

Horowhenua District Council Interim Organisation Performance Report

November 2023



Mō tēnei pūrongo

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 a step in that journey. 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 second 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.

Top 10 Priorities Updates

[20 September 2023 – 1 November 2023](#)

Financial Reporting

[Year to date October](#)

Statement of Service Performance Reporting

[Year to date September](#)

Dashboard

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

Top 10 Priorities

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

Statement of Service Performance (SSPs)

These SSPs were set after consultation with our community during the 2021 – 2041 Long Term Plan consultation process. They are important measures of our 'business as usual' work. We note whether these SSPs are on track or not to achieve their target for the financial year.

Ngā Ihirangi

Contents

About this report	2
Organisation Performance Dashboard	4
Plan on a Page – Top 10 Priorities	8
Capital Projects Overview	13



Organisation Performance Dashboard

Organisation Performance
Dashboard



Organisational Performance

YTD Ending 31 October 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

YTD Actual:	\$25.13M
YTD Budget:	\$24.23M
Full Year Forecast:	\$85.32M
Variance:	\$0.90M, 3.7%

● on target

OPERATING EXPENDITURE

YTD Actual:	\$26.07M
YTD Budget:	\$25.29M
Full Year Forecast:	\$82.62M
Variance:	-\$0.78M, (3.1%)

● on target

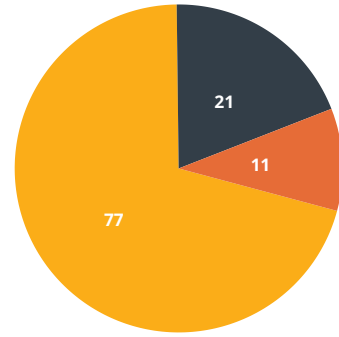
CAPITAL EXPENDITURE

YTD Actual:	\$10.42M
YTD Budget:	\$22.70M
Target Full Year Budget:	\$35.00M
Variance:	\$12.28M, 54.1%

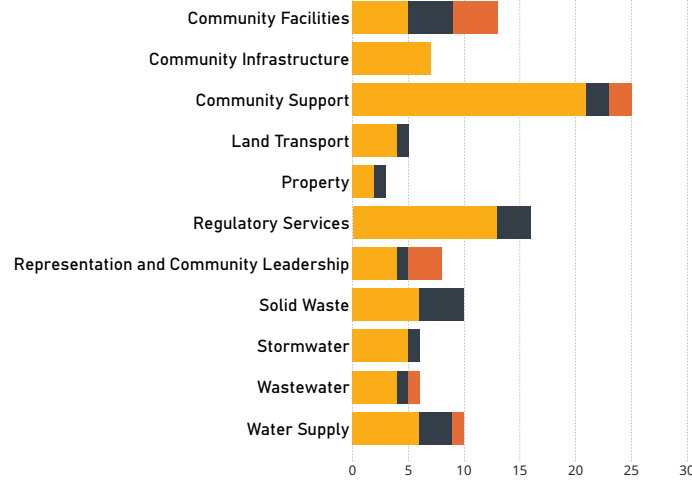
● below target

below target	< -5%
on target	>= -5% to <= +5%
above target	> +5%

Overall Performance Measures

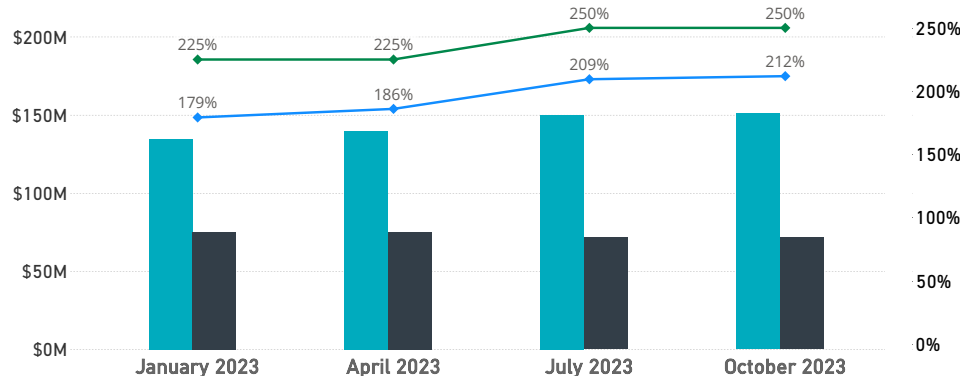


● On Track ● Not On Track ● Unable to be reported



Net Debt to Operating Revenue

● Net Borrowings ● Total Revenue ◆ %Ratio of net debt to operating income ◆ %Net Debt Limit



