

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

Date: Wednesday 30 September 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, 26 August 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.

Horowhenua New Zealand Trust - Annual Report 1 October 2019 to 30 September 2020

File No.: 20/421

1. Purpose

For the Horowhenua District Council to receive the Annual Report 1 October 2019 to 30 September 2020 from the Horowhenua New Zealand Trust.

2. Recommendation

- 2.1 That Report 20/421 Horowhenua New Zealand Trust - Annual Report 1 October 2019 to 30 September 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.
- 2.3 That the Horowhenua New Zealand Trust's Annual Report 1 October 2019 to 30 September 2020 to the Horowhenua District Council be received.

3. Background/Previous Council Decisions

The Services Agreement between the Horowhenua District Council (HDC) and the Horowhenua New Zealand Trust (HNZT) requires that the HNZT report annually to the HDC reviewing its activities for the year.

4. Issues for Consideration

The HNZT's Annual Report 1 October 2018 to 30 September 2020 is **attached** and the Chair of the HNZT will be in attendance to speak to the report.

Attachments


No.	Title	Page
A	Horowhenua New Zealand Trust - Annual Report 1 October 2019 to 30 September 2020	9

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)	David Clapperton Chief Executive	
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Approved by	David Clapperton Chief Executive	
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ANNUAL REPORT TO COUNCIL

1 October 2019 to 30 September 2020

1. Reason for Report

- 1.1 The Services Agreement between the Horowhenua District Council (HDC) and the Horowhenua New Zealand Trust (HNZT) requires, at Schedule I that HNZT report annually to the HDC reviewing its activities for the year. This report provides that review for the year ending September 2020 and should be considered in conjunction with the presentation given by the Trust's Chair reviewing progress.

2. Layout of Report

- 2.1 The report generally follows the requirements and format of the Services Schedule attached to the Contract between HDC and HNZT. We have also prefaced that section of the report with preliminary remarks and coverage of the more general "Economic Development" initiatives which the Trust has been involved in.
- 2.2 The reason for this is that in terms of "value for money" measured against Economic Development objectives, these initiatives provide the most tangible evidence of benefits delivered by the Trust, and which align with:
- (a) The purposes set out in the contract; and,
 - (b) The requirements of the Schedule.

3. Role of the Trust as Conceived of by the Contract

- 3.1 The work ascribed to and thus the role adopted by HNZT in relation to the contract is quite specific. The contract states that:
- HNZT acts as the primary economic development organisation for the benefit of Horowhenua.*
- 3.2 It is on this basis, coupled with its Trust Deed, that the work of the Trust proceeds in executing the Service contract. The Trust is strongly influenced by this Role in its work and the fulfillment of the contract.

4. Key Objectives

- 4.1 The key objectives for the year as set out in the Schedule of Services, being Schedule 1 of the Agreement between the Horowhenua District Council (HDC) and the Horowhenua New Zealand Trust (HNZT) were:
- (a) a dynamic economy that attracts and retains businesses and skilled employees;
 - (b) a District where existing and new business enterprises and entrepreneurship are supported;



- (c) a district where private, public, and social enterprise thrive, and individuals and entrepreneurship can flourish; and;
- (d) a quality of life that is attractive to current and future residents, communities, and enterprise.

5. Key Economic Development Objectives and Directions

- 5.1 This first section of the Schedule sets out the HDC objectives and directions which HDC see the Trust pursuing within the agreement. They reflect HDC policy and, to a large extent, overlap with the Purpose of HNZT as set out in its Trust Deed. We note that the term "Economic Development" is wide ranging and far reaching. This is both "help" and "hindrance".
- 5.2 It is helpful in that it invites flexibility, spontaneity and an open-minded approach to the tasks and the processes by which economic development unfolds. A drawback is that it can somewhat awkward and inadequate to adopt any kind of "mechanistic" and determinative quantitative only definition since economic development involves the short and long run, opportunity and threat, success and failure, numerous measures of both success and failure and so on. Consequently, care is needed in assessing what is being achieved and what is not.

6. Major Initiatives and Activities

- 6.1 Two major activities have dominated the Trust's activities in generating Economic Development over the year:

6.2 Establishment, Development and Attraction of Investment to The Business Park

- 6.3 As HDC is aware, the Trust entered into a sale and purchase arrangement for some 14 ha in Roe St. During the year this property has been consented, subdivided, infrastructure installed and parts of it sold to exterior cladding specialist Thermosash who are now in the process of moving parts of their operation to the Horowhenua, centered on Roe Street – the site of the Trust's Business Park.
- 6.4 The value of this development to the Horowhenua has been considerable Economic Development in the form of:
 - Transforming the land which had been used only for grazing for well over a decade into a productive light industrial site;
 - Bringing 40 new to the region jobs along with increased jobs in the servicing and household sector;
 - Associated jobs and investment in the construction of significant plant and equipment for the operation;
 - A new and substantial ratepayer has been added to HDC's community rating base;
 - Further sites have been prepared at Roe Street several of which are in the process of settlement; and,
 - The profile of Levin as a competitive site for development has been lifted considerably.



- 6.5 Work has continued unabated throughout the COVID-19 response period with further announcements pending and strong prospects of completing the Business Park development in the coming year.
- 6.6 **Labour Market, Employment Generation and Job Growth Initiative**
- 6.7 A key area where the Horowhenua has lagged national progress has been in the generation of new job opportunities. The district – like many others – has been plagued by persistent out migration, difficulty in establishing sustainable career paths, and offering its school leavers along with those who would employ them any comprehensive strategy for developing the labour force. Levin does not, for example, have a local employment agency.
- 6.8 Drawing on a number of resources and with some assistance at the conceptual level, the Trust has developed a new strategy to provide a comprehensive linkage development process for:
- Designing and implementing career paths for school leavers through coupling “tomorrows employers” with “tomorrows employees”;
 - Made extensive use of schools and companies to design such programmes and support both employers and school leavers in their involvement in the various pathways thus provided;
 - Is developing integrated software modules to digitize these processes while building a comprehensive suite of data and tools to operate such “journeys”;
 - Organises and operates a series of “events” on both the supply and demand side of the labour force equation with a stress on high levels of engagement (not just talking and advice) amongst participants; and,
 - Operates the scheme on a full cost recovery basis so as to ensure capacity to sustain the offering.
- 6.9 So as to facilitate the establishment of this service, a three-year contract with Central Government has been negotiated to underwrite initial investment and development. The Trust has drawn on the educators, investors and employers to guide content and govern the contract.
- 6.10 This contract is injecting some \$806,000 into job creation in the district economy.
7. **Establishing Demonstrable Competence, Collaboration with Central Government and Improving Horowhenua District Profile**
- 7.1 It is a truism that “talk is cheap”. Nowhere is this more the case than in the field of “Economic Development”. Economic Development tends to be something everybody wants, many talk about, numerous people seem to have opinions on “how to bring it about”, reams are written about...
- BUT...
- Not very much in the way of substantial new investment and job creation emerges from “the talk”.



7.2 The Trust has undertaken a number of projects on the ground and in the field. The development of Roe Street is one example to date. Sales and the development of infrastructure there demonstrate that the Trust has the “know how”, is able to find the capital, is aware of how to invest it and can produce a product which market participants want.

7.3 Providing tangible proof of performance is critical to establishing credibility to underpin future work. 2020 has had the Trust move well along this path.

8. Response to COVID-19 Pandemic

8.1 As with the rest of the country and its economy the Trust has been involved in responding to and adapting to altered life conditions required by adjustments to reduce the impacts, avoid harm from and adapt to the Pandemic which has had such widespread and challenging effects:

8.2 The Trust has been involved in providing wide ranging support as follows:

- (a) Identification of Likely Impacts
- (b) March COVID-19 Workshop
- (c) Support for HDC Financial Resilience Group
- (d) Provided leadership to the COVID-19 Emergency Business Rapid Response Agency Coordination Group (MSD)
- (e) Small Business Support Services through participation in CEDA Regional Collaboration Group

9. Summaries of Activity and Comments – Contracted Economic Development for the Year

9.1 We present below summaries of activities undertaken along with comments on directions and progress in the major areas identified in the Contract. There are, needless to say, numerous areas of overlap – and these are apparent in the summaries presented. The significant point, however, is to note that an economy – and thus economic development – involves a process which integrates numerous “moving parts”. Thus, the overlaps reflect the realities “on the ground” as these have unfolded in executing the Contract.

9.2 It should also be noted that economic development does not fit “neatly” into 12-month tranches of discrete activity. Thus, much of the work is ongoing and its benefits will play out in the medium and longer run.

Objective and Direction	Activities and Comment
i) Business retention and expansion and work with local businesses	Consistently marketed and engaged businesses with the Regional Business Partners Network and Callaghan Innovation, overall increasing funding allocation to Horowhenua businesses.



Objective and Direction	Activities and Comment
<p>a. Deliver an action orientated programme to engage existing businesses in the community to identify and understand their priorities and opportunities/challenges for growth and expansion</p>	<p>Throughout COVID-19 Levels, actively contacting and ringing businesses to identify challenges and making connections to fill gaps and collecting quantitative and qualitative data on needs.</p> <p>Continual relationship building with local businesses to understand their opportunities and challenges.</p> <p>We have engaged with businesses to provide in-confidence commercial advice and practical guidance in support of business growth, expansion and investment.</p>
<p>a. Support businesses with awareness of relevant government programmes</p>	<p>Actively marketed existing and new Government programmes that support businesses, like COVID-19 support, Business BOOST, and Business New Zealand advice.</p>
<p>b. Facilitate research and data collection to assess sector needs and opportunities</p>	<p>Throughout COVID-19, staying in active contact with businesses and collecting specific data on their needs.</p> <p>Prior to COVID-19 Lockdown, ran March BCP workshop for local businesses in conjunction with DHB and Central Government agencies like Ministry of Social Development and IRD.</p> <p>Utilise Infometrics Quarterly Economic Updates and other Infometrics reports to assess sector needs and opportunities, as well as consideration of other reports from independent economists.</p> <p>Active participation and representation on the Regional Economic Development Agency Group, including hosting of key meetings in Horowhenua.</p>
<p>ii) Support for small business and entrepreneurs;</p>	



Objective and Direction	Activities and Comment
<p>a. Partners with external agencies to deliver services to support new and small business owners (making use of relevant existing government programmes/external funding)</p> <p>b. Facilitate expert advice and practical assistance to business owners</p> <p>c. Facilitate businesses to explore ideas and challenges and to connect them with the information, expertise and contacts they need to succeed.</p>	<p>Provide businesses advice when requested which ensures new and SME have access to advice and assistance to resolve their pain points</p> <p>Secured \$100k from RBP for Horowhenua businesses to access specialist support and ran successful workshop with 40 businesses participating</p> <p>Facilitated expert business advice through the delivery of business webinars and Electra Business After 5s – 12 BA5's from October 2019 to October 2020</p> <p>Actively marketed and supported businesses to engage with Callaghan Innovation with areas of their businesses or new ideas that require R/D support</p>
<p>iii) Support for workforce development, high-quality jobs, and skills-building;</p> <p>a. Work with business and community partners to monitor and analyse data in order to identify labour force needs, shortages/surpluses across employment sectors</p> <p>b. Promote Horowhenua as a desirable and exciting community with diverse employment opportunities</p> <p>c. Collaborate with community partners to engage labour pools including youth, migrant and immigrant populations</p> <p>d. Work with businesses, institutions, and community organisations to improve labour market outcomes.</p> <p>e. Liaise with post-secondary institutions and training providers with respect to the skills and demand requirements of local businesses.</p>	<p>Negotiated \$806k PGF funding to establish Get-Go, Horowhenua's workforce development agency:</p> <ul style="list-style-type: none"> ▪ Develop a digital platform that showcases Horowhenua's diverse and exciting employment pathways and connects local employers with jobs with skilled talent ▪ Collaborate with Horowhenua community partners to engage labour pools in exciting and different ways ▪ Get-Go leads a program of work that identifies and connects education and training providers to employers. <p>Items c to e all form part of the Get-Go programme operated by the Trust and THCL staff.</p>



Objective and Direction	Activities and Comment
	<ul style="list-style-type: none"> Active participation and representation in Regional Skills and Talent Group alongside senior Government officials, including hosting of key meetings in Horowhenua.
iv) Support for knowledge industries, young workers and incubation / innovation enablement. a. Educate secondary and post-secondary students about the labour market and facilitate interaction between students and Horowhenua businesses b. Facilitate research and data collection to assess changing needs	Arranged Get-Go Futures Day on 23 rd of September where every Year 10 student in Horowhenua connected with 6 employers and contextual learning opportunity. Played a leadership role in completing the Feasibility Study into youth outcomes within Horowhenua Labour Market funded by Provincial Growth Fund Various seminars and presentations showing trends, analysing demand and assessing supply side trends – to Council and Councillors.
v) Support for Council strategy, policy and planning advocacy activities. a. Commission population, demographic and economic data insights and projections to inform strategy, policy and plan making activities b. Provide expert advice for Council concerning economic impacts of Government Policy and national infrastructure projects, plans and programmes on the Districts economy at large, key sectors and current business growth strategies	Commissioned Sense Partners population demography to provide to HDC. Providing advice on District Plan and provided submissions on Freshwater Reform. Provided submission on HDC draft Water Bylaw. Providing economic advice on impacts of COVID-19 to Financial Resilience Committee.

