

Tuesday, 17 May 2022

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Operations and Monitoring Committee Meeting

Kaupapataka

Agenda

Te Rā Hui:
Meeting date: **Tuesday, 17 May 2022**

Te Wā:
Time: **1.00pm**

Te Wāhi:
Venue: **Council Chamber
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

Te Hoapā:
Contact: **Democracy and Governance Services
P: 06 871 5000 | E: democracy@hdc.govt.nz**

Te Āpiha Matua:
Responsible
Officer: **Group Manager: Corporate - Bruce Allan**

**Watch Council meetings
streamed live on our website
www.hastingsdc.govt.nz**

HASTINGS DISTRICT COUNCIL
207 Lyndon Road East, Hastings 4122 | Private Bag 9002, Hastings 4156
Phone **06 871 5000** | www.hastingsdc.govt.nz
TE KAUNIHERA Ā-ROHE O HERETAUNGA

Operations and Monitoring Committee – Terms of Reference

Fields of Activity

The purpose of the Operations and Monitoring Committee is to ensure consolidated and complete reporting and monitoring of all financial and non-financial information and performance measures against the Annual Plan, Long-Term Plan and Council Strategies, Goals and Priorities.

Membership

- (Mayor and 14 Councillors).
- Chair appointed by Council.
- Deputy Chair appointed by Council.
- 1 Heretaunga Takoto Noa Māori Standing Committee Member appointed by Council.

Quorum – 8 members

Delegated Powers

- 1) Authority to exercise all of Council's powers, functions and authorities (except where prohibited by law or otherwise delegated to another committee) in relation to all matters detailed in the Fields of Activity.
- 2) Authority to exercise all of Council's powers, functions and authorities (except where prohibited by law) at any time when the Chief Executive certifies in a report that;
 - the matter is of such urgency that it requires to be dealt with
 - the matter is required to be dealt with, prior to the next ordinary meeting of the Council.
- 3) Monitor the performance of Council in terms of the organisational targets set in the Long Term Plan and Annual Plan – both financial and nonfinancial.
- 4) Monitor operational performance and benchmarking.
- 5) Undertake quarterly financial performance reviews.
- 6) Develop the Draft Annual Report and carry forwards.
- 7) Monitor and review the performance of Council Controlled Organisations and other organisations that Council has an interest in.
- 8) Monitor and review tender and procurement processes.
- 9) Monitor major capital projects.
- 10) Recommend to Council on matters concerning project decisions where these are identified as a result of the committee's project monitoring responsibilities.
- 11) Writing off outstanding accounts for amounts exceeding \$6,000 and the remission of fees and charges of a similar sum.
- 12) Settlement of uninsured claims for compensation or damages where the amount exceeds the amounts delegated to the Chief Executive.
- 13) Guarantee loans for third parties such as local recreational organisations provided such guarantees are within the terms of Council policy.
- 14) Authority to exercise the Powers and Remedies of the General Conditions of Contract in respect of the Principal taking possession of, determining, or carrying out urgent repairs to works covered by the contract.
- 15) Grant of easement or right of way over Council property.
- 16) Approve insurance – if significant change to Council's current policy of insuring all its assets.

Tuesday, 17 May 2022

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Operations and Monitoring Committee Meeting

Kaupapataka

OpenAgenda

<i>Mematanga:</i> Membership:	<i>Koromatua</i> Chair: Councillor Geraldine Travers
	<i>Ngā KaiKaunihera</i> Mayor Sandra Hazlehurst Councillors: Bayden Barber, Alwyn Corban, Malcolm Dixon, Damon Harvey, Tania Kerr (Deputy Chair), Eileen Lawson, Simon Nixon, Henare O'Keefe, Peleti Oli, Ann Redstone, Wendy Schollum, Sophie Siers and Kevin Watkins
	Heretaunga Takoto Noa Māori Standing Committee Appointee: Mike Paku
<i>Tokamatua:</i> Quorum:	8 members
<i>Apiha Matua</i> Officer Responsible:	Group Manager: Corporate – Bruce Allan (Lead) Group Manager: Asset Management - Craig Thew Group Manager: Strategy & Development – Craig Cameron Financial Controller – Aaron Wilson Chief Information Officer – Warren Perry
<i>Te Rōpū Manapori me te Kāwanatanga</i> Democracy & Governance Services:	Christine Hilton (Extn 5633)

Te Rārangi Take

Order of Business

1.0 Opening Prayer – *Karakia Whakatūwheratanga*

2.0 Apologies & Leave of Absence – *Ngā Whakapāhatanga me te Wehenga ā-Hui*

At the close of the agenda no apologies had been received.

At the close of the agenda no requests for leave of absence had been received.

3.0 Conflict of Interest – *He Ngākau Kōnatunatu*

Members need to be vigilant to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to scan the agenda and assess their own private interests and identify where they may have a pecuniary or other conflict of interest, or where there may be perceptions of conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the relevant item of business and withdraw from participating in the meeting. If a Member thinks they may have a conflict of interest, they can seek advice from the General Counsel or the Manager: Democracy and Governance (preferably before the meeting).

It is noted that while Members can seek advice and discuss these matters, the final decision as to whether a conflict exists rests with the member.

4.0 Confirmation of Minutes – *Te Whakamana i Ngā Minitī*

Minutes of the Operations & Monitoring Committee Meeting held Thursday 10 March 2022.

(Previously circulated)

5.0 Health & Safety Report

7

6.0 Financial Quarterly Report for the nine months ended 31 March 2022

15

7.0 Performance and Monitoring Report

29

8.0 **Minor Items – *Ngā Take Iti***

9.0 **Urgent Items – *Ngā Take Whakahihiri***

Tuesday, 17 May 2022

Item 5

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Operations & Monitoring Committee Meeting

Te Rārangi Take

Report to Operations and Monitoring Committee

Nā:
From: Jennie Kuzman, Health and Safety Manager

Te Take:
Subject: Health & Safety Report


1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to inform and update the Committee about Health and Safety at Hastings District Council.
- 1.2 The Health and Safety at Work Act 2015 (HSWA) requires HSWA Officers (Elected members and the Chief Executive) to exercise due diligence by taking reasonable steps to understand the organisation's operations and Health and Safety risks, and to ensure that they are managed so that Council meets its legal obligations.
- 1.3 The attached six-monthly Health and Safety trend report covers the first two quarters of the 2021/2022 financial year (**Attachment 1**). Whilst quarterly reports are usually provided individually, due to COVID-19 disruptions the first two quarters have been combined. The report for the third quarter (1 January to 31 March 2022) will be provided to the Committee at its next scheduled meeting.
- 1.4 This report provides information to enable Elected Members to undertake due diligence, by providing leading and lagging statistical information in relation to Health and Safety for the period 1 July to 31 December 2021.
- 1.5 Monthly Snapshot reports are also provided monthly to elected members on the Hub, these monthly reports have been updated to a streamlined report template which also provides information on proactive health and safety risk management initiatives.

2.0 Recommendations - *Ngā Tūtohunga*

That the Operations and Monitoring Committee receive the report titled Health & Safety Report dated 17 May 2022.