Net Debt to operating income is tracking higher than the 195% planned in the 2023/24 Annual plan, largely due to capital grants received year to date being lower than expected, property sales not going through in the 2022/23 year, less cash on hand due to a higher than budgeted deficit in the 2022/23 year. More detailed information will be provided in the next full report. Officers are closely monitoring the increasing net debt to operating income ratio and are having the discussion with Council with regards to Council's financial strategy as part of the Long term planning exercise.

Operating Expenditure and Capital Expenditure By Activity



Financial Report

<p>Total Capital Spending</p> <p>\$10.4m is \$12.3m less than the YTD budget of \$22.7m Full Year Forecast is \$45.6m</p>	<p>Grants and Subsidies (Capital & Operating)</p> <p>\$2.9m is \$1.0m less than the YTD budget of \$3.9m Full Year Forecast is \$21.8m</p>	<p>Total Net Borrowings</p> <p>\$150.9m is 212% of budgeted operating income Financial strategy limit is 250%</p>
<p>Operating Revenue</p> <p>\$25.1m is 3.7% more than the YTD budget of \$24.2m Full Year Forecast is \$85.3m</p>	<p>Operating Expenditure</p> <p>\$26.1m is 3% more than the YTD budget of \$25.3m Full Year Forecast is \$82.6m</p>	<p>Total Surplus/(Deficit)</p> <p>(\$0.9m) is \$.1m more than the YTD budget surplus of (\$1.1)m Full Year Forecast is \$2.7m</p>

Council's total deficit at the end of October is \$941k. This is \$123k higher than planned deficit year to date. Council forecast to be in full year operating surplus of \$2.7m compared to a budgeted operating deficit of \$4.6m. This difference of \$7.3m is mainly due to:

- \$8.6m higher level of capital grants expected by the end of the year, and \$1.5m higher level of operating grants, offset by higher net interest costs \$2.2m and higher depreciation \$1.2m expected.
\$6.6m of the capital funding relates to Tara-Ika projects in Three waters and Roding. Operating subsidies include \$375k for the Mayor's Tasks force and \$350k for Destination management.
- The additional Depreciation is not rates funded but is forecast to be higher than budgeted due to a higher-than-expected valuation of assets in the 2021/2022 year which was finalised in May 2023. This additional asset valuation was not factored into the 2023/24 depreciation budget.
- The higher net interest costs is rates funded and caused by rising debt level and cost of borrowings.

The underlying rates deficit expected at the end of the financial year is \$1m, however the aim is to achieve a further \$250k savings. This is predominantly due to higher net interest costs \$1.9m, offset by cost savings identified during the forecast review process and higher rates income.

Council officers have undertaken an initial full review of forecasts for the 2023/24 financial year including alignment with recent CPI adjustments linked to Council wide contracts, utilities and other suppliers. Early indications are that we expect to see small increases across a number of areas in the infrastructure activities, we have also been actively seeking out opportunities to offset increased cost. These are reflected in the results reported above.

Council has completed \$10.4m towards the forecasted capital programme of \$47m as at the end of October 2023. The level of capital grants is also lower than budgeted year to date due to the timing of the capital programme. This is largely due to the timing of Roding capital projects which are

scheduled for summer months, and Three Waters projects which are currently finishing the design stage with physical work expected to start in the New Year.

Ngā Whāinga Matua 10

Plan on a Page – Top 10 Priorities



Ngā Whaingā Matua

Top 10 priorities



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

Housing activity across the district remains low with both Building and Resource Consenting activities down 30% for the year to date. Social and affordable housing options are however continuing to be constructed in the district and HDC remains engaged with a number of stakeholders. HDC are currently reviewing the Housing Action Plan, and it is anticipated that a new Affordable Housing Framework will be adopted on 13 December 2023.