9.3 The following table sets out the objectives and direction as laid down in the schedule and provides pointers as to the Trust's work in these areas:

Objective	Comment
To lead an economic development approach that fosters improved community and district level outcomes	The Trust and its staff interact frequently with the compliance regime(s) and we have been able to



Objective	Comment
	identify various pinch points that can be used to help inform policy development.
Regularly reviewing and reporting back the approach and interventions in the context of available data (economic, employment and / or demographic) to assess the need for any adjustments	We have been able to have a number of useful interactive sessions with the Council obtaining their feedback and adding our own experiences.
Developing a communications programme that aides the positioning of Horowhenua as a great place to live, work, invest and do business	Extensive work has been carried on: <ul style="list-style-type: none"> ▪ Developing a website ▪ Developing a “press release process” which profiles the Horowhenua
Developing a robust approach to investment attraction and aftercare	Considerable care is taken in strategy development to emphasise what the Trust can and can't do. This has focused on identifying the areas competitive advantages and promoting those.
Facilitating the growth and expansion of existing businesses	The opening up of land provides significant opportunity here. Active discussions with HDC staff on better positioning RMA documents is proving fruitful as will the NPS in this area.
Supporting and nurturing innovation, entrepreneurship, small business, and new business start-ups	Our lead here has been Thermosash – an example of a technology and innovation driven company.
Supporting employment growth and labour market capability and capacity	The stress in the Get-Go programme is on “getting beyond pamphlets” to concrete steps which motivated individuals and groups can work on in concrete ways.
Working with local, regional, provincial partners to identify high priority growth opportunities and markets and provide support and expertise for the attraction of new jobs and investment in those sectors	As with Get-Go the Trust is high on action and low on “meetings and discussion: in this area. A failure of many initiatives has been a high emphasis on writing reports and doing little more. The Trust has an action preference and orientation.
Monitoring and reporting the district's performance across a range of economic and social indicators, and provide these for the benefit of local, regional and national decision makers.	Results of the Trust's work and all it commissions is published via our website and is thus available for all as a resource. Similarly, various submissions which the Trust have made are available (for example in relation to class I soils and land use).
Enable the provision of timely, relevant insights and independent commentary to support local enterprise and the economic wellbeing of Horowhenua's communities.	The Trust is an independent entity and thus operates and comments independently. This can lead to robust discussions and interpretation – which the Trust welcomes and sees as fruitful.



10. Transparency, Reporting and Accountability

10.1 This element of the Services schedule needs to be read having regard to:

- (a) The obligations of both parties under the Privacy legislation;
- (b) The fact that various activities and their reporting are subject to specific provisions of commercial confidentiality;
- (c) The requirements of the Local Government legislation; and,
- (d) The requirements of the Trust Deed.

10.2 Breach of any or all of these requirements typically would result in harm rather than benefit to the district and either or both parties may suffer. Principals of both parties are keenly aware of this possibility and thus transparency is managed accordingly.

10.3 In collaboration with the HDC CEO various adjustments to types of update, attendees at updates, forms of presentation and reporting have taken place throughout the year. It has generally been felt that a degree of flexibility is beneficial for both parties:

10.4 Reporting has thus been by way of:

- (a) Presentations to elected members (Council meetings);
- (b) Meetings between Senior HDC Management and Senior Management of the Trust;
- (c) Meetings between Advisors of the Trust and HDC Management; and,
- (d) Electronic communication as appropriate.

11. Development of Governance Partnership

11.1 In the interests of improving communication and sharing of information between the Trust and HDC, the Trust and nominated Councilors have been developing a governance level mechanism and information updating programme for the coming year. It is expected that exchanges occasioned through this programme will assist both the Trust (through gaining insights into community reactions to ideas and proposals) and the HDC (through gaining insights into business and related reactions to its policies).

12. Costs, Benefits and Value Delivered

12.1 An estimate of "actual" identifiable dollar benefits directly delivered compared with the cash costs to HDC is provided in the following table.

Item	Benefit	Cost
Get-Go Labour Market Initiative	Contract with MBIE	



	Value \$ 800,000	
Business Park infrastructure	Crown infrastructure grant Value \$2,900,000	
Business Park development and sale	Thermosash Limited Value \$2,000,000	
RBP fund availability for Horowhenua	Fund for Small Business Value \$100,000	
All other elements of contract	Not valued in "dollar terms"	
TOTALS	\$5,800,000	\$750,000

12.2 This table does not include any work in progress and, at the time of writing this report, the Trust was heavily involved in projects involving substantial additional investment and job creation.

13. Conclusion

13.1 The Trust has been established for less than two years. While the first year involved considerable time in establishment processes and developing various modes of work, the second year has involved significant strides in line with both the Economic Development contract and the Trust Deed.

13.2 An underlying objective of the Trust has always been to allow Horowhenua to get to the point where its development and growth in economic terms is not dependent on central, regional or local government subsidy and intervention. An independent sustainable growing economy which does not depend on wealth transfers is the aim.

13.3 As set out above, the second year of the Trust's work has been concerned with building direct, tangible initiatives which have done precisely this, through building GDP, using existing district resources efficiently and generating employment. The intention is to continue in this vein.

File No.: 20/360

Community Facilities - Activity Update

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 20/360 Community Facilities - 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

3. Key Highlights and Business Priorities

3.1 HIGHLIGHT PROJECT PRIORITIES

Levin Aquatic Hydroslide
Capital Budget: \$451,401

Two Month Spend: \$40,490

There has been plenty of activity at Levin Aquatic Centre in respect to this project and contractors have made good progress in a short amount of time.

The scaffold has been erected around the whole hydroslide tower, which has enabled contractors to remove all the electrical services and HVAC systems in preparation of the cladding being removed. Sections of the hydroslide have been taken down and internally the hand rails and balustrades have been removed and disposed of.

Periods of high winds have caused a slight delay as contractors were unable to remove the roof and cladding as per the planned timelines, however contractors are confident of making this time up over the coming weeks.

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	Implemented weekly progress reports and check ins. All work is

					programmed within a shared work plan with critical milestones that trigger review.
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Foxton Pool Renewal Programme
Capital Budget: \$50,000

Two Month Spend: \$10,381

Contractors completed the comprehensive maintenance and renewal schedule at Foxton Pool prior to the pool opening on 01 September 2020. Specific work included:

- Draining the pool to allow for a full inspection, clean and service of the Myrtha pool liner
- Both filters have been serviced and media replaced
- Servicing of both filter pumps, replacement of faulty valves and servicing of the make-up water systems and the balance tank
- Servicing of the boiler and replacement of the heat exchanger plates and pumps
- Shower walls and shower roses replaced
- Work is also underway to improve the air quality in the plant room.

Majority of works will be invoiced in September 2020.

- **Reputational Risk**

As part of the Foxton Pool Renewal programme of work, Council Officers worked with contractors to identify and rectify issues with the poolside showers. These showers have been a constant source of frustration for pool users for a number of years and regularly feature in feedback received about the facility (both formal and anecdotal). The source of frustration includes lack of pressure, fluctuation in temperature and the ability for all showers to operate consistently at the same time.

To mitigate ongoing reputational risk, Officers included a specific investigation as part of the renewal programme to identify the source of the problem. Officers are confident that problem has been identified and are now working through solutions to increase the water flow, and deliver an increased customer satisfaction as a result of resolution.

Library Book Renewal Programme
Capital Budget: \$200,000

Two Month Spend: \$28,246

Each year Libraries Horowhenua have budget allocated to renew part of the book collection across all three Horowhenua Library branches (Levin, Foxton and Shannon).

When considering the collection as a whole, Libraries Horowhenua staff review levels of service and how community outcomes can be met through a collection that:

- is active and relevant to the needs of the community
- is accessible to persons with disabilities
- is affordable
- is diverse
- ensures the important role in the Libraries Horowhenua commitment to Te Tiriti o Waitangi
- educates children, young people and adults
- promotes lifelong learning
- benefits the mental, emotional and physical needs of the people in our community
- reflects the culture, heritage and spirituality of the people in our community

- provides up to date, trusted and reliable information and resources.

Libraries Horowhenua deliver to community needs by providing:

- information resources published in New Zealand, by New Zealanders and about New Zealand and its people.
- available information resources in appropriate varied formats (standard print books, large print books, eBooks, eJournals, compact discs, digital video discs, CD-ROMs, videos, etc).
- diverse resources with consideration for readers' culture, language, gender identity, sexual orientation and special education needs.
- material for users with different disabilities (large print, audiobooks, font enlarging software, dyslexic friendly text, etc.).
- a broad variety/range of presentations by different authors and genres.
- a reference collection: ready reference information resources designed to provide quick access.
- a Te Ao Māori collection ranging from significant to local and shared factual information in all subject areas including databases, tribal histories, Māori language resources, information on Te Tiriti o Waitangi, issues before the Māori Land Court and magazines.
- newspapers reflecting local, provincial and national current news, which are readable, popular and informative, are available both in print form and through several online databases.
- recreational magazines to develop the general knowledge of users.
- a heritage collection including local and family history resources and databases; including Kete Horowhenua – a community built digital library of arts, cultural and heritage resources for and about Horowhenua.

- ***Financial Risk***

New Zealand is largely reliant on global publishers for the bulk of its collections. Any Australasian (ANZ) major publisher warehousing is in Australia. This includes 'the big six': Penguin RH, Harper Collins, Macmillan, Bloomsbury, Walker and Hachette.

Publishers finalise their publishing schedules over a year to 18 months out and calibrate their release dates so that big titles land on shopping-heavy holidays. They also calibrate their release dates so books do not bump up against one another, e.g. publishing a book for the same age/audience/media outlets on the same day.

The impact of the Covid-19 pandemic has meant significant disruption to publishing, the printing of books and their freight/delivery from the publishers. 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 in the ways that libraries have become accustomed to. Specifically, ordering in stock from major ANZ based publishers is less reliable and less timely than it used to be.

- ***Risk Mitigation***

Prior to the Covid-19 pandemic, the guideline for selectors who are responsible for purchasing new materials was generally to divide the yearly budget by 12. This provided a guideline of a monthly spend.

Mitigations implemented to manage the emerging risk now require titles for items to be confirmed three months in advance; and Libraries Horowhenua staff must purchase ahead of time by an agreed publisher cut-off date.

The result of this change means that spend will be variable rather than an apportioned monthly amount. The spending pattern will show months with significantly higher spend than

others, bearing in mind publishers calibration of their release dates so that big titles land on shopping-heavy holidays. UK and US editions will arrive quickly by air freight. These big name books will be highly anticipated by readers who will demand copies at the same time as the rest of the world. However they will be more expensive. This will impact on future buying and long term management of the library budget through the upcoming Long Term Plan.

Other mitigations in place include management and planning associated with shipments coming from the major publishers in ANZ via sea freight to New Zealand. Sea freight takes two weeks whereas airfreight used to take two days; this is therefore planned into purchasing processes.

- **Service Delivery Risk**

While there are still significant numbers of people who do not have access in their home and rely on library internet access, the library's eBook loans have significantly increased over the last year with additional costs.

Libraries everywhere are facing huge challenges when it comes to eBooks and the publishing industry. The 'big six' publishers of trade books (Hachette, Harper Collins, Macmillan, Penguin, Random House and Simon & Schuster) have been reluctant to sell the most popular fiction and non-fiction to public libraries, primarily due to the suspicion that library eBook lending will cut into consumer sales.

Some publishers charge libraries up to five times more for an eBook than what would be paid for the same ebook from a retailer like Amazon, making it hard for libraries to purchase enough copies of popular titles to meet public demand.

The availability of eBooks for loan through libraries is limited by what publishers are prepared to make available, and under what terms. Libraries only get an eBook for a limited amount of time before it must be repurchased. Many publishers only sell eBooks and downloadable audiobooks to libraries for one year, two years, or a certain number of checkouts. This is both expensive and difficult to manage when maintaining consistent levels of service.

- **Risk Mitigation**

All New Zealand Libraries are facing these challenges and syndicates have been formed to help with overcoming some of these challenges for cost effectiveness and working collectively with publishers, vendors and the library community to help find solutions. Ongoing monitoring of trends and regular communication provide the best platform for control of risk.

4. Updates for the Committee's Information

4.1 Tū Manawa Active Aotearoa

Sport Manawatū manages Tū Manawa Active Aotearoa on behalf of Sport NZ in our region. Tū Manawa Active Aotearoa provides funding for programmes or projects delivering play, active recreation and sport experiences for tamariki and rangatahi. These may be new or already operating. Funding rounds include:

- Fast Fund of up to \$10k. This is a monthly fund, opening on 24 August–10 September 2020, and again on 11 September–10 October 2020.
- Large Fund applications have no limit and will be assessed by a panel with wide representation. The funding rounds are quarterly, opening on 24 August–31 October 2020, and again on 01 November–31 January 2021.

Aquatics Horowhenua received part funding in the last round for its very successful rural swim school programme and will be seeking funding for this programme once again. Council

Officers are currently exploring other opportunities for funding and promoting this opportunity throughout our community.

4.2 The Mahi Space

The name for the Regional Digital Hub has been decided and it will be known as: The Mahi Space (TMS) which means the work space, Te Wāhi Mahi. The physical location is next door to the Youth Space in Te Takeretanga o Kura-hau-pō.

Initial consultation with businesses has been very positive, with many business people interested in becoming members, and using and booking The Mahi Space once it opens in October 2020. These include businesses located within the Horowhenua District and Palmerston North.

The branding and logo is progressing. A video showcasing Levin, filmed at local businesses including lawyers, accountants, hairdressers and UCOL students is currently been edited. This video will be used as marketing on social media and the 'What's Here' page of Te Takeretanga o Kura-hau-pō website; and be played on the TV screen within The Mahi Space during events.