Attachments:

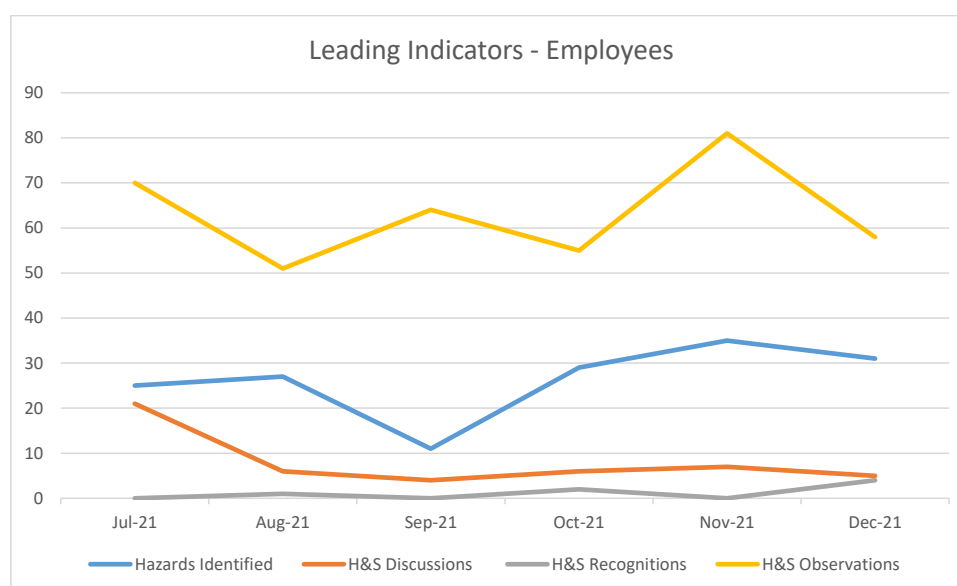
- 1  HDC Health & Safety Six Month Trend Report - 1 HR-03-8-2-22-190
July to 31 December 2021

Hastings District Council Health and Safety Report: Six-Month Trend Report 1 July – 31 December 2021

This report contains information that was reported during the period 1 July to 31 December 2021 and is current as at 31 January 2022.

A. LEADING INDICATORS (EMPLOYEES)

Indicator	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Hazards Identified	25	27	11	29	35	31
Health & Safety Discussions	21	6	4	6	7	5
Health & Safety Recognitions	0	1	0	2	0	4
Health & Safety Observations	70	51	64	55	81	58



Commentary:

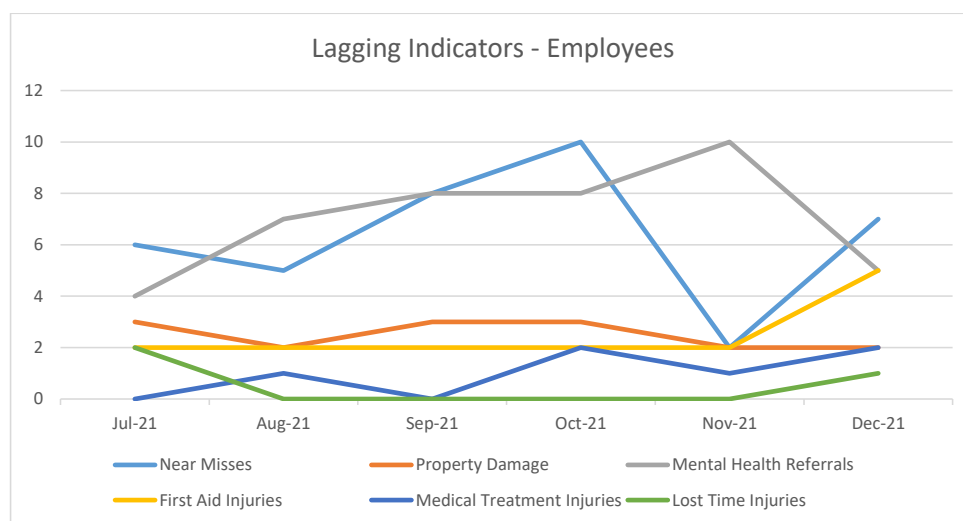
Leading indicators were impacted significantly by the COVID-19 Lockdown and Alert level restrictions in late 2021. There was a decrease in leading indicators in August and September with a return to pre-lockdown numbers in December 2021.

It is not possible to accurately compare the data from this time period with previous time periods due to the impact of the COVID-19 lockdown.

B. LAGGING INDICATORS

1. Employees

Indicator	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Near Misses	6	5	8	10	2	7
Property Damage	3	2	3	3	2	2
Mental Health Referrals	4	7	8	8	10	5
First Aid Injuries	2	2	2	2	2	5
Medical Treatment Injuries	0	1	0	2	1	2
Lost Time Injuries	2	0	0	0	0	1
Worksafe Notifiable Events	0	0	0	0	0	0

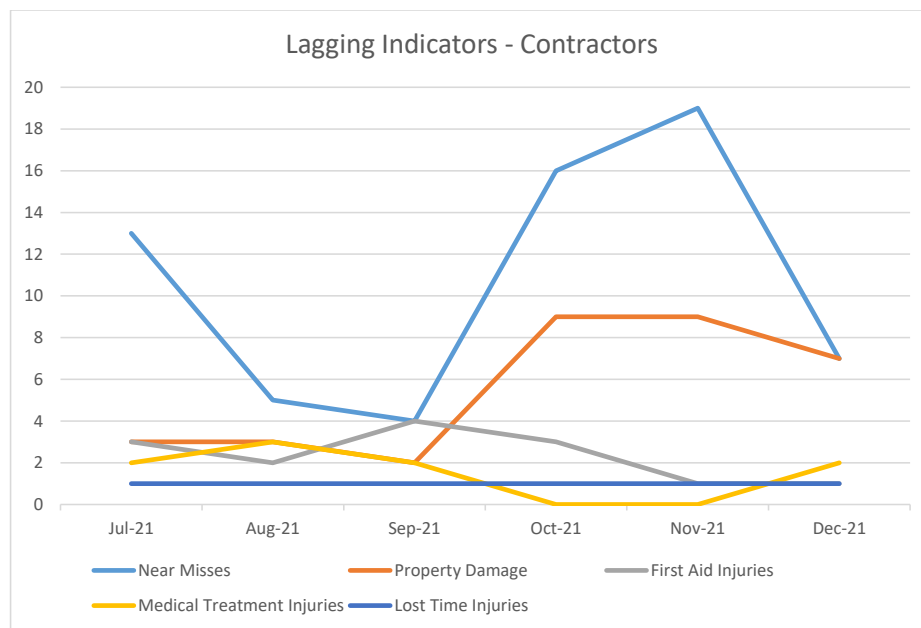


Commentary:

Lagging indicators were impacted by the COVID-19 Lockdown and Alert level restrictions in late 2021 (lockdowns and alert level transitions). There was a corresponding increase in near miss and mental health referrals within this period, likely a number of which would have been due to anxiety or stress from the impact of COVID-19, which then trended back down that of pre-lockdown numbers in December 2021. It is pleasing to note that serious injury rates are relatively unchanged for the entire 6 month period.

2. Contractors

Indicator	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Near Misses	13	5	4	16	19	7
Property Damage	3	3	2	9	9	7
First Aid Injuries	3	2	4	3	1	1
Medical Treatment Injuries	2	3	2	0	0	2
Lost Time Injuries	1	1	1	1	1	1
Worksafe Notifiable Events	0	0	0	0	0	0

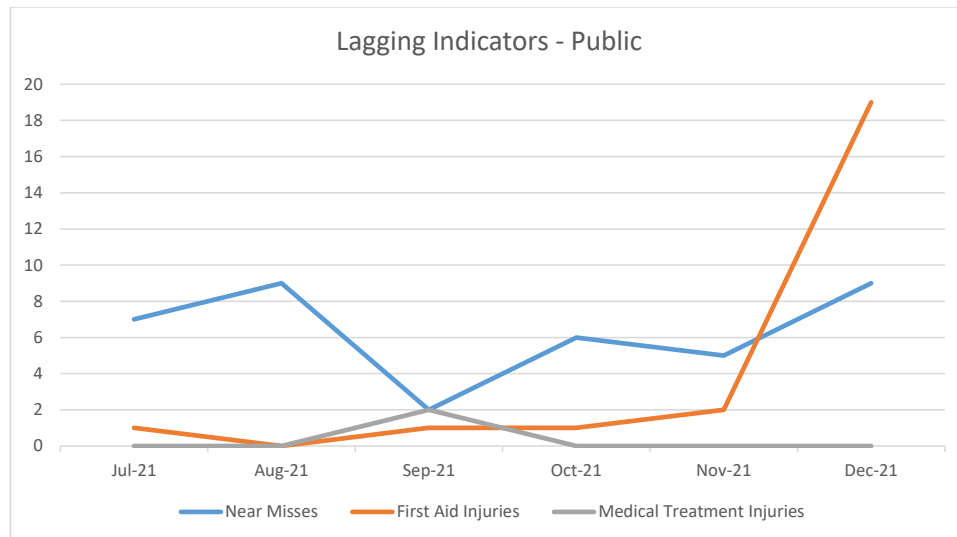


Commentary:

Contractor related lagging indicators were significantly impacted by the COVID-19 Lockdown and Alert level restrictions in late 2021 (lockdowns and alert level transitions). With a significant decrease in incidents in August-September followed by a sharp increase in near misses and property damage when normal activities resumed in October. In December 2021 numbers then trended back down to that of pre-lockdown numbers. It is pleasing to note that serious injury rates are relatively unchanged for the entire 6 month period.