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

The major update for this period was the outcome of the general election, which saw a new National led coalition government formed. The new government campaigned on repealing the Three Waters Reform and since the election has given instructions for all work to cease. This has essentially meant a stop work order on the mandated reform. Council's Mayor and Chief Executive have been part of meetings and discussions with other councils in the region providing some insights for the new government to consider as they look to set a new direction in relation to Three Waters.

Officers have paused any work resulting from the reforms until further direction has been confirmed. Work on alternative options continue.



Deliver on the Levin Town Centre Transformation Strategy

Officers have been working on an addendum to accompany the 2018 Levin Town Centre Strategy and preparing an implementation plan.

Officers have held briefings and taskforce meetings with elected members to explore future ideas and key moves for the Levin Town Centre. Officers have developed with elected members a Levin Town Centre programme and programme leadership structure involving a Steering Group, Reference Group and Challenge Team. As part of this officers have established a Challenge Team consisting of urban design and commercial property and development experts to help test, challenge and improve any initiatives that are to be taken forward and included in the Town Centre Implementation Plan. The advice provided to date by the Challenge Team has been valuable in shaping up the initial key moves.

At the Council meeting 25 October 2023, Council voted Councillors Tukapua and Grimstone to be the elected members on the Levin Town Centre Steering Group.

Officers remain on track to provide Elected Members with a draft Implementation Plan by the end of November 2023. The intent would be to present the Implementation Plan to the December Council meeting for adoption.

The placemaking initiative We are Horowhenua is on track to be installed in the Levin Town Centre prior to Christmas.



Council committed to undertake a Rates Review after the Annual Plan 2022/2023 to consider how rates and costs are shared across the district

A rates review was completed as part of the Long Term Plan Amendment. Council considered, and asked the community, whether how rates are shared could be fairer. We asked for feedback on

three options: keep using land value to calculate the general rate; use capital value instead of land value; or use capital value and have a 20% discount (differential) for rural ratepayers.

This generated a lot of interest. We received 332 submissions on the rates review topic: 235 submitters in favour of keeping land value; 74 in favour of capital value; and 23 in favour of capital value with a 20% discount (differential) for rural ratepayers.

After a long debate, and consideration of all the evidence and submissions, Council decided not to change, as while it brought benefits to many, there were significant impacts on others. Instead, Council have reviewed the Rates Remission and Postponement Policy to incorporate changes that can be made to assist those significantly impacted. Consultation on this revised policy is complete and Council will consider the adoption of the Policy on 13 December 2023.



Provide advocacy and leadership to Ōtaki to North Levin expressway project

October saw the key milestone for the O2NL project achieved with the Environment Court hearing held in Levin in the Council Chamber. The hearing ran very smoothly and required less hearing time than had been initially scheduled with only four days required. A decision from the Environment Court is anticipated in the first quarter.

In the meantime, other phases of the Waka lead project such as procurement for the Alliances to deliver the construction and of purchasing of properties and just some of the workstreams that continue to advance the project.

Council's role as an advocate during this period has been mainly in space of the Legacy Outcomes Investment Framework. This remains an ongoing piece of work with the Council looking to ensure that positive legacy outcomes for the community. Officers have worked during this period to provide Waka Kotahi with a set of Council's outcome statements. Waka Kotahi have provided feedback on the legacy outcome statements supplied by Council. A meeting with elected members and Waka Kotahi will be held in the new year to advance the legacy outcomes before an integrated Legacy Outcome Investment Framework is finalised.

The general election result is not perceived to be a threat to the project going ahead given that the National Party campaigned on getting the road built.



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

Work continues across the organisation. Some examples of progress are:

- The recently completed Customer Excellence action plan was endorsed by the executive leadership team and the first step of developing a customer excellence portal for staff has been implemented. Content for this portal will be added on an ongoing basis to support our kaimahi in delivering on our service aspirations.
- Continued rollout of Group Work Plan process to other groups.
- Ongoing improvements to our newly created leave dashboard to be rolled out as part of the Digital Workplace Programme
- As per Audit Management Report action, in this reporting period we have:
 - Ongoing implementation of the new conflict of interest register and process to receive, monitor and manage staff declarations regarding any conflicts of interest. Working with facilities to support staff that do not have system access.