Contractors are progressing as planned with the fit out of the space and all milestones are on track for the official opening in early October 2020.

4.3 Shannon Library

As previously reported, the Shannon Library interior was refurbished, and re-opened for patrons in early June 2020 with new shelving, carpets, customer service desk, a small kitchen and refreshed book stock. Further to this work the 'Shannon Library' signage at the entrance of the facility has been repainted and updated, and the old frosting on the windows has been replaced with an attractive, more contemporary design.

Thanks to the volunteer group, Friends of the Horowhenua Libraries, a donation has been made to continue the transformation. The donated funds will cover the costs for new blinds looking out to the courtyard at the rear of the library, as well as paint for the courtyard itself.

During August, Council Officers completed water blasting of the walls and tidying the stones in the courtyard. The gardening, replanting and painting in the courtyard will be completed later in the year when the weather improves.

4.4 Whenu: A Multi Media Exhibition

Whenu is the current exhibition on display in the Shared Gallery at Te Awahou Nieuwe Stroom from 29 August–11 October 2020. It is the first exhibition in this space to feature the work of local artists.

The five artists, Charles Bagnall (wood & photography), Debra Bustin (light, metal & clay), Margaret Hill (fabric), Hori (digital) & Rahda Sahar (harakeke), present strands of their vision to weave together a dynamic display of art.

"Five contemporary artists from around the region have come together, each weaving their innovation and story-telling into one space," says artist Radha Sahar. "Māori traditions sit alongside European and other influences." According to Radha, the arts of weaving take us back into times immemorial. "Peoples and cultures all over the globe have perfected these skills in so many different ways. Weaving connects us, and joins diverse worlds together."

Entry into the exhibition is free, and each artist will, throughout the duration of the exhibition be present in the Shared Gallery to create pieces and interact with visitors.

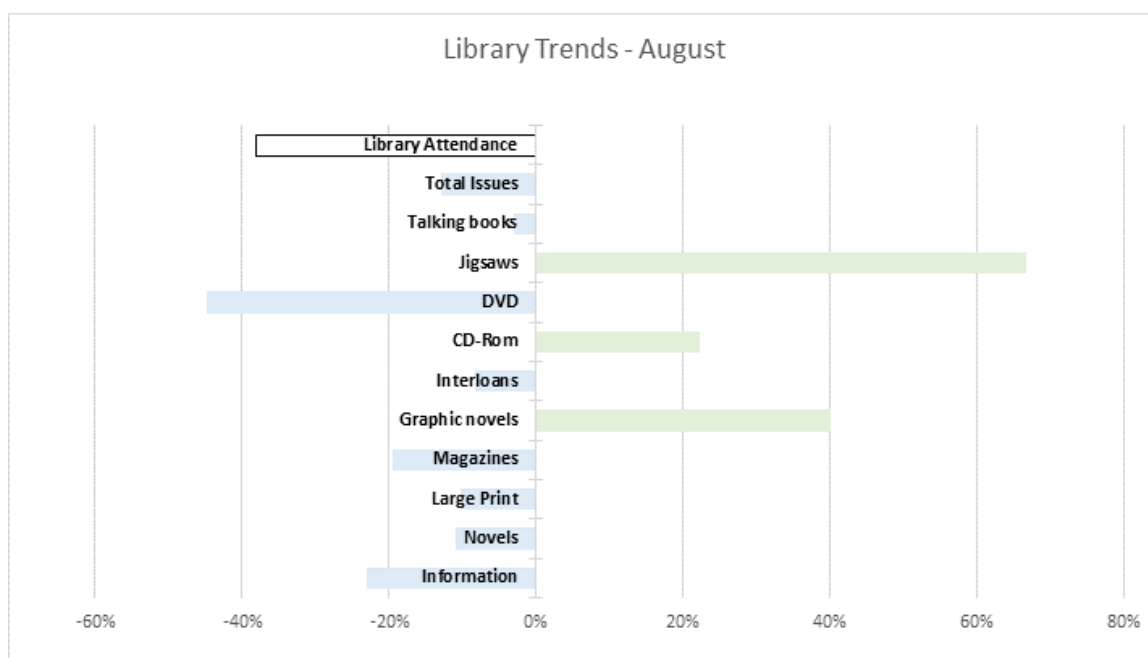
5. Community Facility Trends

Elected Members explored and discussed as part of the Annual Plan 2020/21, implications of the Covid-19 pandemic across Council, including the possible effects on attendance within community facilities and subsequent income reductions from user fees.

Within the Communities, Partnerships and Business Group portfolio, various trend reports have been established to monitor and quickly identify emerging trends or risks.

This month the August trends for library issues is profiled. The graph below indicates that:

- The decrease in attendance due to Covid-19 is down 38% yet the total issues are only down 13% in comparison to the same month last year. This indicates that the community is using facility provisions in a different way (housebound service / eBooks) rather than physically coming into the facility. It is also indicative that customers could be issuing more, so that they do not have to return as frequently.
- DVD issues are down over 40% which is reflective of the decline in DVDs as technology has advanced, and streaming services have become more accessible. Libraries Horowhenua have a DVD budget however the intention through the Long Term Plan is to shrink and phase out this collection and investigate alternate cost effective services such as streaming.
- Not represented on the graph below is eBooks which has been covered in commentary earlier within this report, which were up 207% for August.



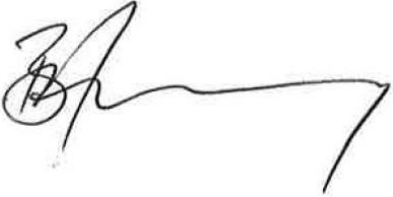

Confirmation of statutory compliance

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 appendices for this report

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

Infrastructure Development - Activity Update

File No.: 20/361

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 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 1

3.1.1 Progress update

The last month has seen significant progress on site. Removal of the silt is underway. We have inducted 43 people on the project so far. The site remains zero harm with no health and safety incidents reported. We have issued our first project newsletter and social media communications. The works are tracking well against budget and timeframes. We remain confident of completing the Stage One works by early 2021.



Ahead of the earthworks starting, our project ecologist and two ecologists from the Foxton Wildlife Trust and local Kaitiaki completed a survey of aquatic life. They did not discover much life. Two eels were caught and released. We are continuously monitoring the site during the earthworks as part of our consent. The entire site now has sediment-catching nets

to prevent wildlife returning while work is underway.

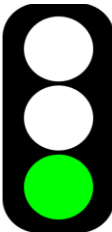
This month we constructed temporary groynes into the river channel from the foreshore. The groynes are built from locally sourced sand and allow the excavators to work backwards from the water's edge. Generally, excavation work will occur approximately four hours either side of the day's low tide to help limit turbidity and environmental impact.

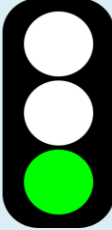
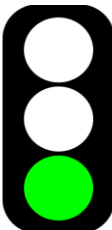
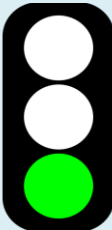
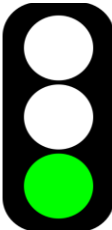
The excavated material is too wet to cart away immediately. We are stockpiling on site to allow the material to gravity dry. We have constructed containment bunds to collect any sediment before it can flow back into the river. Once dry, the material is trucked to local tip-sites to be stockpiled and spread. We are using tipper trucks with sealed and chain locked tailgates to mitigate any risk of excavated material spilling onto public roads.

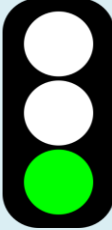
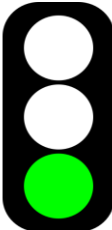


3.1.2 Key Result Areas

We have seven key result areas (KRAs) for the project we are closely monitoring, summarised in the traffic light table below. All KRAs are showing green. Works are proceeding to plan with no significant risks or issues having arisen over the last month.

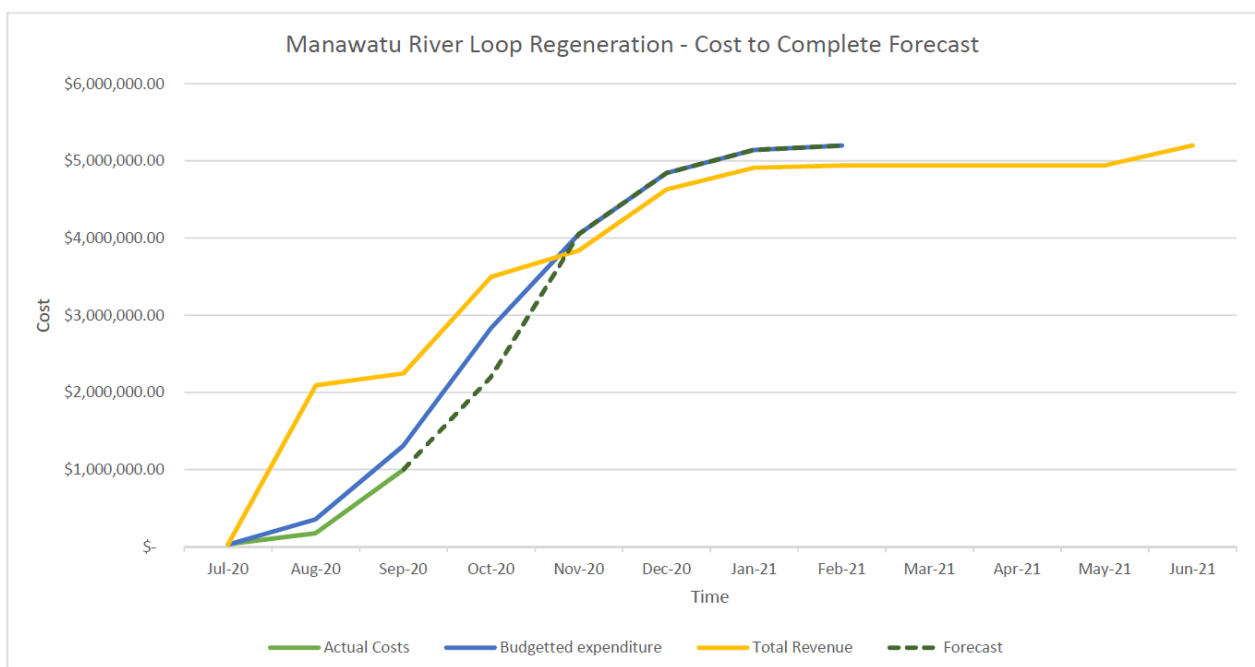
KRA	Health Status	Comments
Zero Harm		<ul style="list-style-type: none"> No incidents or near misses to report. Full H&S induction mandatory for all staff, contractors and visitors prior to site entry. All subcontractors and suppliers conforming to the Alliance Head Contractor's procedures and policies.

<p>Partner, Stakeholder and Community Relationships</p>		<ul style="list-style-type: none"> • Council communications team engaging with PGF team for approvals prior to release of information (in accordance with contract). • Reporting to Foxton Futures Governance Group. • Iwi engagement ongoing. • Adjoining landowner/occupiers notified before work commenced. • Social media updates underway and ongoing. Community newsletter monthly updates and media releases at key project milestones. • Three school groups of 50 children will be visiting the site mid October. • A closure notice for the Foxton River Reserve was issued on Monday 7 September. • Established a project site office in the old Foxton Library in Clyde Street. • FAQs have been developed for the Horowhenua District Council website and the monthly newsletters. • A web camera is in place. Time lapse videos will be regularly uploaded to the Council website. • A videographer will be on site every third Friday from 11am-1pm to record progress, interview site staff and develop content for social media. • A billboard is under development that will show the final landscape design.
<p>Sound Financial Management</p>		<ul style="list-style-type: none"> • PGF Funding Agreement terms agreed, contract signed, monthly reporting in place, Project Management Group established. • First progress payment invoice has been submitted to PGF and subsequently paid. • Forecast expenditure on track. Slight variance owing to delay in earthworks start. Extra excavator brought in to catch up. • No risk or contingency items arisen. • Horowhenua Alliance's varying contract and subcontractor agreements in place.
<p>Environment and Consenting</p>		<ul style="list-style-type: none"> • No issues to report. Plans, erosion & sediment controls and monitoring in place for excavation works. • Horizons Compliance Officer on site 15 September. Received a rating of "best practice" for all compliance categories. • Test pits samples confirmed material is suitable for filling and stabilising. • SORT resource consent transferred to HDC. • Pre-excavation aquatic life inspection and relocation report accepted by Horizons. • Consents are being initialised for future dump sites.
<p>Programme Delivery</p>		<ul style="list-style-type: none"> • Planning and construction activities on track • Alliance Management Team monitoring weekly and monthly critical path.

<p>Risk & Opportunities</p>		<ul style="list-style-type: none"> • An Accidental Discovery Protocol is in place. Submitted application to Heritage NZ for Archaeological Authority for works near the Historic Foxton Wharf and Rail Yard foundations. • King tides have affected the excavation work. Contractors are flexible with hours and we are still managing to excavate silt for seven hours a day. • We are utilising local dump sites (within 5km) to minimise cartage costs and remain within current budget. • Current aquatic life / ecology monitoring providing confidence that continual monitoring for the duration of the riverbed excavation can be rationalised, thus reducing monitoring costs.
<p>Legacy and alignment with Foxton Futures vision</p>		<ul style="list-style-type: none"> • Alliance design team is setting up a process to work with partners and stakeholders to develop the final park design elements for inclusion in Stage One. • Currently seeking proposals from engineering consultants to assist with the detailed investigations and structural designs as part of the Stage Two funding application and consenting. This will include the structural features such as riverside boardwalks, promenades and upgraded boat ramps.