3. Public

Indicator	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Near Misses	7	9	2	6	5	9
First Aid Injuries	1	0	1	1	2	19
Medical Treatment Injuries	0	0	2	0	0	0
Worksafe Notifiable Events	0	0	0	0	0	0



Commentary:

Public related lagging indicators were significantly impacted by the COVID-19 Lockdown and Alert level restrictions in late 2021 (lockdowns and alert level transitions). With a significant decrease in incidents in August-September when most facilities were closed or operating with restrictions, followed by an increase in near misses and first aid injuries when normal activities resumed in October and then a further increase when seasonal aquatic facilities opened in November 2021. It is pleasing to note that serious injury rates are relatively unchanged for the entire 6 month period.

GLOSSARY OF TERMS

Leading Indicators

- **Hazards Reported** – reports of newly identified hazards (in HDC facilities/worksites).
- **Health and Safety Observations** - documented conversations/ or task observations undertaken by Managers/Supervisors with HDC employees or Contractors.
- **Health and Safety Discussions** – documented meetings in which health and safety matters are discussed with HDC employees in attendance (e.g. Monthly team meetings).
- **Health and Safety Recognition** - documented recognition of excellence by HDC in regards Health and Safety.

Lagging Indicators

- **Significant Incidents** - refer to any incidents which required medical treatment or resulted in significant property damage or WorkSafe notifiable events
- **Near Misses** - Close call events - i.e. no injury or property damage sustained.
- **Property Damages** – reported damage to HDC property/plant/equipment.
- **Employee Assistance Programme (EAP) / Mental Health Referrals** - employees self-referring/ referred for mental health / counselling assistance.
- **First Aid Injuries** - Injuries treated onsite by HDC Employees and no further treatment required.
- **Medical Treatment Injuries** - Injuries treated by Registered Medical Professionals e.g. nurse, doctor, physiotherapist, dentist.
- **Lost Time Injuries** - Injuries resulting in time off work.
- **WorkSafe Notifiable Events** - Any incidents which were legally required to be reported to WorkSafe NZ.

Tuesday, 17 May 2022

Item 6

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Operations & Monitoring Committee Meeting

Te Rārangi Take

Report to Operations and Monitoring Committee

Nā:
From: **Aaron Wilson, Financial Controller**

Te Take: **Financial Quarterly Report for the nine months ended 31 March**
Subject: **2022**

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to inform the Committee of the financial result for the nine months ended 31st March 2022.

2.0 Background – *Te Horopaki*

- 2.1 The accounting operating financial result is reported on quarterly during the year and, at year end, a report is prepared on the financial as well as the rating result. The rating result differs from the accounting result in respect of non-cash items such as depreciation, vested assets and development contributions that are not included.
- 2.2 This financial report is governance focussed and allows significant variances to be highlighted with explanations provided in a way that is easy to read and understand through dashboard analytics and commentary.
- 2.3 The Financial Report attached to supplement this report:
Attachment 1 – Dashboard Summary of Financial Performance
- 2.4 If Councillors require clarification on any points, please contact the writer prior to the meeting to ensure complete answers can be given at the meeting on the detail in these reports.

3.0 Discussion – Te Matapakitanga

- 3.1 Set out below is a summary of the operating financial result year to date. The financial results detailed below represent the accounting view and does not reflect the potential rating result for 2021/22:

	\$'000	\$'000	\$'000	Full year Revised Budget*
2021/22	YTD Actual	YTD Revised Budget	YTD Variance	
Operating Revenue	115,819	129,511	(13,692)	177,639
Operating Expenditure	107,105	113,633	6,528	150,311
Net Surplus/(Deficit)	4,623	6,858	(7,164)	27,329

* Revised budget includes the Annual budget, Brought Forwards and surplus allocations from 20/21 financial year

- 3.2 The result above is presented against the revised budget. The revised budget includes changes and decisions made during the year on Council budgets such as carry forwards from 2020/21 and funding received from government agencies subsequent to the budget being finalised along with the matching additional capital spend.
- 3.3 Council's year-to-date (YTD) deficit is \$7.16m unfavourable of YTD budget for the quarter ended 31st March 2022.
- 3.4 Overall revenue is \$13.7m unfavourable to the YTD budget and expenditure is \$6.5m, favourable to YTD budget.

Revenue

- 3.5 The COVID-19 lockdowns have had a significant impact on a wide range of areas within Council, with the community-facing activities very much affected in revenue terms. In addition to this, Subsidies and Grants have been very much affected by the late start to the Waka Kotahi programme of approved work along with the timing of expected reimbursement for the Flaxmere development projects.
- 3.6 Fees and charges revenue across Council are unfavourable by \$4m with the main drivers being:
- Planning and Regulatory services are unfavourable to budget by \$763k driven by lower than budgeted building consent fees (\$835k) along with lower parking revenues (\$515k).
 - The lower revenue to budget is offset by lower than budgeted expenditure in personnel (due to a number of unfilled vacancies) and contracted services.
 - Lower parking revenues are reflective of the impact of COVID-19 with pay and display metering not being collected during Alert Levels 4 & 3, free parking prior to Christmas along with lower overall revenues collected with lower levels of usage.
 - Splash Planet has been one of the most affected by the pandemic and, as at the end of the March 3rd quarter, was \$2.1m behind budget. Offsetting the lower revenue is lower operating expenditure of \$587k along with a transfer from the Splash Planet reserve as resolved by Council.
 - Offsetting these unfavourable variances are higher than budgeted water connection fees (\$490k) due to the number of new residential connections along with a prior year adjustment into the revenue line.
- 3.7 Subsidies and Grants are \$9.2m behind budget partly due to lower Waka Kotahi (NZTA) subsidies of \$5.4m, along with budgeted subsidies not yet received for Flaxmere development \$3m, both of which are offset by lower uncompleted subsidy-related expenditure. This year is the first of the current three year agreement, and the delay finalising the agreement at the beginning of the year has contributed to when elements of the Transport programme could start.

- 3.8 Other revenue and interest received are \$619k behind budget due to the timing of when vested assets are expected to be received.
- 3.9 Development contributions while unfavourable to YTD budget by \$656k, an improvement since the last quarter. Phasing of budgets in relation to when contributions occur is difficult, and creates timing differences as it is not always known in advance in what month a payment will occur when the budget is being set. In addition, capital costs have also not been incurred.

