

Notice is hereby given that an ordinary meeting of the Finance, Audit & Risk Committee will be held on:

Date: Wednesday 25 November 2020
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: Horowhenua District Council
Levin

Finance, Audit & Risk Committee

OPEN AGENDA

MEMBERSHIP

Chairperson	Mr Philip Jones	
Deputy Chairperson	Mrs Christine Mitchell	
Members	Mr David Allan	
	Mr Wayne Bishop	
	Mr Ross Brannigan	
	Mr Todd Isaacs	
	Mr Bryan Jackson	
	Mr Sam Jennings	
	Mrs Victoria Kaye-Simmons	
	Mr Robert Ketu	
	Mrs Jo Mason	
	Ms Piri-Hira Tukapua	
	HWTM Bernie Wanden	
Reporting Officer	Mr Doug Law	(Chief Financial Officer)
Meeting Secretary	Mrs Karen Corkill	

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Full Agendas are available on Council's website
www.horowhenua.govt.nz

Full Agendas are also available to be collected from:
Horowhenua District Council Service Centre, 126 Oxford Street, Levin
Te Awahou Nieuwe Stroom, Foxton,
Shannon Service Centre/Library, Plimmer Terrace, Shannon
and Te Takeretanga o Kura-hau-pō, Bath Street, Levin

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1 Apologies

2 Public Participation

Notification of a request to speak is required by 12 noon on the day of the meeting by phoning 06 366 0999 or emailing public.participation@horowhenua.govt.nz.

See over the page for further information on Public Participation.

3 Late Items

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

4 Declarations of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

5 Confirmation of Minutes

5.1 Meeting minutes Finance, Audit & Risk Committee, 28 October 2020

6 Announcements

Public Participation (further information):

The ability to speak at Council and Community Board meetings provides the opportunity for members of the public to express their opinions/views to Elected Members as they relate to the agenda item to be considered by the meeting.

Speakers may (within the time allotted and through the Chairperson) ask Elected Members questions as they relate to the agenda item to be considered by the meeting, however that right does not naturally extend to question Council Officers or to take the opportunity to address the public audience be that in the gallery itself or via the livestreaming. Council Officers are available to offer advice to and answer questions from Elected Members when the meeting is formally considering the agenda item i.e. on completion of Public Participation.

Meeting protocols

1. All speakers shall address the Chair and Elected Members, not other members of the public be that in the gallery itself or via livestreaming.
2. A meeting is not a forum for complaints about Council staff or Council contractors. Those issues should be addressed direct to the CEO and not at a Council, Community Board or Committee meeting.
3. Elected members may address the speaker with questions or for clarification on an item, but when the topic is discussed Members shall address the Chair.
4. All persons present must show respect and courtesy to those who are speaking and not interrupt nor speak out of turn.
5. Any person asked more than once to be quiet will be asked to leave the meeting.

Community Facilities - Activity Update

File No.: 20/514

1. Purpose

To provide the Finance, Audit and Risk (FAR) Committee with an update on the projects and activities being undertaken within Community Facilities which form part of the Communities, Partnerships and Business Group.

2. Recommendation

- 2.1 That Report 20/514 Community Facilities - Activity Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Key Highlights and Business Priorities

3.1 HIGHLIGHT PROJECT PRIORITIES

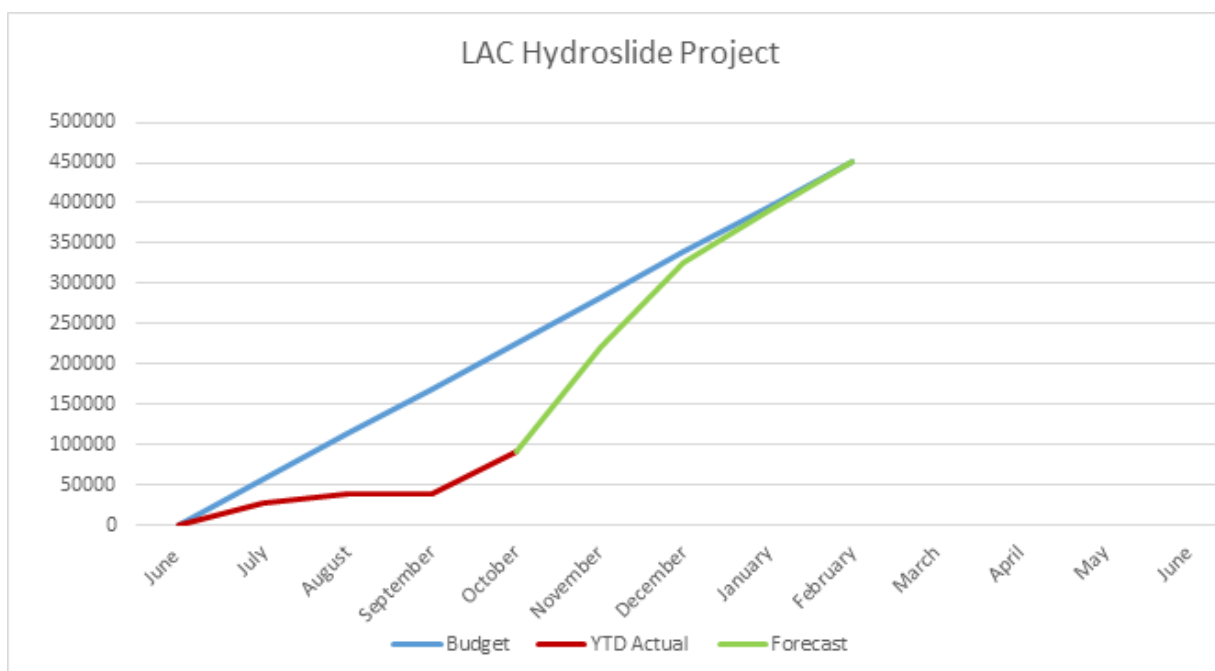
Levin Aquatic Hydroslide

Capital Budget: \$451,401

Four Month Spend: \$97,102

The stairwell is offsite and has been assessed by engineers; as expected there are some areas of significant deterioration that require replacement rather than repairing. Following the repairs, the steel will be hot dip galvanised and painted in an epoxy base paint. The stairwell will then be erected back on site. There was allowance within the project budget for steel remediation and, at this point, we remain on budget.

Risk Area	Risk Identified	Consequence	Likelihood	Risk Assessment (Low to Extreme)	Managed how
Financial	Budget overspend		Moderate	Moderate	Contingency built in to overall project budget and controls in place between lead contractor and subcontractors.
Service Delivery	Timing, project not completed by anticipated date	Customer dissatisfaction, potential reputational risk	Moderate	Moderate	All work is programmed within a shared work plan with critical milestones that trigger review



Library Books

Capital Budget: \$200,000

Four Month Spend: \$58,150

The COVID-19 pandemic has meant significant disruption to publishing, the printing of books and their freight/delivery from the publishers. This is an across-the-board problem, affecting all book suppliers, book stores and libraries across New Zealand.

Many publishers decided to push back select publication dates for their titles in order to give them the best chance to succeed in the marketplace.

These disruptions have created obstacles to getting books on time and through the process used in Horowhenua Libraries previously. Specifically ordering in stock from major Australia New Zealand (ANZ) based publishers is less reliable and less timely than it used to be.

Current situation

- Titles for items are confirmed three months in advance and selectors must purchase ahead by an agreed publisher cut-off date.
- Publishers are printing smaller quantities now and do not want to be left with surplus stock after the initial orders received/printing.
- Orders will be sent to NZ by sea freight. Sea freight takes two weeks whereas airfreight used to take two days.
- Over the last couple of months a long running pay dispute at the Australian ports escalated into strikes, leaving a large majority of shipping cargo stranded.
- For now, strikes have been postponed and the backlog is about to be tackled; a backlog that apparently exceeds 100,000 containers around Australia. As a rough estimate it will take between two and three months to return to normal. Building in the shipping time to NZ, this is likely to mean deliveries actually arriving in early 2021.
- UK and US editions, in-stock, will arrive quickly by air freight. They may well be more expensive, however, than the Australia New Zealand (ANZ) equivalent. As demand will be high in US and UK retail for Christmas, Horowhenua Libraries can not guarantee these alternatives either.

What does this mean?

- This has been affecting publishing schedules and release dates for months which could also result in a huge backlog of orders arriving at our branches for cataloguing and processing at once.
- UK and US editions will arrive quicker by air freight; however they will be more expensive. This will impact on future buying and the library budget.
- Spend is anticipated to fluctuate and it will be out of sync with how the anticipated budget spend was forecasted through the Annual Plan setting process.
- There will be a shortage of new release books available in Horowhenua Libraries impacting on the number of physical items borrowed as well as a resulting decline in visitor numbers.
- Librarians will also need to support the digital literacy of ongoing customers as well as those new to using eDevices.
- Bridging the digital divide is also crucial for those who have no or limited access to the internet or have barriers to using eBooks (e.g. digital literacy, affordability, disability).

Financial Implication

- Delayed orders will affect the 2020-2021 budget. Books, despite being on order, and are in transit, will not be processed as received and therefore not invoiced. This will likely result in being under budget; therefore going forward this will be monitored within the Community Facilities Update to the Finance Audit and Risk Committee.
- eBooks are an obvious alternative to physical copies of books. This will result in additional eBooks having to be purchased which will require careful consideration as it will impact on the available budget. Investigation into this is underway.

4. Updates for the Committee's Information

The New Zealand Libraries Partnership is an initiative established through the New Zealand Government's COVID-19 Response and Recovery Fund and led by the National Library, which supports librarians and library services to be retained in New Zealand supporting community recovery.

The New Zealand Libraries Partnership secondment programme provides for upskilling people in librarian roles and for specialist librarians to support community recovery and bolster reading, digital literacy and learning activity.

What does this mean for Horowhenua Libraries?

The appointment of two full-time Librarians (focus areas detailed below) and one full-time library assistant for an 18 month period from 05 January 2021 to 30 July 2022 at no extra cost to Horowhenua District Council. All salary costs, recruitment, superannuation, ACC levies, travel, programming costs and general office costs (IT, training, etc.) are included within the secondment budget.

The three roles funded are:

- Digital Inclusion Coordinator
- Services to Older Adults Librarian
- Library Assistant.

The focus areas for the roles are:

- Digital inclusion, supporting and assisting job seekers and learners
- Library workforce development, supporting an increasingly diverse workforce
- Community engagement, supporting community recovery
- Reading for pleasure, supporting wellbeing
- Te Reo and Mātauranga Māori, supporting local iwi
- Content creation and curation of on-line New Zealand resources.

Horowhenua Libraries have already begun to promote partnerships with external stakeholders and address identified barriers that hinder the digital needs of our community (e.g. the SkinnyJUMP and Shannon School Partnership detailed at a recent Council meeting by Kiri Pepene and Leala Faleseuga who led the programme with great success).

Horowhenua Libraries recognise that programmes need to be adaptable and flexible, delivered by local partner organisations in ways that meet local needs. It is also recognised that training needs to be hands-on and practical, in a safe and comfortable learning environment, led by empathetic and trusted training partners. The additional funded roles will continue to put mechanisms in place to help our community's basic digital literacy. The partnerships that we develop with other organisations are going to continue to be important because foundational skills are shifting, so there is always going to be a need for that support for library users.

The shifting older age demographic has also made it imperative for Horowhenua Libraries to provide adequate programming to support the increased demand on services and programming for older adults. It should be noted that the 'moderate' projection for 2028 is that Horowhenua's 65+ age group will climb to over 32% of the population.

The NZ Libraries Partnership Programme and the roles created as a result, will help support the gaps identified in line with the strategic aims of the Horowhenua District Council.

The benefits of these secondments to our community and to the Library Team are huge:

- Providing suitable and on-going new reading material
- Encourage our community to participate in lifelong learning
- Participation in learning activities offered by libraries contributes to successful aging, and has physical and psychological benefits
- Prioritises Professional Learning Development so that all staff can develop their digital capabilities to support the on-going digital needs of users
- Encouraging cultural diversity
- Reducing isolation (noting Horowhenua Libraries Homelink service during COVID-19 was very successful)
- Reducing barriers due to sight/hearing/mobility/dexterity
- Increasing access and support, supporting literacy and digital literacy
 - The NZ Government wants 80% of transactions completed on-line by 2021. NZ research shows people without internet and digital literacy are typically high users of government and social services and relatively isolated.
 - Increased digital skills provide a stepping stone to escape from poverty. They increase confidence, improve employment and earning capacity, and reduce daily costs.

Attachments

There are no attachments for this report.

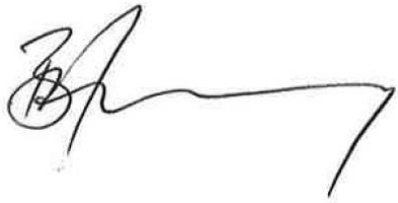

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in

- mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Brent Harvey Community Facilities & Events Manager	
Approved by	Nicki Brady Deputy Chief Executive	

Infrastructure Development - Activity Update

File No.: 20/496

1. Purpose

To provide the Finance, Audit and Risk (FAR) Committee with an update on the projects being undertaken by the Infrastructure Development Group.

2. Recommendation

- 2.1 That Report 20/496 Infrastructure Development - Activity Update be received.
- 2.2 That these matters or decisions are recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Key Highlights and Business Priorities

3.1 Foxton River Loop Regeneration – Stage One

3.1.1 Progress update

We are approximately 80% through the river excavation for Stage One. On 13 November we reached a key project milestone whereby we can cease removing excavated material off-site. All remaining excavated material can be respread on site to build up the new riverside park.

We have now begun forming the new foreshore embankment (refer image below). The first



80m at the northern end of the River Loop has been treated with biodegradable coconut

matting and hydro seeded to protect the embankment until riparian planting gets underway in Autumn 2021.

Excavation in the river will be substantially complete by the end of November, almost a month ahead of schedule. This has given us more time to prepare the new riverside park.

We remain confident of completing the Stage One works (excepting the autumn planting) by early 2021. We are targeting an official opening ceremony on 27th February 2021.

3.1.2 Zero Harm

The site remains zero harm with no lost time or medical treatment injuries recorded.

3.1.3 Riverside Park Design

The riverside park design includes the current Harbour Street Reserve and extends between the 'Red Shed' and Paretao Gardens. Within the new park, complementary spaces with overlapping functions will be integrated to form a cohesive environment. Outdoor "rooms" will accommodate cultural elements/art work which will be installed over time. As well as dedicated spaces for park furniture, lighting and passive and active recreation activities. A wide multi-use path close to the water's edge ties into a cross connected network of walkways that connect the park with Harbour Street, Te Awahou and the town beyond.



Angle parking bays will be provided at Harbour Street, in sufficient numbers for day-to-day park use. For event parking, areas between the parking bays can be used temporarily, allowing the park's open space to prevail most of the time.

Traffic calming devices along Harbour Street are being considered to create a low speed, safe, shared environment for pedestrians and vehicles. The installation of these is supported by surrounding residents, however likely to be constructed later in 2021 once required planning and engagement has taken place.

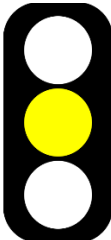
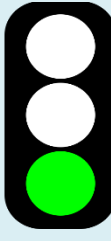
The park will also include some relief features. We are developing low hill forms, as shown below, to create interest and places to relax among trees. The low hills will be 1-2 metres above the path level. Low enough to avoid obstructing views from the street and neighbouring properties, but high enough to have prospect over the park.

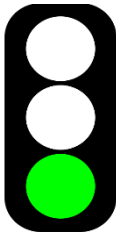
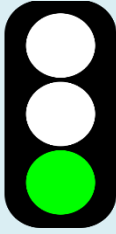
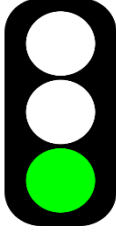
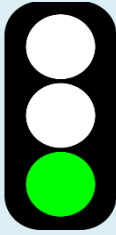
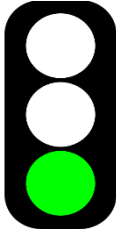


We are also working with local hapū and key stakeholders for input into a proposed natural play environment to be incorporated into the park. There is a longer lead-time for this aspect. Construction will likely be completed mid-next year, after the walkways, planting and grass is completed and matured.

3.1.4 Key Result Areas

We have seven key result areas (KRAs) summarised in the traffic light table below. Works are proceeding to plan with no significant risks or issues having arisen over the last month.