3.1.3 Financials

The graph below summarises the cost to complete forecast for Stage One.



Actual costs are tracking slightly below our budgetted expenditure. This is due to the two-week delay against our baseline for starting excavation work. We have since established a further excavator on site to help catch up for lost time. However, since the earthworks are limited by the tides, weather and drying time in the stockpile, we expect to track below the budget for the next few months.

Once the roading works commence in November, we are forecasting to re-align with the baseline budget.

At this time, we are forecasting Stage One works completion in early 2021.

We have received our first progress payment from PGF. The lag in the revenue versus cost is due to a small retention being held by PGF until the end of the 20/21 financial year.

3.1.4 Focus for next month

The month ahead will see more intense activity on site.

We will ramp-up the silt excavation and stockpiling on site. There will be an increase in truck movements as dried material is carted to our tip site.

We expect to receive approval of our Archaeological Authority from Heritage NZ for excavation near the historic wharf and rail yard. This will allow us to begin forming the new embankment.

We will commence planning and procurement of engineering and urban design services to complete the landscaping designs for the Stage One riverside park. As well as commence investigations into the design / costings and consenting for Stage Two.

We will continue with communication and engagement. We have Iwi and community workshops planned, school visits to site, newsletters, FAQ's and video-interviews with community and construction personnel.

3.2 Horowhenua Alliance Review

3.2.1 Background

In 2017 Horowhenua District Council (HDC) selected Downer as the partner to enter into the collaborative based Alliance contract for its district-wide 3 Waters service delivery. The scope included all planned and reactive operations and maintenance as well as selected renewals work.

The Alliance Principals Group, comprising GMs from HDC and Downer, have sought a review of the Alliance's management and operations to ensure the procurement model is operating optimally and delivering against its objectives. The Integral Group Limited (TIGL) was engaged to carry out a review of the management and operations of the Alliance. The review also focused on how the Alliance is preparing for HDC's growth and demands for infrastructure as well as the upcoming 3 Waters reforms.

3.2.2 Reasons for an Alliance

It is important to reflect on the reasons HDC entered into an Alliance contract in the first place. There were three primary drivers:

- a) Solving the inefficiency from separating operations, maintenance and renewals functions into numerous tenders and contracts per annum. Thereby eliminating overlapping overheads and project management fees. As well as improving throughput of works in the field.
- b) Mitigating the risks related to the ongoing ability to attract, train and retain staff in the three waters area. Nationwide, the 3 Waters industry is facing an aging workforce with shortfalls of experienced staff to replace them.
- c) Long-term partnering contracts drive improved business confidence in the supply

chain, resulting in the ability to invest in people and systems and underwrite performance. The former regime of numerous short-term contracts were inefficient. HDC was always at risk of cost fluctuations through the tender box.

TIGL's review also recognises that the success of this contract (or otherwise) has wider implications to the sector and industry. Collaborative contracts (of which Alliances are an example) are becoming increasingly common in local government. They are seen as a way to drive value through procurement and shovel-ready delivery that now more than ever supports the economic recovery process.

3.2.3 Basis for the Review

The scope of TIGL's review included a health check on how the Alliance is performing against its overarching objectives and principles. The review investigated:

- The role of the Principals Group and their oversight of the key performance indicators and key result areas as well as their interaction with the Alliance management team.
- The performance of the Alliance management team and the physical works teams.
- Any current roadblocks holding back the Alliance's growth and ability to deliver a wider scope and service level than the initial scope.
- The Alliance's interface with Council and other Council functions.
- The Alliance culture and aspects identified as holding the partnering agreement back.
- The key outcomes from the Alliance, including understanding the benefits and highlights achieved to date.

3.2.4 Review Report

TIGL's review is complete. At the time of writing, a draft report is currently with the Alliance Principals Group for review and finalisation. This Activity Update Report to the FAR Committee summarises TIGL's key findings. We will update the FAR Committee of any additions or amendments to the findings at their meeting.

3.2.5 Summary of Findings

The Alliance delivers very well operationally. They have continuously met or exceeded their operational performance measures. A significant number of improvements have been made in regard to the quality and efficiency of the services performed in the field. Only in recent times have these achievements been recognised. Greater promotion and recognition of achievements will help drive the team's performance and pride in the work they do.

TIGL noted there are areas for improvement both within the Alliance and HDC. Starting with more understanding and awareness from staff over how the Alliance model works and HDC's role in assisting the Alliance to succeed. TIGL noted that recent appointments of staff to the Principals Group have given the Alliance and HDC more direction in this regard. The Group has started to address the areas for improvement that TIGL has identified.

TIGL noted that a widening of the Alliance scope of services delivered under the Alliance's Target Outturn Cost (TOC), including growth capital works would allow a greater economy of scale and drive maximum value from the procurement model.

They have noted a disconnect between HDC and the Alliance around responsibility for TOC planning, optimisation and management. Currently some aspects are retained by HDC's

Infrastructure Team without sufficient clarity over who and how the works are performed. TIGL noted that the Principals Group are working to resolve role clarity between the parties.

TIGL has also suggested the Alliance Manager's reporting to the Principals Group should be broadened to include greater visibility over the full breadth of issues raised in the review report. The Alliance Manager is accountable for the TOC as well as the response to the issues raised in reviews and audits. To date, the Alliance Manager has operated under split reporting roles - to the Principals Group for reporting operational performance and to the HDC Waters team for budgetary advice. This has caused some challenges within the Alliance reporting and decision-making framework and has been somewhat counterproductive to the intent of the Alliance model.

3.2.6 Roadblocks and Barriers

TIGL noted the key factors holding the Alliance back in particular:

- key people have changed at Principals and management levels since the contract's inception which has unsettled the reporting regime. The contract has been operating more like a traditional master / servant agreement as a consequence
- some of the culture among the parties is reflective of a lack of understanding and buy-in to the overall intent of the contract model
- the Alliance's achievements have not been communicated as well as they perhaps should have been

TIGL noted that the focus of the current Principals Group is on bringing these matters to the fore and challenging the Alliance to improve.

3.2.7 Principals Group Focus

TIGL noted that the Principals Group now comprises senior managers from both organisations with extensive Alliance experience. The Group is currently reviewing the scope and extent of the Alliance with particular focus on:

- one team in one location
- clear definition of roles and requirements with the best people appointed into those roles
- focus on culture, capability and capacity
- agreeing cost models and budgets jointly with clear targets
- development of weighted performance frameworks
- clarity about what needs to be reported and monitored in regard to deliverables and costs
- easy claim and payment processes

3.2.8 Achievements

TIGL commended the Alliance's field operations. There has been a concerted effort from the team to achieve:

- Marked reduction in reactive customer complaints
- Increased water quality standards. Achieved full compliance with drinking water standards

- No boil water notices for Levin
- Leakage reduction saving more than 2.26 million litres per day (163 leaks fixed)
- Reduced infiltration into wastewater reticulation
- Better stormwater performance
- Won a national award NZ IXON for using SCADA system
- No lost time injuries
- Wastewater community education programme (60% reduction in wet wipes and reduction in pump blockages)
- Procurement is easier and faster
- Last 2 year's renewals budgets delivered

3.2.9 Alliance Culture

Strong culture and understanding between the Alliance and non-Alliance participants is fundamental to the success of the model. TIGL reviewed the Alliance's culture, including their relationships with HDC. The relationships are not as good as they could be. Detailed knowledge of the Alliance contract model was often seen as an impasse in discussions between Alliance and non-Alliance staff. Better role clarity and trusted delegated authorities will help the overall relationship between the parties. The Principals Group and HDC Management are aware, and steps are being taken to address this.

There is a strong loyalty within the Alliance team to the operational objectives. That loyalty is perhaps not shared as strongly within HDC staff. The Principals Group now meet regularly with Alliance and HDC staff to set the tone and direction for the team. The key to improvement comes from:

- Transparency and openness of information from HDC to the Alliance
- Promotion of the achievements of the Alliance internally and externally
- Greater exposure for elected members to the Alliance
- Lesson learnt reviews. HDC and the Alliance could benefit from learnings from other successful Alliances (e.g. the Tararua Alliance).

3.2.10 Next Steps

The recommended strategies to take the Alliance forward are:

- Ensure the Principals Group maintains a Board style with an experienced chairperson and membership with extensive alliancing experience. Consider the inclusion of an independent chair
- The Principals Group and Alliance Management team (including any interface with HDC staff) have clear terms of reference with line of sight to the Alliance's strategic focus and operational performance measures.
- The Alliance Manager reports (monthly) to the Principals Group and FAR Committee across all facets of the Alliance
- The Alliance Manager develops a risk register at a strategic level, and reports monthly to the Principals Group and FAR Committee.
- If additional capital works comes into the Alliance, then specialist knowledge in that regard will need to be included at the Alliance Management Team and Principals Group Level.

- The Alliance to host periodic briefings with HDC staff and stakeholders to explain the contract model, their performance measures and reporting protocols.
- The Alliance Manager will set up an organisational project plan to implement these initiatives and requirements, taking account of any changes to structure and scope.

3.3 Crown Infrastructure Partners Funding Agreement for Taraika / Gladstone Green

Last month the Crown Infrastructure Partners (CIP) announced funding support of \$25M in the form of a cash grant and concessionary loan for the proposed Taraika growth area. The investment will help enable 3 Waters, roading work as well as civic assets, such as parks and sport fields.

At the time of writing, Council and CIP officials are still working through the details of the funding agreement to align with the proposed District Plan change and upcoming 2021-41 Long Term Plan.

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.: 20/362

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 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

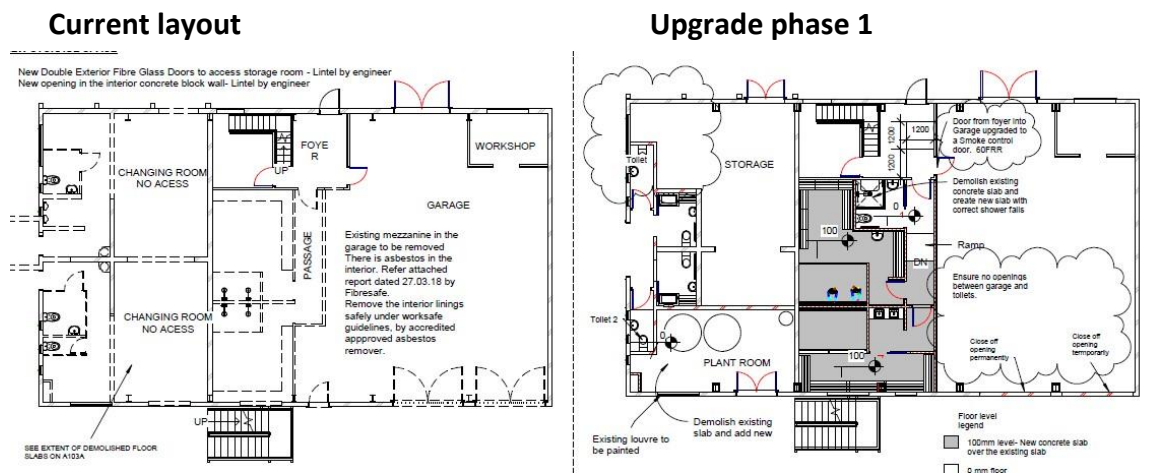
3.1 DELIVERY OF THE CAPITAL WORKS PROGRAMME

Parks and Property

• Foxton Beach Surf Club Seismic Strengthen and Upgrade Phase 1

This project aims to improve the safety and functionality of the Surf Club Building to make it fit for purpose by

- Seismic strengthen the Building to 100% (currently 19% National Building Standard)
- Upgrade public toilet facilities at ground floor
- Upgrade Lifesaving Club's changing/shower rooms at ground floor



The related works will include:

- bracing steel frame structure in second floor
- treatment and strengthening of existing steel frame structure where necessary
- establishment of water storage system
- redesign public toilet facilities to improve access, safety and comfort, and to reduce maintenance cost
- increase of public outdoor showers' capacity

- works required by the Building Act in respect of accessibility, fire access and egress
- fire sealing of ground floor.

The project will see a significant LoS improvement and an improvement in the observation and management of recreational swimmers at Foxton Beach. This project has been workshopped with the Foxton Beach Community Board which has confirmed its support for the project.

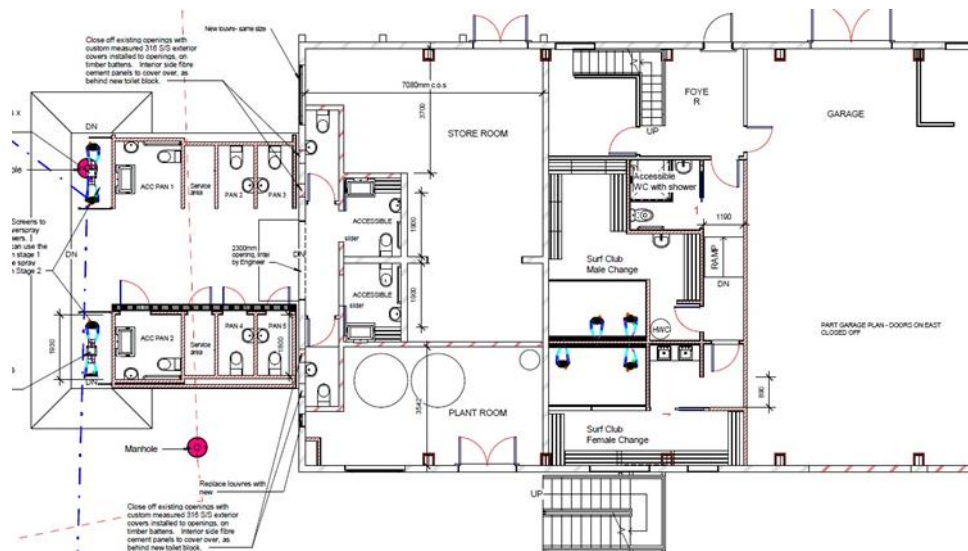
The available budget is \$478,000. A brief work schedule is indicated below.

