Council's Responsible Accounting Officer prepare and submit a Quarterly Budget Review Statement (QBR) that shows, by reference to the estimate of income and expenditure set out in the Operational Plan adopted by Council for the relevant year, a revised estimate of the income and expenditure for that year.

The QBR, compiled for information of Council and the Community, provides a summary of Council's financial position at the end of each quarter as to its progress against both the original Operational Plan and the last revised budget, as well as any recommended revisions identified as part of the budget review process.

The Operational Plan profit has decreased from the approved budget surplus of \$5.018m to a surplus of \$3.464m, excluding capital income, as per below table.

Report	Current Budget	Revised Budget	Budget Movements
	000s	000s	000s
Operating Income	198,888	197,839	(1,049)
Capital Income	16,714	17,952	1,238
Total Revenue	215,602	215,790	188
Operating Expenses	193,870	194,375	505
Net Operating Result from Continuing Operations	21,732	21,416	(316)
Net Operating Result before Capital Items	5,018	3,464	(1,554)

Significant material Operational Plan revisions arising in the March 2019 quarter forecast are as follows:

Increases to Surplus Total identified savings/increased income:

- \$1.56m additional income from the financial assistance grant
- \$1.24m increase in capital grants relating to the Parramatta Road Urban Improvement Program and Information Services Smart Cities grant
- \$0.25m decrease in consultants due to deferral of LEP program.
- \$0.13m decrease in legal costs due to efficiency savings.

Decreases to Surplus Total identified below:

- \$1.3m reduction in user charges relating to development/technical assessment.
- \$0.8m reduction in user charges relating to road restorations.
- \$0.8m reduction in other revenue relating to property leasing and worker's compensation income.
- \$0.5m increase in Council's streetlighting expense previously not invoiced after amalgamation boundary changes.
- \$0.4m increase in Council's software costs.

The projected total capital expenditure has decreased by \$0.112m mainly attributable to the following:

- Deferrals of park renewal works -\$0.7m
- Deferral of completion of Friend Park Children's Centre renovation -\$0.2m
- Completion of funded road renewal works under budget -\$0.5m
- Additional allocation towards Gipps Road remediation works \$0.3m
- Additional allocation towards waste bin replacement \$0.3m
- Finalisation of agreement with Sydney Trains for the replacement of Bridge Road Railway Overbridge \$0.5m
- Increase in budget allocation for stormwater renewal works \$0.1m

The projected Cash and Investments position of \$152m has decreased by \$1.5m as a result of the reduction in Council's operating surplus. The decrease in estimates have increased council's unallocated cash balance by \$2.8m and the balance has increased reserves by \$1.3m. Council will re-assess the projects and make the necessary adjustments in Q1 2019/20.

Conclusion:

As at the end of the third quarter, Council's year-end projected financial position remains satisfactory. The estimated net operating result before capital is projected to finish the year with a surplus of \$3.464m.

Consultation:

There are no consultation processes for Council associated with this report.

Financial Implications:

The only financial implication of this report is an decrease in cash of \$1.5m which will have a negative impact to the budget.

Policy Implications:

There are no policy implications for Council associated with this report.

Communication / Publications:

There are no communication / publications / implications for Council associated with this report.