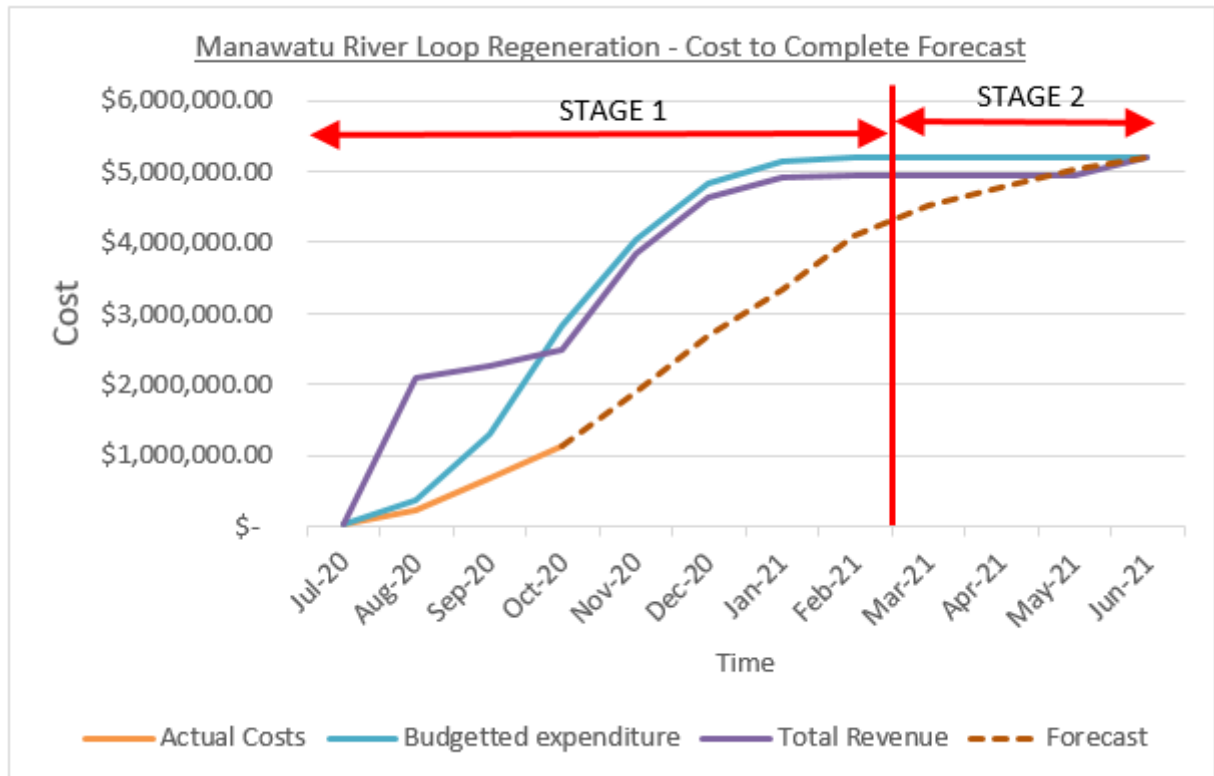
KRA	Health Status	Comments
Zero Harm		<ul style="list-style-type: none"> An incident occurred when removing vegetation to make an access for driveway realignment at the northern end of path. A single overhead telephone cable mounted between two poles was hooked during removal of a tree. Arrangements for repairs were made immediately. No LTI / MTI. Full H&S induction mandatory for all staff, contractors and visitors prior to site entry. All subcontractors and suppliers conforming to the Alliance Head Contractor's procedures and policies.
Partner, Stakeholder and Community Relationships		<ul style="list-style-type: none"> Reporting to Foxton Futures Governance Group. Iwi engagement ongoing. Latest time lapse uploaded to the Council website 20 November. Latest video blog released on social media 20 November. School colouring competition judging underway. Alliance team visiting local schools for 'career day' presentations

Sound Financial Management		<ul style="list-style-type: none"> No notable risk or contingency items arisen. We have retired a number of risks associated with the bulk excavation and archaeological discovery.
Environment and Consenting		<ul style="list-style-type: none"> No issues to report. Plans, erosion & sediment controls and monitoring in place for excavation works.
Programme Delivery		<ul style="list-style-type: none"> Planning and construction activities on track. Excavation works due for completion ahead of baseline schedule. Project Design Team monitoring weekly and monthly critical path. No issues to report.
Risk & Opportunities		<ul style="list-style-type: none"> An Accidental Discovery Protocol is in place. No archaeological issues. No ecology issues. Early completion of river works has enabled more time to spread topsoil and sow grass. Irrigation of the grass seed becomes a risk to opening the park. We are sourcing bore water to set up a sprinkler system.
Legacy and alignment with Foxton Futures vision		<ul style="list-style-type: none"> Alliance design team has set up a process to work with partners and stakeholders to develop the final park design elements for inclusion in Stage 1. We have procured engineering consultants to assist with the detailed investigations and structural designs as part of the Stage 2 design and consenting. This will include the structural features such as riverside viewing platforms and upgraded boat ramp/waka landing.

3.1.5 Financials

Earthworks in the river presented the greatest risk to the project. The baseline budget included for a sizeable contingency in case we encountered unforeseen ground conditions, contaminated material, archaeology and/or extended inclement weather. Fortunately, these risks have not manifested. The accelerated river excavation works has led to a number of cost efficiencies across the project. We are now able to release the majority of earthworks contingency and have converted them into additional scope within the riverside park and surrounding infrastructure. We are also able to bring forward the design, consenting and construction of some Stage Two project elements including the proposed viewing platform further landscaping upgrades to Harbour Street and enhanced connections to Paretao Gardens. Some of these elements along with art and cultural features will require further engagement with partners and stakeholders over the coming months.

The financial summary below shows the release of earthworks contingencies and subsequent reduction in forecast outturn for stage one – depicted by the delta between the budget and forecast. Remembering that the critical path for the river works was to be complete by December to beat the fish spawning season, we had originally cash flowed the contingency into November and December in case we had to accelerate earthworks. The risks have not occurred. Instead we have evenly spread the contingencies across the riverside park works and Stage Two. The total outturn costs are still forecast to be the same. The difference now is that we are able to construct more park features.



3.1.6 Focus for next month

The next month we begin levelling the earthworks on the park, spreading topsoil and seeding the grass.

We will finalise the transitions from the main excavation area to tie in the new embankments with the current riverbanks to the north and south.

We will begin installation of lighting, power supply and drinking water conduits.

We will trim and lay the basecourse for the paths and walkways. Our aim is to have the foreshore paths and Harbour Street car parking completed by Mid-December.

Our communications team will publish the next newsletter, provide more video-blogs and social media content.

3.1.7 Latest Site Photos







3.2 Horowhenua Alliance Review

The Alliance Principals Group (PG) has carried out a review of the Alliance's management and operations to ensure the contract model is delivering against its objectives and is positioned well for the future. We presented the findings of the independent review report at the FAR Committee's October 2020 meeting.

The key findings from the review have been incorporated into the PG's objectives going forward. The FAR Committee has requested regular reporting on progress with the recommended strategies to take the Alliance forward.

Over the last month, the PG has appointed an independent chairperson. We have engaged directly with the interim Alliance Manager and Management Team to convey our expectations.

The PG has interviewed candidates for the vacant Alliance Manager's role. At the time of writing, we are undertaking second interviews and background checks on a short list. The position description includes oversight of the organisational project plan to implement the business improvement initiatives and requirements from the review report.

The Alliance Management Team is underway compiling formal personal leadership plans for staff. Team toolbox talks have doubled and engagement across the entire team is at an all-time high.

In late November, the Management Team are holding a workshop and scenario testing exercise to update the risk register, financial reporting systems and Target Outrun Cost pain/gain share model. The outcome will be greater awareness of the interrelationships of systems and better, more transparent reporting against KPIs.

Two innovations have been identified over the last month. The team has implemented a review of their internal invoice process to remove double handling and lower overhead costs. They have also created a customer awareness video uploaded onto Facebook to educate the public on how to check for water leaks on their property.

Works toward the Alliance review's key initiatives are well underway and will be reported directly to FAR Committee within a monthly Alliance operational report. This will commence upon appointment of the permanent Alliance Manager. In the meantime the Alliance's monthly summary continues to be reported via the Infrastructure Operations Activity Report.

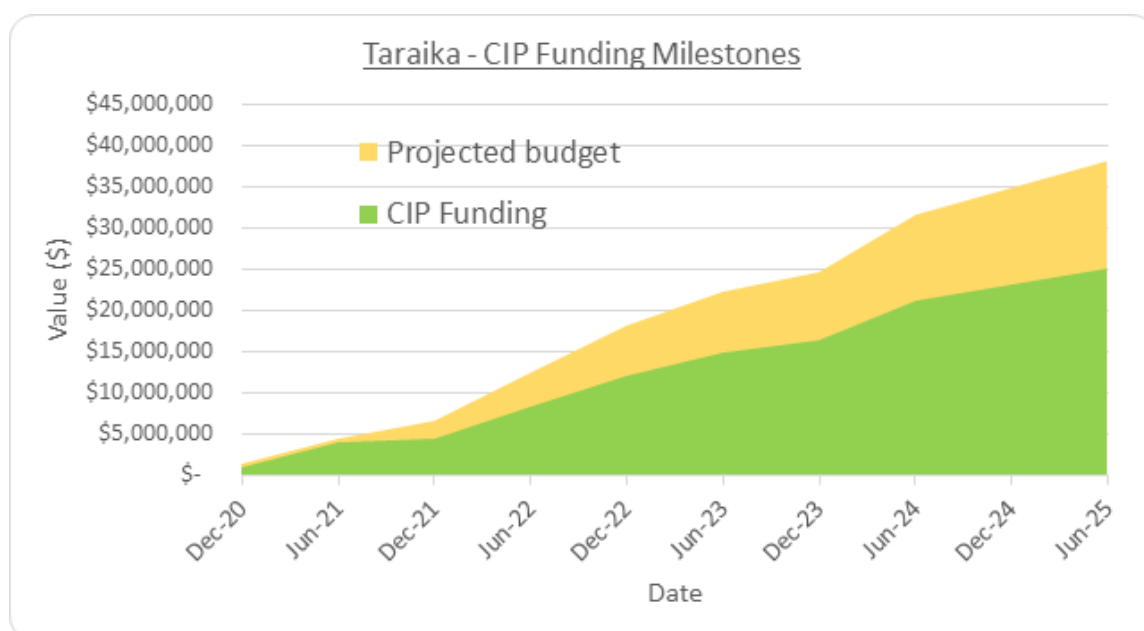
3.3 **Crown Infrastructure Partners Funding Agreement for Taraika / Gladstone Green**

In August, the government announced it would fund up to \$25M via Crown Infrastructure Partners (CIP) to fast-track shovel-ready infrastructure in support of residential development in the Taraika growth area. Taraika will include approximately 2,500 homes, parks, reserves, a local shopping centre. The Ministry of Education is also contemplating a primary school within the development. Water and sewerage infrastructure will connect to Levin's existing networks. New storm water retention areas will be built as well as construction of some key east-west connections across the forthcoming O2NL expressway. A new local shared path network will eventually connect with a shared path constructed alongside O2NL.

The first stage of works involve extending the Queen St sewer main east of SH57. This will commence in early December. A site blessing led by Muaūpoko kaumātua to mark the beginning of the project has been provisionally scheduled for 9th December 2020. We will confirm final details to elected members as soon as they come to hand.

Council and CIP officials have been working through the details of the funding agreement to align with the proposed District Plan change and upcoming 2021-41 Long Term Plan. The combination of CIP and Council co-funded budgets is summarised in the graph below. CIP's \$25M funding is divided equally into an infrastructure grant and concessionary loan. Council's co-funding share of the infrastructure development costs will be allocated through the LTP and offset with revenue from development contributions/levies and alternative funding sources including NZTA subsidy and co-funding.

Works have been staged to utilise the grant funding up front. The first draw down against the concessionary loan occurs during 2022. Depending on the outcome of the development contribution / levy process, and on the uptake of the first stages of housing development, we will forecast Council's net financial position going forward.



3.4 North East Levin Stormwater

The North East Levin Stormwater project comprises two parts:

- a) Construction of an upsized piped reticulation network along Roslyn Road to collect stormwater off neighbouring residential developments; and
- b) Consenting, and if approved, construction of new detention area at the corner of Roslyn and Fairfield Roads.

Over the last month we have issued tender documents for the construction of the pipe network. Tenders close on 1 December 2020. Subject to receipt of a confirming tender, we expect to commence works early in the new year.

With regard to the consent for the detention area, the application was notified and submissions closed 23 October 2019. Council has agreed with Horizons Regional Council River Management Group, on a without prejudice basis, to mitigation measures to address any potential effects on the Koputaroa Drainage Scheme. Draft consent conditions have been developed and circulated to submitters by Horizons.

A pre-hearing meeting with submitters is scheduled for 27 November 2020.

Attachments


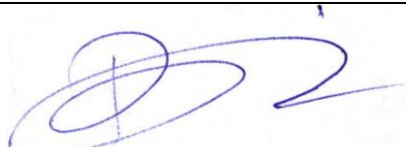
There are no attachments for this report.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Daniel Haigh Principal Project Manager	
Approved by	Brent Maguire Group Manager - Infrastructure Development	

Infrastructure Operations - Activity Update

File No.: 20/515

1. Purpose

To provide the Finance, Audit and Risk (FAR) Committee with an update on the projects being undertaken by the Infrastructure Operations Group.

2. Recommendation

- 2.1 That Report 20/515 Infrastructure Operations - Activity Update be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Key Highlights and Business Priorities

3.1 3WATERS RESOURCE CONSENTS

3.1.1 Shannon Water Supply Resource Consent Renewal

This consent application was submitted prior to the consent expiry date (December 2019). The Regional Council is processing the consent application; however, the application is currently on hold whilst further investigation of water losses are carried out. This investigation is progressing.

The Assessment of Environmental Effects (AEE) has been resubmitted in early September 2020.

Proposed conditions of the consent will require the network to reach the water supply classification "Band B"; currently it is sitting within Band C, improvement from Band D. Council will have three years from the granting of the consent to reach the Band B target.

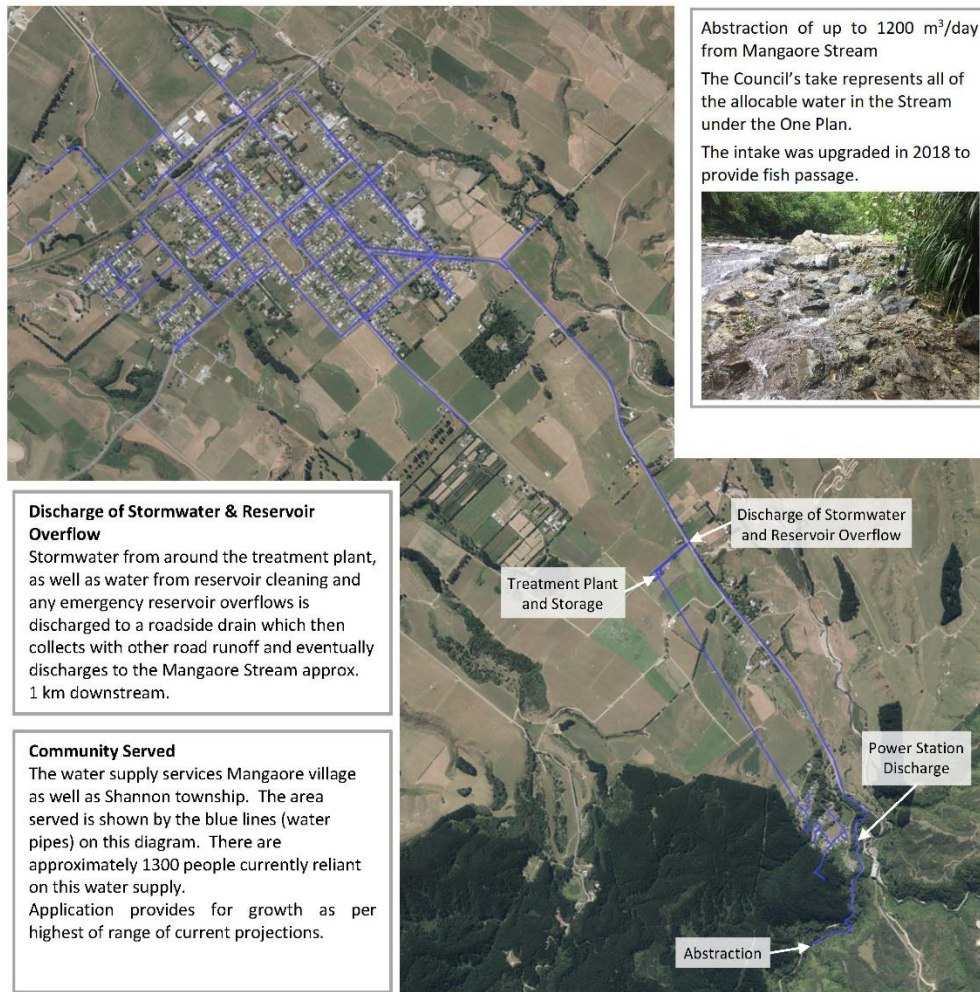
Financially, the expected expenditure for 20/21 FY will range between \$85k - \$205k depending on whether or not there is a hearing required for the consent.

Below is an indicative timeline of project's life. This is based on the information available to us.

Timeline:

	Jul - Sep '20	Oct - Dec '20	Jan - Mar '21	Apr - Jun '21
Ongoing engagement with mana whenua				
Confirm low flow strategy				
Confirm leakage management strategy				
Resubmit AEE		◆		
Consent Processing				

Below is an overview of water abstraction point and community it serves.



Risk Management; below is a summary of risks associated with this project and controls in place to manage risks.

