

Thursday, 9 May 2024

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*

**Hastings District Council**

**Performance and Monitoring Committee Meeting**

*Kaupapataka*

# Agenda

*Te Rā Hui:*  
Meeting date: **Thursday, 9 May 2024**

*Te Wā:*  
Time: **9.30am**

*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](mailto:democracy@hdc.govt.nz)**

*Te Āpiha Matua:*  
Responsible  
Officer: **Deputy Chief Executive - Bruce Allan**

## Performance and Monitoring Committee – Terms of Reference

### Fields of Activity

The purpose of the Performance 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 15 Councillors.
- Chair appointed by Council.
- Deputy Chair appointed by Council.
- 1 Rural Community Board member (non-Councillor) appointed by Council.
- 1 Heretaunga Takoto Noa Māori Standing Committee Member appointed by Council.

### Quorum – 9 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;
  - a. the matter is of such urgency that it requires to be dealt with; or
  - b. 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) Delegations of powers to sub-committee(s) if so established.
- 12) Writing off outstanding accounts for amounts exceeding \$6,000 and the remission of fees and charges of a similar sum.
- 13) Settlement of uninsured claims for compensation or damages where the amount exceeds the amounts delegated to the Chief Executive.
- 14) Guarantee loans for third parties such as local recreational organisations provided such guarantees are within the terms of Council policy.
- 15) 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.
- 16) Grant of easement or right of way over Council property.
- 17) Conversion of terminating leases to renewable leases and the settlement of terms except in the case of leases under the Reserves Act.
- 18) Approve insurance – if significant change to Council's current policy of insuring all its assets.
- 19) Consider and approve constitutions and any shareholder agreements for Council Controlled Organisations and other organisations that Council has an interest in.

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# Agenda

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*Koromatua*

**Chair:** Councillor Michael Fowler

*Ngā KaiKaunihera*

**Councillors:** Ana Apatu, Marcus Buddo (Deputy Chair), Alwyn Corban, Malcolm Dixon, Damon Harvey, Henry Heke, Kellie Jessup, Tania Kerr, Eileen Lawson, Simon Nixon, Wendy Schollum and Kevin Watkins + 2 Vacancies

*Mematanga:*

**Membership:**

Mayor Sandra Hazlehurst

Hastings District Rural Community Board appointee: Jonathan Stockley (RCB Chair)

Heretaunga Takoto Noa Māori Standing Committee appointee: Vacancy

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*Tokamatua:*

**Quorum:**

9 members

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*Apiha Matua*

**Officers Responsible:**

Deputy Chief Executive – Bruce Allan (Lead)

Group Manager: Asset Management - Craig Thew

Group Manager: Strategy & Development – Craig Cameron

Financial Controller – Aaron Wilson

Chief Information Officer – Warren Perry

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*Te Rōpū Manapori me te*

*Kāwanatanga*

**Democracy &**

**Governance Services:**

Christine Hilton (Extn 5633)



## *Te Rārangi Take*

# Order of Business

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### 1.0 Opening Prayer – *Karakia Whakatūwheratanga*

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### 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.

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### 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.

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

Minutes of the Performance & Monitoring Committee Meeting held Thursday 28 March 2024.

*(Previously circulated)*

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### 5.0 Building Unit Review, April 2024

7

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### 6.0 Quarterly Financial Report for the nine months ended 31st March 2024

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### 7.0 Performance and Monitoring Report for the quarter ending 31 March 2024

33

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**8.0** *Minor Items – Ngā Take Iti*

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

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Thursday, 9 May 2024

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*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*

**Hastings District Council: Performance & Monitoring Committee Meeting**

*Te Rārangi Take*

# Report to Performance and Monitoring Committee

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**Nā:** John O'Shaughnessy, Group Manager: Planning & Regulatory  
**From:** Services

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**Te Take:**  
**Subject:** Building Unit Review, April 2024

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## **1.0 Executive Summary – Te Kaupapa Me Te Whakarāpopototanga**

- 1.1 The purpose of this report is for the Committee to adopt the Building Unit Review report, April 2024 prepared by Jim Palmer.
- 1.2 At the Performance & Monitoring Committee on 11 May 2023 the Committee recommended an independent review of the Building Consent unit. The Draft Terms of Reference were subsequently approved at the Performance & Monitoring Committee on 20 July 2023.
- 1.3 Purpose & Scope of the Review

The purpose of the review was to investigate how to provide a continuous improvement plan and provide independent assurance to Council regarding this activity.

The scope of this review included the following:

- A continuous improvement plan
- Independent assurance to the Council (governance) regarding the Building Control services of Council into the future

The Independent Reviewer considered the following areas of services and processing for inclusion in the preparation of this review:

- Core roles and functions of Council's BCA (Building Consent Authority)
- Performance in relation to processing and inspection targets
- Funding of the Activity / Resourcing
- Technical Proficiency / Risk Management

- The impacts of Cyclone Gabrielle, recovery period
- Engagement with BCA customers by way of customer surveys and interviews
- Identification of areas to improve the performance of the activity and any related resources that would enhance the performance of the function

Note: The full Terms of Reference are included in Jim Palmer's Building Unit Review report, April 2024, appended as **Attachment 1**.

- 1.4 Hastings District Council requested an independent review of its Building Unit. The terms of reference for the review were to provide independent assurance to the Council regarding the activity and provide a continuous improvement plan.

For the purposes of this review, the term Building Unit refers collectively to the two units that undertake Building functions of the Council - the Building Consent Unit and the Building Recovery & Compliance Unit that are each headed by a Manager.

The review was undertaken in February and March 2024, with the grateful support of the Building Unit Managers from Selwyn and Waimakariri District Councils, Vanessa Mitchell and Warren Taylor respectively, who formed part of the three-day on-site review team, and they also reviewed Mr Palmer's draft report.

The review included interviewing 24 customers of the Unit, attending a Council workshop, holding discussions with three elected members, the Council's Chief Executive, Deputy Chief Executive, as well as the Group Manager Planning and Regulatory and Managers and Team Leaders within the Building Unit. Mr Palmer also attended the March Building Industry Advisory Group meeting and spoke separately to some of its members. He greatly appreciated the generous way they all gave their time.

- 1.5 The Chief Executive, management and Council Staff within the Building activity fully accept the Review findings as detailed in the attached report and are focused on the implementation of the recommendations.



## 2.0 Recommendations – Ngā Tūtohunga

- A) That the Performance & Monitoring Committee Meeting adopt the report titled Building Unit Review, April 2024 dated 9 May 2024 and the following recommendations be implemented.

Recommendation	Priority
<b>Business Leadership and Planning</b>	
1 Develop a business plan for the Unit that reflects the key objectives, priorities and KPIs that will drive the business.	High
2 Review and amend the Position Descriptions of Managers, Team Leaders, and staff to ensure key objectives and KPIs direct their work.	High
3 Commit to regular, meaningful performance discussions assessing performance against individual's KPIs.	High
4 Invest in the leadership development of Managers and Team Leaders.	Medium
5 Hold regular all-of-team meetings of the Unit and consider developing other methods of keeping all team members abreast of team performance and relevant issues.	Medium
6 Adopt a more risk-based and value-based approach when processing consents and considering RFIs sent to customers/agents, supported by a framework that enables officers to exercise their judgement within.	High
7 Develop a risk register for the Unit that captures key risks and opportunities, and report periodically to elected members on any actual or potential litigation.	Medium
<b>Service Delivery and Customer Service</b>	
8 Transfer responsibility for booking inspections from the Customer Services Team to a team within the Unit that is closely aligned to the Inspections Team Leader.	High
9 Increase monitoring of key service delivery targets and have performance exceptions flagged in the processing phase ensuring all consents are processed as quickly as possible – the Unit should seek to process at least 95% of consents within statutory timeframes and, on average, in 11 working days.	High
10 Develop a digital dashboard that captures key performance indicators and ensure this is visible to all Managers and staff members.	Medium
11 Increase the Unit's customer focus with greater interaction, by telephone and meetings, with customers/agents before and during the processing of consents.	High
12 Survey customers periodically, along other initiatives such as regular meetings with key customers, to gain insights regarding the Unit's performance and opportunities for improvement.	Medium

