

Horowhenua District Council Interim Organisation Performance Report

August 2023



About this report

We're on a journey on being transparent on how our organisation is performing with Elected Members and our Community, this report is the first step. The report is a great opportunity to share our stories, our successes, our concerns and where we need to improve. This report is just a snapshot of the great work we do across our community.

This report will be prepared for every full Council meeting, each time you will see refinements, improvements, additions and deletions. We will always be working towards keeping Elected Members and our community fully informed and up to date.

You will notice the Organisation Report has been completely revamped, mostly to align with the Council Plan on a Page. We have also changed our Activity Updates to Group Updates which include Activity Updates. This is to allow work completed within a Group but not in an activity to be reported on.

The reporting period for Health and Safety Report, Group Updates, Top 10 Priorities Updates, Other Areas of Focus Updates, Organisation values and Primary Pillars Updates and Risk Report is **28 June – 9 August 2023**

Financial and performance measure reporting is **30 June Year to Date**

Being the Interim Report this OPR includes the following:

Dashboard

This dashboard contains key summarized financial and performance measure information. This will be provided in the Interim and Full OPR.

Top Ten Priorities Updates

A brief update is provided for the Interim OPR and a more comprehensive update will be provided in the next Full OPR.

Capital Projects Overview and Lifecycle

This report is the same that is provided in the Full OPR.

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Organisational Performance Dashboard

Organisational Performance Dashboard

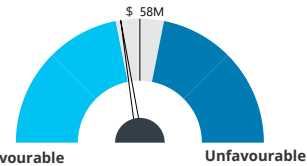


Organisational Performance

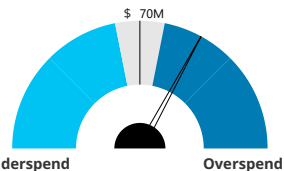
YTD Ending 30 June 2023

This dashboard shows a snapshot of how we are tracking against our performance measure targets, our financial performance overall and activity financial information.

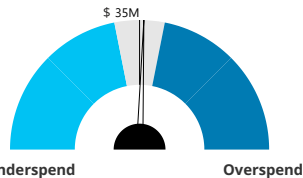
Financial Performance



| INCOME | |
|-----------|---------------|
| Actual: | \$60.46M |
| Budget: | \$58.15M |
| Variance: | \$2.31M, 4.0% |
| | On Target |

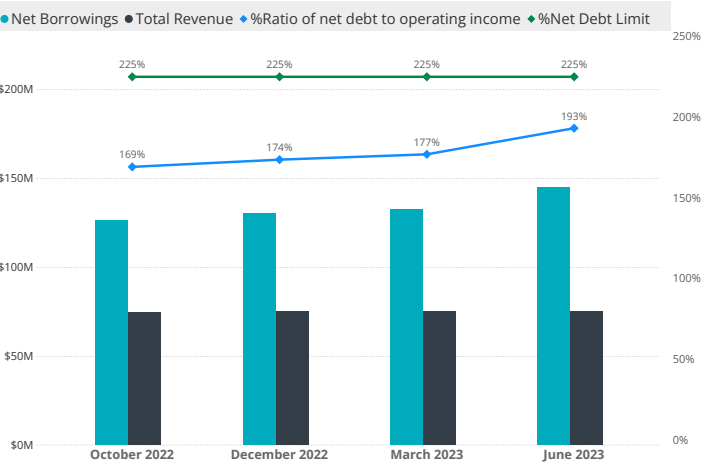


| OPERATING EXPENDITURE | |
|-----------------------|-------------------|
| Actual: | \$78.85M |
| Budget: | \$69.95M |
| Variance: | -\$8.90M, (12.7%) |
| | Overspend |



| CAPITAL EXPENDITURE | |
|---------------------|--|
| Actual: | \$35.30M |
| Original Budget: | \$52.39M |
| Target Budget: | \$35.00M |
| Variance: | -\$0.30M, (0.8%) Against Target Budget |
| | On Target |