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Delays in meeting project objective due to s92 notification and hearing process.	2C/4 L	Moderate	Drive process and timeframe via close communications / coordination. Note, no service delivery risk as s124 rights are secured.	2C/3 L	Moderate
Financial	Significant cost of consent process via hearing and possible appeal.	3C/3 L	Significant	Stakeholder engagement; use pre-hearing to focus issues on RMA matters.	2C/3 L	Moderate
	Significant cost imposed by consent conditions (eg for storage if no / reduced abstraction at minimum flows).	4C / 3 L	Significant	Effects based assessment that supports abstraction at low flow; network management and water conservation to minimise abstraction at low flow.	4C / 2L	Moderate

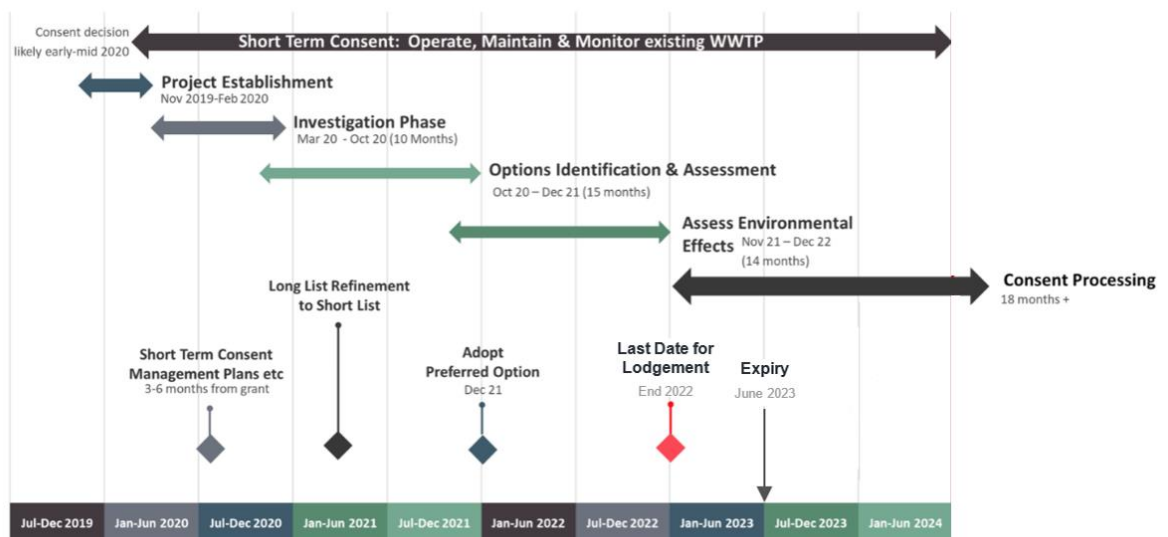
Service Delivery	Consent may have low flow restrictions on abstraction.	4C / 2L	Moderate	Network management and water conservation. Proceed application through hearing process. Include condition to meet target losses within reasonable timeframe.	3C / 2L	Moderate
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3.1.2 Tokomaru Wastewater Discharge consent

Short-term (Jun/Jul 23) consent was granted in July 2020. Investigations Phase of Long Term Treatment and Disposal Project is ongoing - technical work being compiled to inform stakeholder engagement. The long-term consent application should be lodged by December 2022.

A Tokomaru Wastewater Working Party Meeting is planned for 8 December. These meetings will be held twice a year for the duration of work programme.

Below is an indicative timeline of the project's life. This is based on the information available to us.



Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Unable to identify and implement long term option which meets HDC's objective of avoiding discharge to water.	3C/3L	Significant	Land already purchased; Avoiding discharge to water likely to be achieved majority of time – investigation and design will need to ensure appropriate contingency and wet weather provision; I&I controls; wastewater management and system design to achieve sustainable solution	2C/2L	Low
	Unable to identify and implement long term option that provides for projected community growth.	4C/2L	Moderate	As per above; appropriate controls around development.	2C/2L	Low

	Growth demand and options not able to be realised due to delays in implementing long term solution.	2C/2 Low L	Short term consent does not restrict new connections subject to discharge volumes being met.	2C/2 Low L
Financial	Long term solution implementation costs exceed budget provision	5C/3 High L	Project management and investigation of options; I&I investigation and improvements (risk assessment conservative at this stage - to be reassessed at end of investigation phase)	4C/3 significant L
	Cost of obtaining consent including hearing and appeal costs	4C/3 Significant L	Consultation and engagement process; investigation and assessment of options to ensure sustainable and consentable solution	3C/3 Significant L
Service Delivery	Service unable to be provided if consent cannot be obtained in sufficient time	1C/2 Low L	Meet s124 deadline (Dec 2022) for lodgement of long term consent application.	1C/1 Low L
Legal	Non-compliance with consent conditions	2C/3 Moderate L	Management and auditing of consent compliance	2C/2 Low L
Reputational	Adverse reactions and publicity from stakeholders if dissatisfied with working party process and long term option identified.	2C/3 Moderate L	Consultation and engagement process	2C/2 Low L

3.1.3 Levin Stormwater Consent

This project is to seek resource consent for existing stormwater discharges to Lake Horowhenua from Council's stormwater network. These are existing discharges, which are currently unconsented.

Council's policy is that properties are required to provide on-site stormwater management (generally through soak pits). The consent application is for Council's stormwater network only and does not include the on-site soakage pits on private property.

Council has been monitoring to gain better information about the quality of the discharges and understand the effects of the stormwater discharges at the receiving environment. As part of this monitoring programme, upstream of discharge points have also been monitored to identify and mitigate contaminant sources.

Work has been progressing throughout 2020 on stormwater monitoring for the discharge quality of residential and industrial catchments in order to enable a more detailed effects assessment to be undertaken. Concurrently, technical work has been progressed on options to ensure effective source control, network management and to inform selection of best practicable option for the discharges. This work is nearing completion and is expected to be reported in December after which the further engagement with iwi groups and engagement with stakeholders will follow.

Below shows an overview of the stormwater system and discharge points. As seen below, some discharges are directly to Lake Horowhenua and others are via Patiki and Arawhata Streams.



Below is an indicative timeline of project's life. This is based on the information available to us.

Timeline:

	Oct - Dec '20	Jan - March '21	Apr - June '21	July - Sept '21
Application Lodged (Dec 18)				
Consultation & Engagement (ongoing)				
Stormwater monitoring and effects assessment - specific investigations				
Monitoring (ongoing)				
Responses to s92 requests				
Consent Processing				

Risk Management; below is a summary of risks associated with this project and controls in place to manage risks.

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Consent is challenged on ecological and cultural impacts.	3C/4L	Significant	Clear evidence of likely effects and remediation plans available. Consultation and engagement with mana whenua.	3C/3L	Significant

	Significant delays and costs of consent process.	3C/ 4L	Significant	Term of consent sought; engagement and consultation prior to formal notification process; legal advice and drive RMA consent process.	3C/ 3L	Significant
	Regional Council proceeds with notification of application before sufficient information has been provided and consultation completed.	4C/ 3L	Significant	Reasonable request for additional time; legal or other challenge to notification decision.	4C/ 2L	Moderate
Legal	Abatement notice as discharges currently unconsented.	4C/2L	Moderate	Consent application lodged and in formal process.	3C/2L	Moderate

3.1.4 Foxton Beach Stormwater Consent

The project is to obtain stormwater discharge consents for the existing stormwater network.

Council's policy is that properties are required to provide on-site stormwater management (generally through soak pits). The consent application is for Council's stormwater network only and does not include the on-site soakage pits on private property.

The discharge points are shown in the diagram below. There are five discharges direct to the Estuary, some seepage to ground through the attenuation ponds, and some discharges direct to Whitebait Creek.



As previously reported, monitoring has identified elevated levels of zinc within one of the smaller size sub-catchments (Linklater Avenue) as well as elevated levels of EColi and Phosphorus (both potential indicators of wastewater contaminants possibly entering the system) at several locations. Further investigations have been carried out as follows:

EColi: Two rounds of faecal source tracking have been carried out which has confirmed the EColi source as avian or ruminant. No evidence of human sourced EColi has been identified and therefore the elevated EColi and Phosphorus is not caused by wastewater overflows or cross-connections.

Zinc: Testing at several locations throughout Linklater Avenue has identified zinc levels within the catchment to be approximately one order of magnitude higher than those recorded in other catchments within the Foxton Beach township. Furthermore, results are approximately 2.5 times higher than the upper and (90th percentile) of stormwater concentrations in similar land-use categories (low density residential areas). To date, the source of the zinc has not been isolated and it appears there may be more than one source within this catchment. Spatial monitoring throughout the network will continue and Council Officers will engage with Community Board members first, followed by discussions with landowners to investigate further. Note that the Linklater Avenue catchment is relatively small, comprising 13 ha or 0.4% of the urban area. It should also be noted that sediment sampling in the Estuary, close to the Linklater discharge, shows no sign of elevated zinc levels in Estuary sediments and ecological assessments have concluded that the risk of adverse ecological effects from accumulated stormwater contaminants in the sediment is likely to be low.

The progress on investigations will be communicated to Horizons in December 2020. Iwi groups will also be updated.

Below is an indicative timeline of the project's life. This is based on the information available to us. Consent processing likely to continue into 2021. Expected public notification early 2021.

Timeline:

	Jan - Mar '20	Apr - June '20	July - Sept '20	Oct - Dec '20
Engagement with iwi				
Stormwater monitoring				
Ecological effects assessment				
Complete AEE & Application		Lodged 12 June		
Stormwater contaminant investigations & Assessment				
Consent Processing				

Risk Management; below is a summary of risks associated with this project and controls in place to manage risks.

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Strategic	Potential for HRC to determine that consent should not be granted.	4C/2 L	Moderate	Investigation of elevated contaminants & remedial works programme to reduce / remove contaminants. Provide for time and cost for hearing process if needed.	3C/2 L	Moderate

Risk Area	Risk Description	Initial (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Financial	Cost of hearing and potential appeal process	3C/4 L	Significant	Pre-lodgement consultation. Manage process and pre-hearing discussions to focus on RMA matters as far as possible.	3C/3 L	Significant
	Mitigation costs to address potential effects / consent conditions	3 C/ 3L	Significant	Ensure clear messaging re low risk stormwater system. Effects evidence-based assessment of need for mitigation.	2 C/ 3L	Low

3.2 DELIVERY OF THE CAPITAL WORKS PROGRAMME

Roading

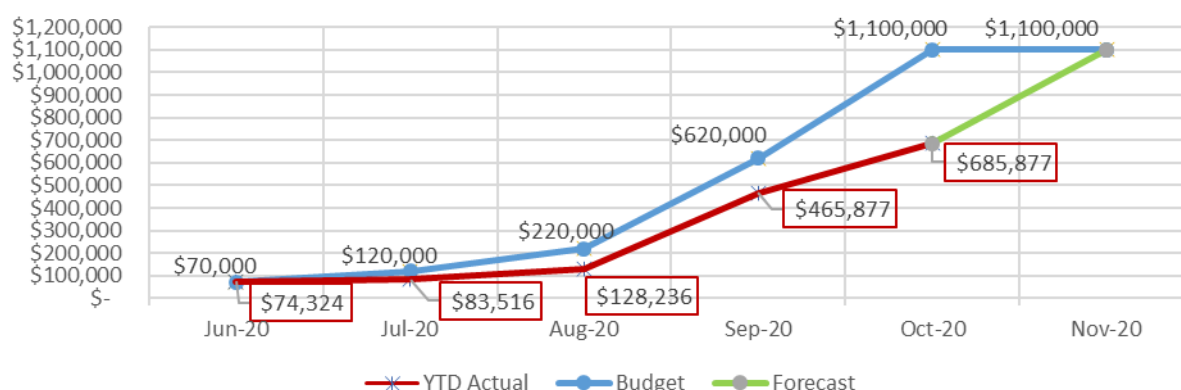
- **Queen Street West Improvements**

This project was successful in attracting funding through the Provincial Growth Fund (PGF). The project scope is to improve pedestrian and cyclist accessibility on Queen Street within Levin's town centre, while also rehabilitating the failing road pavement and surface. The project also includes upgrading the water supply reticulation infrastructure.

Construction progress has been excellent through October, with the project expected to reach practical completion around mid- November.



Queen Street West Improvements



Risk Management:

Risk Area	Risk Description	Initial Risk Assessment (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Financial	Unforeseen project issues result in cost overruns	A	Due to the tight project timeframe, detailed design and investigation has been completed rapidly, allowing larger unforeseeable risk.	Detailed project management processes, weekly claim process for non-unit rate work.	G	Expenditure is not expected to exceed available budgets.
Service Delivery	Project is delayed past the contracted completion date.	A	This project is being completed to an extremely tight timeframe and weather has been delaying progress.	Strong project and staff management controls. Provision of additional resources.	G	Practical completion was expected by the initial completion date, 7 November. However, this date is not met, but the delay is expected to be minor with little adverse effect.

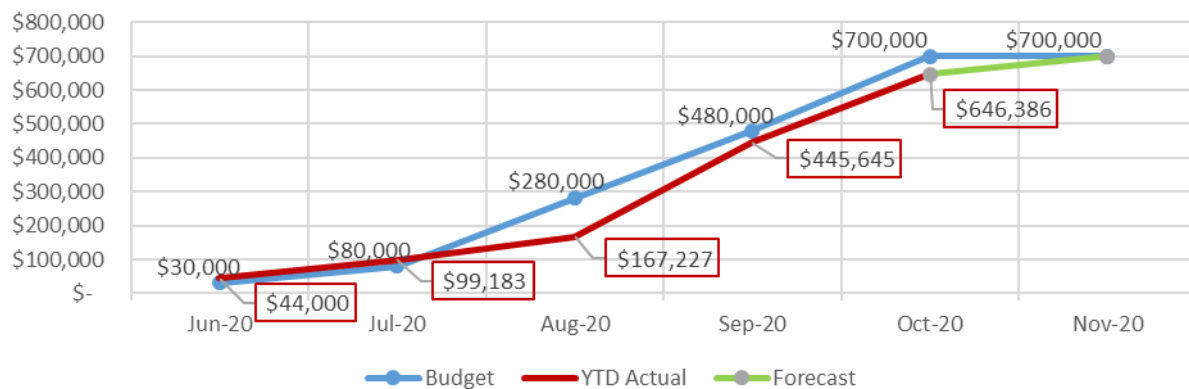
- Queen Street - Tiro Tiro Road Roundabout**

This project was successful in attracting funding through the Provincial Growth Fund (PGF). The project scope is to improve safety of an unsafe intersection by building a roundabout. As part of the project, the water reticulation infrastructure has been upgraded.

The project is complete.



Queen Street - Tiro Tiro Road Roundabout



Risk Management:

Risk Area	Risk Description	Initial Risk Assessment (GAR)	Initial Risk Assessment without application of a control	Control applied	Residual Risk Assessment (GAR)	Residual Risk Assessment
Financial	Unforeseen project issues result in cost overruns	A	Due to the tight project timeframe, detailed design and investigation has been completed rapidly, allowing larger unforeseeable risk.	Detailed project management processes, weekly claim process for non-unit rate work.	G	Expenditure is not expected to exceed available budgets.
Service Delivery	Project is delayed past the contracted completion date.	G	This project is being completed to an extremely tight timeframe and weather has been delaying progress.	Strong project and staff management controls. Provision of additional resources.	G	The project is complete, there is no risk of not meeting the completion date of 7 November.

3.3 HOROWHENUA ALLIANCE

A strong focus continues on Health and Safety within the Alliance team. Several business improvements coming forward on doing things better in H&S and general business. A report is being developed with key stakeholders for Levin wastewater digesters. Several items of concern with public interference in work sites. Local people trying to get onto restricted Council properties and threats to staff in water metering area.

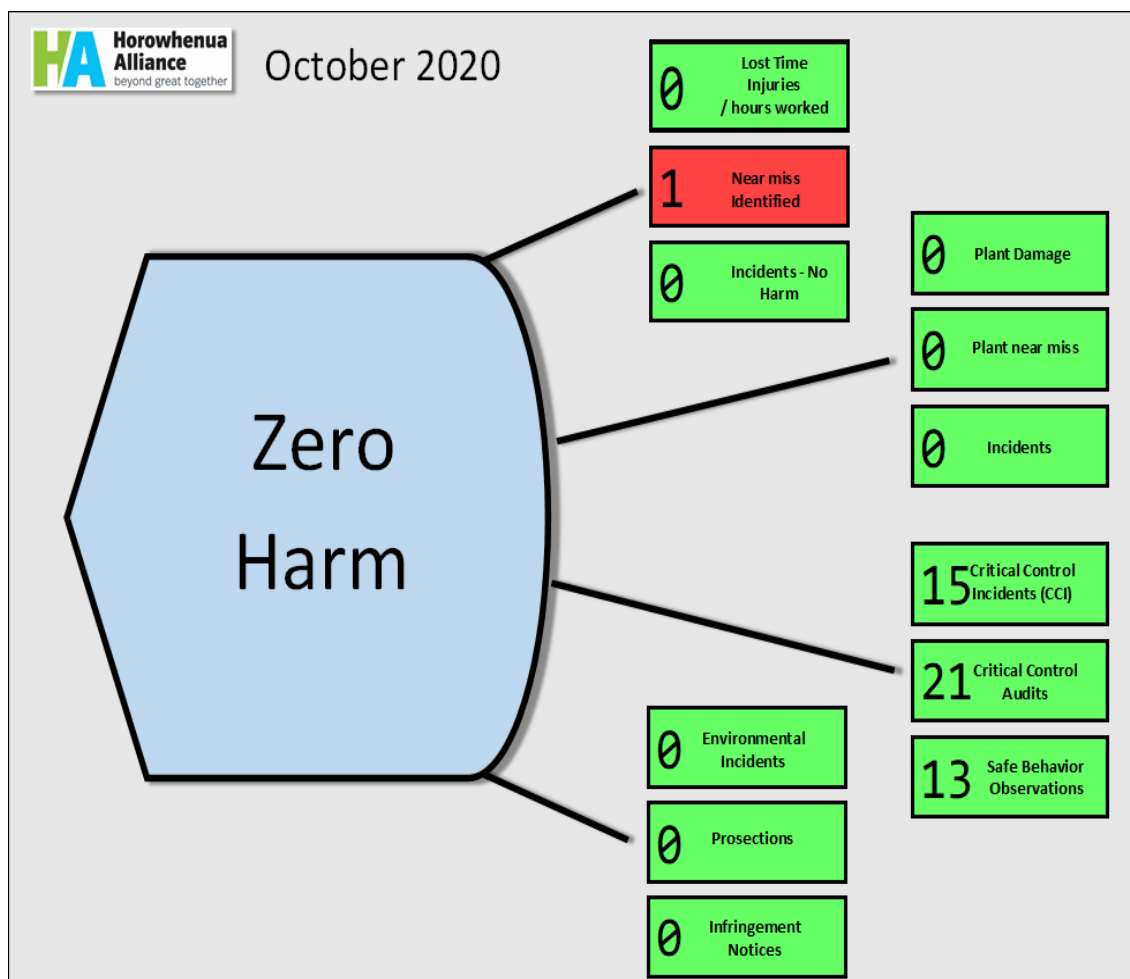
KPI's are under constant review and improvement. Rework clarity has been a focus from the last PG meeting and is taken seriously by all group leaders. Several projects works are highlighting old and breaking infrastructure on sites.