13	Review the frequency and content of customer bulletins and advice notices	Medium
14	Review the customer complaints and compliment process to define response timeframes and determine 'learnings' that follow any investigations and continuously improve systems and procedures based on the learnings.	Medium
15	Review how well pre-application processes are working for Council units and developers.	Medium
16	Explore, with other Councils, new ways of working together, whether that is a regional building unit, or forming a 'cluster' that develops consistent approaches to working together and making it easier for customers who work across district boundaries.	Medium
<b>Financial Performance and Management</b>		
17	Develop a robust financial model that underpins the Unit's business plan to: <ul style="list-style-type: none"> <li>• better forecast levels of activity,</li> <li>• determine the appropriate resourcing of the Unit and productivity of staff,</li> <li>• set reasonable fees and charges and determine whether overhead allocations are fair and reasonable, and</li> <li>• be a reliable basis to monitor performance against.</li> </ul>	High
18	Review the Revenue and Financing Policy as it relates to the Unit, at a more granular level, to confirm the appropriate consideration of public and private benefits related to the Unit's activities and the associated funding choices the Council has regarding fees and charges and rates contributions.	Medium
19	Review staff charge-out rates and Unit fees and charges.	Medium
20	Establish a Retained Earnings account for the Unit, so that it is both accountable for the ongoing financial performance of the Unit, as well as providing a buffer for the Unit to operate within, especially in times of economic downturn.	Medium
21	Restructure the Unit's financial reporting so that controllable costs and revenues are identifiable for each team and there is greater accountability for financial performance.	High
22	Review the overhead allocation methodology, especially as it relates to Customer Service activities.	Medium
<b>Systems and Processes, Technical Competence, and Resourcing</b>		
23	Reduce the nature and extent of peer reviews of consents to better reflect the risk profile of the customers/applications and the competency of staff involved.	High
<b>TLA Statutory Functions</b>		
24	Review and develop processes and procedures to support the Unit's statutory functions.	Medium
25	Develop a Compliance Management Framework, preferably in conjunction with neighbouring Councils.	Medium

<p>26 Adopt a text push service, or similar, for customer engagement around annual BWOFs reminders and follow up, and other activities like booking inspections of pool barriers.</p>	<p>Medium</p>
<p><b>Responding to Cyclone Gabrielle</b></p>	
<p>27 Develop localised flood modelling that more accurately determines flood levels and flows to give greater confidence to the location and finished floor levels of new buildings.</p>	<p>Medium</p>

B) That the Committee notes the Chief Executive and Council Staff accept the Review findings in Recommendation A) and are focused on implementation of the recommendations.  
 C) That the Chief Executive brings back, to the next Performance and Monitoring Committee meeting, an Implementation Plan for the recommendations in Recommendation A).  
 D) That progress on the implementation plan is monitored by reporting through the Performance and Monitoring Committee.

**Attachments:**

- 1 [↔](#) Final Report HDC Building Unit Review - April 2024 CG-17-4-00104 Under Separate Cover



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Thursday, 9 May 2024

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**Hastings District Council: Performance & Monitoring Committee Meeting**

*Te Rārangi Take*

# Report to Performance and Monitoring Committee

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

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*Te Take:*  
Subject: **Quarterly Financial Report for the nine months ended 31st March 2024**

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

- 1.1 The purpose of this report is to inform the Performance and Monitoring Committee of the financial result for the nine months ended 31st March 2024.
- 1.2 Due to the uncertainties around the impacts of cyclone Gabrielle at the time the 2023/24 Annual Plan was prepared Council chose to adopt the pre-cyclone draft budget. Given the uncertainties that surrounded the extent of the cyclone recovery costs associated with the cyclone were excluded from the Annual Plan budgets. The reason for this approach was to allow Council to take more time to plan for the cyclone recovery and to allow for a multi-year approach to funding the costs of the cyclone recovery.
- 1.3 As was noted previously some initial modelling on the costs of recovery post the annual plan adoption was undertaken whereby the 2023/24 Annual Plan budget was adjusted to allow for recovery costs where possible. The modelling indicated that with the inclusion of recovery costs and the financing thereof, Council was likely to incur a significant deficit for the 2023/24 financial year. Also, given the rating deficit incurred in 2022/23, there were no rates funded carry forwards available for projects or programmes that had not been completed.

### Forecast year-end result

- 1.4 An initial 2023/24 year-end forecast was completed in February 2024. This was included in the half yearly report presented in March.
- 1.5 In April the forecast was reviewed to give an updated forecast year end position.
- 1.6 The presentation of the financial results has also been modified to separate out performance on continuing operations from other one-off funding sources linked to the capital programme. This is

also moving the reporting format towards a view that is aligned to monitoring the new modified balanced budget ratio included in the financial strategy in the 2024-34 LTP. In addition, as has been the case previously, Cyclone Gabrielle costs and revenues have been reported on separately.

- 1.7 Note this forecast year-end result is not the rating result normally presented to Council in September as it includes the impacts of higher depreciation costs and lower development contributions revenue for example.
- 1.8 The key variances in the updated forecast result have been driven in particular by;
- Higher interest costs driven by higher debt levels and higher interest rates than were forecast in the Annual Plan budgets.
  - Increased operating costs due to the demolition costs of Heretaunga House which is to be loan funded.
  - A number of other operational impacts that have arisen in the current inflationary and cyclone recovery environment.
  - Higher depreciation expense due to asset revaluations in the 2022-23 Annual report.
  - A reduction in Development Contribution and capital Subsidies revenues.
- 1.9 A brief summary of the YTD result to 31 March is as follows:
- Council's cash position on operations is \$6.6m worse than budget
  - The non-cash depreciation expense is \$5.3m higher than budget
  - The revenues to support capital projects are \$20.4m lower than budget. This is due to the changed timing of projects so the capital expenditure linked to these revenues has not been incurred.
  - Net unbudgeted revenues for cyclone recovery expenditure are \$51.8m, (mainly subsidies on capital expenditure).

#### Third Quarter Result – YTD

- 1.10 Overall, the revenue is \$80.3m higher than the YTD budget and expenditure is \$60.8m higher than the YTD budget giving a net favourable variance of \$19.4m. The main driver for the size of the expenditure and revenue variance is the unbudgeted cyclone recovery costs and revenue so these have been reported separately.
- 1.11 Revenue on continuing operations are very close to budget with all of the variance in revenue driven by capital and cyclone related revenue.
- 1.12 Expenditures on continuing operations are \$7m higher than budget so far. The main driver of this is increased interest costs on Council debt. In addition, the non-cash depreciation expense is \$5.3m higher than budget. Cyclone costs were not budgeted so these all appear as a variance against budget.
- 1.13 The impact of Cyclone Gabrielle at both the regional and Hastings District level cannot be understated, with Council moving fully into the recovery phase. As well as direct recovery costs additional support resources have been needed across the organisation to manage the impact of the additional recovery work streams on the organisation. Much of this additional cost incurred in supporting the organisation has not been recognised as a Cyclone cost but absorbed into BAU.
- 1.14 In addition, Council's Annual Plan includes a large capital programme of \$149m which will, on its own, significantly increase Council debt and this new debt is now costing more than was forecast in the Annual Plan. The size of this base capital programme will impact on debt levels and the financing costs will impact directly on the LTP budgets Council is currently considering. The local

share of the roading recovery and the category 3 property buyouts will add further to Councils debt position.

- 1.15 Due to the cyclone impacts and other decisions made by Council, the opening debt as at 1 July 2023 was \$23m higher than the Annual Plan forecast (\$292m compared to \$269m) and interest rates have continued to increase when there was an expectation that interest rates would start to reduce earlier. This means that financing costs are increasing rapidly with a combination of new debt taken out at higher rates, an increasing proportion of debt affected by floating interest rates and historically low fixed interest instruments coming off term. The extra costs of the cyclone recovery will exacerbate this.
- 1.16 The 2023/24 Annual Plan forecast the debt as at June 2024 to be \$322m. As at 31st March the Council debt is \$353m. Whilst the forecast shows Council capital programme not being fully completed, Council will be funding its share of recovery costs, with officers estimating closing debt to be approximately \$396m. This forecast position aligns with the LTP forecast starting debt position.

## 2.0 Recommendations - *Ngā Tūtohunga*

That Performance and Monitoring Committee receives the report titled Quarterly Financial Report for the nine months ended 31st March 2024 dated 9 May 2024.

## 3.0 Background – *Te Horopaki*

- 3.1 The 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 quarterly financial result in respect of non-cash items such as depreciation, vested assets and development contributions are not included.
- 3.2 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.
- 3.3 A Financial Report is attached to supplement this report: **Attachment 1** – Dashboard Summary of Financial Performance.
- 3.4 If Councillors require clarification on any points, please contact the writer, Chief Financial Officer or Deputy Chief Executive prior to the meeting to ensure complete answers can be given at the meeting on the detail in these reports.

## 4.0 Discussion – *Te Matapakitanga*

- 4.1 Set out below is a summary of the operating financial results for the 9 months to 31<sup>st</sup> March 2024. The financial results detailed below do not reflect the potential rating result for 2023/24 as this requires separate calculations that are completed at year-end. However, based on the forecast just completed, it is likely that Council will record a significant unfavourable forecast result when compared to Annual Plan for the current 2023/24 financial year due to the factors referred to in the summary.
- 4.2 As explained previously the format has been changed to separate out non-cash depreciation, capital revenues and cyclone costs. The key area of focus is the result for cash ongoing operations where Council has a YTD variance of \$6.6m. This variance (shortfall) represents the additional amount Council will have to borrow to support day to day operations.