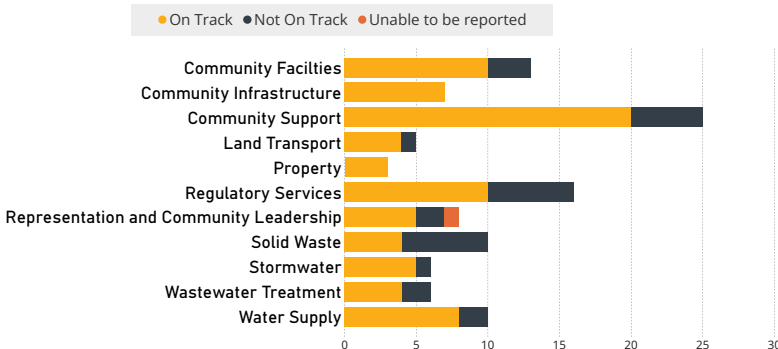
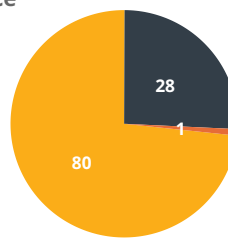
Net Debt to Operating Revenue



We budgeted to borrow an additional \$12m as part of the 2022/23 Annual Plan. For the year our net borrowings increased by a further \$27m. This contributed to a higher than planned Net debt to Operating Revenue ratio of 193% in June 2023. The table below shows the main reasons for the higher net borrowing requirements in 2022/23:

| | Budget for 2022/23 | Actual for 2022/23 | Increase/ (decrease) in net borrowings |
|--|--------------------|--------------------|--|
| Proceeds from sale of assets | \$4.2M | \$4.2M | \$0.0M |
| Lower than expected capital grants (largely due to timing) | \$16.6M | \$8.5M | \$8.1M |
| Lower ending cash balance than budgeted | \$11.6M | \$4.2M | \$7.4M |
| Decrease in borrower notes and term deposits | \$6.6M | \$3.5M | \$3.1M |
| Additional operational deficit | \$8.6M | \$5.8M | \$2.8M |
| Additional net interest | \$3.3M | \$5.0M | \$1.7M |
| Increase in Net Debt for 2022/23 | | | \$27.3M |

Overall Performance Measures



These are provisional performance measure results for 30 June Year to Date, which is also the end of the financial year. We are currently reviewing the performance measure results and supporting evidence in preparation for the Annual Report and subsequent audit. Final results will be included in the Annual Report.

Council reported a full year operating deficit of \$18.4m versus a revised full year budget deficit of \$11.8m. The variance of \$6.6m is \$2.9m higher than forecasted at the end of May and consists of:

- Additional unfunded depreciation \$2.1m due to the higher 2021/22 valuation of the three waters and roading assets. This is \$900k higher than forecasted in May 2023 and was due to the higher valuation of assets in 2021/22 and was finalised as part of the annual report adoption for 2021/22.
- Higher net finance costs of \$1.7m due to higher interest rates.
- Underlying additional rates deficit - \$2.3m, which is \$2.2m higher than forecasted in May 2023. This is made up of:
 - Additional professional services, three waters transition labour costs and audit fees approved by Council of \$0.7m.
 - Additional maintenance of \$1.8m in 3 Waters operation and maintenance contract, land transport's emergency works, road improvements and general work, solid waste on general contract work. This is \$800k higher than forecasted in May 2023.
 - Lower staff recovery to capital projects of \$1m. This is \$400k higher than forecasted in May 2023.
 - Additional consultant fees \$0.6m, this is \$800k higher than forecast at the end of May 2023. Mainly for O2NL consultancy fees which we expect to receive funding from Waka Kotahi, Council's contribution to the Wellington Regional Growth Framework, Elections costs and LTPA audit costs not budgeted for.

Offset by:

- Additional operating subsidies being up by \$1.2m due to unbudgeted funding for the transitional support package and 3Waters reform stimulus fund from DIA.