There still needs to be a focus and further information on expenditure across all works. Both in labour, subcontractors and consumables. More clarity needs to be set around one project brief projection with it being a live list for collaborative discussion and clear FDA. In addition, clarity on budget lines as there seems to be constant change / shuffling on Alliance budget to HDC budget.

Good work being done by all the team in the Alliance and they continue to strive to deliver the highest quality of service to their community in the Water field.

- **Zero Harm**

Continued to maintain the record of zero lost time events, a single near miss identified in October being at Karaka Road where a digger had hit an unmarked cable. Zero plant damage reported in October. CCI, CCA, and SBO all improved since the last report. No infringements or environmental incidents to report.



- **3 Waters Maintenance Update**

The Operations Maintenance Team have been as busy as normal keeping customers happy within the region. A summary of the work which is being carried out is below:

- Water lateral repairs 47
- Toby Replacements 82
- Water mains repairs 9
- Meter installations 107
- New water connections 15
- New sewer connections 13

- **Water Supply**

All sites - 100% compliance for Protozoa and Bacteria, achieving log credits.

Reticulation Renewals – on track. Flagstaff, Queen Street West completed and Karaka nearing completion. Rugby Street construction commencing. Request to deliver Liverpool Street this financial year.

Tokomaru Water Treatment Plant Upgrade – May be deferred pending a decision on the boundary relocation.

- **Wastewater**

All sites' discharge consent limits fully compliant.

Reticulation Renewals – Subcontractor prices for Cambridge Street to review.

Foxton Wastewater Treatment Plant – Horowhenua Alliance, with assistance from Downer Infrastructure Projects group, to manage new pond construction and waveband.

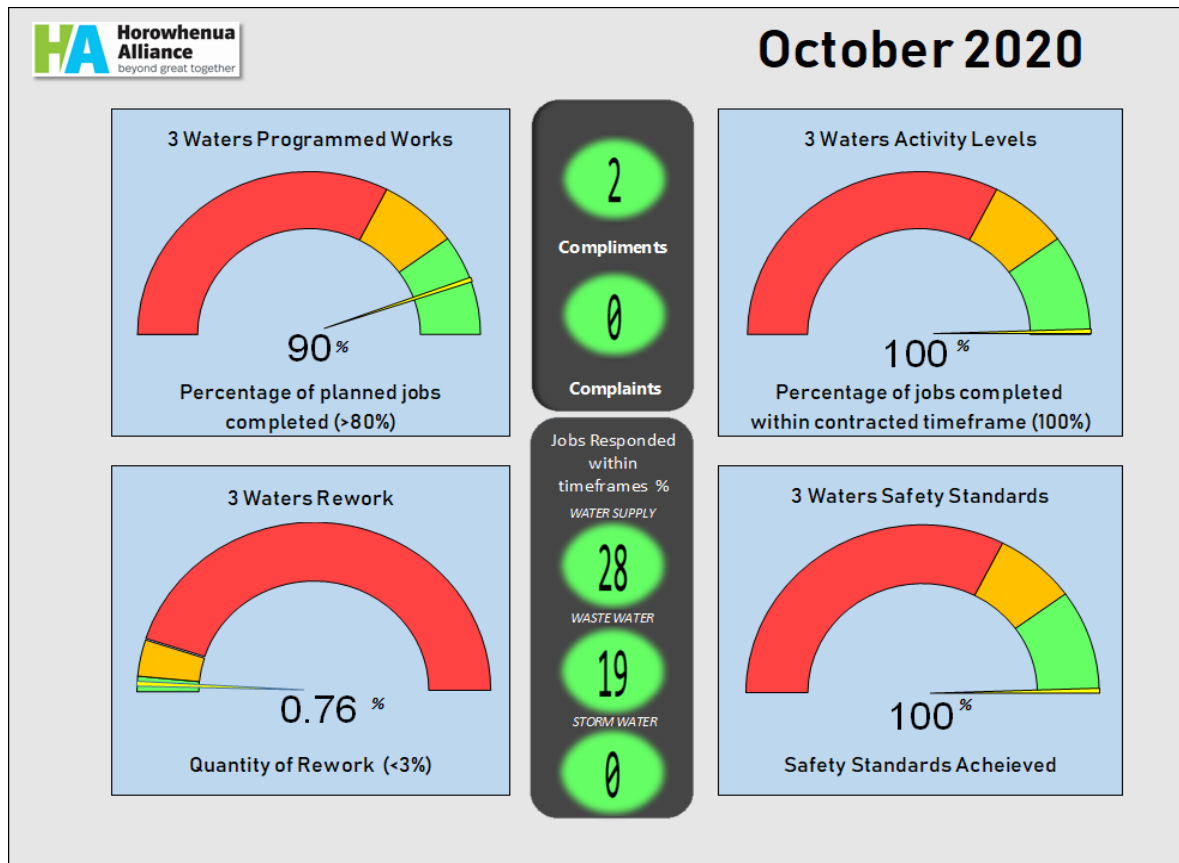
Cost estimate for undertaking smoke testing in Shannon – to review.

- **KPI Reporting**

Programmed works: With the exception of Foxton Water Treatment Plant media inspection (originally scheduled for October), all scheduled maintenance tasks are complete. Filters performing fine. The corroded motor at the Waitarere Waste Water Treatment Plant step screen requires extensive dismantling which has affected the planned timing of this work. Remaining step screens in the district serviced in October are working fine. Also worth noting is the Shannon Water Treatment Plant intake chamber clear-out task is 50% completed, clearing track and exposing valves work is on track; however decision made to not go ahead with the clear-out right now due to the slip in the river, and potentially having to clear the chamber out again very soon.

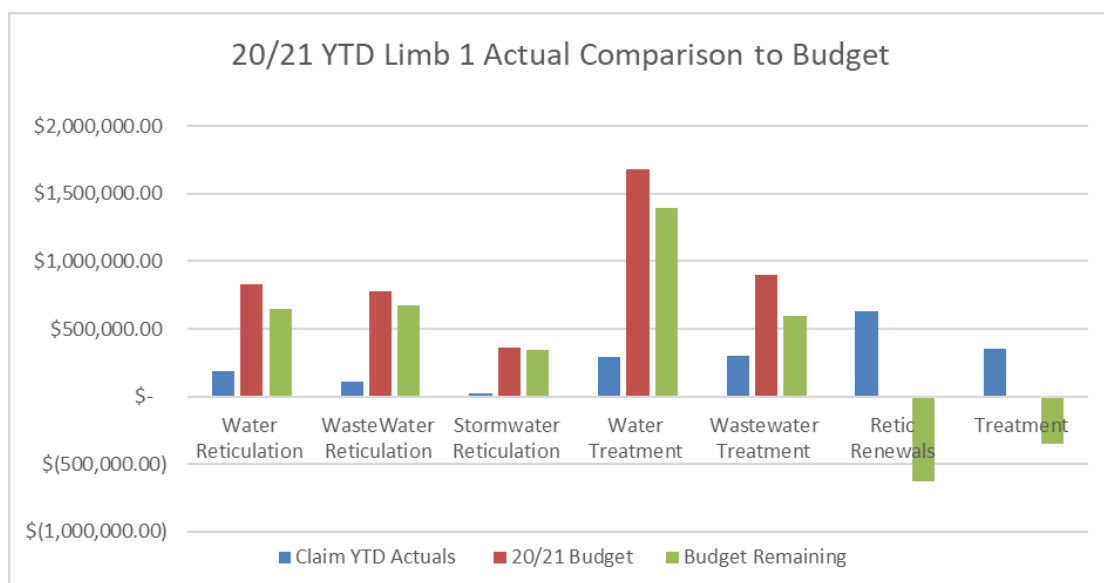
One hundred % of Water and Wastewater jobs completed within contracted timeframes, there were no stormwater events. Response times to site were 28 and 19 minutes. October saw all safety standards met. There were 3 Rework jobs in Water services in October, the result shown is averaged across all streams.

Two compliments received were from members of the public in relation to the quality of work completed by the operations team and the customer service approach to assisting customers.



• OPEX Financials

October saw a lower Claim than usual with the total reaching \$780,416.78 (exclusive of GST). This was due to lower invoice receipting and new connections no longer included in the claim totals. There was also a higher volume of staff absence in October, which has affected productivity. The figures below report financials for the month of October and year to date.



Attachments




There are no attachments for this report.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Asli Crawford Water & Waste Services Manager	
	James Wallace Roading Services Manager	
Approved by	Kevin Peel Group Manager - Infrastructure Operations	

File No.: 20/465

Customer and Strategy - Activity Update

1. Purpose

To provide the Finance, Audit and Risk (FAR) Committee with an update on the projects and activities being undertaken within the Customer and Strategy portfolio of Council.

2. Recommendation

- 2.1 That Report 20/465 Customer and Strategy - Activity Update be received.
- 2.2 That this matter or decision is recognised as not significant in terms of S76 of the Local Government Act.

3. Key Highlights and Business Priorities

Building

- 3.1 All building consents issued year to date (YTD) have been processed within statutory timeframes.
- 3.2 The Building Consent Authority (BCA) is due for its next IANZ accreditation re-assessment in April 2021. An internal audit and review timetable has been created and internal audits and other quality management activities are slightly behind what was planned as at 31 October 2020. It is anticipated that these will be on-track again by 30 November 2020.
- 3.3 The building team are currently providing some support to Palmerston North City Council to help them while they are recruiting replacement staff. We are providing one officer to assist with building inspections twice a week for the next four weeks.

Planning

- 3.4 All Land Use consents have been processed within statutory timeframes YTD as at the end of October 2020.
- 3.5 Approximately 92% of subdivision consents have been processed within statutory timeframes for the YTD to the end of October 2020.
- 3.6 The team have been actively recruiting to increase in-house capacity and reduce the reliance on contractors. A new Graduate Planner started part-time in August and commenced full-time work in October. A new Senior Planner started at the beginning of November 2020. The aim is to build the internal team that can reduce the current reliance on external contractors.

Parking

- 3.7 On 12 October 2020 enforcement officers resumed the issuing of infringements to vehicle owners for failing to register their vehicles and/or for no warrant of fitness.
- 3.8 The Queen Street roading improvements created some disruption to the normal parking enforcement routes in September and October. Parking enforcement in the Bristol Street/Stanley Street area ceased for six weeks to allow for alternative free parking to local businesses in the area that were unable to access their private car parks. This did lead to a high number of vehicles being identified as not registered or without a warrant of fitness.

4. Updates for the Committee's Information

4.1 Building & Planning – none to note.

4.2 Parking

The Queen Street roading improvements will result in a reduction in the number of parking spaces in the area. The number of parking spaces will change from 34 spaces in the area down to 19 once the roading improvements are complete. It is expected the new parking configuration will result in an ongoing loss of income of approx. \$7,300 per year. This is in addition to the approx. \$3,000 ongoing loss of income as a result of the Queen Street/Cambridge Street roundabout that removed the parking meters outside the old Mitre10 building and Pak'n'Save.

The issuing of infringements to unregistered vehicles and vehicles with no warrant of fitness resumed on 12 October 2020, in line with the temporary extension to the requirements for relicensing of vehicles issued by Waka Kotahi in response to COVID-19.

5. Trends

- 5.1 In setting the Annual Plan 2020/21 budgets Council indicated a desire to keep an eye on the trends of the income generating regulatory activities such as Building, Planning and Parking. This was made in light of budgeting for a smaller decrease in revenue than was forecast. The trends provided below detail the activity of the first three months of the 2020/21 financial year. The initial signs are positive in that the activity trends are not showing any alarming reduction in the levels of activity as the community responds to the changing COVID-19 environment. In some cases the district's growth pressures combined with some of the delays associated with the COVID-19 level 4 lockdown, has seen a sharp increase in activity when compared to previous years.

While Building and Planning services were able to resume full services post the level 4 lockdown, the implications of the level 4 lockdown affected the parking activity for longer as it was not until 12 October 2020 that Parking Wardens resumed issuing infringements to unregistered vehicles and vehicles with no warrant of fitness. Since COVID-19 level 4 lockdown, other activities have also adversely affected the parking activity income, with a reduction in the number of metered parking bays resulting from the roading improvement projects in Queen Street. The impact of these roading projects on the Parking activity were not anticipated at the time of setting the budgets and will be an ongoing impact on the Parking Income for the remainder of the financial year.

Development interest and activity in the district continues to show signs of increasing. A comparison of the number of general planning enquiries the team receive and deal with showed a 54% increase this year. For the period 1 July to 31 October 2019 the Planning team received 430 enquiries, for the same period this year (2020) there were 748 enquiries.

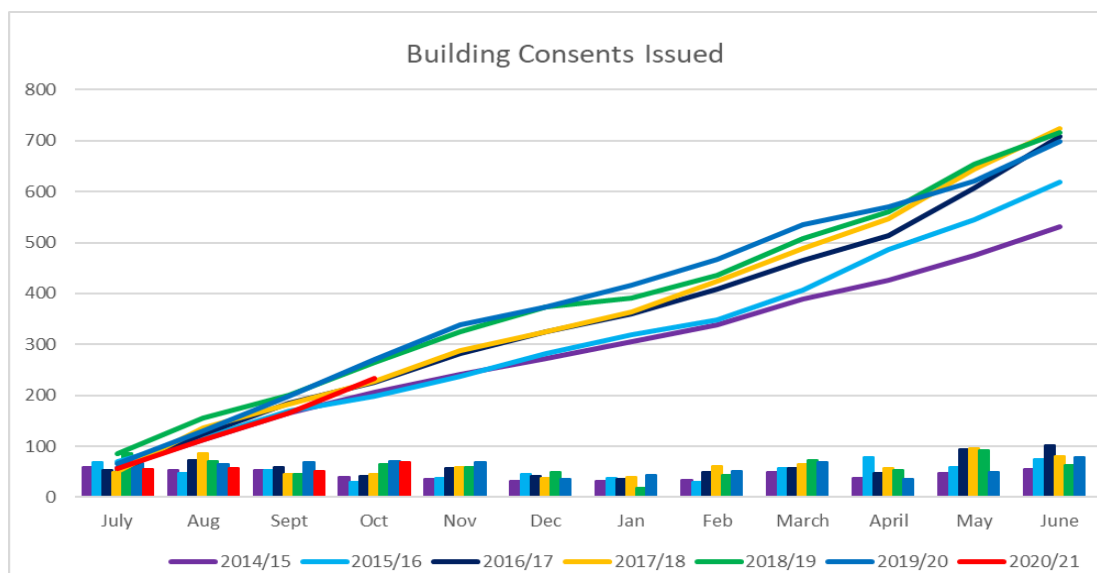
As the year progresses any trends across the Building, Planning and Parking activities will become more telling, helping to understand if there are longer term adverse implications for the revenue budgeted from these activities.

5.2 **Building consent trends based on September and October 2020 are as follows:**

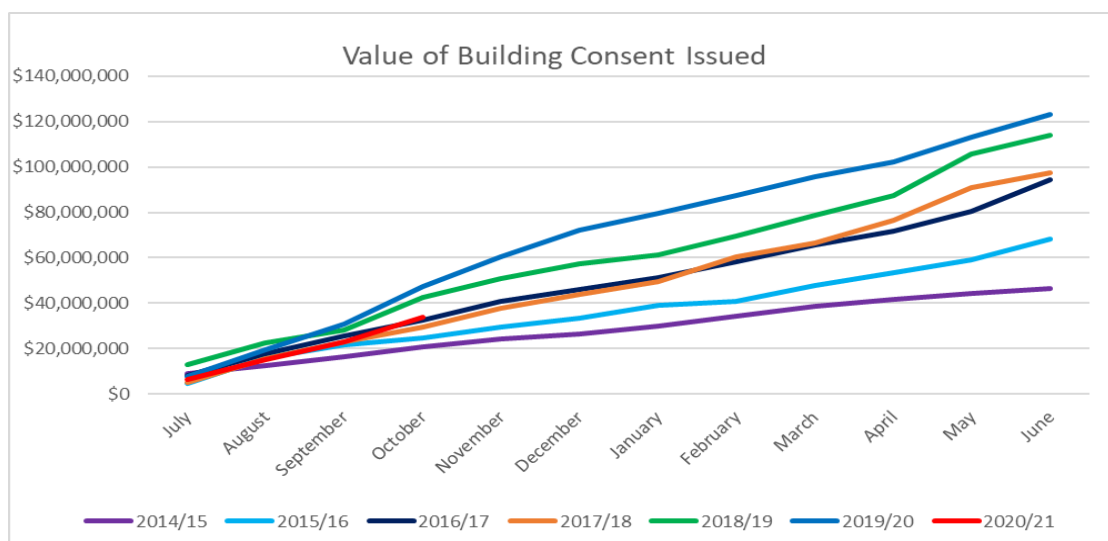
- Value of building consents issued as at 31 October 2020 is \$33,668,290 compared to \$47,108,022 for the same period last year.
- 234 building consents issued as at 31 October 2020 compared to 270 for the same period last year.
- 64 new dwelling consents were issued as at 31 October 2020 compared to 74 for the same period in the 2019/20 year.