# Hastings District Council

## Statement of Revenue and Expenditure as at

### March 2024

	YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)	Full Year Annual Plan (\$'000)
<b>Revenue</b>				
Rates	83,591	83,488	103	111,317
Fees, charges & metered water supply	30,820	30,920	(100)	40,655
Subsidies and Grants Operational	5,421	6,097	(676)	8,386
Interest revenue	1,129	-	1,129	-
Other revenue	479	441	38	1,583
<b>Total Operating Revenue - ongoing operations</b>	<b>121,438</b>	<b>120,945</b>	<b>493</b>	<b>161,941</b>
<b>Expenditure</b>				
Personnel Costs	34,730	35,989	1,259	46,018
Finance Costs	13,666	7,506	(6,160)	10,008
Other Operating Costs	61,226	59,018	(2,208)	80,007
<b>Total Cash Expenditure - Operations</b>	<b>109,623</b>	<b>102,514</b>	<b>(7,109)</b>	<b>136,033</b>
<b>Surplus/(Deficit) - Cash ongoing operations</b>	<b>11,815</b>	<b>18,431</b>	<b>(6,616)</b>	<b>25,908</b>
<b>Less: Non Cash Expense</b>				
Depreciation & Amortisation Expense	44,875	39,503	(5,372)	52,671
<b>Plus: Revenues to Support Capital Expenditure</b>				
Development and financial contributions	3,522	9,104	(5,582)	12,139
Subsidies & Grants to fund capital projects	17,082	31,923	(14,841)	36,617
<b>Total Revenue to fund Capital projects</b>	<b>20,604</b>	<b>41,027</b>	<b>(20,423)</b>	<b>48,756</b>
<b>Accounting Surplus/(Deficit) Excl Cyclone Gabrielle</b>	<b>(12,456)</b>	<b>19,955</b>	<b>(32,411)</b>	<b>21,993</b>
<b>Cyclone Gabrielle - Net Revenue &amp; Expense</b>	<b>51,765</b>	<b>(75)</b>	<b>51,840</b>	<b>(90)</b>
<b>Overall Surplus/(Deficit) - Operations</b>	<b>39,309</b>	<b>19,880</b>	<b>19,429</b>	<b>21,903</b>

Note: The cyclone net result looks positive as it includes subsidies on substantial road renewal and Category 3 buyout funding (Capital expenditure).

Item 6

4.3 The year-to-date (YTD) result above is presented against the revised budget. The full year Annual Plan budget is included for comparison. The YTD revised budget includes changes and decisions made during the year on Council budgets. The most significant change in the revised budget comes from the inclusion of capital subsidies for the transport choices programme.

4.4 The impact of expenditures and revenues for cyclone Gabrielle have been excluded to provide a view against Council's BAU activities.

#### Overall YTD result including cyclone recovery

4.5 Council's overall financial performance is \$19.4m favourable to YTD budget for the third quarter ended 31<sup>st</sup> March 2024. The overall results are impacted by Cyclone Gabrielle recovery costs and revenues through to the end of the first half of the year. Revenues in the Statement of Comprehensive Revenue also includes subsidies on capital projects so the additional subsidies on recovery roading projects means that there is more cyclone related revenues than costs in the above summary.



- 4.6 Overall revenue is \$80.3m favourable to the YTD budget and expenditure is \$60.8m unfavourable to YTD budget (including depreciation). Excluding the cyclone, revenue is \$19.9m unfavourable whilst expenditure is \$12.5m unfavourable.

Overall YTD result ongoing operations:

- 4.7 The YTD variance against the revised budget for ongoing BAU activities is \$6.6m unfavourable. Specific commentary on variances is included under the revenue and expenditure sections.
- 4.8 For clarity, revenues to support capital expenditure and cyclone costs have been separated out and the revenue and expense tables in the next section also have the cyclone impacts split out in a separate line to show the cyclone impact which provides a clearer picture of how business as usual is tracking.

Revenue YTD

- 4.9 The third quarter year to date revenue excluding revenues to support capital expenditure and cyclone impact is \$.5m favourable in the context of total revenue budgeted for the nine months to March.

Statement of Revenue as at 31st March 2024	YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)
<b>Revenue</b>			
Rates	83,591	83,488	103
Fees, charges & metered water supply	30,820	30,920	(100)
Subsidies and Grants Operational	5,421	6,097	(676)
Interest revenue	1,129	-	1,129
Other revenue	479	441	38
<b>Total Operating Revenue - ongoing operations</b>	<b>121,438</b>	<b>120,945</b>	<b>493</b>
<b>Plus: Revenues to Support Capital Expenditure</b>			
Development and financial contributions	3,522	9,104	(5,582)
Subsidies & Grants to fund capital projects	17,082	31,923	(14,841)
<b>Total Revenue to fund Capital projects</b>	<b>20,604</b>	<b>41,027</b>	<b>(20,423)</b>
Cyclone Gabrielle Revenue	100,223	-	100,223
<b>Total Revenue</b>	<b>242,265</b>	<b>161,972</b>	<b>80,293</b>

Note: See separate section on cyclone costs and revenues.

- 4.10 Fees & Charges are largely on track at \$100k unfavourable on a \$30.9m YTD budget, with the main drivers being:
- Planning and Regulatory services are unfavourable to budget by \$386k (\$559k last quarter) driven by lower than budgeted building consent fees (\$631k) along with lower environmental consents (262k). The lower revenue in consent fees is driven by a lower number of consents received than budgeted. Parking revenues offset some of this impact as fees and infringements are favourable by \$469k.
  - Housing for the elderly is \$197k favourable and is reflective of the adjustment of rents to 80% of market value in the current financial year.
- 4.11 Operational subsidies and grants are unfavourable against budget by \$676k.
- 4.12 Subsidies and Grants to fund capital projects are \$14.8m unfavourable through the nine months of the year, with Infrastructure acceleration funding (IAF) budgeted but not yet received due to delays in growth projects affected by logistical global supply issues. It is forecasted that by year end, of the \$18.5m funding in the annual plan Council will have been able to claim \$5m for capital spent in

these projects. The remaining funding will be reimbursed as the spend is incurred in the following year. There has also been a change in the direction of funding driven by funding changes due to the new government direction. The programmes that were budgeted for included “Transport Choices, and streets for Schools and road to zero are not now being funded. Offsetting the revenue shortfall is the reduced capital spend that was budgeted for these projects.

- 4.13 Development contributions are lower than budget by \$5.5m and are tracking close to the same period last year, despite significant increases to the development contribution charges introduced through the LTP amendment in 2023. This is an area that is sensitive to changes in the overall market conditions and we have seen a slowdown in building and subdivision activity. The Reserve Bank’s current monetary policy settings are intended to slow down spending activity and combined with the current cost of construction, the residential market has got out of alignment with the cost of land and construction costs for new builds significantly outstripping the existing housing stock. As the development contributions are used to repay growth related debt, Council will need to monitor and adjust where possible the growth expenditure plans to match changes in the overall market.
- 4.14 The cyclone revenue is mainly driven by the subsidies on local roading repairs and asset renewals \$54.7m, Government funding for property compensation costs \$28.8m and other Gabrielle funding support from Red Cross, and other agencies of \$5.2m. See table in section 6 for breakdown.
- 4.15 Expenditure:

Statement of Expenditure as at 31st March 2024	YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)
<b><u>Expenditure</u></b>			
Personnel Costs	34,730	35,989	1,259
Finance Costs	13,666	7,506	(6,160)
Other Operating Costs	61,226	59,018	(2,208)
<b>Total Cash Expenditure - Operations</b>	<b>109,623</b>	<b>102,514</b>	<b>(7,109)</b>
<b><u>Plus: Non Cash Expense</u></b>			
Depreciation & Amortisation Expense	44,875	39,503	(5,372)
<b>Total Expenditure Excl. Cyclone Gabrielle</b>	<b>154,498</b>	<b>142,017</b>	<b>-12,482</b>
Cyclone Gabrielle Expenditure	48,458	75	(48,383)
<b>Total Expenditure</b>	<b>202,956</b>	<b>142,092</b>	<b>-60,865</b>

- 4.16 Overall cash expenditure for ongoing BAU activities is unfavourable for the nine months ending March by \$7.1m. The main drivers include:
- 4.17 Personnel costs are favourable to budget by \$1.2m due to a number of vacancies across Council activities.
- 4.18 Finance costs are higher than budget and this is reflective of both the increasing average cost of debt and higher than budgeted levels of debt. The increase in the average cost of debt is due to the cyclical raising of the OCR rate by the Reserve Bank Governor, however the average cost of debt is being managed with approximately 60% of council’s current debt held with fixed interest instruments at historical rates in line Council’s Treasury Policy. Council’s average cost of borrowing has increased to 5.12%.
- 4.19 Finance costs exceed budget by \$6.1m. When interest revenue of \$1.12m is offset against the interest expense, the net variance is \$5m to 31<sup>st</sup> March. The \$5m net variance is reflective of how the balance of the year will pan out and the budget deficit on net financing costs is forecast to be more than \$6.56m by year end. Interest costs have been exacerbated by borrowings incurred by Council with the roading recovery works while finalising the crown funding agreement. Staff are currently working with the Crown Infrastructure Partners (CIP) to find a solution to mitigate these additional financing costs. These additional financing costs have however been somewhat offset by

