

8 REPORTS DIRECT TO COUNCIL**8.2 CORPORATE SERVICES****8.2.4 BUDGET REVIEW 1 2016/17**

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Author:	Senior Management Accountant Corporate Services Department	
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PURPOSE

To amend the 2016/17 budget to reflect Council's anticipated revenue and expenditure forecasts to 30 June 2017 following the first budget review.

EXECUTIVE SUMMARY

Section 170 of the *Local Government Regulation 2012* allows council to amend its budget by resolution at any time before the end of the financial year. Major budget reviews are undertaken on a periodic basis to reflect management's best estimate of its financial position at the end of a financial year.

This report, as the first budget review for 2016/17, identifies works from the 2015/16 budget that were not completed as at 30 June 2016 and require funds to be carried over to the 2016/17 financial year. Items recommended for inclusion in a budget review in a Council Resolution are also included in this report.

The 2015/16 interim financial position incorporates end of financial year adjustments, however, the final result will be subject to review by council's external auditors, during September and October 2016. Council's interim financial results as at 30 June 2016 reflects a \$26.0 million operating result against a budgeted result of \$24.3 million.

The result of this budget review will decrease the 2016/17 operating result by \$4.0 million, from \$30.9 million to \$26.9 million. Capital revenues have increased by \$5.8 million from \$94.5 million to \$100.3 million. Capital expenditure increases by \$11 million, from \$252.7 million to \$263.7 million.

The 2015/16 closing cash balance was \$23 million higher than anticipated as at 30 June 2016, of which \$10.2 million was restricted. The revised closing cash balance for 2016/17 and the amendments in this budget review will increase the cash position by \$16.8 million to \$235.8 million as at 30 June 2017.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “Budget Review 1 2016/17” and
- (b) adopt the amended 2016/17 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A)

FINANCE AND RESOURCING

Adoption of the recommendation of this report will formally amend the 2016/17 Budget.

The 2015/16 closing cash balance was \$23 million higher than anticipated as at 30 June 2016, of which \$10.2 million was restricted. The revised closing cash balance for 2016/17 and the amendments in this budget review will increase the cash position by \$16.8 million to \$235.8 million as at 30 June 2017.

Maintaining cash and reducing core debt balances were two key principles for development of the 2016/17 budget.

CORPORATE PLAN

Corporate Plan Goal: *A public sector leader*

Outcome: 5.2 - A financially sustainable organisation

Operational Activity: 5.2.2 - Ensure council's finances are well managed and systems are in place to analyse performance, generate revenue and reduce costs and manage contracts and contract performance

CONSULTATION

Internal Consultation

All departments of council were consulted in the course of the review.
A budget review workshop was held with Councillors on 1 September 2016.

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

PROPOSAL

Section 170 of *the Local Government Regulation 2012* allows council to amend its budget by resolution at any time before the end of the financial year.

Budget reviews are undertaken on a periodic basis to reflect management's best estimate of its financial position at the end of a financial year. Prudent financial management also requires council to amend its budget if there are material changes to expected revenue or expenses for the year.

A budget review has now been undertaken to make recommended amendments to the 2016/17 budget to reflect anticipated revenues, expenses and capital expenditure for the 2016/17 financial year.

As this budget review is the first for the financial year, this report identifies works from 2015/16 budget that were not completed as at 30 June 2016 and require budget to be carried over to the 2016/17 financial year. Council resolutions where items have been recommended for inclusion in Budget 2016/17 are also included in this report. Table 1 summarises the requests in this budget review.

Table 1: Summary of Budget Review 1 requests
(Details contained in Attachments 2 & 3)

Budget Review 1: \$000	Part A Funded	Part B Council Resolution	Part C Unfunded	Part D Transfers	Part E Carryovers	Total Budget Review
Operating	(1,849)	254	780	1,165	3,634	3,984
Capital	(3,937)	1,966	750	(1,165)	7,544	5,158

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The result of this budget review will decrease the 2016/17 operating result by \$4.0 million, from \$30.9 million to \$26.9 million. Capital revenues have increased by \$5.8 million from \$94.5 million to \$100.3 million. Capital expenditure increases by \$11 million, from \$252.7 million to \$263.7 million.