Council completed \$35.3m towards the budgeted capital programme of \$52.4m as at the end of June 2023 for 2022/23. The 2022-23 Annual Plan had a total capital programme of \$52m but \$35m budgeted to be spent. The level of capital grants is also lower than budgeted due to the timing of the capital programme changing from what was originally planned. This is largely due to the Tara-Ika programme moving out to future years. The planned carry forward is approximately \$12m, of which all is already included in the 2023/24 Annual Plan. A carry forward report will be presented to the Council on 30th August 2023.

Operating Expenditure and Capital Expenditure By Activity



Tiro Whānui Hinonga Matua

Capital Projects Overview



Capital Project Lifecycle and Confidence Report

Successful delivery of the project against its project parameters appears on track as planned, and there are no major outstanding issues or risks that appear to threaten delivery.

Successful delivery of the project against its project parameters appears feasible but significant issues already exist, requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun or loss/delay of benefits.

Successful delivery of the project against its project parameters appears to be unachievable. There are major issues with schedule, budget, resource, quality and/or benefits delivery, which at this stage does not appear to be solvable. The project may need rescoping and/or its overall viability reassessed.

| Key | ⊖ amoveto the right | ⊕ amoveto the left | * If changed colour | # project added since last report | | |
|-------------------|--|--------------------------------------|---|--|--|---|
| Project Lifecycle | Development | Consent | Plan and Procure | Deliver- 22/23 FY | Deliver- ongoing | Close and Evaluate |
| | Scope and approvals | | Implementation planning | Implementation | | Monitor benefits |
| | Foxton East Drainage Scheme | Foxton Beach SW planning and consent | Foxton Water Renewal 23/24 | Minor Road Improvements | Foxton WWTP | Gladstone Road Realignment |
| | Lake Horowhenua water quality improvements and Queen St SW consent | Tokomaru WW disposal | Levin WWTP renewals | Footpath Renewals | Foxton Aquatic Centre | Levin Landfill- Old dump capping |
| | Levin Pot- Strategic upgrade | Poads Rd Reservoir | Tara-Ika - Queen St Stg.1 SW | North East Levin SW- SW Trunk and Coley Pond works | Waitarere Beach Surf Club | Jubilee Park Splash Pad |
| | Shannon WWTP | | SH57/Tararua Road Roundabout | Levin NE WW Renewals | Foxton Beach WWTP | Public toilet - Major renewals |
| | Tokomaru WWTP | | Foxton WW Renewals | Levin Water renewal- Liverpool Street | Old Dump remedial works Leachate investigation | Sealed Road Resurfacing annual programme |
| | Foxton Beach WTP | | Foxton Water renewal | Cycle Facilities | Pot WW discharge development and renewals | → x3 Tararua Road/SH57 roundabout enabling works |
| | Levin WTP renewal | | Levin New Landfill - Additional capping | Shannon - Mangahao Water Renewal Stg1 | Tara-Ika Tararua Road WW | Donnelly Park Netball Court resurfacing, lighting and fencing |

| | | | |
|--|---------------------------------|--|-------------------------------|
| Shannon WTP renewal | Levin Water Supply Fluoridation | Tara-Ika Trunk Watermain (Tatarua) | Levin WW Renewals Kings Drive |
| Foxton Beach WTP renewal | Foxton Beach Water renewal | Stormwater new including Ramona Ave, Waitarere Beach | |
| Tokomaru WTP renewal | Weararua/York St WW upgrade | Sealed Pavement rehabs | |
| Waikawa Beach Access | | Waitarere WWTP | |
| Levin Adventure Park Playground renewals | | Road Improvements | |
| Levin WWTP Master Plan | | | |
| Levin WTP Master Plan | | | |
| Horowhenua Transport Investment PBC | | | |
| Okarito SW connection | | | |
| ← x2 Macarthur Wastewater and Water | | | |
| # Shannon Water Renewal - Stafford | | | |
| # Levin Wastewater Treatment Plant - Inlet pip Upgrade | | | |

Ngā Whāinga Matua 10

Top 10 Priorities (Plan on a Page)



Our top 10 priorities



Enabling affordable housing that meets the needs of a growing population through the implementation of the Housing Action Plan

We continue to work through and develop opportunities for the additional supply of both affordable, social, and general housing supply.