- 4.20 Other operating costs excluding cyclone costs were unfavourable to budget by \$2.2m and were mainly driven by:
- 4.21 Contracted Services costs were \$2.8m unfavourable to budget for the third quarter YTD with those areas of spend being the Heretaunga House Demolition as at end of March being \$2m, higher Wastewater costs of \$671k relating to reactive maintenance and overhead costs. Noting that the Heretaunga House demolition was approved through Council to be funded by debt.
- 4.22 Areas of note:
- 4.23 Toitoti: Excluding finance costs and depreciation, Toitoti is largely operating to budget and is currently \$58k behind budget. This includes higher costs for electricity and gas of \$103k.
- 4.24 It is acknowledged that it has been 4 years since the Opera House and Functions on Hastings were opened and over that time it has been hugely disruptive with the impacts of COVID, the introduction of the Municipal Buildings to Toitoti and the Cyclone last year. Despite that it is important that a review of this operation is undertaken and staff are committed to undertaking that review. Given the current state of operations as detailed above, a formal s.17a style review is not deemed appropriate and a review tailored to Toitoti's current state is being prepared.
- 4.25 Building Control: The reduction in consent numbers has followed on from the last year with a 15% fall in consent numbers from the previous quarter and has resulted in YTD revenue being \$631k below budget.
- 4.26 Operational costs excluding specific one-off legal costs are \$206k favourable, with the building control vacancies driving the favourable operational costs. Overall, the operational result for the YTD is \$425k unfavourable.
- 4.27 Splash Planet: While Splash Planet has achieved its budgeted revenue, operating costs have exceeded budget leaving a funding deficit against budget for the year. A separate report is being prepared to review the Splash Planet season, provide details on the financial result for the year and recommendations to achieve improvements and refinement to operations.
- 4.28 Depreciation costs are higher than budget by \$5.3m and is driven by increases in asset values for the water services and transport assets. The 2024-34 LTP and Financial Strategy addresses how Council will close the increasing gap between the value of the depreciation expense and the rates collected for renewals. Noting that depreciation is a non-cash expense and is a general indication of the level of renewal spend that Council should be incurring.

## 5.0 Forecast to 30 June 2024

- 5.1 Initial financial forecasts to year end were undertaken by officers based off actuals to 31<sup>st</sup> December 2023 and projections for the remaining 6 months. Prior to reporting the third quarter financial result to the Performance & Monitoring Committee the forecast was reviewed and updated in April based off actuals to 31<sup>st</sup> March 2024. The overall forecast has weakened from the previous forecast.
- 5.2 Preparing year-end forecasts requires assumptions to be made on the expected completion of capital projects, and how much associated subsidy revenues can be expected to be received. Officers also project how activities' actuals are tracking in relation to operational spend at a given point in time. The purpose of the forecast is to give an indication of Council year-end financial position and provide Council with the ability to adjust activities in response to what is being forecast if that is achievable. There are still a number of year end adjustments that may influence the final year-end result.
- 5.3 The following table shows the overall position with a year-end forecast in the right-hand column.

**Hastings District Council**  
**Statement of Revenue and Expenditure as at**  
**March 2024**

	YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)	Full Year Annual Plan (\$'000)	Full Year Forecast (\$'000)
<b>Revenue</b>					
Rates	83,591	83,488	103	111,317	111,317
Fees, charges & metered water supply	30,820	30,920	(100)	40,655	40,549
Subsidies and Grants Operational	5,421	6,097	(676)	8,386	7,560
Interest revenue	1,129	-	1,129	-	1,446
Other revenue	479	441	38	1,583	1,599
<b>Total Operating Revenue - ongoing operations</b>	<b>121,438</b>	<b>120,945</b>	<b>493</b>	<b>161,941</b>	<b>162,472</b>
<b>Expenditure</b>					
Personnel Costs	34,730	35,989	1,259	46,018	46,790
Finance Costs	13,666	7,506	(6,160)	10,008	18,013
Other Operating Costs	61,226	59,018	(2,208)	80,007	83,629
<b>Total Cash Expenditure - Operations</b>	<b>109,623</b>	<b>102,514</b>	<b>(7,109)</b>	<b>136,033</b>	<b>148,433</b>
<b>Surplus/(Deficit) - Cash ongoing operations</b>	<b>11,815</b>	<b>18,431</b>	<b>(6,616)</b>	<b>25,908</b>	<b>14,039</b>
<b>Less: Non Cash Expense</b>					
Depreciation & Amortisation Expense	44,875	39,503	(5,372)	52,671	59,577
<b>Plus: Revenues to Support Capital Expenditure</b>					
Development and financial contributions	3,522	9,104	(5,582)	12,139	4,687
Subsidies & Grants to fund capital projects	17,082	31,923	(14,841)	36,617	28,476
<b>Total Revenue to fund Capital projects</b>	<b>20,604</b>	<b>41,027</b>	<b>(20,423)</b>	<b>48,756</b>	<b>33,163</b>
<b>Accounting Surplus/(Deficit) Excl Cyclone Gabrielle</b>	<b>(12,456)</b>	<b>19,955</b>	<b>(32,411)</b>	<b>21,993</b>	<b>(12,375)</b>
<b>Cyclone Gabrielle - Net Revenue &amp; Expense</b>	<b>51,765</b>	<b>(75)</b>	<b>51,840</b>	<b>(90)</b>	<b>45,101</b>
<b>Overall Surplus/(Deficit) - Operations</b>	<b>39,309</b>	<b>19,880</b>	<b>19,429</b>	<b>21,903</b>	<b>32,726</b>

Item 6

*Note: See statement of capital expenditure for the forecast capital expenditure for the year.*

- 5.3.1 There are three main areas that are driving the weakened forecast result.
- 5.3.2 Interest costs have also been increased in the last forecast update, with no downward movement in the Official Cash Rate (OCR), meaning the average cost of funds staying higher for longer.
- 5.3.3 Depreciation is the second area where the forecast has been increased based on the actuals at the end of the third quarter.
- 5.3.4 There is continuing pressure on revenues from Development Contributions. Considering the third quarters actuals, budget managers have reviewed downwards the expectation of receiving DC revenues. The updated forecast has been made in light of the continued slowdown in building and subdivision activity.
- 5.3.5 When the non-cash item (depreciation) and revenues for capital projects is excluded the cash shortfall on ongoing operations, this is the amount that will be funded from additional Council borrowing, is projected to be \$11.1m for the year. This excludes cyclone recovery costs.

## **6.0 Cyclone Gabrielle summary of funding received and spend committed:**

- 6.1 As at 31 March just over a year has passed since Cyclone Gabrielle hit the Hawke's Bay region on the 13-14 February 2023. The initial response and early recovery have focussed on restoring basic services to the community and meeting critical needs.

- 6.2 As reported in the last quarter, Council is now able to move from the reactive stages of recovery which focussed on restoration, to a more proactive, strategic phase, where the council can properly plan, monitor, and report on its recovery programme.
- 6.3 Coordination of the recovery work will be achieved through the framework of the Recovery Pou. Pou are workstreams where agencies with closely aligned work programmes can achieve oversight and synchronisation of the work. Council has decided to use the Pou in its reporting framework as much of the work needs to be achieved in partnership with other agencies.
- 6.4 This section is to give the committee an ongoing overview of the impact of the cyclone in terms of the Council finances and shows the funding received and the expenditure incurred or committed on a “to date” basis. It is not designed to be a complete overview section of the operational activities that Council are currently engaged in relating to the cyclone, as there is a specific recovery project that will report to the Strategy and Recovery Committee on a regular basis.
- 6.5 The table below shows the costs that have been incurred for the current year along with reimbursements or subsidies received to fund those costs. Note that in some areas like the Category 3 buyouts and the Whanau Community Resilience Pou, funding has been received in advance of it being spent and by year end related expenses will match off against the revenue received.