Expenditure

- 3.10 Overall expenditure is tracking favourably year to date as at 31st March 2022 by \$6.5m or 5.7% of total budgeted expenditure year to date. Main drivers include:
- Personnel costs are favourable to budget by \$2.4m due to a number of vacancies across Council activities. This underspend in personnel cost is one of the many contributing factors in being able to start and complete initiatives and projects on time.
 - The negative variance to budget for non-cash entries in terms of Depreciation (\$1.4m) are driven by higher asset values due to prior year revaluations in Land & Buildings, along with increased spend in infrastructure projects in water and roading.
 - Finance costs are favourable by \$1.4m which is a reflection of lower levels of debt than phased in the budget and lower average cost of funds when compared to that assumed in the budget.
 - Other operating costs are favourable to budget by \$4m, and are driven by lower contracted services (\$1.5m), expert advice (\$1.1m), legal advice (\$700k) and Consulting services (\$403k) costs across building control, water services, and transportation. This is around the timing of projects coming on stream in terms of where the budget is phased. As not all projects will be completed, it is expected that some of this variance will remain at year end.

COVID-19 Impacts in the current financial year:

- 3.11 Toitoti revenue has been affected by the impact of COVID-19 under all of the levels this financial year. Restrictions, along with the traffic light settings of orange and red, have curtailed activity. The effects looking forward to the year-end have been detailed in the looking forward forecast section.
- 3.12 Toitoti has cancelled or postponed a large number of events, meaning a significant loss in revenue. Lost revenue from postponed and cancelled events year to date amount to \$88k. Other revenue from cancelled and postponed events include food, beverage and ticketing commissions and amount to an additional \$21k of lost revenue to the end of the third quarter.
- 3.13 Splash Planet, in terms of revenue with the closure of Splash Planet for the 2021/2022 season, has materially affected the fees and charges line at Council level. Whilst there has been an offset in lower spend in not hiring staff etc., the impact on the unfavourable rating requirement will be offset by the Splash Planet reserve as resolved by Council.
- 3.14 Alert level restrictions have also affected the parking revenue with pay and display not collected during Levels 4 & 3, along with lower levels of patronage. The COVID-19 protection framework red and orange traffic light settings have impacted foot traffic in the CBD and the corresponding parking revenue.
- 3.15 Community-facing activities and facilities such as libraries, the Flaxmere gym along with sports and community centres have all faced lower traffic which has affected revenue streams. Libraries, for example, in the current quarter, had visitor numbers totalling 70,539. This compares to second quarter numbers of 74,265.
- 3.16 Capital projects have also been affected by COVID-19, with issues relating to logistics and supply. These issues include:
- Pressure on shipping and airfreight
 - Design modifications to allow for available materials

- Pressure on specific trades
- Costs of COVID down time
- Increases in pricing of projects and materials

Forecast - Looking Forward

- 3.17 Financial forecasts to year end were undertaken by officers through November and December based on the information available at that time. This initial forecast has now been updated through February and March. There have been a number of assumptions that have been made in order to be able to provide an accurate picture at year end.
- 3.18 In order to provide working clarity for budget managers, this forecast shows the bottom line rate requirement forecast for a wide range of activities within Council.
- 3.19 The rating forecast differs from the accounting result in respect of non-cash items such as depreciation, vested assets and development contributions that are not included. In terms of local government, rating requirement is regarded as being an important indicator as it shows how the rates that were collected have been spent.
- 3.20 The table shows the forecast position across all Council activities at year end against what the budgeted requirement is for the full year. The variance shows whether there is a forecast deficit or surplus. (A positive variance represents underspend to budgeted requirement, and a negative variance, overspend).
- 3.21 The line highlighted in blue shows the “whole of Council requirement” and shows a \$1.6m surplus at the end of year compared to budget, after net interest savings have been factored in.
- 3.22 The second table that is in green, shows how the surplus (i.e. \$1.6m) is split between what can be used as a general surplus against what needs to be applied to the targeted rate surplus or deficit.
- 3.23 Targeted rates surplus/deficit are ring fenced and cannot be used for other activities. Therefore, when the makeup of the \$1.6m forecast surplus is split out between the general rate and the targeted rate, the general rate shows a forecast surplus of \$875k.
- 3.24 It should be noted that there is currently \$821k of rate funded projects that are forecast to be completed with these being requested to be carried forward into the 2022/23 financial year. In order for these projects to be carried forward, the funding will come from the forecast \$875k surplus.
- 3.25 This would then leave a very small general rate surplus of \$54k, which is an immaterial amount when compared with an overall rating requirement budget of \$88m. It would only take one unforeseen event such as a storm to move the year end position into a deficit.

Hastings District Council March 2022 end of Financial Year Forecast					
Requirement by Subgroup	Updated FORECAST (excl. carryforward)	BUDGET	VARIANCE	General rate variance (rate funded)	Targeted rate variance (rate funded)
Rates Requirement before interest	88,196,038	88,196,038	(520,751)	438,913	(959,664)
Net Interest Paid/Received	6,637,767	7,796,959	1,159,192	582,119	577,073
Rates Requirement Surplus/(Deficit)	95,992,997	95,992,997	638,441	1,021,032	(382,591)
Rates Revenue Surplus/(Deficit)	94,874,957	93,859,666	1,015,291	(145,648)	1,160,939
RATING SURPLUS/DEFICIT	(1,118,040)	(2,133,331)	1,653,733	875,384	778,349

- 3.26 As was highlighted in the paper to Council on 21st October 2021, the decision to close Splash Planet would mean a greater rating requirement for this activity. Council has resolved that this additional shortfall would be funded from the Splash Planet Development Reserve up to \$934k.

- 3.27 Toitoti will continue to operate at a much-reduced capacity, and have forecast their revenue streams based on the red traffic light setting remaining for the rest of the current financial year. This has translated into a significantly lower level of income due to the number of cancelled, postponed or curtailed events. The lifting of the red traffic light setting earlier than had been assumed means there will be a positive uplift on actual revenue over the last quarter of the year compared to that forecast.
- 3.28 The uncertainty around COVID-19 has had, and is expected to continue to have, an impact on visitation numbers to Council's community facilities including the libraries and aquatic facilities, further reducing revenue opportunities and putting strain on those activities operating within their net rating requirements.

Capital Spend

- 3.29 Council's total capital budget (including carry forwards, renewals, new works, and growth projects) for 2021/22 is \$179.0m. This level of expenditure is a significant increase on what has been delivered previously by Council. The large capital budget is made up of :
- 2021/22 Annual Plan \$127.9m
 - Carry forwards and revised budget adjustments \$ 51.1m
- Total revised budget after carry forwards and adjustments \$179.0m
- 3.30 Capital spend for the year to date is \$56m, this is against the March forecast of \$94.5m. The impact of COVID on the capital programme cannot be overstated, with logistics and supply along with the availability of resourcing to complete projects providing a significant challenge.
- 3.31 Capital projects in the current year are being reviewed to understand the size of the carry forwards into the 2022/23 financial year, at this stage expected to be in the region of \$100m, and what the capital programme will look like for the next three years of annual plans. This will be discussed at a workshop with Council at the end of May.
- 3.32 The 2022/23 Annual Plan capital budget is sitting at \$84m, but with the sizeable carry forward expected, prioritisation of projects needs to be worked through. It should be remembered that after the first two years of the LTP, the capital budget programme reduces and it is expected this will allow some catch-up to the large capital programme underway.
- 3.33 In addition to this, Waka Kotahi (NZTA) approvals for the three-year programme were delayed which has had an impact on the level of activity from the transportation team.
- 3.34 These issues have impacted the capital programme currently underway, with a large number of projects expected to be delayed and carried forward into the next financial year. The effect of delays in capital projects can be seen in the lower funding costs in the current year.
- 3.35 Projects by Activity within the three types of capital spend are shown below:

Year to date Summary of Capital Spend by Type					
	YTD Actuals	YTD Budgets	YTD variance	% Spent to Total Budget	Revised Budgets
COUNCIL CAPITAL					
Renewals	26,790,071	41,144,605	14,354,534	46%	57,673,634
New Works	26,989,753	48,296,438	21,306,684	29%	93,481,617
Growth	2,223,461	5,084,500	2,861,039	8%	27,860,707
	56,003,285	94,525,543	38,522,257	31%	179,015,958
SUMMARY					
RENEWALS					
Stormwater Services	498,090	750,259	252,168	45%	1,096,500
Wastewater Services	5,328,384	11,132,429	5,804,045	33%	16,339,500
Water Services	2,291,577	3,878,847	1,587,269	52%	4,441,000
Transportation RA 1	8,495,160	11,863,403	3,368,243	53%	15,964,904
<u>Rest of Council</u>					
Parks	832,921	1,611,536	778,615	39%	2,128,286
Building services	1,145,835	1,336,166	190,331	30%	3,857,490
Municipal Strengthening	5,383,470	5,062,500	(320,970)	80%	6,750,000
Server Infrastructure	190,613	1,200,000	1,009,387	16%	1,200,000
Landfill	34,635	317,604	282,969	8%	423,472
Other	2,589,384	3,991,862	1,402,478	47%	5,472,483
	26,790,071	41,144,605	14,354,534	46%	57,673,634
NEW WORKS					
Stormwater Services	1,152,899	2,991,041	1,838,142	16%	7,190,000
Wastewater Services	673,213	447,250	(225,963)	30%	2,251,000
Water Services	13,981,558	19,114,275	5,132,717	41%	34,486,531
Transportation	5,141,531	9,590,355	4,448,824	34%	14,985,290
Landfill	1,209,600	3,835,393	2,625,793	16%	7,440,394
Parks	2,327,519	4,780,797	2,453,278	33%	7,017,300
Building services	163,899	620,000	456,101	15%	1,121,000
<u>Rest of Council</u>					
Flaxmere Town Centre	387,267	1,450,000	1,062,733	19%	2,080,000
206 Queen St	55,322	1,481,027	1,425,704	3%	1,974,702
Food Hub Phase 2	-	600,000	600,000	0%	800,000
New Cemetery Setup	154,620	881,250	726,630	13%	1,175,000
HB Museum Storage	352,648	415,000	62,352	5%	7,200,000
Flaxmere Housing	614,878	1,600,000	985,122	15%	4,020,000
Other	774,801	490,050	(284,751)	45%	1,740,400
	26,989,753	48,296,438	21,306,684	29%	93,481,617
GROWTH					
Stormwater Services	433,471	1,127,000	693,529	7%	5,978,500
Wastewater Services	306,511	748,000	441,489	8%	3,645,000
Water Services	1,027,062	1,464,000	436,938	21%	4,811,500
Transportation RA 1	455,107	1,045,500	590,393	4%	11,941,707
Parks	1,310	700,000	698,690	0%	1,484,000
	2,223,461	5,084,500	2,861,039	8%	27,860,707
Total Capital	56,003,285	94,525,543	38,522,257		179,015,958

3.36 Major projects currently underway within the three types of capital spend are shown below:

Major Projects					
	YTD Actuals	YTD Budgets	YTD variance	to Total Budget	Revised Budgets
Renewal projects					
Toitoti/Municipal Building	5,837,543	5,193,750	(643,793)	84%	6,925,000
Maintenance Seals	1,326,575	1,887,225	560,650	53%	2,516,300
Wastewater Rising mains	3,779	215,000	211,222	0%	954,000
Trunk Sewer	2,225,427	7,854,500	5,629,072	28%	7,867,000
Outfall	588,557	209,250	(379,308)	98%	599,000
New Works projects					
Drinking water project	12,716,554	17,150,551	4,433,998	40%	31,884,431
Martin Place Recycling	-	-	-	0%	2,100,000
Hastings Town Clock	1,421	50,000	48,579	0%	400,000
Coastal Protection Works	137,915	123,000	(14,915)	112%	123,000
Streetscape	1,012,473	1,000,000	(12,473)	93%	1,094,000
Growth projects					
Omahu	18,954	100,000	81,046	1%	1,505,207
Lyndhurst	785,893	1,269,000	483,107	28%	2,842,000
Irongate	263,393	379,000	115,607	28%	929,000
Iona/Middle	971,561	1,948,000	976,439	7%	13,343,000
Howard	149,355	1,210,000	1,060,645	3%	5,048,000

Treasury

3.37 Council's total gross debt position is \$205.7m which includes \$16.6m of prefunded capital expenditure and debt refinancing which is currently held on deposit.

31st March 2022	
	\$'000
Borrowing at start of year	205,740
New Loans Drawn	0
Loan Repayments	0
Net borrowings at end of period	205,740
Less Term Deposits held	16,600
Total Net Borrowings	189,140

3.38 Council is currently compliant with the Treasury Management Policy. The Risk and Assurance Committee reviews and monitors Council's treasury performance and policy with advice from Bancorp Treasury Services.

- 3.39 On 13th April 2022 the Reserve bank increased the Official Cash Rate (OCR) by 50 basis points to now sit at 1.5%, because of strongly rising prices, a hot housing market, and a tight labour market.
- 3.40 In addition to this, the Reserve bank has forecast (due to strong inflationary pressures), that there will be a number of rate hikes over the remainder of the current year along with further hikes in the medium term.
- 3.41 Whilst this will impact on the cost of Council debt due to floating interest rates, Council maintains a good level of cover both in swap and fixed loans that will reduce the impact of increasing interest rates over the short to medium term. This cover can be seen in the table below that shows fixed interest cover at 60% of total debt.

Funding KPI's				
	Minimum %	Maximum %	Actual	Compliant (Y/N)
Liquidity	110%	170%	115%	Yes
Fixed Interest Debt	40%	99%	60%	Yes
Funding Maturity Profile				
0-1 Year	0%	33%	21%	Yes
1-2 Year	0%	33%	11%	Yes
2-3 Year	0%	33%	10%	Yes
3-4 Year	0%	33%	9%	Yes
5-6 Year	0%	33%	11%	Yes
6-7 Year	0%	33%	13%	Yes
7-8 Year	0%	33%	13%	Yes
8-9 Year	0%	33%	13%	Yes
9-10 Year	0%	33%	0%	Yes
10-11 Year	0%	33%	0%	Yes
Net Debt as % Equity		20%	8%	Yes
Net Debt as % Income		175%	103%	Yes
Net Interest as % Income		15%	3%	Yes
Net Interest as % of Rates		20%	6%	Yes