Kainga Ora continues to be a key short-term partner in developing and initiating some of the early projects across the district. New builds are under-way and council has been collaborating with Kainga Ora and private developers around additional opportunities.

Consenting timeframes are improving in the Building space whilst the Planning timings continue to struggle. Recent additions to the Planning team will aim to improve on this position.

The Housing Action Plan will also be the subject of a refresh in the coming months to ensure the intent remains in touch with the current needs of our community, and that outcomes are measurable and deliverable.

The market continues to slow and consenting volumes remain down for the year to date. Both resource and building consent applications have declined by around 25%.

The new social housing development on Hinemoa Street is however progressing strongly whilst Kainga Ora also have a few smaller scale developments underway.



Achieve the best outcome for Horowhenua in the face of Three Waters Reform Transition

Horowhenua District Council and Horowhenua Alliance staff attended a series of professional development workshops being led by the National Transition to support navigating and leading through change.

Any requests for information from the National Transition Unit due during this reporting period have been completed.

On Friday 4 August, CE Monique Davidson and the Three Waters Transition Manager attended the Entity E Local Transition Team kick off meeting.

The Three Waters Transition Manager has been regularly attending meetings with the National Transition Unit and other transition managers pertaining to different workstreams.

Better Off Funding 6-monthly mandatory reporting has been completed.



Deliver on the Levin Town Centre Transformation Strategy

Limited progress during this period. The 'We are Horowhenua' placemaking initiative has been progressing with applications open during August. Initial response to this has been positive. Officers will be expecting to short list the applicants during August and undertake the photo shoot late August early September.

Officers have been preparing for a dedicated Town Centre workshop with elected members. This is scheduled to take place on 24 August.

Officers are currently undertaking a review of the Levin Town Centre Strategy following direction provided by elected members at the Task force meeting 2 August.

A Performing Arts Centre needs assessment is also underway with officers engaging with relevant stakeholder groups to inform this assessment.



Provide advocacy and leadership to Ōtaki to North Levin expressway project

In July HDC wrote to the new Minister of Transport Hon David Parker seeking assurances that funding for the Ō2NL project is committed. Minister Parker responded with confirmation that the full project funding has been committed, with the project due to commence in 2025. This is excellent news for the community.

The Ō2NL Notice of Requirement process is continuing to progress well and is on track for an October Environment Court.

Initially the Court had expressed its intent to have the hearing in Paraparaumu. HDC, Waka Kotahi, and Iwi all had a strong preference for the hearing to be held in Horowhenua, so HDC assisted the Court in arranging for the hearing to be held in the HDC Council Chamber. This will make it significantly easier for submitters and community members to attend the hearing.

On 30 June Council officers and elected members took part in a Waka Kotahi workshop to input to the Legacy Outcomes Framework that Waka Kotahi had started developing. This was a valuable workshop which has identified important outcomes to be delivered through the project. Officers are continuing to work with Waka Kotahi to incorporate these into the framework being developed.



Get the basics right and support the customer focused delivery of core services

Significant work is happening in this area. Key work includes:

The detailed planning for the Data Project and Microsoft 365 (M365) projects is well underway. This involves portals being set up within M365/SharePoint to drive improvements in procurement, risk, business planning and gathering information on Conflict-of-Interest reporting.

The Procurement team have established a new process under the All of Government Contract for Legal Services. The process sets out for staff how to identify the area of law required, assess offerings from a panel of providers and use a defined method to set scope and receive estimates prior to confirming a preferred supplier. Post engagement reviews will also be undertaken.

Improved end of year performance and pay review process successfully implemented. Pay increase timeframes moved to September to remove back pay and the cost & work required. Allows for leaders time to have robust performance conversations.