<b>Cyclone Gabrielle</b>	<b>Infrastructure Resilience</b>	<b>Category 3 Buyout</b>	<b>Whanāu Community Resilience</b>	<b>Environmental Resilience</b>	<b>Other Recovery</b>	<b>TOTAL</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	66,096	28,696	3,186	1,851	395	100,224
Expenditure	38,872	4,699	2,462	308	2,117	48,458
Capital Works	28,760	4,406	219	152	12	33,549
	(1,536)	19,591	505	1,391	(1,734)	18,217

- 6.6 The following table shows the forecast cyclone recovery expenditure and revenues updated:

<b>Cyclone Gabrielle</b>	<b>Updated Forecast April '24</b>	<b>Original February '24 Forecast</b>	<b>Movement \$'000</b>
	\$'000	\$'000	
Revenues	127,556	125,283	2,273
Operating Expenditure	82,455	81,442	1,013
<b>Net Forecast</b>	<b>45,101</b>	<b>43,841</b>	<b>1,260</b>
Capital Spend	77,327	85,206	(7,879)
<b>Shortfall to be funded by Debt</b>	<b>(32,226)</b>	<b>(41,365)</b>	<b>9,139</b>

- 6.7 The forecast shows a net cyclone recovery cost of \$32m (\$41m Feb Forecast) for the year that will be funded from additional Council borrowings. The main change from the previous forecast has been the receipt of \$7.8m through CIP for what was tagged as Better off Funding and previously allocated through the previous Government 3 Waters reform programme. Council requested and had approved a funding reallocation for the Better Off Funding to support the Cyclone Recovery efforts. These funds will be used to reduce operational deficits incurred through the community recovery efforts and debt funding required for the local share of the transport recovery programme.
- 6.8 The main driver for the funding shortfall identified above is the estimated cost of property compensation payments and Council’s share of that. Expenditure for the first 9 months is now increasing and Council must fund 50% of the cost of these transactions.

6.9 The table in 6.6 shows the movement between the updated forecast completed in April and the original forecast tabled at the last committee meeting. This shows expected capital spend being reduced from \$85.6m to \$77m. As a result the amount of subsidies revenue that would be claimed has also been reduced.

## 7.0 Additional expenditure approved by Council

- 7.1 There are a number of additional expenditure items that have been approved across Council activities, both in BAU (Business as usual) and also due to Cyclone Gabrielle. Councillors has asked for visibility of these additional items in our quarterly financial reporting.
- 7.2 The table below shows the additional approved spend by operational and capital expenditure
- 7.3 Cyclone Gabrielle costs are being reported separately in the previous section. The cyclone recovery costs and funding were not included in the 2023-24 Annual Plan budgets.
- 7.4 The following table shows additional expenditure approvals (excluding cyclone costs) that were not included in the 2023-24 Annual Plan. These form part of the variances against budget reflected in the result to date and in the forecast end year result. This table remains unchanged from the last quarter.

<b>Additional Operational Expenditure</b>		
	<b>2023-24</b>	<b>How Funded</b>
Bi-elections for Council Resignations	174,000	Rates / Election Reserve
Heretaunga House Demolition	3,023,000	Loan approved in 2022-23
150th Anniversary of Hastings	123,500	Grant, Reserves/Deficit
Lease costs for additional office space	248,000	Rates
Building Activity Review Costs	23,200	Rates
Riskpool Call	122,967	LAPP Reserve & rates
	<b>3,714,667</b>	
<b>Additional Capital Expenditure</b>		
	<b>2023-24</b>	<b>Funded</b>
Havelock North Streams\Tainui Reserve	1,100,000	Loan Funds
Laneway and property acquisitions	1,360,000	Loan Funds / CBD Targeted Rate
HB Museum & Archives Project	1,335,000	Loan Funds
Urgent Waste water treatment plant renewals	2,770,000	Loan Funds
LPR System	300,000	Parking Revenue/Reserve
Waiaroha Carpark	150,000	Loan Funds
Karamu Rd Fitout	105,000	Rates\Deficit
Transportation New Works	1,678,976	99% Subsidy
Cemetery Plant and equipment	157,064	Rates/Reserve
Total Capital	<b>8,956,040</b>	
<b>Total Additional costs (Operating + Capital)</b>	<b>12,670,707</b>	

<b>Funded by</b>		
External funding from		
NZTA _ Transport Choices		1,662,186
Council funding from		
LAPP reserve		109,000
CBD Targeted Rate Reserves		1,360,000
Additional Borrowing requirement		9,539,521
		<b>12,670,707</b>

## 8.0 Capital Spend

- 8.1 Council's total revised capital budget (including carry forwards, renewals, new works and growth projects) for 2023/24 is \$148m. This compares to the Annual Plan budget of \$149.9m. This level of expenditure is a significant increase on what has been delivered previously by Council and there are risks associated with Council's ability to deliver on it.
- 8.2 While the total size of the programme is similar to the annual plan, the mix and funding has changed with the growth related spend dropping by \$23m and new works increasing by \$21m. Part of the change in the revised budget is linked to subsidies and grants received for capital projects that were not in the original Annual Plan.
- 8.3 As noted in the table below actual capital spend against budget for BAU shows a \$75.6m spend against year-to-date budget of \$108.9m. Renewals for BAU are \$12.5m behind expected spend YTD, with infrastructure for transport and sewerage the main contributors to the underspend.
- 8.4 New Works BAU – whilst water supply and building management are ahead of budget, Transport has a \$8.4m underspend. \$28.9m of Transport capital spend has occurred under for the Cyclone Gabrielle infrastructure projects. In addition, as noted in the lower subsidies and grants revenue comment some projects that were budgeted for and were to be subsidised by Waka Kotahi are now not going to be completed due to the reduction in funding.
- 8.5 The updated forecast Capital spend for BAU currently sits at \$122.7m down from the initial forecast of \$136.7m which is \$26m lower than the budget. This compares to a \$20m under-delivery currently being assumed in modelling for the 2024-34 LTP. Given the continuing challenges in delivering on the capital plan it is quite likely that the actual capital spend as at June 2024 may still be lower than that forecast.
- 8.6 Projects by Activity within the three types of capital spend are shown below:



## Summary of Capital Spend as at March 2024

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	YTD Actuals (\$000)	YTD Budgets (\$000)	YTD Variance (\$000)	% Spent to Total Revised Budget	Year End Forecast ('000)	Annual Plan ('000)	Revised Budgets
<b>COUNCIL CAPITAL</b>							
Renewals	28,511	41,054	12,543	23%	50,398	55,603	55,167
New Works	37,663	43,182	5,519	9%	52,978	39,128	60,520
Growth	9,482	24,680	15,198	46%	19,309	55,176	32,907
<b>CAPITAL SPEND excl CYCLONE</b>	<b>75,656</b>	<b>108,916</b>	<b>33,261</b>	<b>22%</b>	<b>122,686</b>	<b>149,907</b>	<b>148,594</b>
Cyclone Gabrielle	33,549	-	(33,549)	0%	77,327	-	-
<b>TOTAL CAPITAL SPEND</b>	<b>109,205</b>	<b>108,916</b>	<b>(288)</b>	<b>0%</b>	<b>200,013</b>	<b>149,907</b>	<b>148,594</b>
<b>SUMMARY</b>							
	YTD Actuals (\$000)	YTD Budgets (\$000)	YTD Variance (\$000)	% Spent to Total Revised Budget	Year End Forecast ('000)	Annual Plan ('000)	Revised Budgets
<b>RENEWALS</b>							
Roads & Footpaths	10,801	14,233	3,432	18%	18,297	18,635	19,432
Sewerage and the treatment and disposal of s	9,688	12,766	3,078	18%	16,370	18,126	17,021
Water Supply	2,956	4,189	1,233	22%	5,450	3,879	5,585
Building & Property Management	1,551	3,159	1,608	38%	3,451	4,212	4,212
Parks & Reserves	927	1,607	681	32%	2,109	2,143	2,143
Governance & Corporate Support	880	1,261	380	23%	1,345	3,484	1,654
Stormwater Disposal	533	756	223	22%	838	1,083	1,008
Rest of Council - Renewals	1,175	3,084	1,909	46%	2,538	4,042	4,112
<b>TOTAL RENEWALS</b>	<b>28,511</b>	<b>41,054</b>	<b>12,543</b>	<b>23%</b>	<b>50,398</b>	<b>55,603</b>	<b>55,167</b>
<b>NEW WORKS</b>							
Water Supply	8,740	6,587	(2,153)	-25%	11,101	1,017	8,782
Building & Property Management	7,907	2,876	(5,031)	-131%	8,143	3,835	3,835
Roads & Footpaths	4,733	13,224	8,491	48%	8,772	8,406	17,776
Solid Waste	4,453	4,422	(31)	0%	5,936	7,396	7,396
Arts & Culture	4,067	4,750	683	8%	8,500	4,700	8,200
Parks & Reserves	4,005	7,315	3,310	36%	4,693	9,067	9,187
Stormwater Disposal	1,646	2,038	392	14%	2,888	2,692	2,717
Rest of Council - New Works	2,112	1,971	(141)	-5%	2,946	2,015	2,627
<b>TOTAL NEW WORKS</b>	<b>37,663</b>	<b>43,182</b>	<b>5,519</b>	<b>9%</b>	<b>52,978</b>	<b>39,128</b>	<b>60,520</b>
<b>GROWTH</b>							
Roads & Footpaths	4,312	5,674	1,362	18%	8,208	10,777	7,566
Stormwater Disposal	2,694	2,916	222	6%	3,683	1,546	3,888
Sewerage and the treatment and disposal of s	1,698	10,133	8,435	62%	5,809	36,153	13,510
Water Supply	753	4,874	4,121	63%	1,573	5,256	6,498
Parks & Reserves	25	1,084	1,059	73%	36	1,445	1,445
Rest of Council - Growth	-	-	-	0%	-	-	-
<b>TOTAL GROWTH</b>	<b>9,482</b>	<b>24,680</b>	<b>15,198</b>	<b>46%</b>	<b>19,309</b>	<b>55,176</b>	<b>32,907</b>
<b>CYCLONE GABRIELLE</b>							
Cyclone Gabrielle	33,549	-	(33,549)	0%	77,327	-	-
<b>TOTAL CYCLONE</b>	<b>33,549</b>	<b>-</b>	<b>(33,549)</b>	<b>0%</b>	<b>77,327</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL</b>	<b>109,205</b>	<b>108,916</b>	<b>(288)</b>	<b>0%</b>	<b>200,013</b>	<b>149,907</b>	<b>148,594</b>