- 251 building consents were lodged as at 31 October 2020 compared to 266 for the same period in the 2019/20 year.
- Consents have been issued for 83 New Residential Dwelling Units as at 31 October 2020 (New residential dwelling units count each self-contained unit individually, include individual dwellings, multi-unit dwellings, and yard built and existing dwellings, which are relocated onto a site).

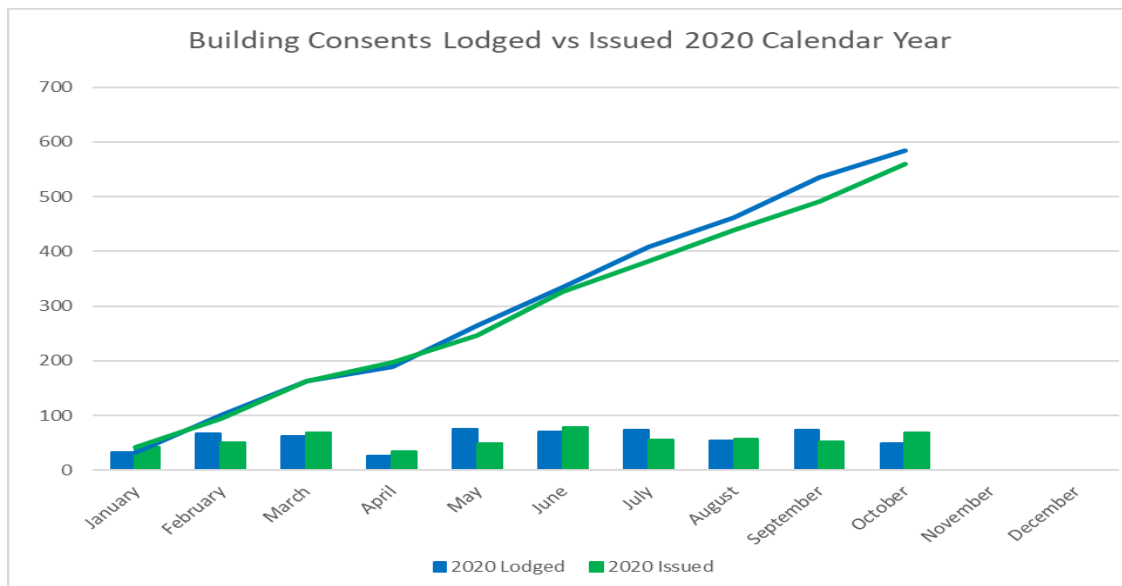
So far this financial year, a strong July (second highest in the last seven years) was followed by quieter August and September and a strong October. The overall total is consistent with previous years.



The chart above shows the month by month comparison as well as the cumulative total of building consents issued. So far this financial year the number of consents issued is approximately 6% lower than the previous year.

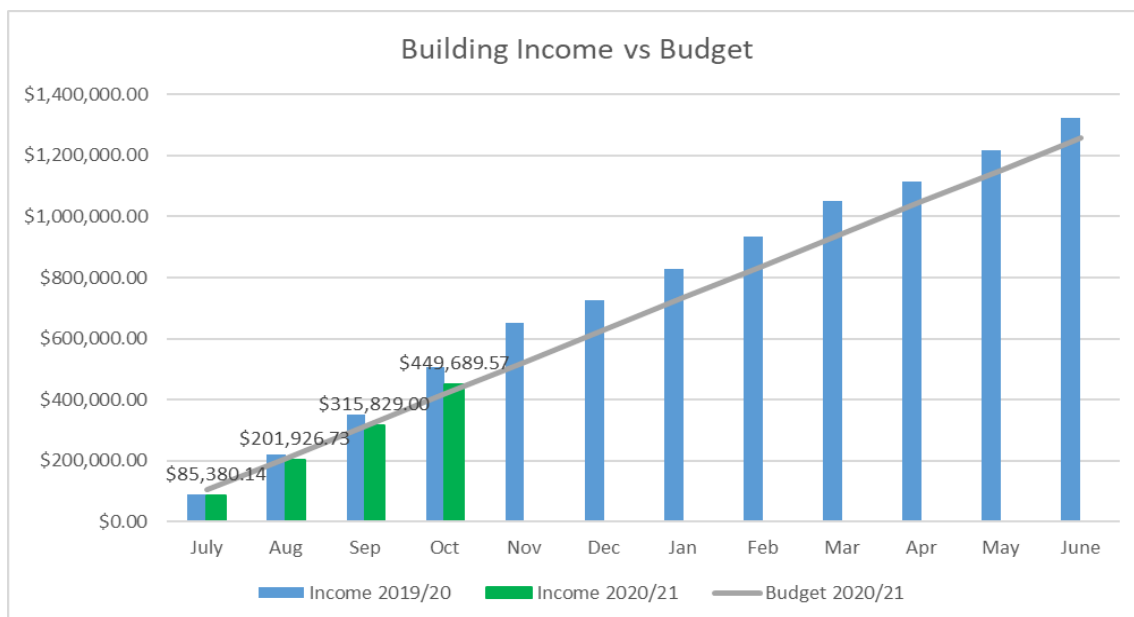


The chart above shows the cumulative total of the value of building consents issued. So far this financial year the value of consents issued is lower than the same period for the last two years.



The chart above shows the month by month comparison as well as the cumulative total of building consents lodged and issued in the 2020 calendar year. The numbers of consents lodged and issued each month are usually similar (+/- 2% per annum). A low number of consents lodged in April, has had a knock on effect on the number of consents issued in subsequent months. Additionally, our Building Consent Authority (BCA) has a maximum timeframe of 60 working days for processing a consent, this includes up to 20 processing days (statutory timeframe), and up to 40 working days where the consent is suspended to allow for further information to be provided. In order to assist customers who were struggling to provide further information during and post-COVID lockdown, the BCA extended timeframes for further information to be provided.

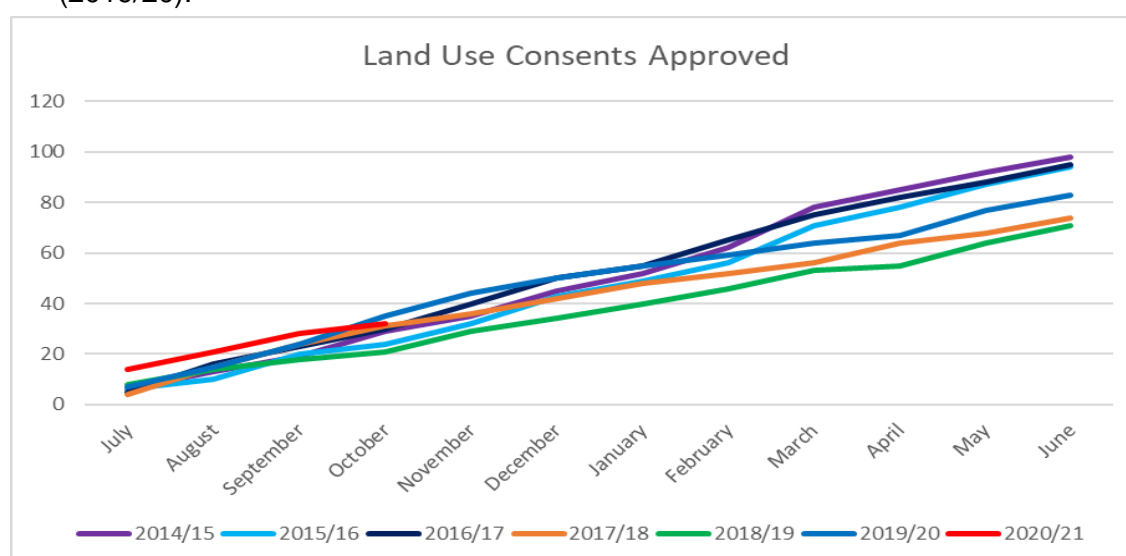
Both of these situations have contributed to a lag between the number of consents issued compared to those being lodged. This gap is closing and there is currently a 7% difference between consents lodged and issued at the end of October 2020. It is expected that this gap will continue to close gradually over the course of the year.



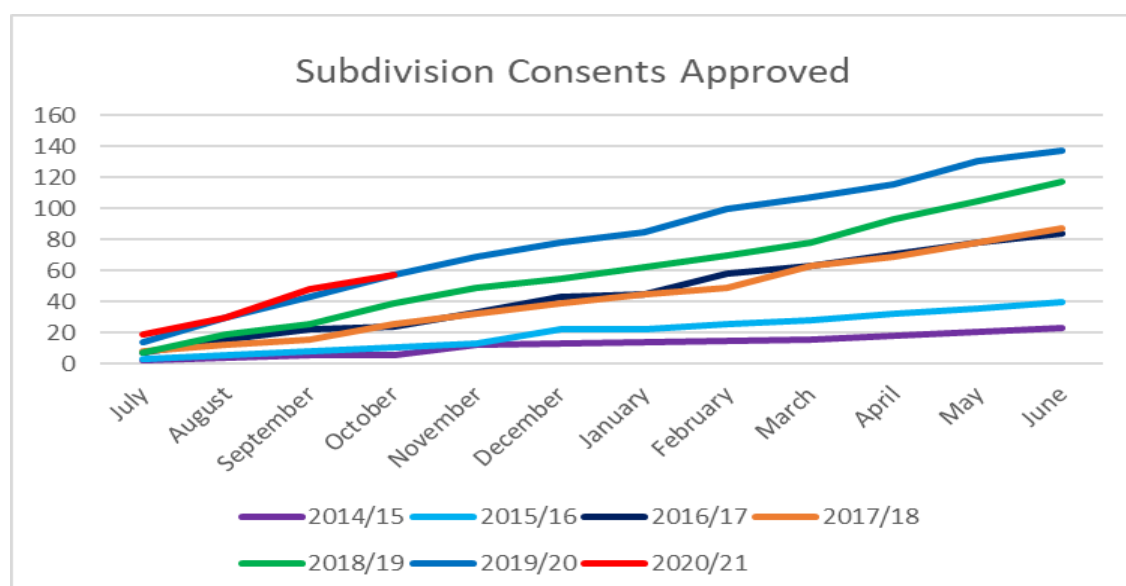
The chart above shows the Building Income against the budget for 2020/21 and a month by month comparison against the previous financial year. Building consent income has exceeded the budgeted figure for October 2020.

5.3 Planning (resource consenting) trends are as follows:

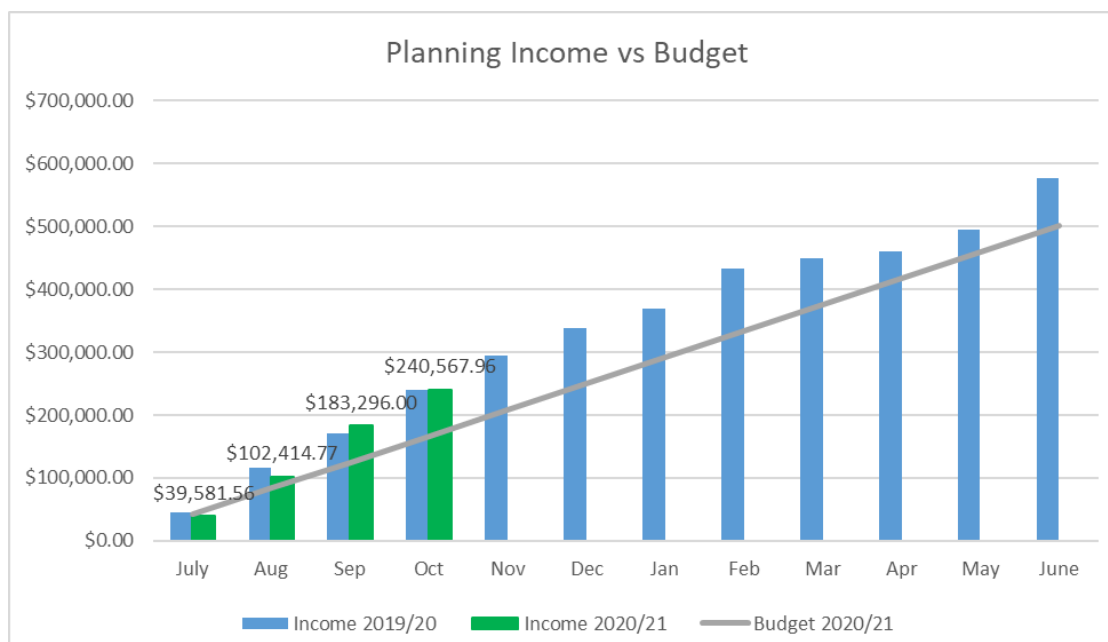
- 107 consent applications have been lodged as at 31 October 2020, compared to 133 at the same time last year.
- 54 subdivision consents approved as at 31 October 2020, compared to 55 at the same time last year.
- 32 land use consents approved as at 31 October 2020, compared to 35 at the same time last year.
- In the four months to 31 October 2020 a total of 259 new allotments have been created as a result of s223 (approval of title plan) and 214 new allotments have been created as a result of s224 (completion of physical works) certificates being issued for subdivisions. This is more than the number of allotments created over the full financial year last year (2019/20).



The chart above shows the cumulative total of land use consents approved. So far this financial year the number of land use consents approved is slightly lower than the previous financial year.



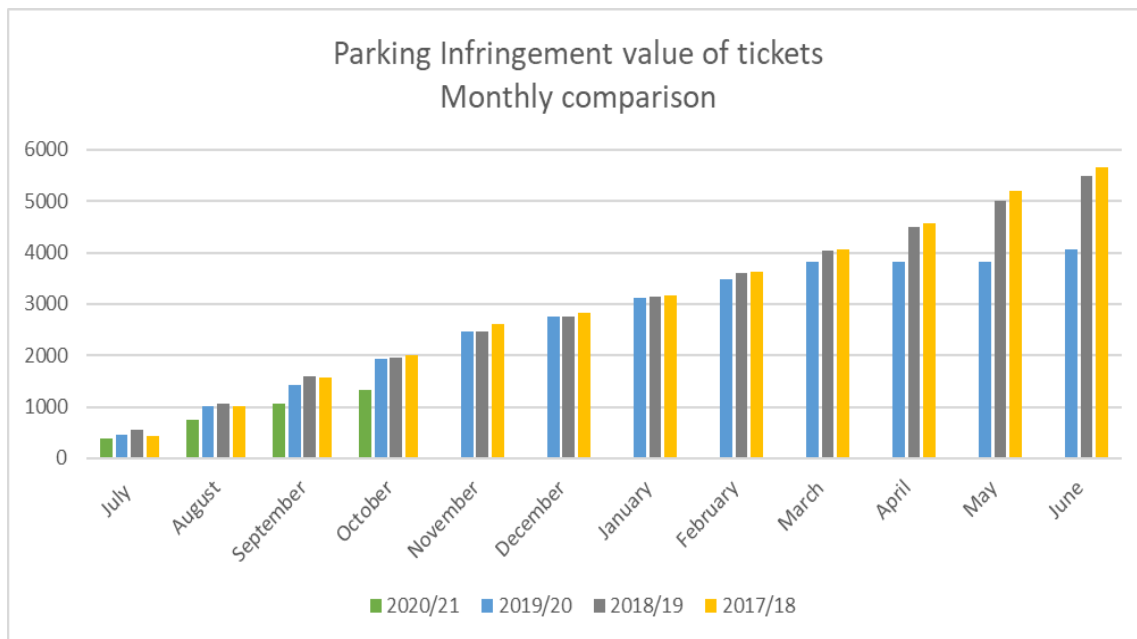
The chart above shows the cumulative total of subdivision consents approved. So far this financial year the number of subdivision consents approved is consistent with last year (2019/20) and tracking well above the previous years.