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Legal

The report complies with council's legislative obligations to amend its budget in accordance with Section 170 of the *Local Government Regulation 2012*.

Policy

There are no policy implications associated with this report.

Risk

There are no risks associated with this report.

Previous Council Resolution**Special Meeting Budget 16 June 2016, Council adopted the 2016/2017 budget - Council Resolution (SM16/16)**

That Council:

- (a) *receive and note the report titled "Adoption of the 2016/2017 Budget and Forward Estimates for the 2017/2018 to 2025/2026 Financial Years"*
- (b) *adopt the 2016/2017 Budget Schedules (Appendix A) including Forward Estimates and*
- (c) *adopt the 2016/2017 Capital Works Program, endorse the indicative four-year program for the period 2017/2018 to 2020/2021, and note the five-year program for the period 2021/2022 to 2025/2026 (Appendix B).*

Ordinary Meeting, 21 July 2016, Council adopted 'Community Land Permits Team Best Value Service Review'. Council Resolution (OM16/1)

That Council:

- (a) *receive and note the report titled "Community Land Permits Team Best Value Service Review"*
- (b) *note the recommendations and outcomes of the Best Value Service Review (Appendix A)*
- (c) *note that Council's Community Land and Complementary Commercial Activity Policy will be reviewed and will be the subject of a further report to Council*
- (d) *note that the Community Land Permits applications will be included in the early stages of the rollout of Council's online interface for application forms*
- (e) *note the development of a Sunshine Coast events calendar as an internal resource shared between internal and external stakeholders in conjunction with Council's Information Communication Technology Services Branch and as identified in the Organisation Improvement Plan*
- (f) *refer for Council's consideration to Budget Review 1 salary costs totalling \$75,387 per annum associated with an additional permanent Level 5 Officer (FTE) in the Community Land Permits Team who will be responsible for issuing permits and providing support for major events and high use activities and*
- (g) *endorse the commencement of self-assessment for low risk community events such as small weddings and street stalls undertaken by not-for-profit organisations in conjunction with the completion of Recommendation (c) above.*

Ordinary Meeting, 10 December 2015 - Confidential - Not for Public Release - Property Disposals - Council Resolution (OM15/255)

That Council:

- (a) *resolve to dispose of the properties described as Lot 16 and 18 RP188421, Lot 4 RP67971, Lot 69 and 70 RP8412, Lot 1 SP246935 and Lot 2 SP278621 by tender or auction and if unsuccessful, the property be sold pursuant to the terms in (b) below and*
- (b) *if the property is not sold when offered for sale by auction or tender, Council resolves, pursuant to section 236(2), that an exception under section 236 (1)(a) of the Local Government Regulation 2012 applies provided the property is sold:*
 - i. *for more than the highest bid received at the auction or tender, and*
 - ii. *for no less than the market value of the land and improvements (if any).*

Ordinary Meeting, 23 July 2015 - Confidential - Not for Public Release - Property Disposals - Sunshine Coast Council Resolution (OM15/126)

That Council:

- (a) *delegate authority to the Chief Executive Officer to dispose of the properties as discussed in the confidential session in accordance with Local Government Regulation 2012 and*
- (b) *resolve that an exception under Section 236 of Local Government Regulation 2012 applies to the disposal of Lot 13 RP863238 to an adjoining land owner.*

Caloundra City Council General Meeting, 30 October 2003 - Proposed Acquisition of Land for Sport and Recreation Purposes

That:

- (a) *part (b) of Resolution (01/287) from the General Meeting held on Thursday 18 October 2001 which reads as follows, be rescinded:*
“the necessary action be taken to resume the required part of the land described as Lot 606 CG4306, Parish of Bribie, as shown in Attachment 2 of the confidential report referred to in (a) above, for Sport and Recreation Purposes”; and
- (b) *action be taken to resume the whole of the land described as Lot 606 on CG4306, Parish of Bribie, for recreation grounds, park, flood prevention and flood mitigation purposes.*

Related Documentation

There is no related documentation for this report.

Critical Dates

Following adoption of this report, the proceeding month's financial reports will reflect the amendments in the current budget.

Implementation

Council's budget will be formally adjusted following the council resolution and included in future monthly reports.