Treasury



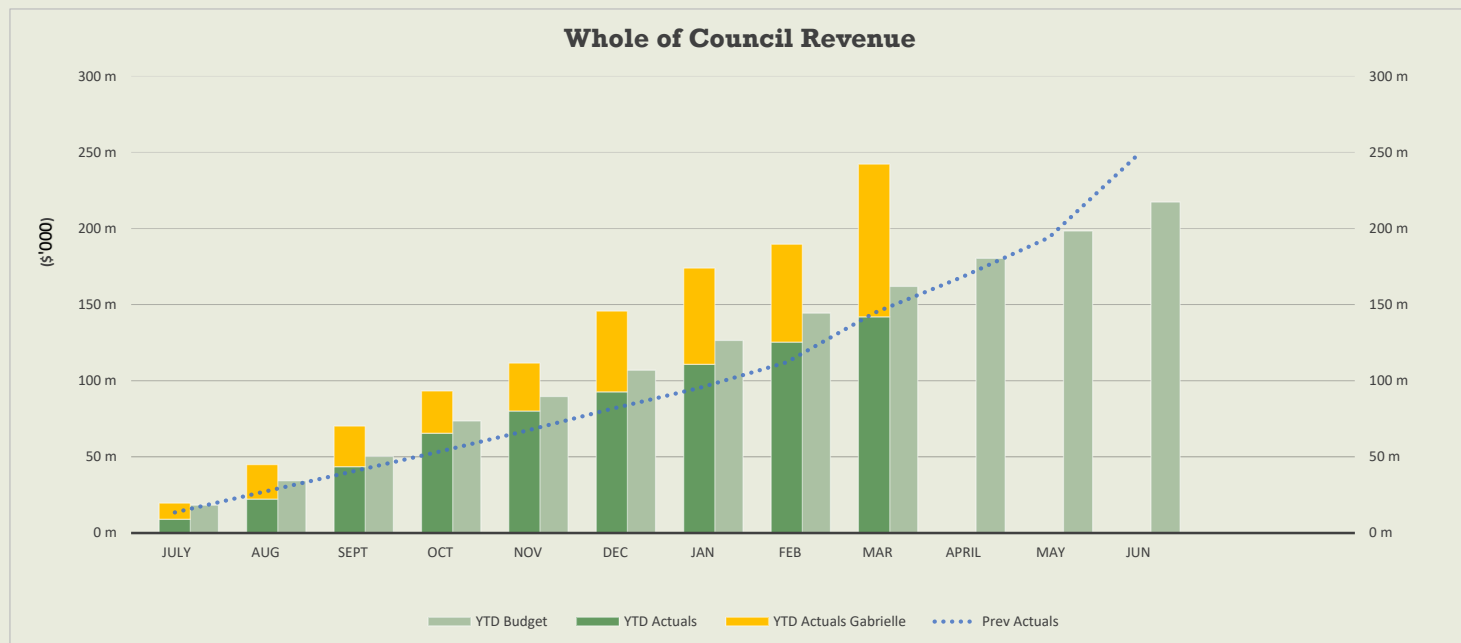
- 8.7 Council’s total gross debt position as at 31st March was \$353m. Liquidity was 117% as at the end of March. The forecast year end debt position is forecast to be \$396m.
- 8.8 Council is currently compliant with its Treasury Management Policy limits. The Risk and Assurance Committee reviews and monitors Council’s treasury performance and policy on a quarterly basis with advice from Bancorp Treasury Services.

**Attachments:**

- 1 [↓](#) Quarterly Dashboard 3rd Quarter March 2024      FIN-09-01-24-220



## Hastings District Council Quarterly Dashboard as at 31 March 2024



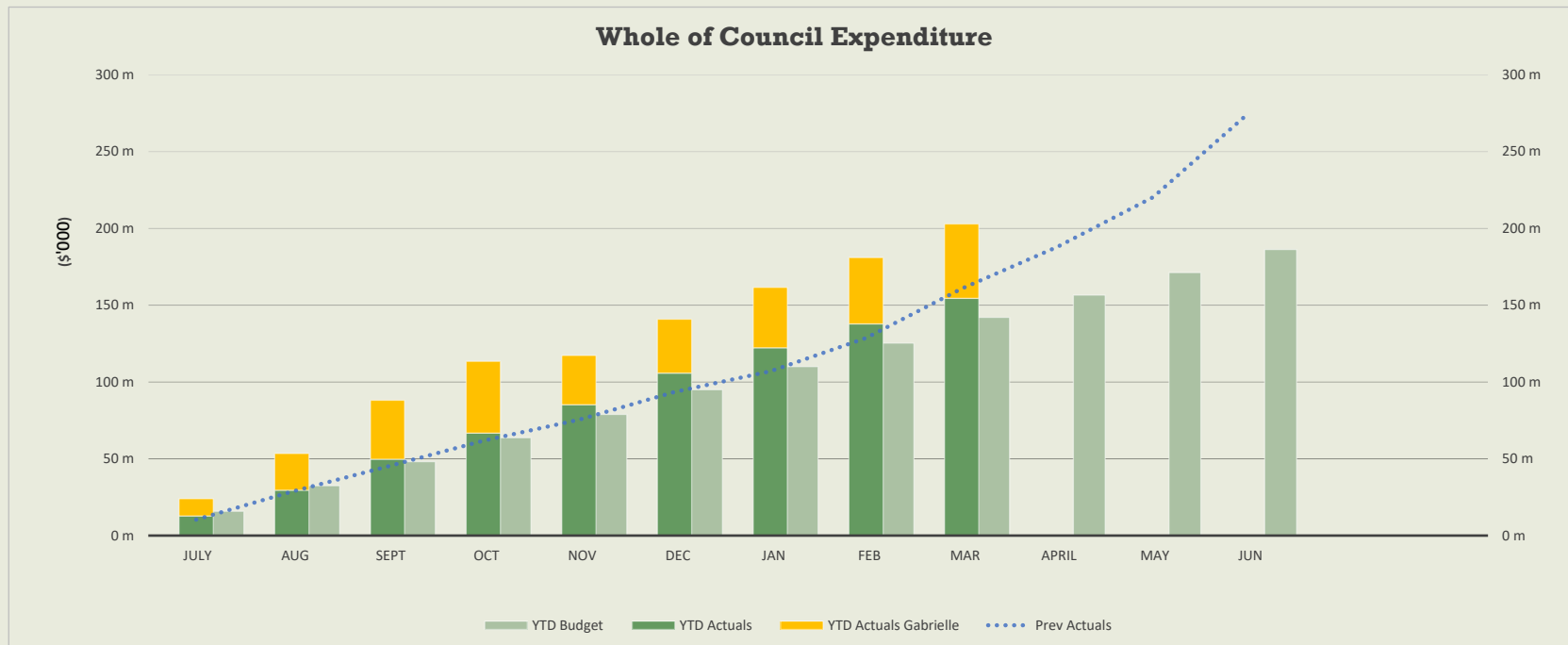
Statement of Revenue as at: 31 March 2024	Actual Ytd (\$'000)	Budget Ytd (\$'000)	Variance Ytd (\$'000)
Rates (Budget)	83,591	83,488	103
Fees, charges & metered water supply charges	30,820	30,920	-100
Subsidies and Grants	5,421	6,097	-676
Interest revenue	1,129	0	1,129
Other revenue	479	441	38
<b>Total Operating Revenue - ongoing operations</b>	<b>121,438</b>	<b>120,945</b>	<b>493</b>
<b>Revenues to Support Capital Expenditure</b>			
Development and financial contributions	3,522	9,104	-5,582
Subsidies & Grants to fund capital projects	17,082	31,923	-14,841
<b>Total Revenue to fund Capital projects</b>	<b>20,604</b>	<b>41,027</b>	<b>-20,423</b>
Cyclone Gabrielle Revenue	100,223	0	100,223
<b>Total Revenue</b>	<b>242,265</b>	<b>161,972</b>	<b>80,294</b>

**Comments:** Revenue net of the cyclone is unfavourable driven by lower Subsidies and Grants funding capital projects, (offset by lower capital spend), along with lower than budgeted Development contributions.