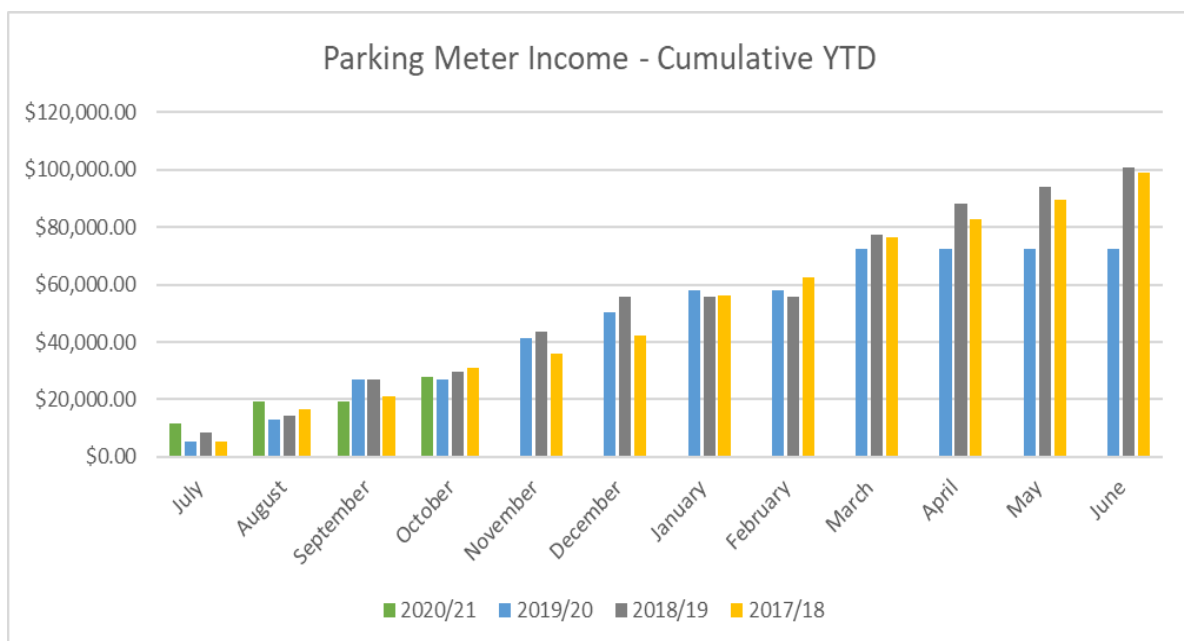
The chart above shows the planning income against the budget for 2020/21 and a month by month comparison against the previous financial year. Income for this activity is currently \$73K ahead of the budgeted figure for 2020/21 and is on par with the 2019/20 year.

Parking

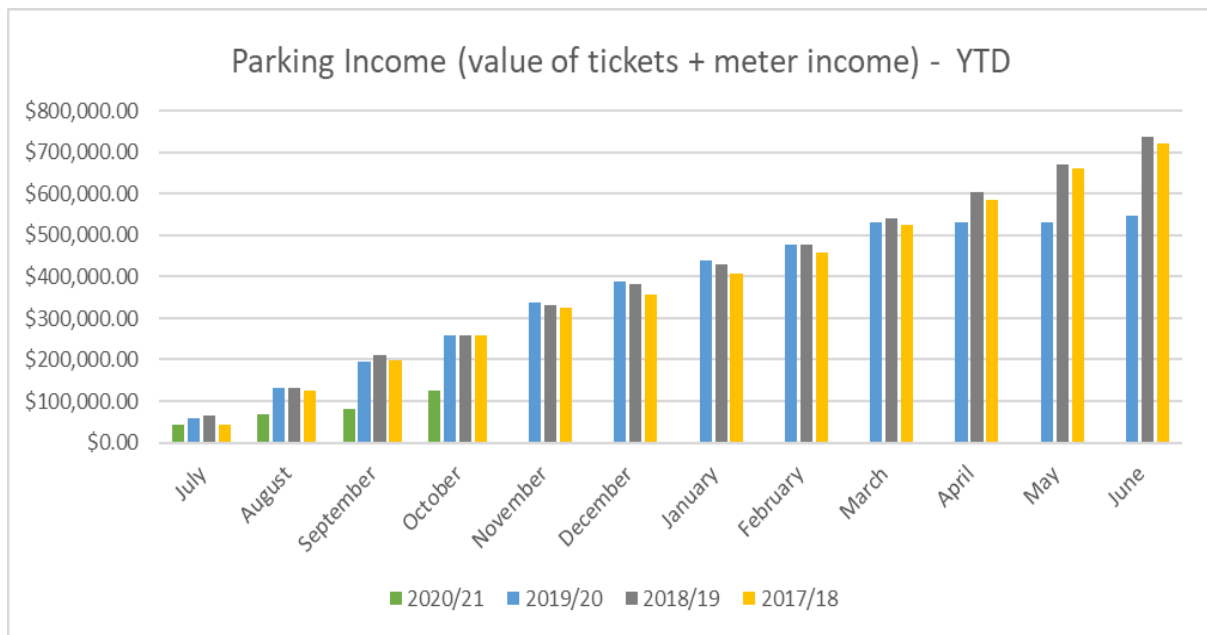
- The value of parking infringements issued as at 31 October 2020 is \$96,946 compared to \$231,542 for the same period last year.
- 1,335 parking infringements were issued as at 31 October 2020, compared to 1,928 for the same period last year.
- \$19,135 parking meter income received as at 31 August 2020, compared to \$12,839 for the same period last year.
- The combined value of parking infringements issued and meter money received, as at 31 October 2020 is \$124,568, compared to \$258,439 for the same period last year. The significant reduction in income compared to the previous year is largely a reflection of the impact the extensions provided by Waka Kotahi NZTA for car registrations and warrants of fitness' had on the activity.
- \$78,878 parking income received collected by the Ministry of Justice in relation to infringements gone to Court, compared to \$102,972 for the same period last year. The amount collected by the Courts largely reflects the number of infringements issued within the preceding 12-month period. As the previous 12-month period includes the disruption to parking services caused by Covid-19, it is likely this income will continue to track lower compared to previous years.
- Value of parking tickets cancelled, as at 31 October 2020 is \$11,080, compared to \$22,958 at the same time last year.



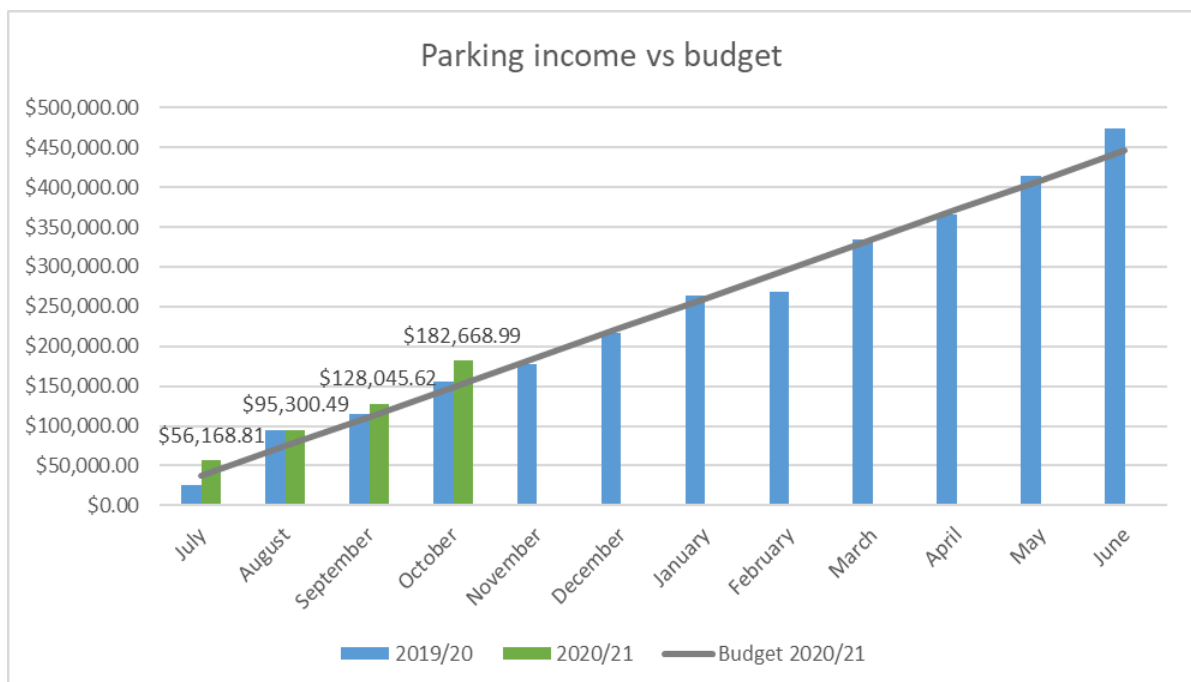
The chart above shows the month-by-month comparison against the previous three financial years for the parking infringement value of tickets. So far in 2020/21 the infringement value of tickets is tracking lower than previous years reflecting the impact of the time extensions provided by Waka Kotahi NZTA for car registrations and warrants of fitness.



The chart above shows the monthly cumulative comparison against the previous three financial years for the parking meter income. So far this financial year the income is consistent with the past 3 years.



The chart above shows the month by month comparison against the previous three financial years for the parking income based on the value of tickets and meter income. So far in 2020/21 the income is tracking lower than previous years reflecting the impact of the extensions provided by Waka Kotahi NZTA for car registrations and warrants of fitness renewals.



The chart above shows the Parking Income against the budget for 2020/21 and a month by month comparison against the previous financial year. The Parking Income is tracking above the budget for 2020/21. This has been helped by the money from the parking meters during April to June 2020 only being cleared once the parking service resumed after lockdown and then banked in July 2020.




Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

6. Appendices

There are no attachments for this report.

Author(s)	Megan Leyland Consents Manager	
	Vaimoana Miller Compliance Manager	
Approved by	David McCorkindale Group Manager - Customer & Strategy	

Four Month Report 1 July 2020 - 31 October 2020

File No.: 20/516

1. Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the three months to 31 October 2020.

2. Recommendation

- 2.1 That Report 20/516 Four Month Report 1 July 2020 - 31 October 2020 be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Issues for Consideration

As included in the **attached** report.

Attachments



No.	Title	Page
A	Financial Reporting - Monthly Report - 31 October 2020	48

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

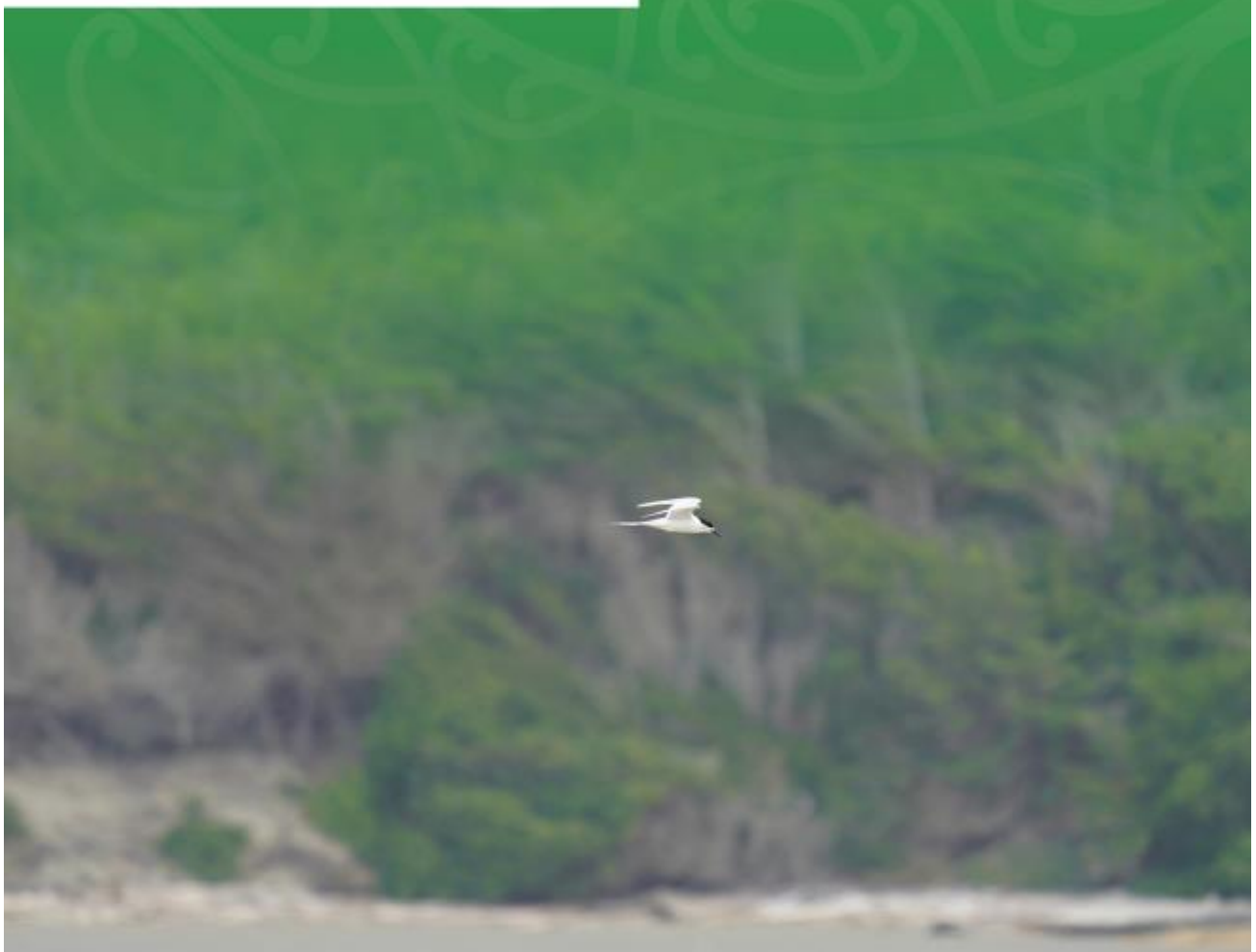
Signatories

Author(s)	Doug Law Chief Financial Officer	
Approved by	Nicki Brady Deputy Chief Executive	

Horowhenua 
DISTRICT COUNCIL

Four Month Report

1 July 2020 – 31 October 2020



Executive Summary

As previously noted a reporting change within the Statement of Revenue and Expense has been made to separate operating grants and subsidies from capital grants and subsidies.

This enables the Council to view the operating result excluding capital grants and subsidies (top half of the statement), and including (bottom half of the statement where the capital grants and subsidies can now be located alongside the reporting of prior year adjustments, vested assets and loss on derivatives).

The reporting change provides a transparent view of our operational result in light of the fact that Council will receive abnormally more funding this financial year from the Provincial Growth Fund (PGF) and Crown Infrastructure Partners (CIP) as part of the government's response to the COVID-19 pandemic.

Doug Law
Chief Financial Officer

13 November 2020

Operational Summary

Total revenue	Total expenditure	Total surplus/(deficit)
\$21.17m is 4% less than the total budget of \$21.96m	\$19.84m is 3% more than the total budget of \$19.27m	\$1.33m is 51% less than the total budget of 2.69m

SUSTAINABILITY

Rates to operating revenue 61%

Rates revenue	\$12.92m
---------------	----------

Operating revenue	\$21.17m
-------------------	----------

61% of operating revenue is derived from rates revenue. Rates revenue excludes penalties, water supply by meter and is gross of remissions. Operating revenue excludes vested assets, development contributions, asset revaluation gains and gains on derivatives.

Balance budget ratio 109%

Operating revenue	\$21.15m
-------------------	----------

Operating expenditure	\$19.36m
-----------------------	----------

Operating revenue should be equal or more than operating expenditure. Operating revenue excludes vested assets, development contributions, asset revaluation gains and gains on derivatives. Operating expenditure includes depreciation and excludes loss on derivatives, landfill liability and loss on asset revaluations. Year to date revenue is 109% of operating expenditure.

Net Debt to total projected revenue (LGFA Cov.) 150%

Total net borrowing	\$90.88m
---------------------	----------

Total budgeted operating revenue	\$60.41m
----------------------------------	----------

With net borrowing of \$90.88m we are still under the set limit of 195% of operating revenue. Total net borrowing is external borrowing less cash at bank.

Interest to rates revenue (LGFA Cov.) 8%

Net Interest	\$0.99m
--------------	---------

Rates revenue	\$12.92m
---------------	----------

8% of rates revenue is paid in interest. Our set limit is 25% of rates revenue. Net interest is interest paid less interest received. Rates revenue excludes penalties, water supply by meter and gross of remissions.

Interest to operating revenue (LGFA Cov.) **5%**

Net Interest \$0.99m

Operating revenue \$21.15m

5% of operating revenue is paid in interest. Our set limit is 20% of operating revenue. Net interest is interest paid less interest received.