Work schedule

Activity	2020				2021					
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Finalising design / scope of work										
Application of building consent										
Tender process										
Contract award										
Physical works										

The suggested upgrade of the Surf Club building also includes a phase 2 which includes the establishment of additional toilet facilities in front of those existing. However, funding for phase 2 is not secured and will not be implemented during this financial year.

Proposed stage 2



Roading

- **Queen Street West Improvements (Oxford to Salisbury Street)**

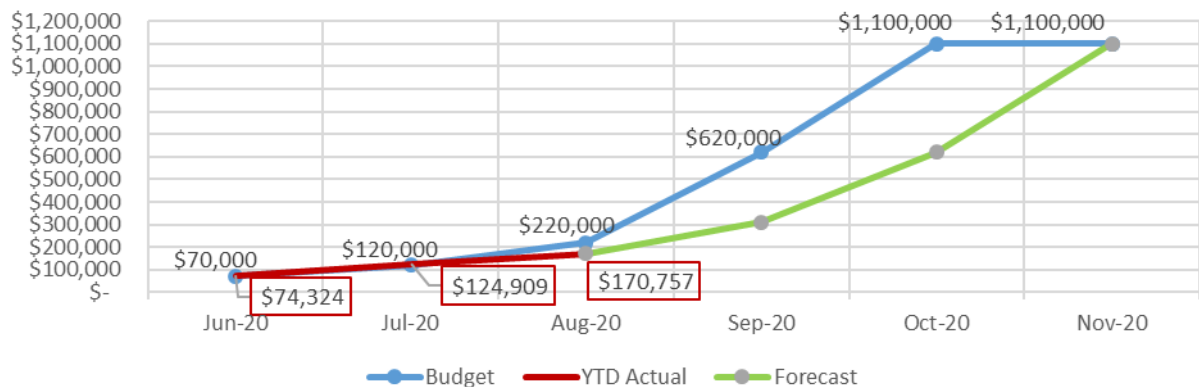
This project was successful in attracting funding through the Provincial Growth Fund (PGF). The project scope is to improve pedestrian and cyclist accessibility on Queen Street within Levin’s town centre, while also rehabilitating the failing road pavement and surface. The project also includes upgrading the water supply reticulation infrastructure. Currently the water reticulation pipe replacement is complete and the road rehabilitation is well underway. The project has been hampered by poor weather, but it is still on track for

the expected completion date of 7 November 2020. The budget is \$1,100,000 (\$950k from PGF and the remainder from the existing subsidised Roothing Pedestrian Improvement Budget). Expenditure is lower than forecast, due to lower productivity caused by poor weather. The work is being accelerated to make up for this delay.



Water supply upgrade work underway on the Queen Street project outside The Warehouse.

Queen Street West Improvements



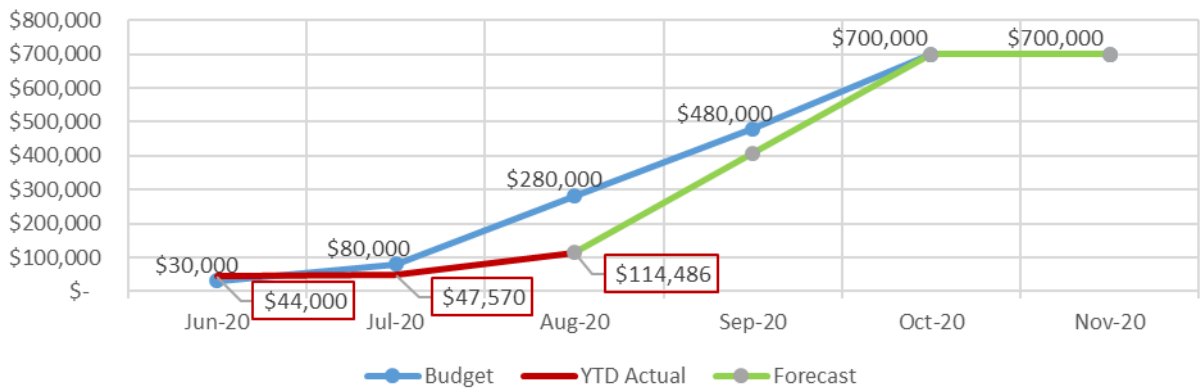
- **Queen Street / Tiro Tiro Road Roundabout**

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 road pavement is approaching completion and footpath work is underway. The project will be completed by November 2020. Expenditure is low due to a low claim for August caused by poor weather, however work has accelerated over September and the project is still on track.



Queen Street / Tiro Tiro Road Roundabout Project well under construction.

Queen Street - Tiro Tiro Road Roundabout



Resource Consents

- **Shannon Water Supply Resource Consent**

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.

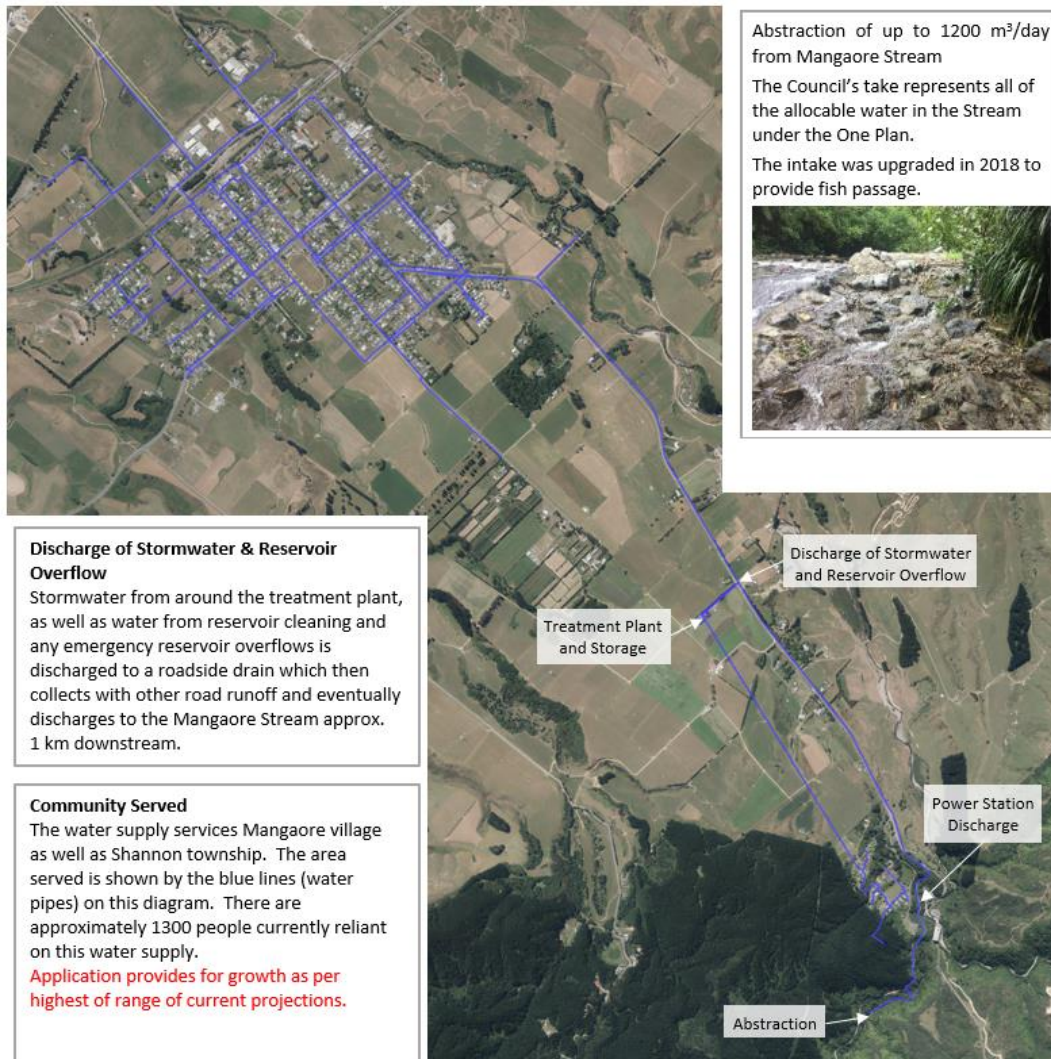
A Culture Health Indicator was completed on the Mangaore Stream.

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 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 overview of water abstraction point and community it serves.



Three Waters Projects

- Foxton Wastewater

Installation of electrical, instrumentation and mechanical items have been completed. Pre-commissioning, testing of electrical and mechanical equipment, pressure testing and functionality checking have been carried out and are being finalised before commissioning starts. This is a major milestone for Phase 1 completion. Please see the photos below.

Below is a timeline of where the project is at and project phases until Dec 2020.

Timeline:

	Sep '20	Oct '20	Nov '20	Dec '20
<i>Wet well</i>	Install sensors and valves in wet well. Commission flows to irrigation.	Construct storage pond bund around wet well area.		
<i>Pump shed</i>	Connect computer to all controls and then commission irrigation systems.	Landscape works including vehicle parking.		
<i>WWTP connections between ponds and to wet well</i>	Finish all pond connections and commission for irrigation.			
<i>Irrigation development</i>	Commission Phase 1. Design Phase 2.	Operate Phase 1. Design Phase 2.	Procure Phase 2 materials.	Commence Phase 2 construction.
<i>Storage pond and Phase B WWTP pond modifications</i>	Confirm pond size. Geotechnical advice for storage pond design and construction.	Develop detailed designs including geotechnical design outcomes. Pre-qualify likely contractors.	Issue tender RFP documents for pond construction.	Select contractor and commence construction of storage pond.



New rock bund near the reinstated original outlet of the WWTP's main pond.



Weir box (foreground) from maturation pond outlet, wet well (right) and pump shed.



Interior of pump shed showing pumps, pipes, valves and controls.



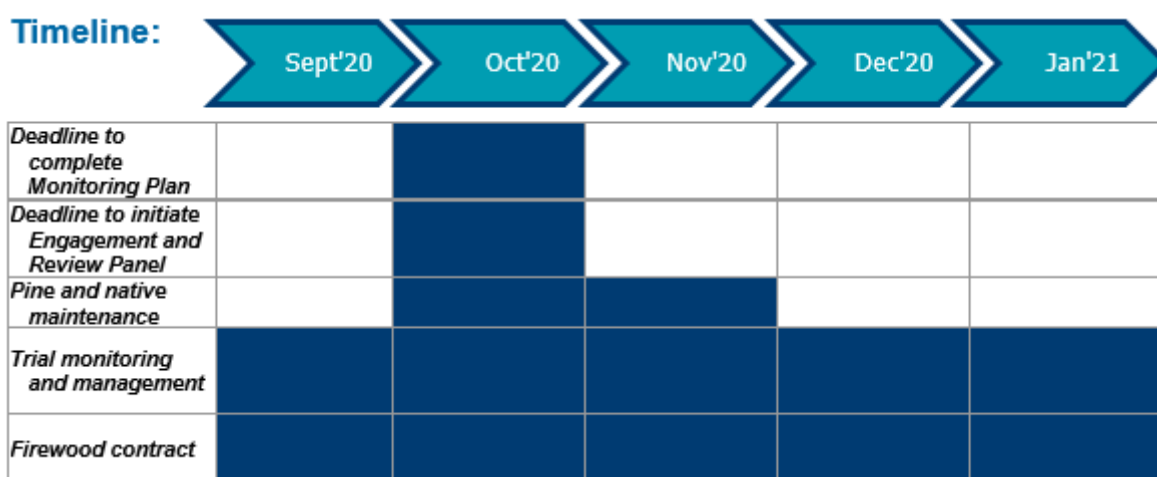
Pre-commissioning flushing and pressure testing of irrigation sprinklers.

- **Levin Wastewater Treatment Plant Treated Effluent Discharge**

In June 2020, the consent to continue irrigating was granted for a 25 year term. To comply with the new consent conditions there are upgrades required including irrigation regime, operation and infrastructure at the POT, and will require expansion of the irrigation area to meet growth demand.

Below is a snapshot of the current status, what is needed, and key dates and timeline.

Current Status	What's Needed?	Key Dates
<ul style="list-style-type: none"> □ The Levin Wastewater Discharge site is currently operating under its new consents. □ Approximately 24 ha of planting was completed in July, being 19ha of pine trees and 5 ha natives along the drains and the Waiwiri Stream. □ Additional 2,500 natives planted within the native ecosystem trial area. Of these, 1,000 have received plastic tree guard sleeves to test their effectiveness in mass plantings. □ Groundwater and surfacewater monitoring frequency has increased to once monthly as per the new consent. □ Three weed management trials have been established within the Trial area. □ Firewood contractor is preparing 20 ha for pine planting in 2021. 	<ul style="list-style-type: none"> • Spraying of weeds to release pines planted in 2018 and natives planted in 2020. • Complete and submit the monitoring plan. • Establish the Engagement and Review Panel (ERP). • Determine locations for soil testing required by the consent. • Locate and initiate drilling for new groundwater monitoring bore. • Establish surfacewater monitoring location, referred to as Stream Site 5 in the consent. • Schedule of activities required by the consent to ensure ongoing compliance. • Complete irrigation upgrade designs. • Irrigation automation approval required. 	<ul style="list-style-type: none"> • End September - establish methodology and begin first round of soil testing. • October - deadline to submit the Levin Wastewater Discharge Monitoring Plan and establish the ERP • October/November - releasing for pines and natives • October/November - drill new monitoring bore



• **3.2 HOROWHENUA ALLIANCE**

The Alliance has been in operation now for 38 months. Over the last two months, work has been focused on the forward works plan for planned renewals and capital programmes, improving the KPI reporting and financial analysis to develop a more robust Target Outturn Costs (TOC).