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

<p><b>Cyclone Gabrielle Revenue</b></p> <div style="border: 2px solid green; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p><b>\$100,223</b></p> <p>Favourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>↑</p> <div style="border: 1px solid gray; padding: 5px; width: 80%; margin: 0 auto;">                     Cyclone revenue is mainly driven by Transport Subsidies &amp; Grants of \$98m along with reimbursement funding for Category 3 buyout programme.                 </div> </div>	<p><b>Parking</b></p> <div style="border: 2px solid green; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p><b>\$483</b></p> <p>Favourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>↑</p> <div style="border: 1px solid gray; padding: 5px; width: 80%; margin: 0 auto;">                     Driven by higher than budgeted income ytd.                 </div> </div>	<p><b>Housing for the Elderly</b></p> <div style="border: 2px solid green; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p><b>\$198</b></p> <p>Favourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>↑</p> <div style="border: 1px solid gray; padding: 5px; width: 80%; margin: 0 auto;">                     Housing for the Elderly fees &amp; charges revenue are ahead of budget due to increase in rents.                 </div> </div>
<p><b>Building Control</b></p> <div style="border: 2px solid orange; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p><b>-\$632</b></p> <p>Unfavourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>↑</p> <div style="border: 1px solid gray; padding: 5px; width: 80%; margin: 0 auto;">                     Lower consent numbers are driving this number and is a continuation of the trend in the last quarter.                 </div> </div>	<p><b>Development &amp; Financial Contributions</b></p> <div style="border: 2px solid orange; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p><b>-\$5,582</b></p> <p>Unfavourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>↑</p> <div style="border: 1px solid gray; padding: 5px; width: 80%; margin: 0 auto;">                     Development Contributions are unfavourable to budget, with revenue dependent on developer timing.                 </div> </div>	<p><b>Subsidies &amp; Grants to fund capital projects</b></p> <div style="border: 2px solid orange; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: left; padding: 5px;"> <p><b>-\$14,841</b></p> <p>Unfavourable Variance</p> </div> </div> <div style="margin-top: 10px;"> <p>↑</p> <div style="border: 1px solid gray; padding: 5px; width: 80%; margin: 0 auto;">                     Subsidies and Grants to fund capital projects is lower than budget due to timing of reimbursements not received, along with change in Government direction of some Transport projects.                 </div> </div>

## Hastings District Council Quarterly Dashboard as at 31 March 2024



Statement of Expenditure as at 31st March 2024	Actual Ytd (\$'000)	Budget Ytd (\$'000)	Variance Ytd (\$'000)
Personnel Costs	34,730	35,989	1,259
Finance Costs	13,666	7,506	-6,160
Other Operating Costs	61,226	59,018	-2,208
<b>Total Cash Expenditure - Operations</b>	<b>109,623</b>	<b>102,514</b>	<b>-7,109</b>
<b>Non Cash Expenses</b>			
Depreciation & Amortisation Expense	44,875	39,503	-5,372
<b>Total Expenditure Excl. Cyclone Gabrielle</b>	<b>154,498</b>	<b>142,017</b>	<b>-12,482</b>
Cyclone Gabrielle Costs	48,458	75	-48,383
<b>Total Expenditure</b>	<b>202,956</b>	<b>142,092</b>	<b>-60,864</b>

Comments: Depreciation is driven by the higher revaluation of assets in the prior year. Higher finance costs have also above budget.

### How we are doing by key expenditure categories (\$'000)

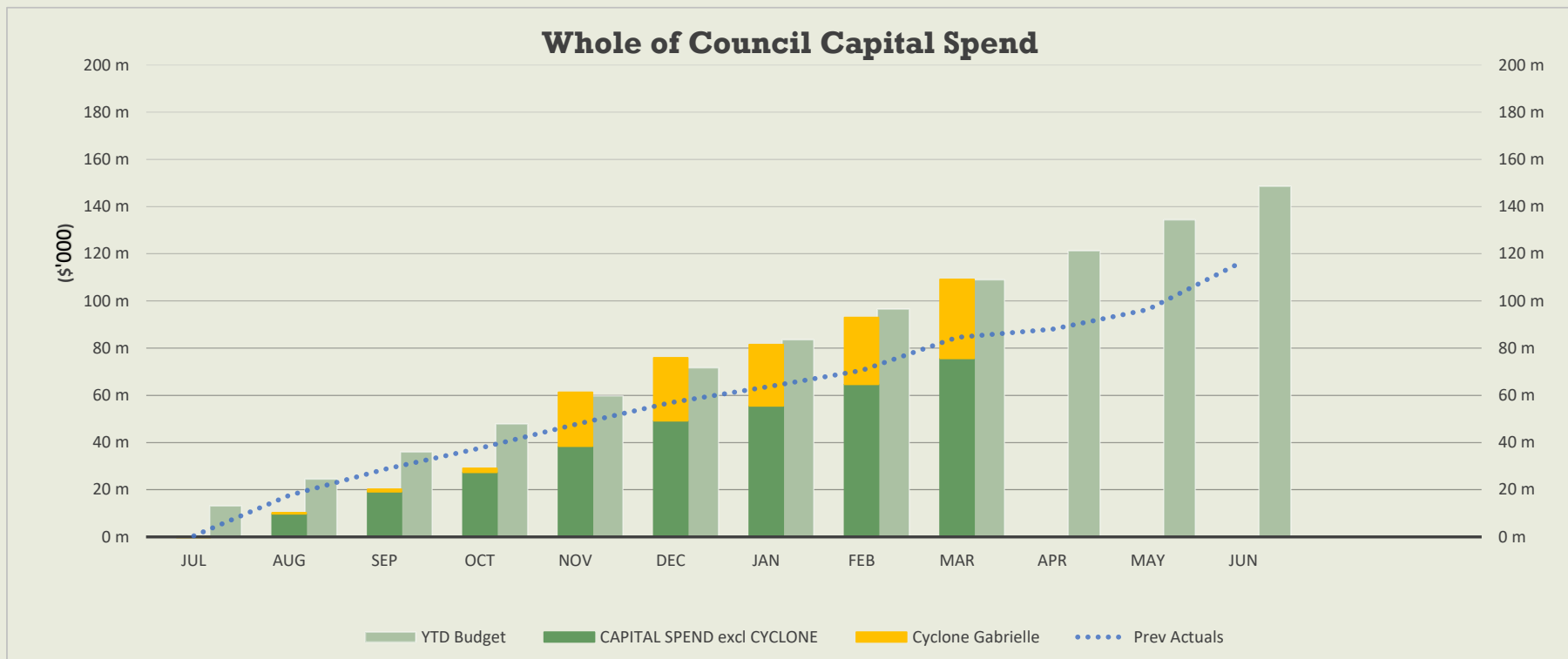


Hastings District Council Statement of Comprehensive Revenue and Expense as 31 March 2024					
	YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)	Full Year Annual Plan (\$'000)	Full Year Forecast (\$'000)
<b>Revenue</b>					
Rates	83,591	83,488	103	111,317	111,317
Fees, charges & metered water supply	30,820	30,920	(100)	40,655	40,549
Subsidies and Grants	5,421	6,097	(676)	8,386	7,560
Interest revenue	1,129	-	1,129	-	1,446
Other revenue	479	441	38	1,583	1,599
<b>Total Operating Revenue - Ongoing Operations</b>	<b>121,438</b>	<b>120,945</b>	<b>493</b>	<b>161,941</b>	<b>162,472</b>
<b>Expenditure</b>					
Personnel Costs	34,730	35,989	1,259	46,018	46,790
Finance Costs	13,666	7,506	(6,160)	10,008	18,013
Other Operating Costs	61,226	59,018	(2,208)	80,007	83,629
<b>Total Cash Expenditure - Operations</b>	<b>109,623</b>	<b>102,514</b>	<b>(7,109)</b>	<b>136,033</b>	<b>148,433</b>
<b>Surplus/(Deficit) - Cash ongoing operations</b>	<b>11,815</b>	<b>18,431</b>	<b>(6,616)</b>	<b>25,908</b>	<b>14,039</b>
<b>Less Non Cash Expense</b>					
Depreciation & Amortisation Expense	44,875	39,503	(5,372)	52,671	59,577
<b>Net Surplus (deficit) on Continuing Operations</b>	<b>(33,060)</b>	<b>(21,072)</b>	<b>(11,988)</b>	<b>(26,763)</b>	<b>(45,538)</b>
<b>Plus Revenues to Support Capital Expenditure</b>					
Development and Financial Contributions	3,522	9,104	(5,582)	12,139	4,687
Subsidies & Grants to fund Capital Projects	17,082	31,923	(14,841)	36,617	28,476
<b>Total Revenue to fund Capital Projects</b>	<b>20,604</b>	<b>41,027</b>	<b>20,423</b>	<b>48,756</b>	<b>33,163</b>
<b>Accounting Surplus/(Deficit) excl Cyclone Gabrielle</b>	<b>(12,456)</b>	<b>19,955</b>	<b>(32,411)</b>	<b>21,993</b>	<b>(12,375)</b>
<b>Cyclone Gabrielle - Net Revenue &amp; (Expense)</b>					
	51,765	(75)	51,840	(90)	45,101
<b>Overall Surplus/(Deficit) - Operations</b>	<b>39,309</b>	<b>19,880</b>	<b>19,429</b>	<b>21,903</b>	<b>32,726</b>