- Roll out and implementation of the newly updated Staff Acknowledgement Policy



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

Work is progressing, as reported to the Capital Project Steering Group alongside information within the financial and capital projects section of this report.



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

Progress continues on the Māori Engagement Framework, and a meeting with Iwi partners was scheduled for further discussion on this significant kaupapa in November.

Officers are actively seeking iwi/hapu input on an amendment to the Property Disposal strategy. This amendment would grant iwi/hapu the first right of refusal to purchase property at the market rate before it is offered for disposal to the broader market. This proposal is set to be presented to the Council for consideration and potential adoption of the amended strategy in December.

During this reporting period, Council has been engaging with the community on the introduction of a Freedom Camping policy, the Rates Remission and Postponement Policy, and pre-engagement activities are underway as part of the 2024-44 Long Term Plan



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

Work continues across the organisation. Some examples of progress are:

- Cascade of high level goals to individual goals and performance development plans continues. Preparation for 6 monthly performance reviews that will begin in the new year.
- Digital Action Plan initiatives continue to progress;
 1. Plan to deploy digital workspaces for teams from February developed
 2. Ongoing development and launch of Information Portals
 3. The Hub evolution (Intranet replacement) is on track for January 2024 go-live
 4. Information related policies and procedures being reviewed and updated in line with transition to modern digital workplace
- Data Platform Strategy and management – further development undertaken, version 1 ready to present to ELT
- Implementation of updated recruitment and hiring strategy.
- Turnover continues to decrease, and vacancies are typically where the decision has been made to hold roles given the current financial pressure on the organisation.



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

Council voted to close the Levin Landfill May 2023.

A workshop was held with elected members on 18 October to discuss the Solid Waste Debt and Rates funding and how we work on changing the way the activity is rated, and support from elected members on the vision, goals, objectives and targets for the Waste Management Minimisation Plan (WMMP).

Feedback taken from workshops will be used for early engagement as part of the LTP process and to help refine the draft WMMP. The draft WMMP and waste assessment is on track to be provided to Council prior to the end of the year.

Tiro Whānui Hinonga Matua

Capital Projects Overview



Capital Projects 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

⊖a move to the right

⊕a move to 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 dumping
	Levin Pot - Strategic upgrade	Poads Rd Reservoir	Tara-Ika - Queen St Stg.1 SW	Stormwater new including Ramona Ave, Waitarere Beach	Waitarere Beach Surf Club	Jubilee Park Splash Pad
	Shannon WWTP		SH57/Tararua Road Roundabout	Waitarere WWTP	Foxton Beach WWTP	Public toilet - Major renewals
	Tokomaru WWTP		Foxton WW Renewals	Sealed Pavement rehabs	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	Donnelly Park Netball Court resurfacing, lighting and fencing
Levin WTP renewal	Levin New Landfill - Additional capping	Road Improvements	Levin WW Renewals Kings Drive	Tara-Ika Tararua Road WW
Shannon WTP renewal	Levin Water Supply Fluoridation	→ Weararua/York St WW upgrade	North East Levin SW - SW Trunk and Coley Pond works	Levin Water renewal- Liverpool Street
Foxton Beach WTP renewal	Foxton Beach Water renewal		Levin NE WW Renewals	Tara-Ika Trunk Watermain (Tararua)
Tokomaru WTP renewal	Shannon Water Renewal - Stafford		Shannon - Mangahao Water Renewal Stg1	
Waikawa Beach Access				
*Levin Adventure Park Playground renewals				
Levin WWTP Master Plan				
Levin WTP Master Plan				
Horowhenua Transport Investment PBC				
Okarito SW connection				
Macarthur Wastewater and Water				

Levin
Wastewater
Treatment
Plant - Inlet
pipe Upgrade

Horowhenua



DISTRICT COUNCIL