Water reticulation and treatment plant planned renewals are in place for the year. Work is still ongoing around waste water reticulation and treatment plant renewals that are progressing well with good discussion happening within the teams.

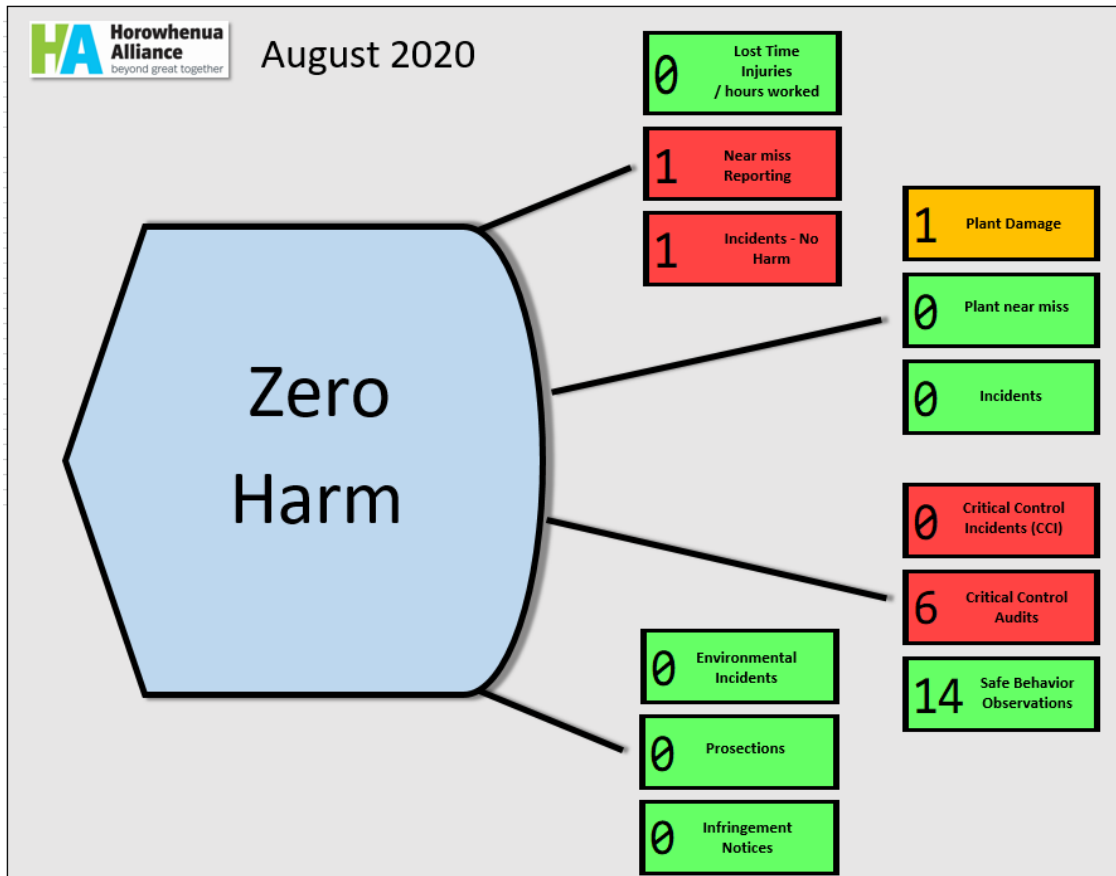
An upgraded KPI dashboard is included within the report this month which includes zero harm, water safety and staffing. Further effort will be focused on building on these over the year to help build stronger targets and to more accurately manage performance against delivery, driving the team to deliver better outcomes for all.

The updated TOC is nearly complete and is with the Downer Finance Manager to review and to ensure there is the correct split over work projects.

Graphs are being developed to track budgets at a lower level, not only to provide an earlier indication of overspends or underspends, but also to enable the teams to have an improved ownership of the budgets, which will assist with producing the desired results.

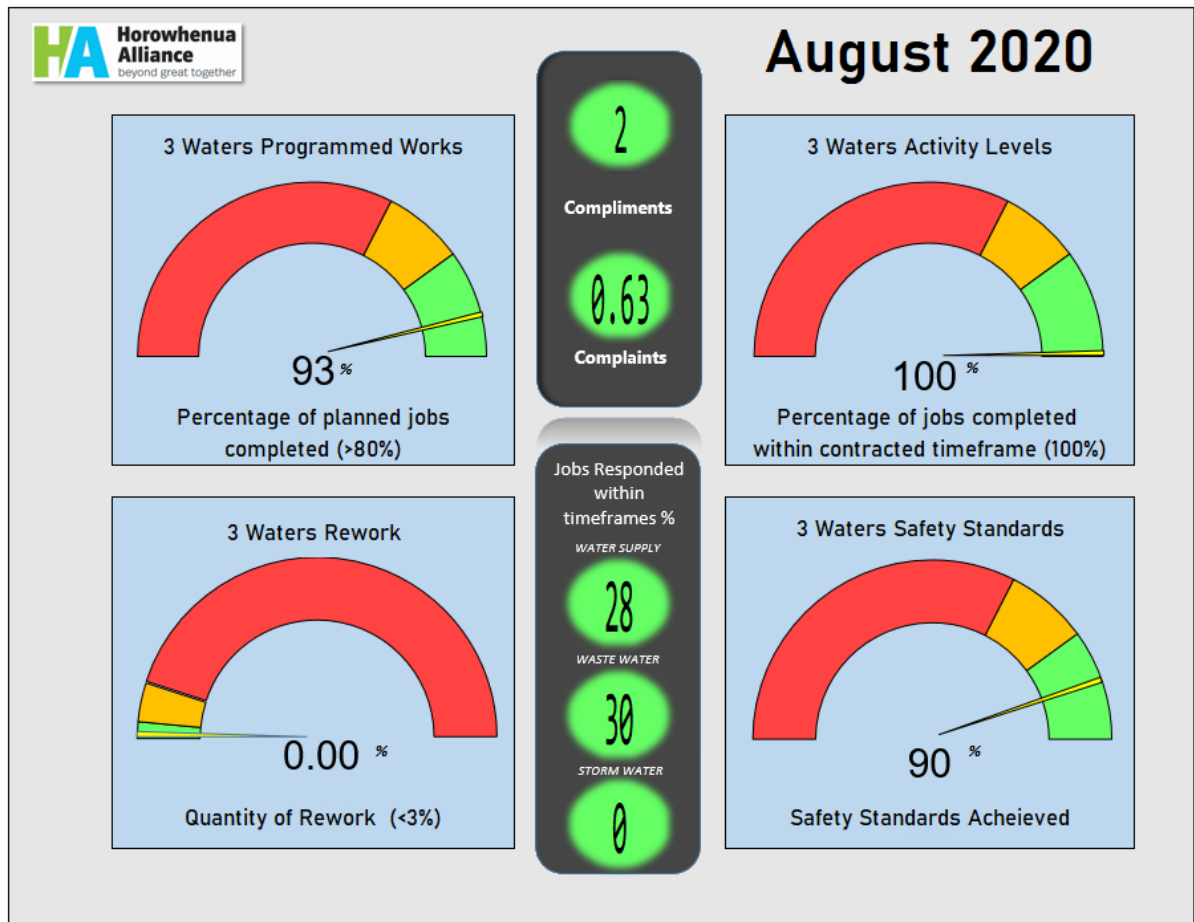
- **Zero Harm**

Zero Harm continues to remain at the forefront of the Alliance team - 38 months without a lost time incident which is an excellent result. Site meetings, project planning and general conversations continue as necessary.



- **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:



- **Drinking Water**

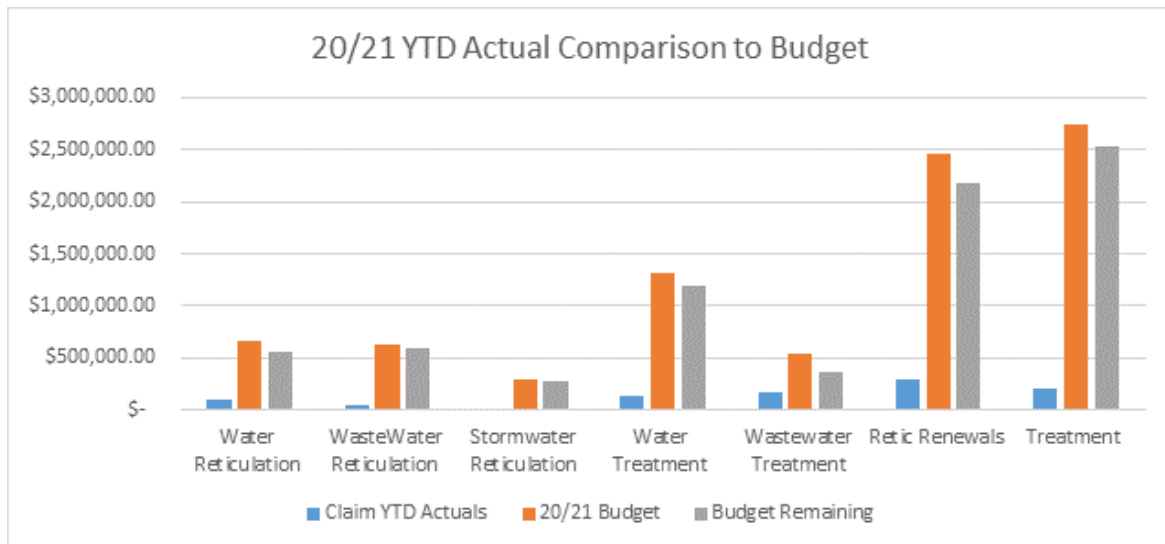
- All sites - 100% compliance for Protozoa and Bacteria. Log credits for all plants achieved.

- **Wastewater/Stormwater**

- All sites discharge consent limits fully compliant.
- All sites (apart from Foxton) compliant with resource consents. The wastewater issues around Foxton Treatment Plant, Condition 4a - Effluent Sample Results, exceeding the maximum lower concentration limit of 4.3g/m³ for Soluble Carbonaceous five-day Biochemical Oxygen Demand, ScBOD5, in 12 out of 12 consecutive monthly samples of the effluent collected from the end of flume, at the discharge to the River. Work is ongoing to find a solution.

- **OPEX Financials**

- YTD Actual Comparison to Budget figures
 - Early tracking indicates a budgetary risk with wastewater treatment as, if it keeps tracking at this rate, there could be an over spend of \$447k. However, the wastewater reticulation could come under by \$357k if tracing remains as it is over the two months. An over spend in wastewater operations is likely to be around \$90k if tracking remains as for the first two months.



- **Renewals**

The Flagstaff Water Reticulation Renewal Project was completed in August. This is the first time that a renewal has been completed this early in the year. Prior to the Alliance, Council would still be going through the procurement process.

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:

- 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)	Asli Crawford Water & Waste Services Manager	
	James Wallace Roading Services Manager	
	Arthur Nelson Property and Parks Manager	

Approved by	Kevin Peel Group Manager - Infrastructure Operations	
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File No.: 20/366

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 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 on-track as at 31 August 2020.
- 3.3 The progress of the Building (Building Products and Methods, Modular Components, and Other Matters) Amendment Bill is being followed, as this piece of legislation may require changes to the BCA's policies, processes and procedures. The Bill had its first reading in Parliament on 8 May 2020 and further consultation closed on 10 July 2020.
- 3.4 Changes to Schedule 1 of the Building Act 2004 came into effect on 31 August 2020. The changes allow for more low-risk building work to be done without a building consent. This may have some impact on the number of building consents lodged in the 2020/21 year with building work that typically would have required a consent no longer needing a consent. The building consent statistics and budgets will be monitored for any trends in relation to this.

Planning

- 3.5 The 2019/20 National Monitoring System report was submitted to the Ministry for the Environment on 3 August 2020 and the data was accepted as complete on 19 August 2020. Horowhenua District Council was the first Council in the country to submit the data and have the data accepted for the 2019/20 year.
- 3.6 All Land Use consents and approximately 90% of subdivision consents have been processed within statutory timeframes for the YTD.
- 3.7 The Resource Management Amendment Act 2019 will require some changes to our current processes from 30 September 2020 onwards.

Parking

- 3.8 Enforcement Officers continue not to infringe vehicle owners for failing to register their vehicles or for no warrant of fitness due to NZTA Covid-19 extensions.
- 3.9 Increased active enforcement of the Bath Street parking restrictions occurred in August due to a rise in complaints received regarding non-compliance in this area.