4.0 Recommendations - Ngā Tūtohunga

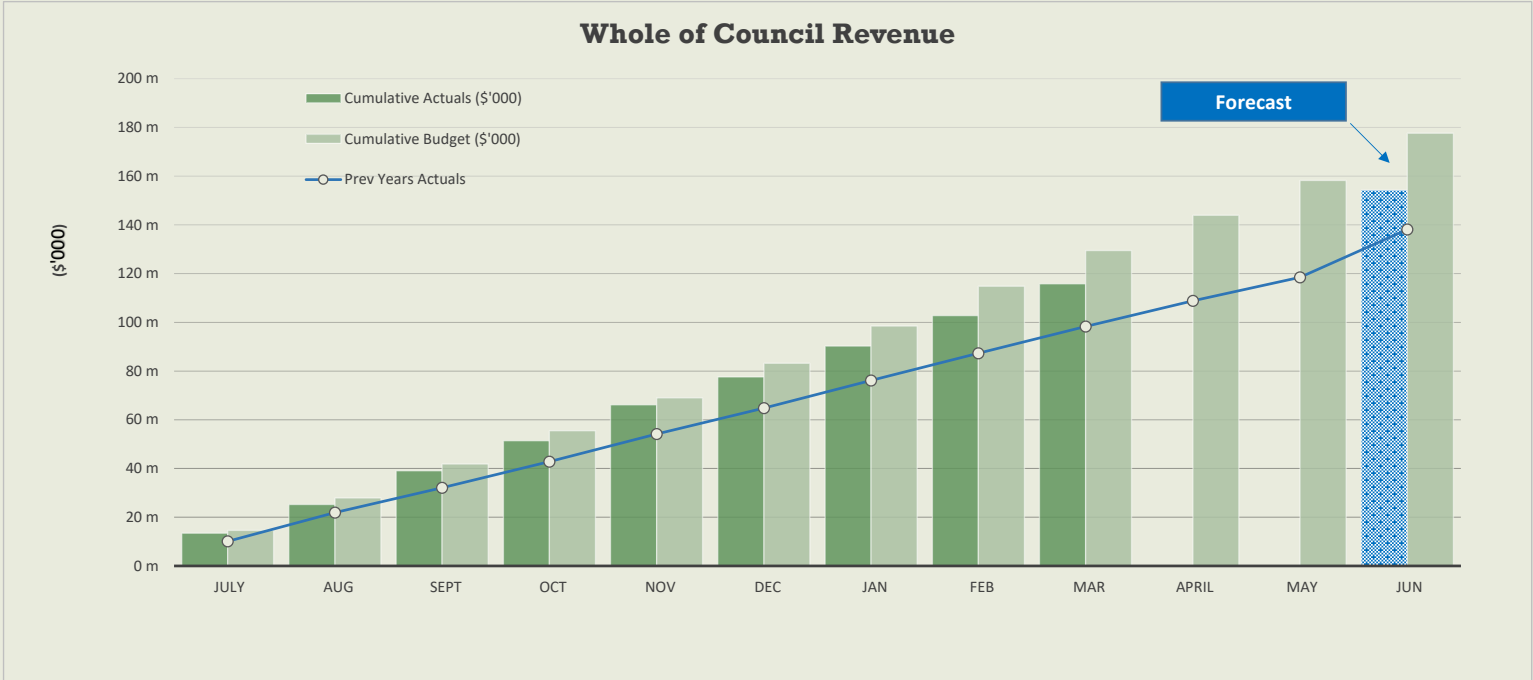
That the Operations and Monitoring Committee receive the report titled Financial Quarterly Report for the nine months ended 31 March 2022 dated 17 May 2022.

Attachments:

1 [↓](#) Quarterly Dashboard - 31 March 2022

CG-16-4-00222

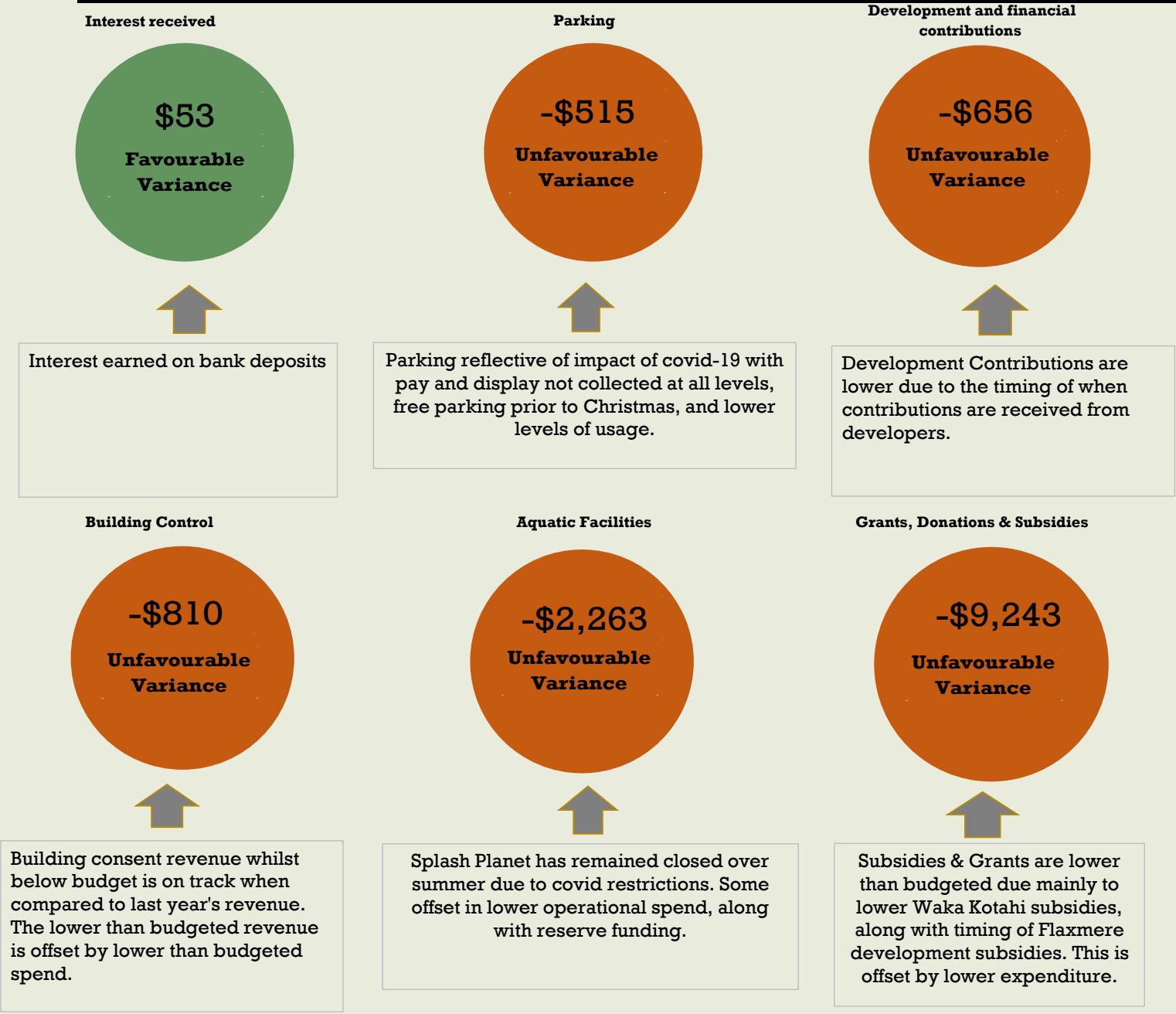
Hastings District Council Quarterly Dashboard as at
31 March 2022