Deliver the capital infrastructure programme, and achieve an increase in the percentage of completed works

The focus of this top ten is around achieving an increase in the percentage of completed works. This will become an important measure once the overall programme for 2023/24 has been confirmed. On Wednesday 9 August Officers briefed Elected Members on the development of a prioritised Capital Delivery Programme that will help to build confidence in the scope and ability to deliver what matters for our community. We have started the 2023/24 financial year with a \$35M hold point for delivery of an initial \$62M scope of work set out in LTPA.

Alongside the programme development a parallel financial summary will also be used to track risks and key assumptions that effect borrowings providing a more conclusive overview of the programme to inform decisions around funding of individual projects. This includes asset sales, revenue from development contribution or projects with external funding.

One month in we are already seeing new projects emerging in the three waters space as ongoing investigations throw up fresh problems and solutions. To manage this and create an overall picture of programme size and ability to deliver the team have developed a number of prioritisation categories to be reviewed alongside scope and identified need for project.

Projects have been categorised into:

- P1 – Committed: A signed contract in place that has committed amount of the budget.
- P2 – External Funding: The budget has funding granted from an external party.
- P3 – High (Shovel Ready): The Project is ready to start.
- P4 – High (In Development): The Project is in development for delivery 2023/24.
- P5 – Community Expectations: Potential community Expectations

- P6 – Identified need, at risk external factors: Project in development but at risk for 23/24
- Defer 1-2 years: The project can be deferred into another financial year.

The Lifecycle and Confidence Report for this OPR is focussed on the 2022/23 financial year. We will have more certainty on the programme for 23/24 following development and discussion at the next Capital Projects Steering Group hui on 13 September.



Reset our engagement and partnership approach, and work more with and for the community

Officers have been working hard behind the scenes to implement ‘Antenno’, a mobile app designed for two-way engagement between councils and their communities. The introduction of this software is part of our broader customer services journey of getting the basics right, and moving to a modern world where interacting with the Council is a quick and easy process. Antenno is scheduled to ‘go live’ on the 9th August 2023, there will be a more detailed explanation including user statistics in the next OPR.



Enable the rebuilding of the Horowhenua District Council organisation, with a focus to empower a culture of excellence, service and continuous improvement

Focus continues the implementation of the Organisation Roadmap, which aims to bring to life the pillars You Matter, Work Matters, Performance Matters and Partnership Matters.

At the time of writing this report we are in the concluding stages of the Pay and Performance Review, having completed a comprehensive review of the policy and putting significant more focus on incentivising high performance.

In July we conducted our Annual Engagement Survey across the organisation. Overall we have witnessed an 8% increase in engagement in the last 12 months, which is supported by a 12% increase in leadership and recognition, and between 6-10% increase across internal communication, organisation learning, performance development, project planning, community focus, review, strategy and culture. Elected Members will be briefed on the results, learnings and insights from those important yardsticks over the coming weeks.

Also in July, we completed our Voice of the Customer Annual Satisfaction survey across our community. In December last year when we launched our Organisation Roadmap we set a goal to move our Net Promoter Score from -16 to -10 by 30 June 2023. The June 2023 results show that our NPS has increased by 8 points improving to a -8%, exceeding our target, and giving us a public sector NPS of 31.0, up from 16.0 in 2022. Our overall satisfaction has increased from 63% to 69% - and that is with a 48% increase in individual responses from last year, and a 329% increase in collective responses (those who completed more than one survey).

There is still much work to do, and projects and actions that contribute to this priority are expected to be delivered as set out in the Organisation Roadmap.



Make a decision on the Future of the Levin Landfill and follow through on the review of our WMMP

Elected members voted for That Council adopt Option 2 Keep Levin Landfill closed with revenue generated from alternative site use determined through the Waste Management Minimisation Plan (WMMP) development.

The WMMP review has commenced with the first piece of work being the Waste Assessment underway assessing current state.



Complete a Rates review as part of the Long-Term Plan Amendment, to ensure a rating system that is fair and equitable

This was completed as part of the LTPA. The Rates Remission Policy is currently being reviewed and is planned to go out for consultation in October.

Horowhenua



DISTRICT COUNCIL