4. Updates for the Committee's Information

4.1 Building & Planning – none to note.

4.2 Parking

Waka Kotahi NZTA confirmed in August 2020 that all Warrants of Fitness (WoFs), Certificates of Fitness (CoFs), driver licences, endorsements, vehicle licences (registrations) and other certifications must be renewed by 11.59pm, 10 October 2020. This means that parking wardens will resume issuing infringements to unregistered vehicles and vehicles with no warrant of fitness from 11 October. WoF, CoF & Regos requirements were temporarily extended due to Covid-19.

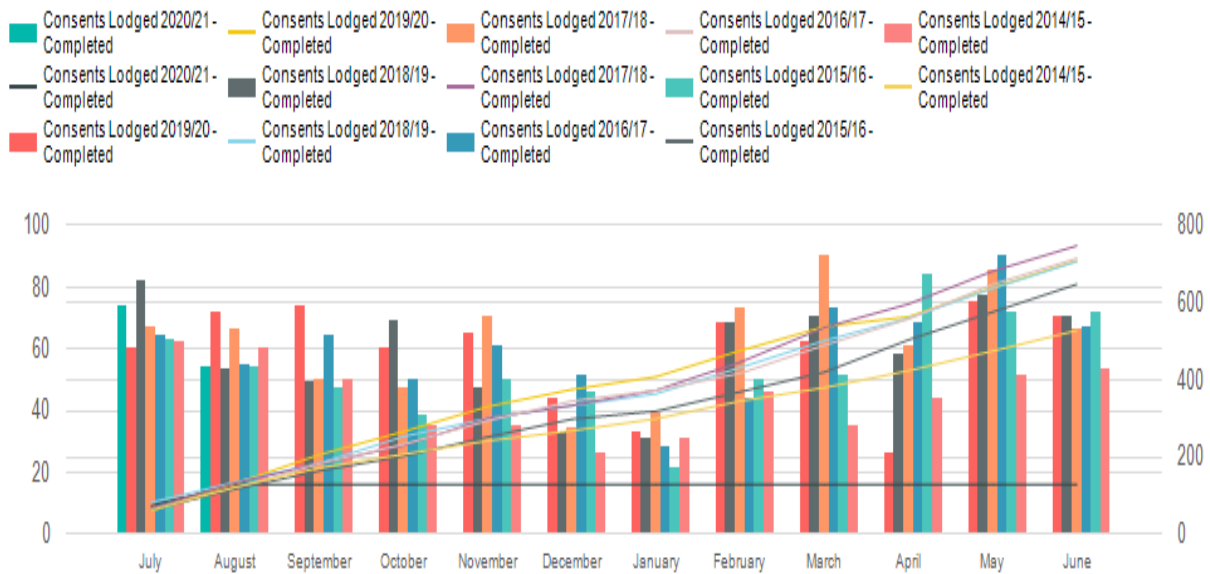
5. Trends

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 two months of the 2020/21 financial year. The early 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 have resumed to full services post the level 4 lockdown, the implications of the level 4 lockdown are still affecting the parking activity. As described earlier in this report, it will not be until October 2020 that Parking Wardens will resume issuing infringements to unregistered vehicles and vehicles with no warrant of fitness. As the year progresses the trends 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 July and August 2020 are as follows:

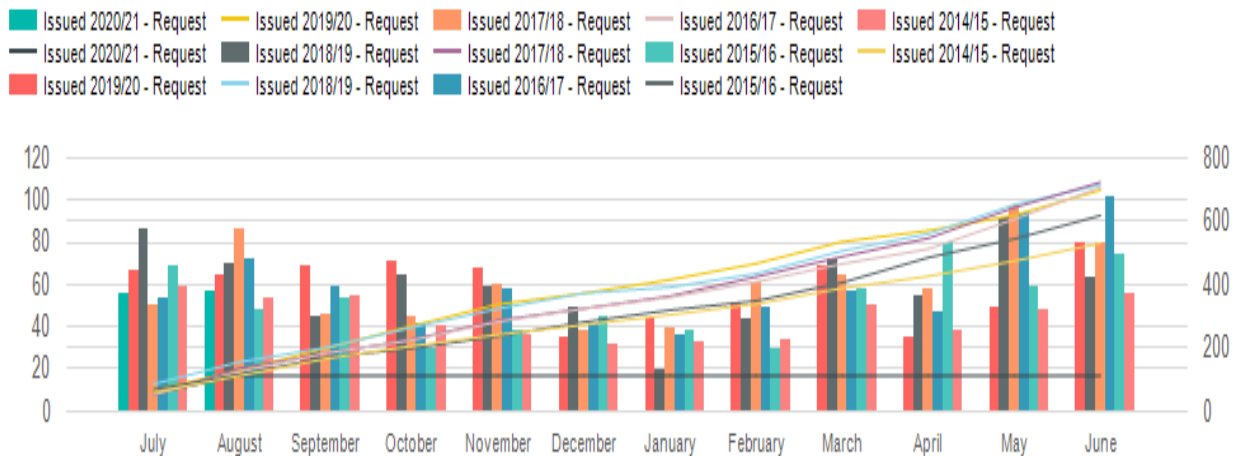
- Value of building consents issued as at 31 August 2020 is \$15,016,567 compared to \$19,204,620 for the same period last year.
- 113 building consents issued as at 31 August 2020, compared to 130 for the same period last year.
- 30 new dwelling consents were issued as at 31 August 2020 compared to 31 for the same period in the 2019/20 year.
- 128 building consents were lodged as at 31 August 2020 compared to 132 for the same period in the 2019/.20 year.
- Consents have been issued for 37 New Residential Dwelling Units as at 31 August 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).

Building Consents Lodged

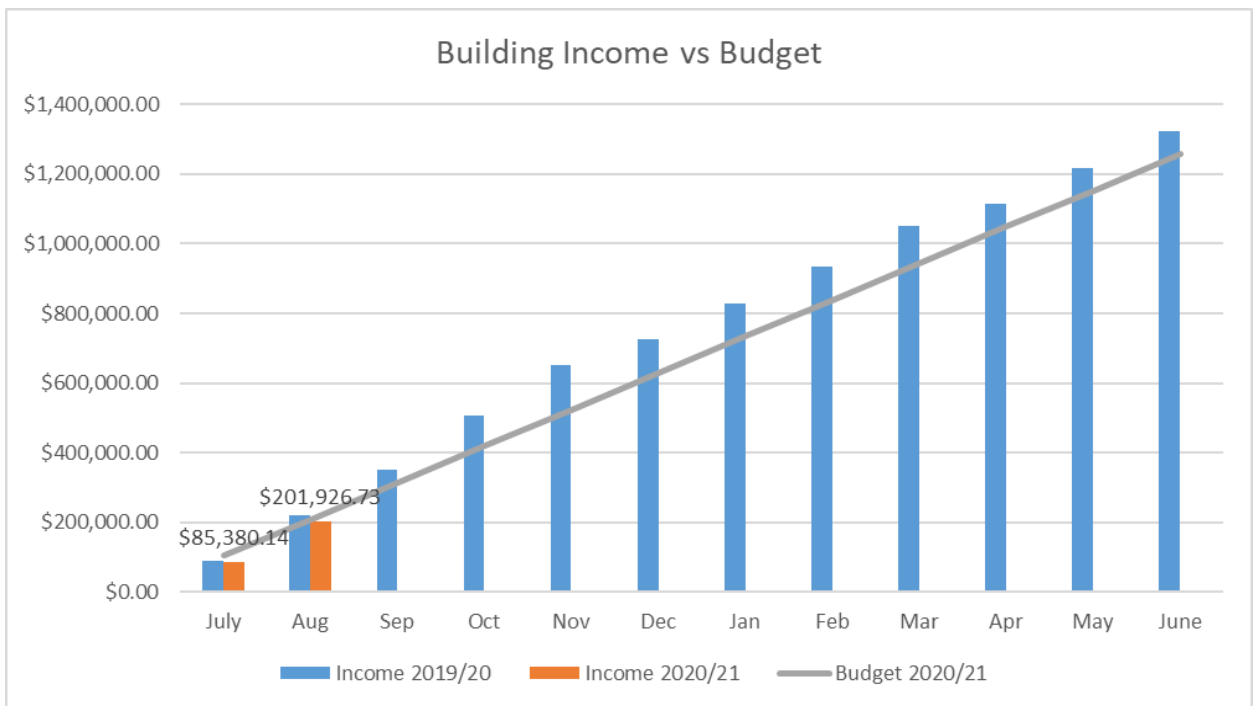


The chart above shows the month by month comparison as well as the cumulative total of building consents lodged. So far this financial year, a strong July (second highest in the last seven years) was followed by quieter August (on par with three of the last seven years). The overall total is consistent with previous years.

Building Consents Issued



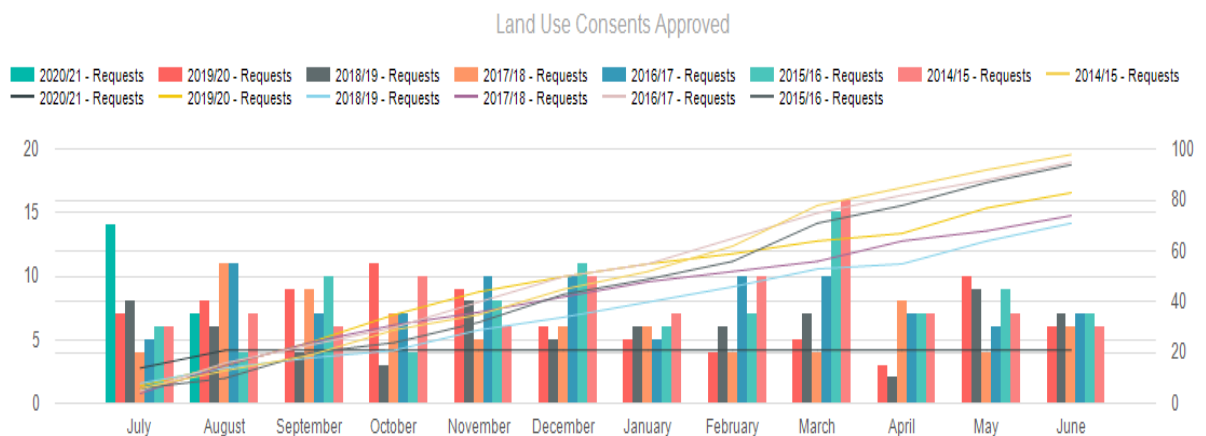
The chart above shows the month by month comparison as well as the cumulative total of building consents issued. So far this financial year the number of consents issued is lower than the previous two years.



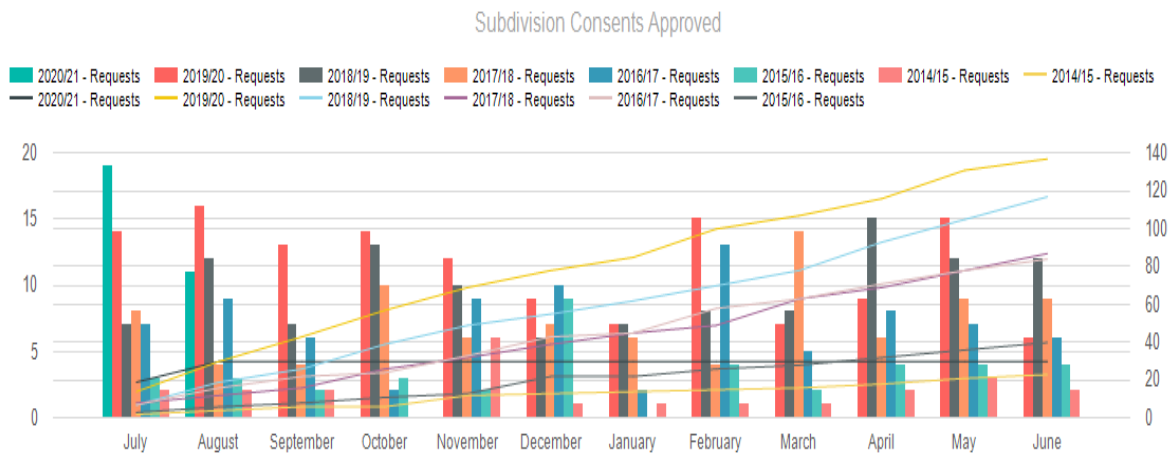
The chart above shows the Building Income against the budget for 2020/21 and a month by month comparison against the previous financial year. The Building Income is tracking slightly below the budget for 2020/21.