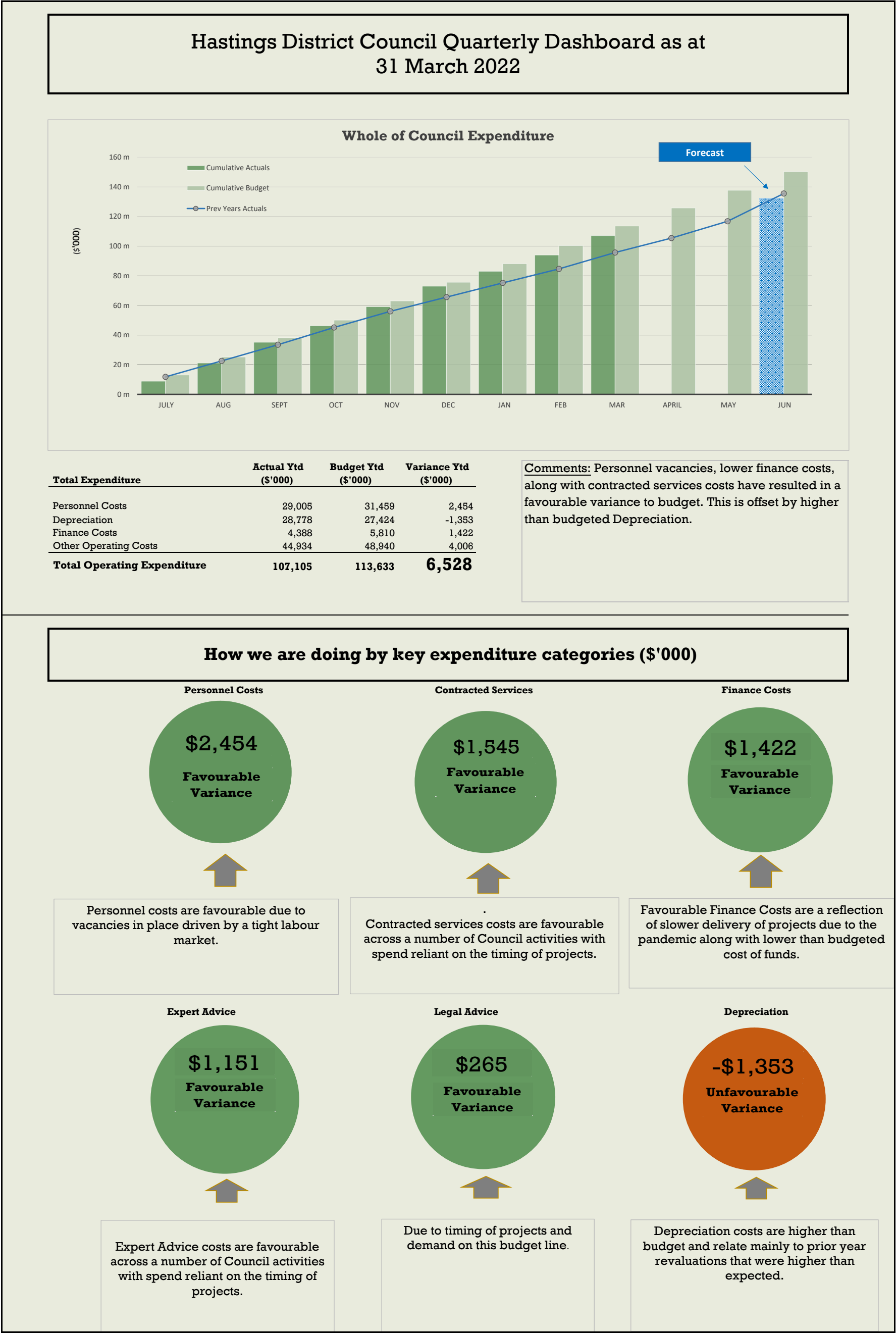


Total Revenue Streams	(\$'000)	(\$'000)	(\$'000)
Rates (Budget)	71,218	70,395	823
Fees, charges & metered water supply charges	22,961	27,011	-4,050
Subsidies and Grants	17,371	26,614	-9,243
Development and financial contributions	3,682	4,339	-656
Other revenue	587	1,153	-619
Total	115,819	129,511	-13,692

Comments: Capital subsidies are behind budget mainly due to delays in finalising the new Waka Kotahi funding agreement, along with timing of other development subsidies. The ongoing Covid-19 pandemic has had a significant impact on a number of areas within council, with "community facing" activities very much affected in terms of revenue.

How we are doing by key revenue streams (\$'000)





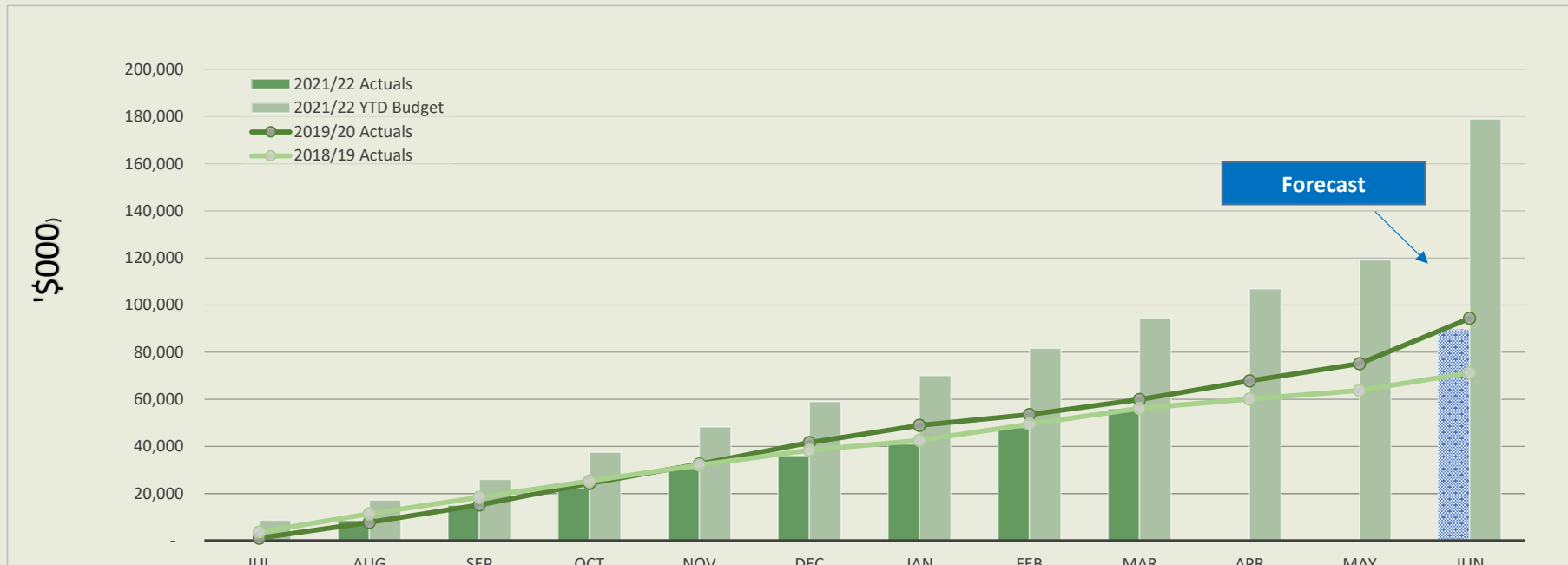
Hastings District Council Statement of Comprehensive Revenue and Expense as at 31 March 2022

Previous YTD Actuals (\$'000)	Description	YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)	Full Year Budget (\$'000)
	Revenue				
65,587	Rates	71,218	70,395	823	93,860
32,780	Fees, charges & metered water supply	22,961	27,011	(4,050)	35,133
23,482	Subsidies and Grants	17,371	26,614	(9,243)	41,325
2,882	Development and financial contributions	3,682	4,339	(656)	5,785
245	Interest revenue	53	-	53	-
1,188	Other revenue	534	1,153	(619)	1,537
126,163	Total Revenue	115,819	129,511	(13,692)	177,639
	Expenditure				
27,887	Personnel Costs	29,005	31,459	2,454	40,956
27,670	Depreciation & Amortisation Expense	28,778	27,424	(1,353)	36,566
3,787	Finance Costs	4,388	5,810	1,422	7,747
44,371	Other Operating Costs	44,934	48,940	4,006	65,042
103,714	Total Expenditure	107,105	113,633	6,528	150,311
22,448	SURPLUS/(DEFICIT)	8,715	15,878	(7,164)	27,329

Hastings District Council Funding Impact Statement As At: 31 March 2022

Previous YTD Actuals (\$'000)	Description	YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)	Full Year Budget (\$'000)
	Operations - Funding Source				
65,587	Rates	71,218	70,395	823	93,860
5,314	Subsidies and Grants	4,976	6,721	(1,745)	9,636
32,436	Fees, charges metered water supply	22,654	25,992	(3,337)	33,774
258	Interest and dividend revenue	66	13	53	17
778	Other revenue	731	683	48	911
104,373	Total Operating Funding	99,646	103,803	(4,158)	138,198
	Operations - Use of Funding				
27,887	Personnel Costs	29,005	31,459	2,454	40,956
39,146	Supplier Costs	38,877	42,797	3,920	56,495
3,789	Finance Costs	4,391	5,810	1,419	7,747
4,560	Other Operating Costs	4,673	4,716	43	6,630
75,382	Total Use of Operating Funding	76,946	84,781	7,836	111,828
28,991	Operating Funding Surplus/(Deficit)	22,700	19,022	3,678	26,370
	Capital - Funding Source				
18,168	Capital Subsidies grants	12,395	19,893	(7,498)	31,689
2,843	Development financial contributions	3,642	4,136	(493)	5,515
23,285	Debt - Increase or (decrease)	18,896	49,288	(30,392)	106,597
2,055	Sale of Assets	1,325	362	963	467
39	Other Capital Funding	40	203	(163)	270
46,389	Total Capital Funding	36,299	73,882	(37,583)	144,538
	Capital - Use of Funding				
3,046	To meet additional demand (Growth)	2,665	7,166	(4,501)	35,146
32,921	To improve the level of service (New Works)	26,529	46,215	(19,687)	85,660
23,975	To replace existing assets (Renewals)	27,593	41,370	(13,776)	58,540
1,037	To Increase or (decrease) reserves	256	(5,718)	5,974	(7,427)
-13,526	Adjustment to reserves	(1,557)	(3,699)	2,143	1,238
14,563	To Increase or (decrease) reserves	1,813	(2,018)	3,831	(8,665)
875	To Increase or (decrease) Investments	399	171	228	228
75,379	Total use of Capital Funding	58,999	92,903	(33,905)	170,908
(28,991)	Capital Funding Surplus/(Deficit)	(22,700)	(19,022)	(3,678)	(26,370)
	TOTAL FUNDING BALANCE	-	-	-	-