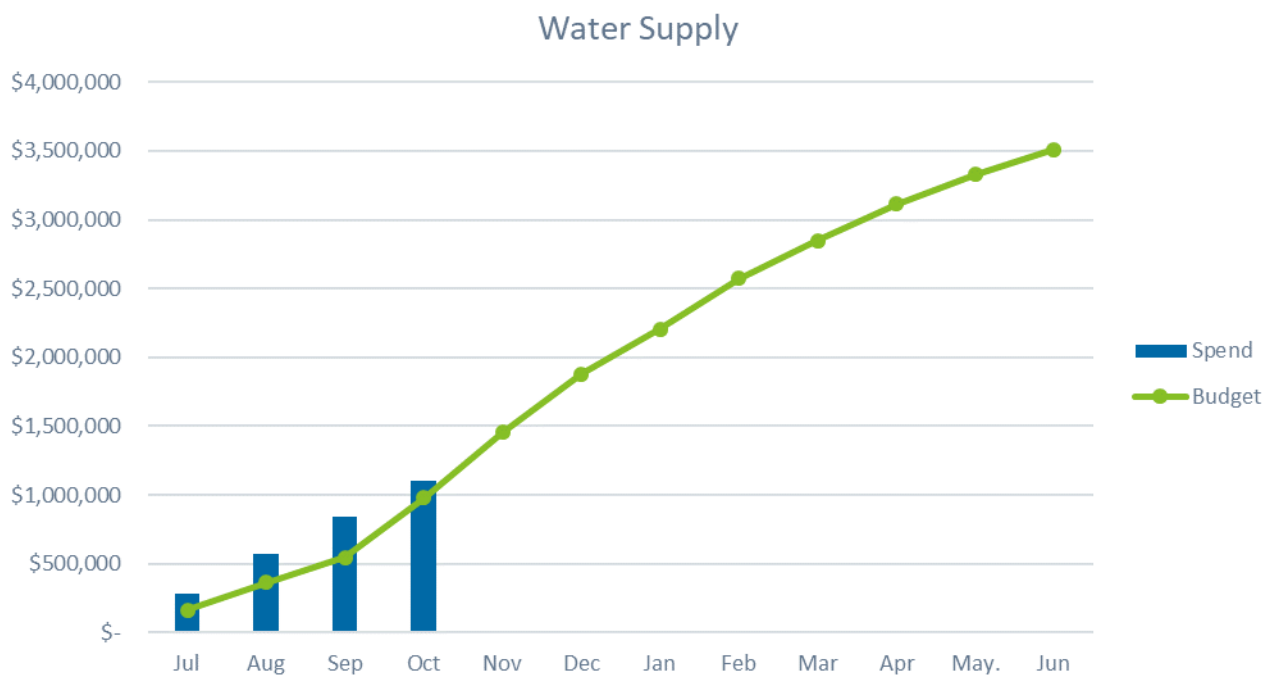
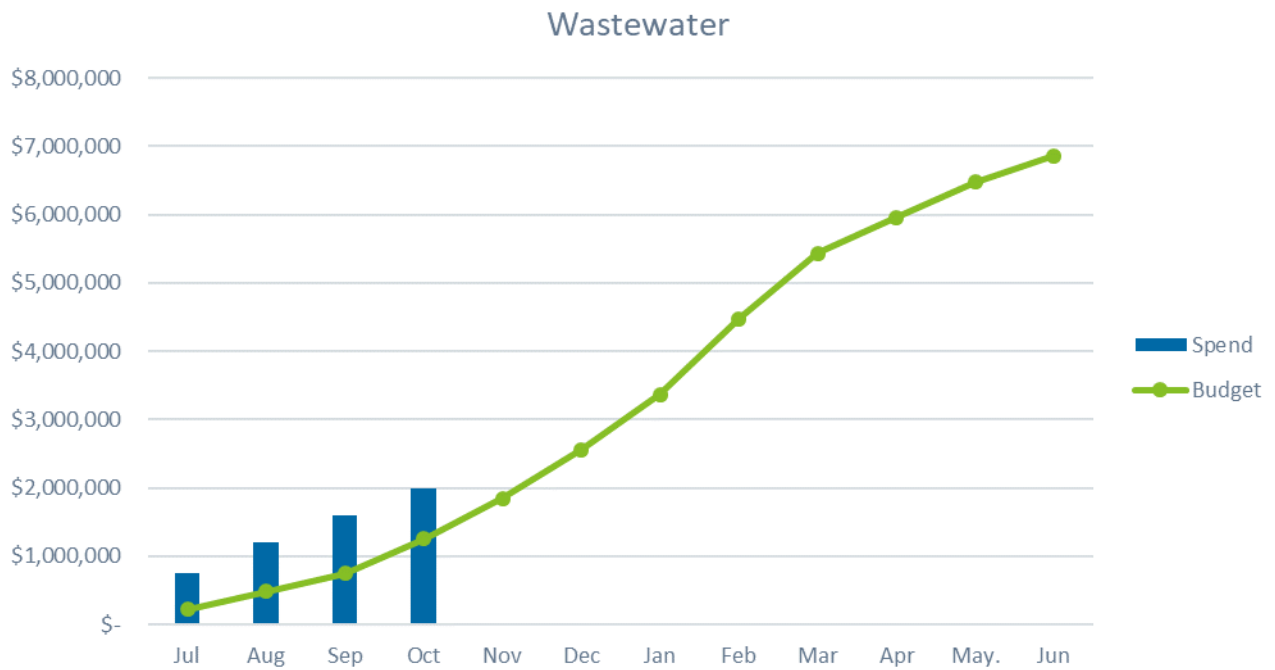
Available financial accommodation to external indebtedness (LGFA Cov.) **111%**

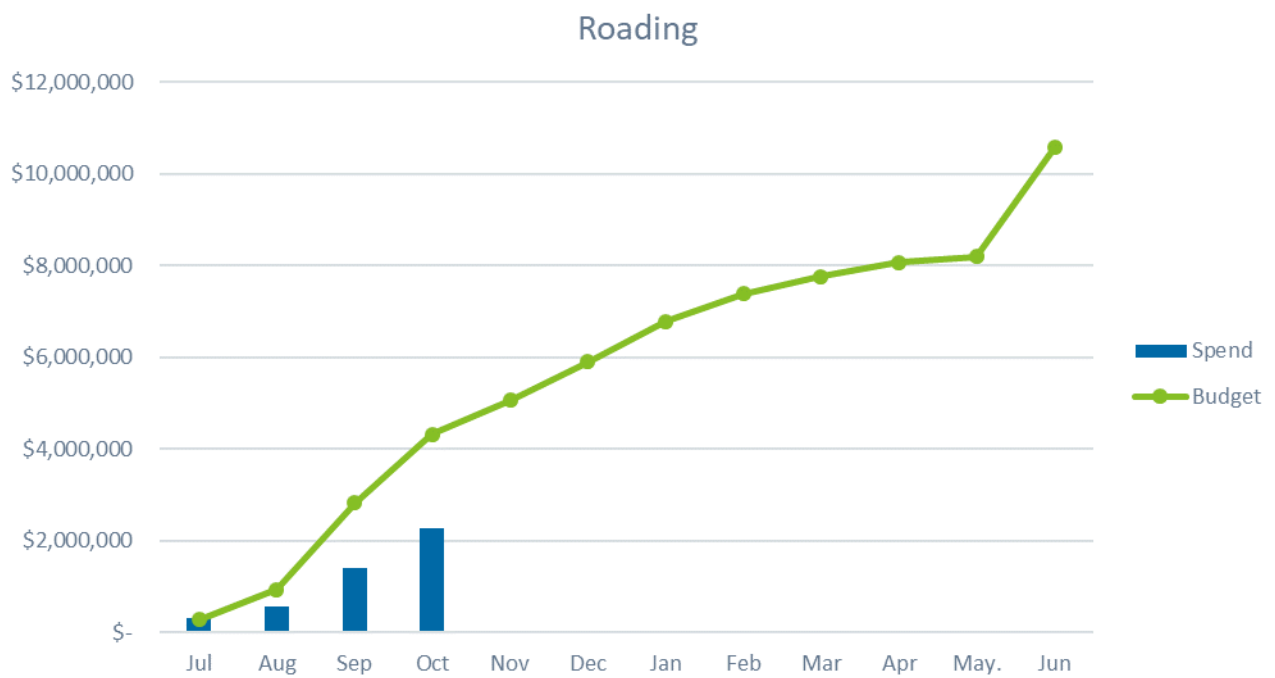
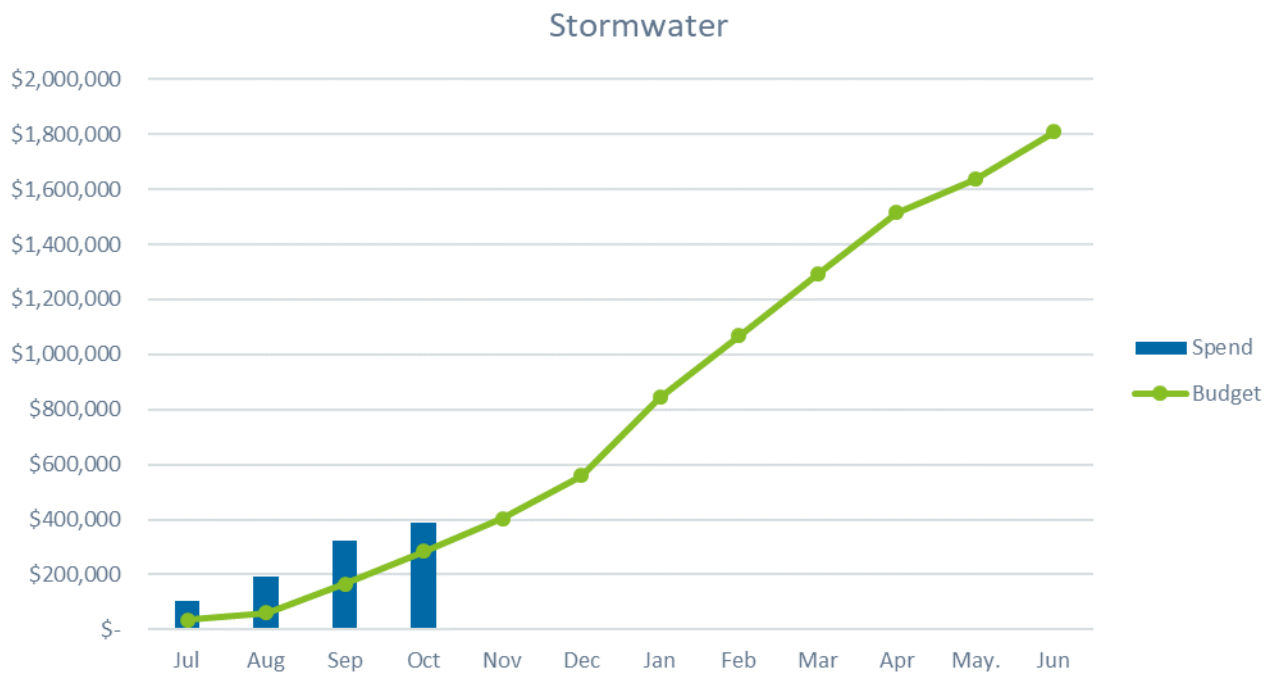
Net debt \$90.88m

Undrawn committed facilities \$10.00m

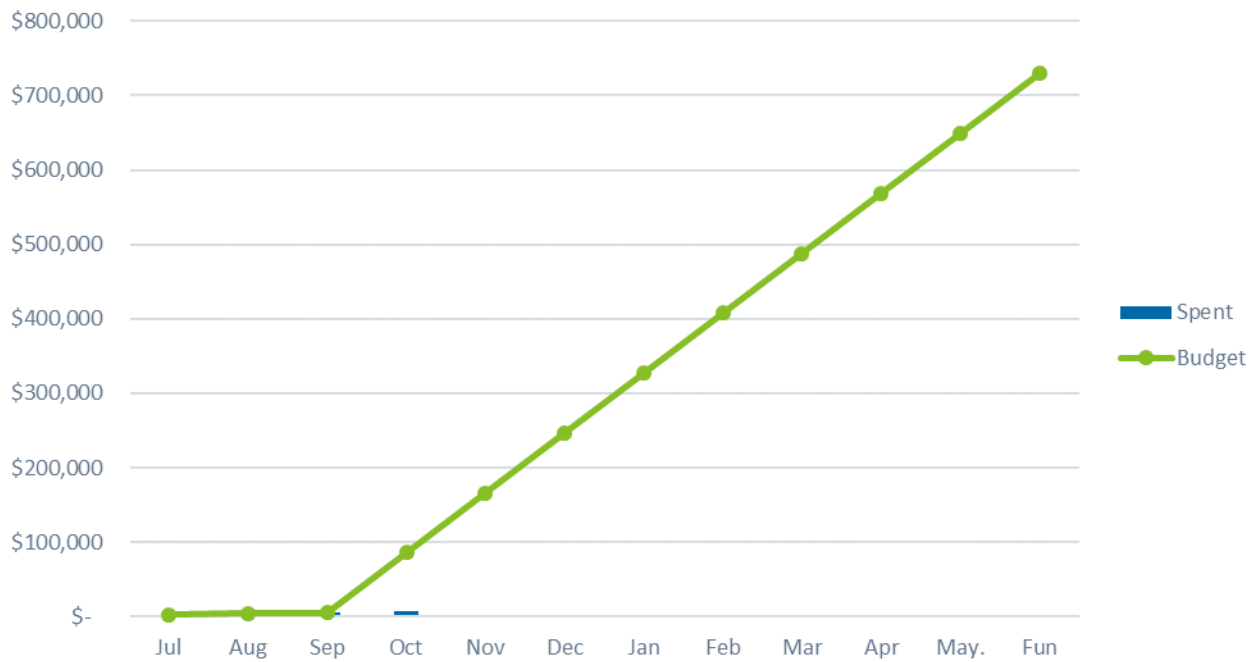
The committed bank facility enables us to borrow up to 111% of our current external debt immediately. The LGFA covenant minimum is 110%.

Capital Expenditure Summary

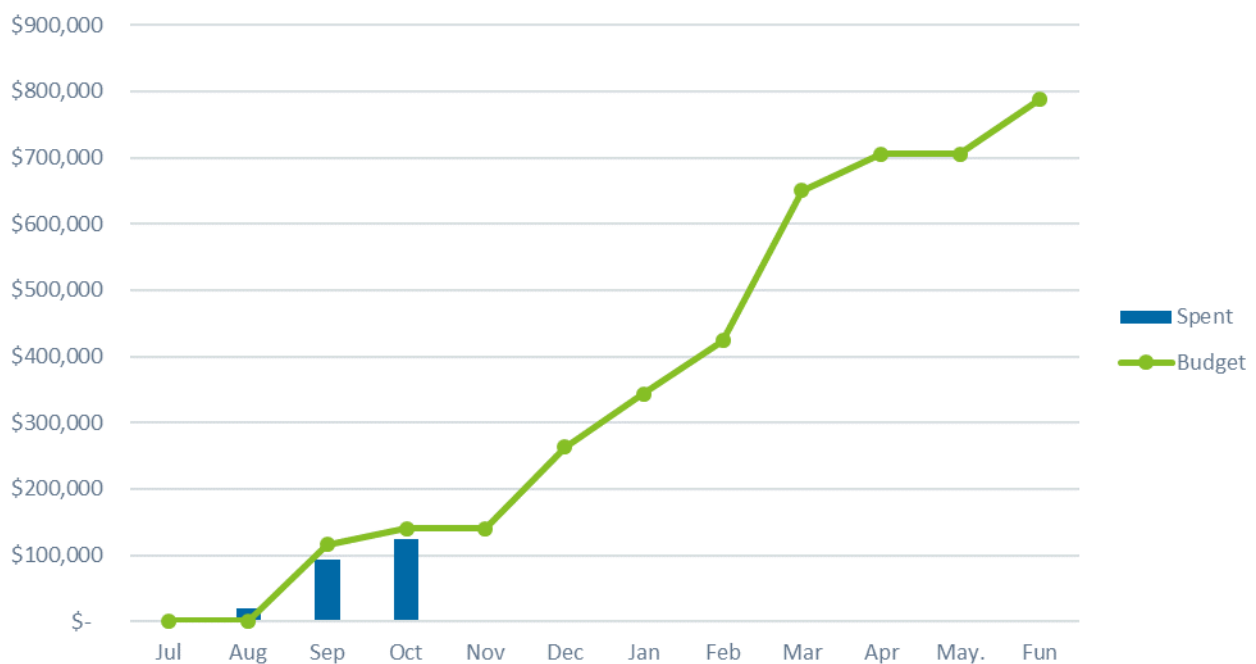




Solid Waste



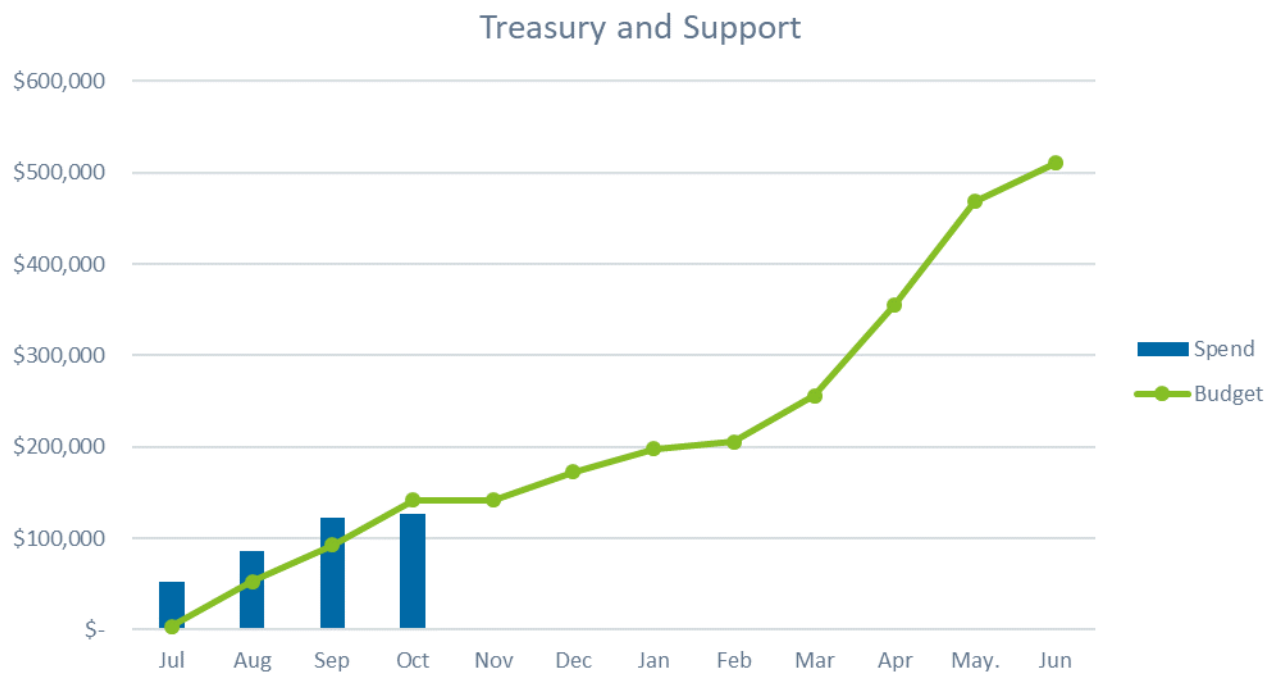
Properties





Notes:

The Community Facilities budget includes the capital budget provision for the first phase of the PGF funded Manawatū River Loop at Foxton project. The project expenditure was budgeted as a CAPEX project, however a portion of the work carried out in the first quarter is deemed to be OPEX and as a result the expenditure trend to 31 October 2020 is below the anticipated budget projection.