Hastings District Council Funding Impact Statement as at: 31 March 2024				
Description	YTD Actuals (\$'000)	YTD Budgets (\$'000)	YTD Variance (\$'000)	Full Year Budget (\$'000)
<b>Operations - Funding Source</b>				
Rates	83,591	83,488	103	111,317
Subsidies & Grants	62,523	6,097	56,426	7,814
Fees, charges & metered water supply	32,580	30,714	1,866	39,904
Interest and dividend revenue	1,156	13	1,143	13
Other revenue	899	633	265	943
<b>Total Operating Funding</b>	<b>180,749</b>	<b>120,945</b>	<b>59,804</b>	<b>159,990</b>
<b>Operations - Use of Funding</b>				
Personnel Costs	36,633	35,989	(644)	46,630
Supplier Costs	98,238	51,361	(46,877)	67,226
Finance Cost	13,666	7,518	(6,149)	10,024
Other Operating Cost	8,550	6,425	(2,124)	8,380
<b>Total Use of Operating Funding</b>	<b>157,087</b>	<b>101,293</b>	<b>(55,793)</b>	<b>132,259</b>
<b>Operating Funding Surplus/(Deficit)</b>	<b>23,662</b>	<b>19,652</b>	<b>4,011</b>	<b>27,731</b>
<b>Capital - Funding Source</b>				
Capital Subsidies & grants	38,725	31,923	6,803	44,252
Development & financial contributions	3,483	8,921	(5,438)	11,895
Debt - Increase or (decrease)	30,150	40,806	(10,656)	55,292
Sale of Assets	668	535	133	714
Other Capital Funding	39	183	(144)	244
<b>Total Capital Funding</b>	<b>73,066</b>	<b>82,368</b>	<b>(9,303)</b>	<b>112,397</b>
<b>Capital - Use of Funding</b>				
To meet additional demand (Growth)	304	300	(4)	400
To improve the level of service (New Works)	51,472	67,548	16,075	93,008
To replace existing assets (Renewals)	57,665	41,721	(15,944)	55,723
To Increase or (decrease) reserves	(14,437)	(7,952)	6,486	(9,407)
To Increase or (decrease) Investments	1,724	404	(1,321)	404
<b>Total use of Capital Funding</b>	<b>96,728</b>	<b>102,020</b>	<b>5,291</b>	<b>140,128</b>
<b>Capital Funding Surplus/(Deficit)</b>	<b>(23,663)</b>	<b>(19,652)</b>	<b>(4,011)</b>	<b>(27,731)</b>
<b>TOTAL FUNDING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

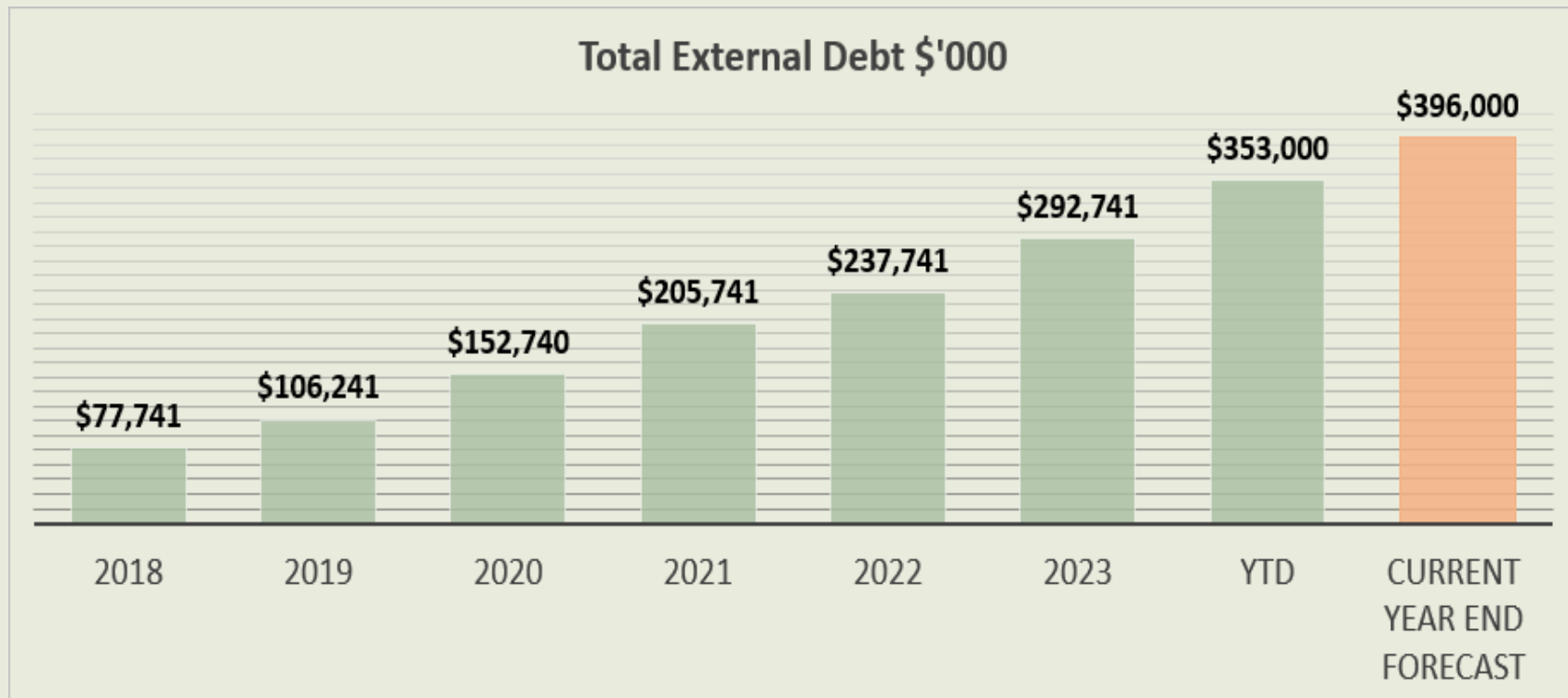
*Note : this statement is a gross view inclusive of cyclone costs, so individual lines will look different to the other statements that have cyclone costs separated out.*

## Whole of Council Capital Spend as at 31 March 2024



### Capital - Commentary

Capital spend for the for the nine months to 31st March 2023 was \$75.6m compared to budget of \$108.9m. Renewals, new works and growth are all behind budget, however it should be noted that the opex response work in transport of \$38.7m does not show as a capital spend, this is in addition to \$33.5m of Cyclone Gabrielle capital spend shown here in yellow.



### Treasury

Total external debt shows the overall increase in debt from 2018. Current debt as at 31st March totals \$353m. If Council completes the full 2023-24 capital programme as well as funding its share of recovery costs it is likely that the closing debt will be much closer to \$396m (allowing for an extra \$23m of opening debt, plus Council's 50% share of property compensation costs plus an expected cash shortfall from operations).





Thursday, 9 May 2024

Item 7

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*

**Hastings District Council: Performance & Monitoring Committee Meeting**

*Te Rārangi Take*

# Report to Performance and Monitoring Committee

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**Nā:**  
**From:** **Bruce Allan, Deputy Chief Executive**

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**Te Take:** **Performance and Monitoring Report for the quarter ending 31**  
**Subject:** **March 2024**

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

- 1.1 The purpose of this report is to present the Performance and Monitoring Report to the Committee for the third quarter of 2023/24 ending 31 March 2024.
- 1.2 The Performance and Monitoring Report and appendices are attached as **Attachment 1** and provide a comprehensive overview of Council's activities.
- 1.3 Note that given the detailed Recovery report received by the Strategy and Recovery Committee on May 2<sup>nd</sup>, there is no Recovery update included in the Performance and Monitoring report as has been reported previously.

## **2.0 Recommendations - *Ngā Tūhunga***

That the Performance and Monitoring Committee receive the report titled Performance and Monitoring Report for the quarter ending 31 March 2024 dated 9 May 2024.

### **Attachments:**

[1](#) Performance and Monitoring Report Quarter ending 31 March 2024 Final CG-17-4-00108 Document 3