Whole of Council Capital Spend as at 31 March 2022



Key projects	Actual Ytd (\$'000)	Budget Ytd (\$'000)	Var Ytd (\$'000)	Total Budget (\$'000)
Renewal Projects				
Toitoti/Municipal Building	5.8 m	5.2 m	-0.6 m	6.9 m
Maintenance Seals	1.3 m	1.9 m	0.6 m	2.5 m
Wastewater Rising mains	0.0 m	0.2 m	0.2 m	1.0 m
Trunk Sewer	2.2 m	7.9 m	5.6 m	7.9 m
Outfall	0.6 m	0.2 m	-0.4 m	0.6 m
New Works projects				
Drinking water project	12.7 m	17.2 m	4.4 m	31.9 m
Coastal Protection Works	0.1 m	0.1 m	0.0 m	0.1 m
Streetscape	1.0 m	1.0 m	0.0 m	1.1 m
Growth projects				
Omahu	0.0 m	0.1 m	0.1 m	1.5 m
Lyndhurst	0.8 m	1.3 m	0.5 m	2.8 m
Irongate	0.3 m	0.4 m	0.1 m	0.9 m
Iona/Middle	1.0 m	1.9 m	1.0 m	13.3 m
Howard	0.1 m	1.2 m	1.1 m	5.0 m

Capital - Commentary

Capital spend to 31 March 2022 is \$56m compared to a year to date budget of \$95m. The full year revised budget has been set at \$179m and includes \$51m of approved capital carry forwards from 2020/21. The impact of the pandemic on the capital programme cannot be overstated with logistics and supply along with the availability of resourcing to complete projects providing a significant challenge. The forecast of \$89.6m was undertaken in February and provides an updated view of what is likely to be achieved by year end.

Statement of Comprehensive Revenue & Expense - Commentary

Revenue Variances

Revenue is \$13.7m unfavourable to budget for the year to date, due to: timing of subsidies (\$9.2m), and fees & charges shortfalls due to pandemic related impacts.

Expenditure Variances

Whilst revenues are down for the first quarter, overall expenditure is also lower than budget. This is a reflection of the timing of projects coming on stream along with constraints on resourcing.

Result

Activities within Council will continue to experience ongoing impacts from the effects of covid. This is particularly so for some community facing facilities where revenues are lower than budget. An example of this is the need to close Splash Planet in order to mitigate risk to the community.

Areas of Activity		
<div>Refuse Collection</div> <div><div>\$254</div><div>Favourable Variance</div><div>Rating Requirement Favourable/(Unfavourable)</div></div> <div><div>Comment</div><div>Kerbside collection and recyclables and refuse over the Christmas/New Year period was relatively quiet, with a noticeable increase in average bin weights and “overfull cardboard and paper crates” being the standout.</div></div>	<div>Building Control</div> <div><div>\$158</div><div>Favourable Variance</div><div>Rating Requirement Favourable/(Unfavourable)</div></div> <div><div>Comment</div><div>Whilst revenue actuals against budget is unfavourable this is offset by lower expenditure. In particular with both personnel (vacancies) and lower contracted services spend.</div></div>	<div>Security</div> <div><div>\$127</div><div>Favourable Variance</div><div>Rating Requirement Favourable/(Unfavourable)</div></div> <div><div>Comment</div><div>The positive variance in rating requirement in this area of activity is driven by vacancies.</div></div>
<div>Splash Planet</div> <div><div>-\$314</div><div>Unfavourable Variance</div><div>Rating Requirement Favourable/(Unfavourable)</div></div> <div><div>Comment</div><div>The impact of Splash Planet not opening can be seen through lower revenue and some lower expenditure. It must be remembered that the impact on an unfavourable rating requirement will be offset by the splash planet reserve as resolved by Council.</div></div>	<div>Toitoti</div> <div><div>-\$624</div><div>Unfavourable Variance</div><div>Rating Requirement Favourable/(Unfavourable)</div></div> <div><div>Comment</div><div>Toitoti's unfavourable rating result is primarily driven by the effect of the effect of the pandemic on the various revenue streams within this community facing activity. Forecasts indicate whilst Toitoti may be able to do a little better in the final quarter the result is driven by the impacts in earlier quarters.</div></div>	<div>Wastewater (Sewerage, Effluent Disposal, Wastewater treatment)</div> <div><div>-\$2,770</div><div>Unfavourable Variance</div><div>Rating Requirement Favourable/(Unfavourable)</div></div> <div><div>Comment</div><div>It should be noted that the unfavourable requirement will be offset by the targeted rate reserve at year end. The overspend relates to timing of development contribution revenue budget, higher preventative maintenance and contracted services costs.</div></div>
Net Operations = Revenue less Operational (includes Recharges, Recoveries but excluding Capital)		

Tuesday, 17 May 2022

Item 7

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Operations & Monitoring Committee Meeting

Te Rārangi Take

Report to Operations and Monitoring Committee

Nā:
From: **Bruce Allan, Group Manager: Corporate**

Te Take:
Subject: **Performance and Monitoring Report**

1.0 Purpose and summary - Te Kaupapa Me Te Whakarāpopototanga

- 1.1 The purpose of this report is to present to Council the Performance and Monitoring Report for the quarter ended 31 March 2022.
- 1.2 The Performance and Monitoring Report and Appendices are attached (as **Attachments 1 and 2**) and is a comprehensive overview of Council's activities. Council continues to operate in a difficult environment with staff shortages in certain areas, supply chain constraints and increasing inflationary pressures all adding to the impact that COVID-19 has had on the organisation over the quarter being reported against on this agenda.
- 1.3 At the time of writing, nearly 30% of all Council staff have been inflicted with COVID-19 since February which has had an impact on the delivery of Council services. On top of that there have been a large number of staff that have to self-isolate due to being a close contact, some being in jobs where isolating meant they couldn't do their job. There are also a number of staff who have ongoing symptoms and are on return to work plans, all of which has had a significant impact on some teams to the deliver their council services.
- 1.4 There is a large amount of information presented in this report and officers would recommend to Councillors that if they have questions that they would like answered during the meeting that those questions be put to the writer of this report prior to the meeting so that they can be satisfactorily answered in the meeting.
- 1.5 The quarterly financial report for the period ended 31 March 2022 is reported on separately in this agenda.

2.0 Recommendations - *Ngā Tūtohunga*

That the Operations and Monitoring Committee receive the report titled Performance and Monitoring Report dated 17 May 2022.

Attachments:

1⇒	Draft Performance & Monitoring Report for Quarter 3, 2021-2022	CG-16-4-00216	Under Separate Cover
2⇒	Appendices to Performance & Monitoring Report, Quarter 3 2021-2022	CG-16-4-00217	Under Separate Cover