Statement of Comprehensive Revenue and Expense

As at 31 October 2020									
	Annual Plan 2020 \$000	Annual Plan YTD Oct-20 \$000	Actual YTD Oct-20 \$000	C/A % Actual to Budget		Variance YTD 2020 \$000	Var/Bud %	% of Total Bud %	Notes
Revenue									
Rates Revenue	(39,684)	(12,849)	(12,920)	32.6%	☺	(71)	1%	0.4%	
Operational Grants & Subsidies	(2,104)	(1,413)	(1,598)	76.0%	☺	(185)	13%	1.1%	1
Finance Income	(200)	(50)	(9)	4.5%	☹	41	-82%	-0.2%	
Fees & Charges,	(4,551)	(1,434)	(1,562)	34.3%	☺	(128)	9%	0.7%	
Other Revenue	(3,197)	(1,370)	(1,603)	50.1%	☺	(233)	17%	1.4%	2
Gains on Disposal of Assets	-		(86)		☺	(86)		0.5%	
Total Revenue	(49,736)	(17,116)	(17,778)	35.75%	☺	(662)	4%	4%	
Expenditure									
Employee Benefit Expenses	15,771	5,156	4,578	29.0%	☺	(578)	-11%	-3.0%	3
Finance Costs	3,202	816	996	31.1%	☹	180	22%	0.9%	4
Depreciation and Amortisation	14,848	4,949	4,553	30.7%	☺	(396)	-8%	-2.1%	
Other Expenses	23,892	8,345	9,231	38.6%	☹	886	11%	4.6%	5
Total Expenses	57,713	19,266	19,358	33.54%	☹	92	0%	0.5%	
Operating (surplus) deficit before taxation	7,977	2,150	1,580	19.8%		(570)	-27%	-26.5%	
Capital Grants and Subsidies	(10,676)	(4,845)	(3,367)	31.5%	☹	1,478	-31%	7.7%	6
Prior Year Adjustment			244		☹	244		1.3%	
Vested Assets			(23)		☺	(23)		-0.1%	
Investment (Gains)/Losses									
Taxation						-			
Loss on Derivatives		0	241		☹	241		1.3%	7
Operating (surplus) deficit after taxation	(2,699)	(2,695)	(1,325)	49.1%		1,370	-51%	-50.8%	

- Note 1** Operational Grants and Subsidies **favourable** variance of \$185k. The significant activities that derive the operating grants and subsidies revenue relate to Community Facilities, Community Support and Road Transport. The majority of the variance reported at 31 October 2020 relates to the PGF funding for The Mahi Space (\$75k) and Road Transport operating subsidies ahead of forecasted budget (\$101k).
- Note 2** Other Revenue **favourable** variance of \$233k. The majority of the variance reported at 31 October 2020 relates to revenue ahead of forecasted budget in the Planning and Regulatory revenue (\$150k), Community Facilities (\$22k) and Representation and Community Leadership (\$60k) areas.
- Note 3** Employee Benefit Expenses **favourable** variance \$578k. The majority of the variance reported at 31 October 2020 relates to delays in recruitment within the Regulatory and Infrastructure activities, and lower training costs a number of courses cancelled/postponed as a result of the COVID-19 level restrictions.
- Note 4** Finance Costs **unfavourable** variance of \$180k. This relates to interest accrued on the \$10m of LGFA bonds repaid early. As reported in the September financial report, this variance will disappear in November 2020 when the interest was due to have been paid if not for the early repayment.
- Note 5** Other Expenses **unfavourable** variance \$863k as detailed below:

Note 5 Other Expenses	Annual Plan 2020 \$000	Annual Plan YTD Oct-20 \$000	Actual YTD Oct-20 \$000	% Actual to Budget	Variance YTD 2020 \$000	% Var/Bud %	% of Total Bud %	Notes
Professional Services	4,282	1,624	1,714	40.0%	90	6%	0.5%	
Materials	107	27	41	38.3%	14	52%	0.1%	
Maintenance	15,043	4,845	5,462	36.3%	617	13%	3.2%	5A
Grants Paid	670	207	207	30.9%	-	0%	0.0%	
Utilities	1,113	391	340	30.5%	(51)	-13%	-0.3%	
Communications	216	70	59	27.3%	(11)	-16%	-0.1%	
Other Expenses	5,058	1,977	1,888	37.3%	(89)	-5%	-0.5%	
Vehicle Expenses	129	34	31	24.0%	(3)	-9%	0.0%	
Treasury Expenses	163	28	21	12.9%	(7)	-25%	0.0%	
Labour Recoveries for Capex projects	(2,889)	(858)	(532)	18.4%	326	-38%	1.7%	5B
Total Other Exepnses	23,892	8,345	9,231	38.6%	886	11%	4.6%	

Note 5A Maintenance costs **unfavourable** variance of \$617k. The significant activities that derive maintenance cost, relate to Wastewater, Water Supply, Stormwater, Solid Waste, Road Transport and Community Facilities and Services.

The majority of the variance (\$700k) is within Community Facilities and Services Reserves activity, and relates to expenditure for the PGF funded phase 1 of the shovel ready Manawatū River Loop at Foxton project. This project was originally budgeted as a CAPEX project however a portion of the work is deemed to be OPEX and as a result unbudgeted. As at 31 October 2020 \$2M of the PGF funding has been received through capital grants and subsidies.

The \$700k variance is offset by maintenance costs in the other activities trending slightly under forecasted budget.

Note 5B Labour recoveries for CAPEX projects **unfavourable** variance \$303k reflecting the lower capital project expenditure and staff time allocation than budgeted. With the construction season approaching, this trend is expected to align to year-end projections.

Note 6 Capital Grants and Subsidies **unfavourable** variance \$1.478M. The significant activities that derive the capital grants and subsidies are Road Transport and Community Facilities and Services (specifically the PGF funded Manawatū River Loop at Foxton Project). The expected funding from the PGF equates to \$3.86M, as at 31 October 2020 \$2.0M has been received based on milestone payments. The significant variance reported relates to forecasted subsidies to 31 October 2020 from Waka Kotahi/NZTA of \$3.185M against actuals of \$2.107M. As the construction season approaches, expect to see this trend align to year-end projections.

Note 7 Loss on derivatives **unfavourable** variance \$241k, due to the interest rates continuing to fall below the fixed rates on the derivatives. Reported variance at 30 September 2020 was also \$241k for comparative purposes.

Statement of Comprehensive Revenue and Expense by Activity

As at 31 October 2020									
33.3%	A	C	D	E	F	G	H	I	J
	Annual Plan	Year to date (YTD)		C/A		D-C	G/D	% of	Notes to
REVENUE	2019/2020	This Year	Budget	to Budget		YTD	% Var/Bud	Total Bud	Accounts
	\$000	\$000	\$000			Variance			
						\$000			
Significant Activities									
Regulatory Services	(5,186)	(2,190)	(2,039)	42.2%	☺	151	7.4%	0.5%	
Community Facilities and Services	(17,141)	(6,413)	(6,830)	37.4%	☹	(417)	-6.1%	-1.3%	1
Road Transport	(13,004)	(4,156)	(5,146)	32.0%	☹	(990)	-19.2%	-3.2%	2
Water Supply	(6,859)	(2,132)	(2,110)	31.1%	☺	22	1.0%	0.1%	
Wastewater Management	(7,486)	(2,413)	(2,317)	32.2%	☺	96	4.1%	0.3%	
Solid Waste	(2,990)	(1,134)	(1,001)	37.9%	☺	133	13.3%	0.4%	
Stormwater	(1,505)	(462)	(462)	30.7%	☺	0		0.0%	
Treasury	(2,429)	(702)	(875)	28.9%	☹	(173)	-19.8%	-0.6%	3
Property	(1,317)	(507)	(365)	38.5%	☺	142	38.9%	0.5%	
Community Support	(2,779)	(932)	(930)	33.5%	☺	2	0.2%	0.0%	
Representation & Com. Leadership	(3,608)	(1,261)	(1,201)	35.0%	☺	60	5.0%	0.2%	
Total Activity Revenue	(64,304)	(22,302)	(23,276)	34.7%	☹	(974)	-4.2%	-3.1%	
Business Units	(22,818)	(7,009)	(7,945)	30.7%	☹	(936)	-11.8%	-3.0%	
Total Operating Revenue	(87,122)	(29,311)	(31,221)	33.6%	☹	(1,910)	-6.1%	-2.2%	
33.3%	A	C	D	E	F	G	H	I	J
	Annual Plan	Year to date		C/A		D-C	G/D	% of	Notes to
EXPENDITURE	2019/2020	This Year	Budget	to Budget		YTD	% Var/Bud	Total Bud	Accounts
	\$000	\$000	\$000			Variance			
						\$000			
Significant Activities									
Regulatory Services	5,186	1,458	1,782	28.1%	☺	324	18.2%	1.1%	
Community Facilities and Services	13,354	4,916	4,305	36.8%	☹	(611)	-14.2%	-2.1%	4
Road Transport	9,731	2,981	3,340	30.6%	☺	359	10.7%	1.3%	5
Water Supply	7,125	2,295	2,382	32.2%	☺	87	3.7%	0.3%	
Wastewater Management	7,835	2,682	2,603	34.2%	☹	(79)	-3.0%	-0.3%	
Solid Waste	3,669	1,218	1,209	33.2%	☹	(9)	-0.7%	0.0%	
Stormwater	1,644	522	542	31.8%	☺	20	3.7%	0.1%	
Treasury	4,134	1,770	1,112	42.8%	☹	(658)	-59.2%	-2.3%	6
Property	1,298	413	422	31.8%	☺	9	2.1%	0.0%	
Community Support	2,778	1,215	1,296	43.7%	☺	81	6.3%	0.3%	
Representation & Com. Leadership	4,818	1,503	1,588	31.2%	☺	85	5.4%	0.3%	
Total Activity Expenditure	61,572	20,973	20,581	34.1%	☹	(392)	-1.9%	-1.4%	
Business Units	22,851	7,013	7,945	30.7%	☺	932	11.7%	3.3%	
Total Operating Expenditure	84,423	27,986	28,526	33.1%	☺	540	1.9%	1.9%	
Operating (Surplus)/Deficit	(2,699)	(1,325)	(2,695)		☹	(1,370)	-50.8%	-4.80%	

Note 1 Community Facilities and Services income **unfavourable** variance \$417k. Variance relates to the milestone payments of the PGF funded phase 1 of the shovel ready Manawatū River Loop at Foxton project. At the time of setting the Annual Plan budget, Council did not have details of how the milestone payments would be received from the PGF and therefore assumptions were made. The assumption was made that \$2.4M would be received as at 31 October 2020, this was in fact \$2.0M creating a variance of \$400k.

- Note 2** Road Transport income **unfavourable** variance \$990k.
Variance relates to the phasing of expenditure for the first quarter being out due to project's start dates being delayed for reasons outside of Council's control. This in turn has led to lower subsidies than expected at this point in the year. As it is only the beginning of the construction season, this is expected to get back on track once projects get underway and it is anticipated to end on budget at year-end.
- Note 3** Treasury income **unfavourable** variance of \$173k.
As reported in September, this trend is expected to continue over the year. The unfavourable result is due to lower internal interest income as the current internal interest rate (2.41%) is below the Annual Plan assumption of 3.0%. In addition, lower external interest received year-to-date as the budgets are assuming that interest will be received equally over the year when in fact it will be "lumpy" and will be lower overall than budget due to the lower interest rate environment. This is offset by higher rates penalty income and lower rates remissions than budget.
- Note 4** Community Facilities and Services expenditure **unfavourable** variance \$611k.
Refer to note 5A explanation which outlines the expenditure for the PGF funded phase 1 of the shovel ready Manawatū River Loop at Foxton project.
- Note 5** Road Transport expenditure **favourable** variance \$359k.
Expenditure will be incurred slightly later in the construction season than expected, therefore while a favourable variance is reported at 31 October 2020 expect this trend to align to year end projections.
- Note 6** Treasury expenditure **unfavourable** variance of \$660k.
Refer to explanations under note 4 and 7 in relation to the Statement of Comprehensive Revenue and Expense, pertaining to the accrued interest on the repayment of LGFA bonds and the loss on derivatives. As reported in September, this includes a prior year adjustment for the unspent proportion of the Solid Waste rebate of \$270k

APPENDIX

Asset maintenance contract	General contract works, repairs, planned and unplanned maintenance, materials and consumables, cleaning and hygiene, inspections and reporting.
Finance cost	Interest on borrowings and interest on swaps.
Gains	Fair value revaluation gain and gain on sale.
General grants	Grants given to various organisations and individuals like Creative NZ, neighbourhood support, beach wardens, community development and youth scholarships.
Grants and subsidies	Grants and subsidies received from government and other organisations for roading, library, community hubs, cemeteries and aquatic centres.
Infringements and fines	Parking tickets, Prosecutions on WOFs and unregistered vehicles.
Employee benefits	Salaries and wages, training costs, FBT and ACC levies, superannuation, and staff recognition.
Other expenses	Printing, publication, postage, stationery, advertising, food and catering, photocopying, internet and communication and any other office expenses.
Professional services	Consultants, contractors, membership fees, legal fees, lab services, audit fees or any other professional services charges.
Regulatory revenue	Planning fees, building fees, animal fees, liquor fees and health fees.
Rendering of services	Commissions, car income, and any other income received for rendering services.
Rental income	Rent from Halls, residential and commercial properties, grazing land, reserves and other lease income.
Targeted rates	Rates for roading, waste management, representation and governance, stormwater, wastewater, water by meter and water supply.
User charges	Revenue received from admission, shop sale, Cemetery fees, trade waste, utility connection, events and exhibitions.
Utilities	Water use, electricity and gas charges

FAR Committee - Actions

File No.: 20/534

1. Purpose

To report back to the Finance, Audit & Risk Committee on requested actions.

2. Recommendation

- 2.1 That Report 20/534 FAR Committee - Actions be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

3. Issues for Consideration

As attached.

Attachments

No.	Title	Page
A	Finance, Audit & Risk Committee - Officer Actions September 2020	62

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Author(s)	Lisa Slade Group Manager - People & Culture	
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Approved by	Lisa Slade Group Manager - People & Culture	
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HOROWHENUA DISTRICT COUNCIL
FINANCE, AUDIT & RISK COMMITTEE
OFFICER ACTIONS
Queries from meeting to be addressed

Date	Item/ Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
29/07/20	20/291	<u>Monitoring Report – Audit Recommendations 20/08/2019</u>	Letter requested from Audit noting recommendations that have been cleared	Susan Cameron		10/11/20	Sitting with Audit NZ to complete
26/08/20	20/89	<u>Risk Appetite</u>	In terms of the timeframe for reporting back on potential changes.	Steve Magi		In progress as at 09/11/20	Awaiting Auditors' advice on risk management changes as a result of COVID-19 impacts. However, the Risk Appetite Statement was adopted by Council on 9 September 2020.
30/09/20	20/361	<u>Infrastructure Development – Activity Update – Horowhenua Alliance Review</u>	Audit report being finalised and the combined response to be brought back to the FAR Committee	Brent Maguire/ Kevin Peel		Work in Progress	
30/09/20			A site visit to be arranged for Elected Members to the Foxton Wastewater Treatment Plan	Kevin Peel			A visit will be arranged when Stage 1 is commissioned
			Graphs and Risk to be included for all the	Kevin Peel		Completed	

HOROWHENUA DISTRICT COUNCIL
FINANCE, AUDIT & RISK COMMITTEE
OFFICER ACTIONS
Queries from meeting to be addressed

Date	Item/ Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
			Infrastructure Operations Projects				
28/10/20	20/409	<u>Monthly Reports</u>	Requested - Inclusion of graphs to show business as usual projects and special projects. Members to also bring back ideas in terms of formatting of information	Abraham Chamberlain		Completed	Full portfolio capital reporting created and included in October Financial Report. Pending ideas or suggestions from members as per action for further formatting improvements.
	20/462	<u>Infrastructure Development – Activity Update – Horowhenua Alliance Review</u>	Issues raised with regard to the review to be considered by the Principals Group and then brought back to the FAR Committee by Christmas this year, including the wider scope, how the culture issue would be addressed and the development of key measures.	Brent Maguire	Christmas 2020		

HOROWHENUA DISTRICT COUNCIL
FINANCE, AUDIT & RISK COMMITTEE
OFFICER ACTIONS
Queries from meeting to be addressed

Date	Item/ Report No.	Item/Report Description	Query/Action	Responsible Officer	Date to Action by	Progress Status	Officer Comment
	20/463	<u>Infrastructure Operations – Updated Alliance Information</u>	Dashboard KPI updates to be available for next FAR meeting	Kevin Peel	13/11/20	Completed	
		OPEX Financials	An explanation on the issue of erroneous expense coding to be provided to Committee Members prior to the next FAR meeting	Kevin Peel			
	20/468	<u>Treasury Report</u>	Workshop to be held in tandem with the next FAR meeting on whether Council could or should take advantage of the current low interest rates	Doug Law		In progress	
	20/471	<u>Chief Executive's Delegations</u>	Report withdrawn and a workshop to be held on this matter at a time and date to be advised	Nicki Brady		Complete	Workshop set for 25 th November 2020.