5.3 Planning (resource consenting) trends are as follows:

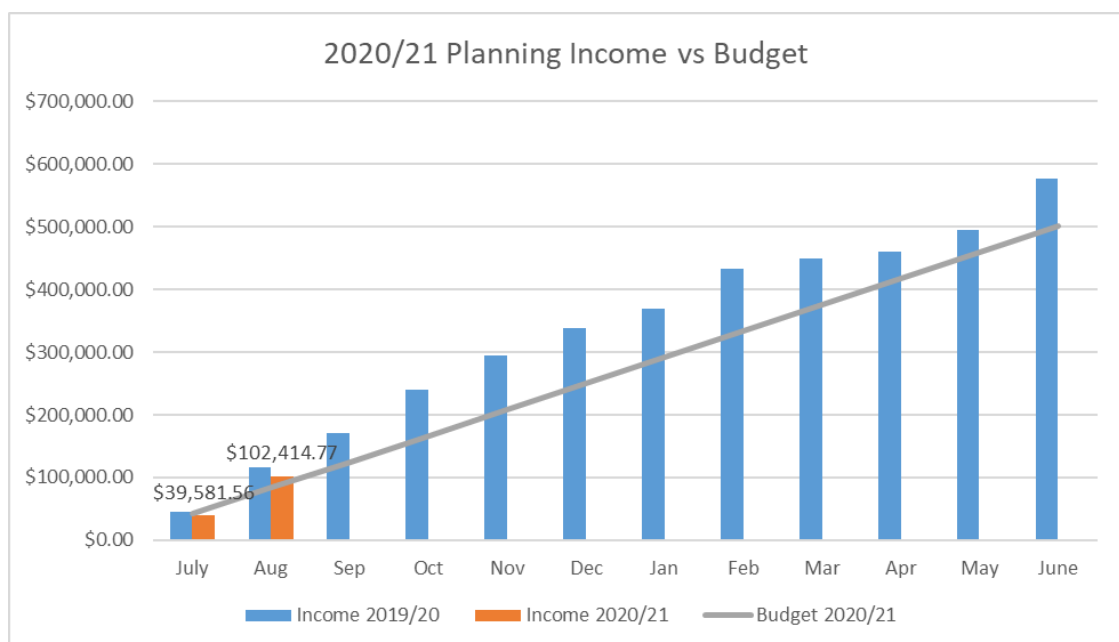
- 52 consent applications have been lodged as at 31 August 2020, compared to 76 at the same time last year.
- 31 subdivision consents approved as at 31 August 2020, compared to 29 at the same time last year.
- 19 resource consent applications were approved in the month of August 2020. This included 7 Land Use Consents and 11 Subdivision consents.
- In the two months to 31 August 2020 a total of 186 new allotments have been created as a result of s223 (approval of title plan) and 206 new allotments have been created as a result of s224 (completion of physical works) certificates being issued for subdivisions. This is more than double the number of allotments created over the full financial year last year (2019/20).



The chart above shows the month by month comparison as well as the cumulative total of land use consents approved. So far this financial year the number of land use consents approved is tracking higher than in the previous six years.



The chart above shows the month by month comparison as well as 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 higher than the previous years. July 2020 saw the highest number of subdivision consents approved in any month for the previous six years.

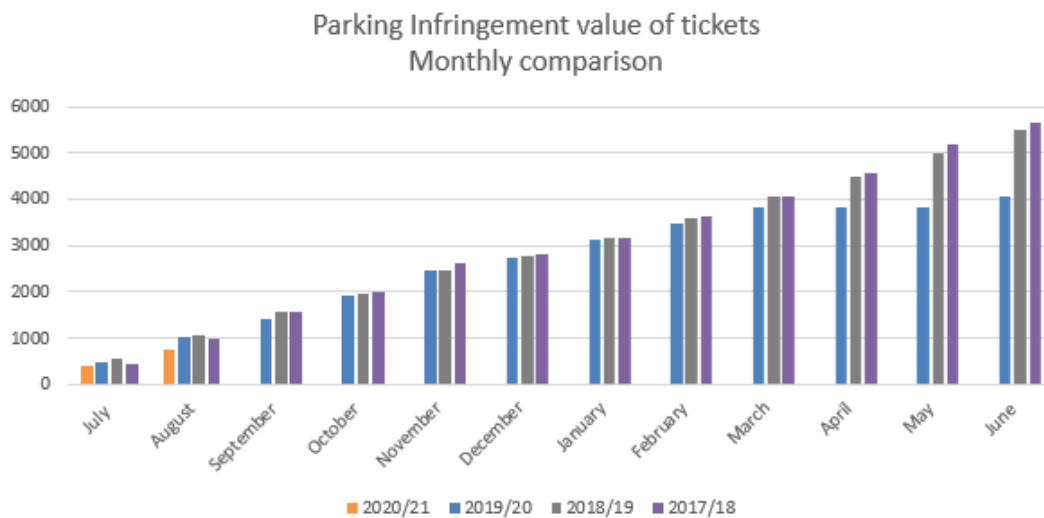


The chart above shows the Planning Income against the budget for 2020/21 and a month by month comparison against the previous financial year. The Planning Income is tracking above the budget for 2020/21.

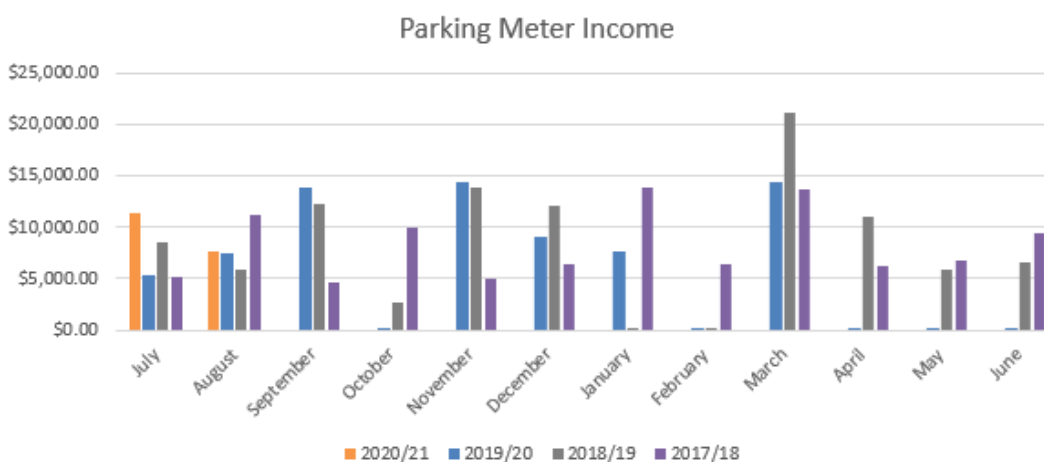
Parking

- The value of parking infringements issued as at 31 August 2020 is \$49,196 compared to \$119,184 for the same period last year.

- 754 parking infringements were issued as at 31 August 2020, compared to 1,013 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 August 2020 is \$68,331, compared to \$132,023 for the same period last year.
- \$37,848 parking income received collected by the Ministry of Justice in relation to infringements gone to Court, compared to \$52,786 for the same period last year.
- Value of parking tickets cancelled, as at 31 August 2020 is \$11,080, compared to \$22,958 at the same time last year.

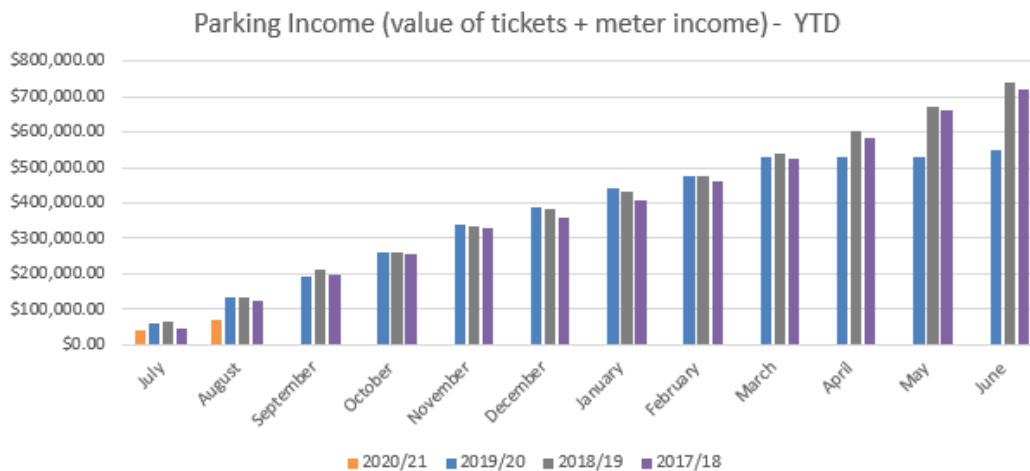


The chart above shows the month by month comparison against the previous three financial years for the parking infringement value of tickets. So far in 2020/21 the infringement value of tickets is tracking lower than previous years reflecting the impact of the time extensions provided by Waka Kotahi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

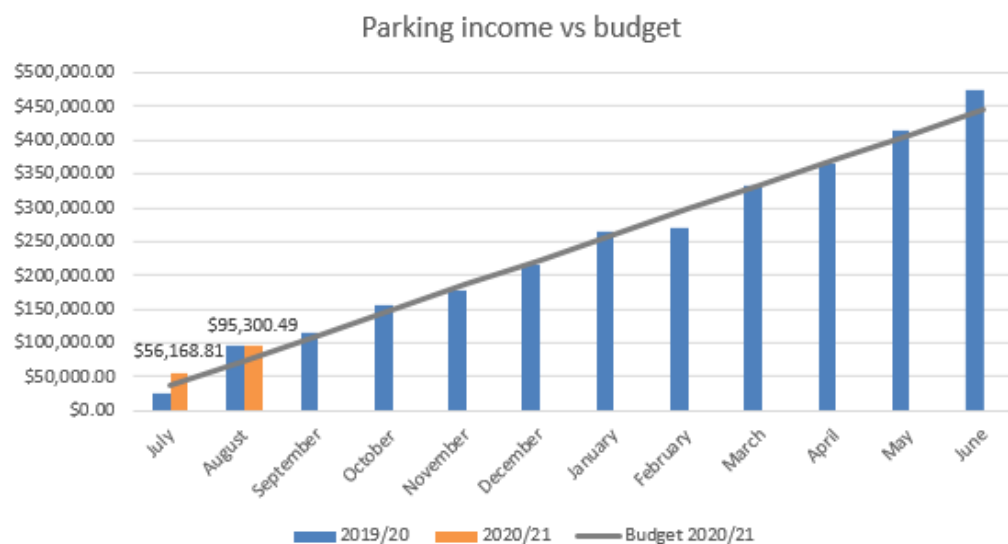


The chart above shows the month by month comparison against the previous three financial years for the parking meter income. So far in 2020/21 the income in July was higher than all three previous years and the income in August higher than two out of the three previous years. The high meter income in July was largely as a result of the parking service resuming after the Covid-19 lockdown period and money that had been put in the meters during March

to June of the previous financial year was collected and banked. The chart shows the impact of meters not being cleared during April to June of 2019/20.



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.



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 appendices for this report

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

Two Month Report 1 July 2020 - 31 August 2020

File No.: 20/409

1. Purpose

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

2. Recommendation

- 2.1 That Report 20/409 Two Month Report 1 July 2020 - 31 August 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 August 2020	58

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)	Doug Law Chief Financial Officer	
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Approved by	Nicki Brady Deputy Chief Executive	
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Two Month Report

1 July 2020 - 31 August 2020



Executive Summary

Council shows an operational deficit of \$784k against a budgeted year-to-date (YTD) deficit of \$1.49m. It is 17% through the year and Council has spent 15.6% of the full year's budgeted expenditure and received 16.5% of the full year's budgeted income.

Roading capital expenditure is traditionally later in the construction season so the subsidy income is below budget. The budget phasing of the income stream will be corrected to reflect anticipated construction windows.

Labour charged to capital expenditure (Labour Recoveries) are also below budget due to similar challenges with anticipating where staff time will be spent on capital projects.

It should be noted that:

- Capital grants and subsidies are no longer included in the operational income reporting. This is to show Councillors the true operational result, as it is anticipated that Council will receive abnormally more capital grants and subsidies 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.
- Regulatory activity trends have been removed from the financial report and are now reported within the Customer and Strategy activity update within the FAR agenda.

Doug Law
Chief Financial Officer

21 September 2020

Operational Summary

Total revenue	Total expenditure	Total surplus/(deficit)
\$11.87m is 11% more than the total budget of \$10.70m	\$9.10m is 2% less than the total budget of \$9.30m	\$2.77m is 98% more than the total budget of 1.40m

SUSTAINABILITY

Rates to operating revenue 52%

Rates revenue	\$6.21m
Operating revenue	\$11.87m

52% 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 130%

Operating revenue	\$11.87m
Operating expenditure	\$9.10m

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 130% of operating expenditure.

Net Debt to total projected revenue (LGFA Cov.) 151%

Total net borrowing	\$91.07m
Total budgeted operating revenue	\$60.41m

With net borrowing of \$91.07m 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.) 5%

Net Interest	\$0.29m
Rates revenue	\$6.21m

5% 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.)

2%

Net Interest	\$0.29m
Operating revenue	\$11.87m

2% of operating revenue is paid in interest. Our set limit is 20% of operating revenue. Net interest is interest paid less interest received.

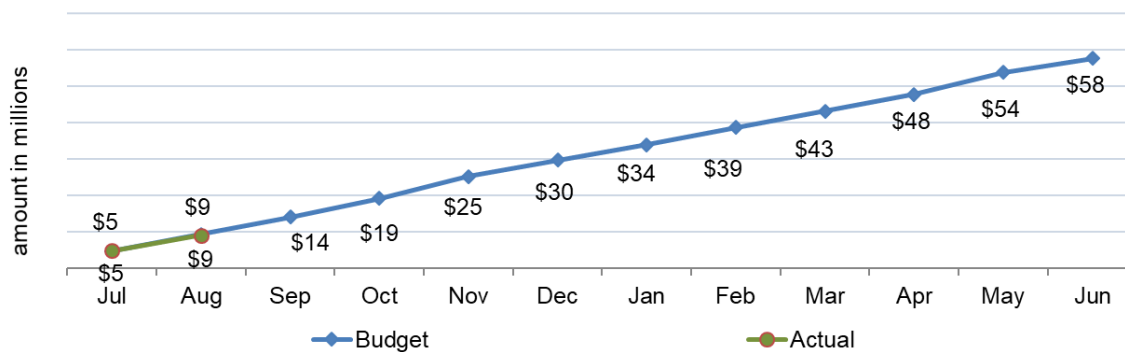
Available financial accommodation to external indebtedness (LGFA Cov.)

111%

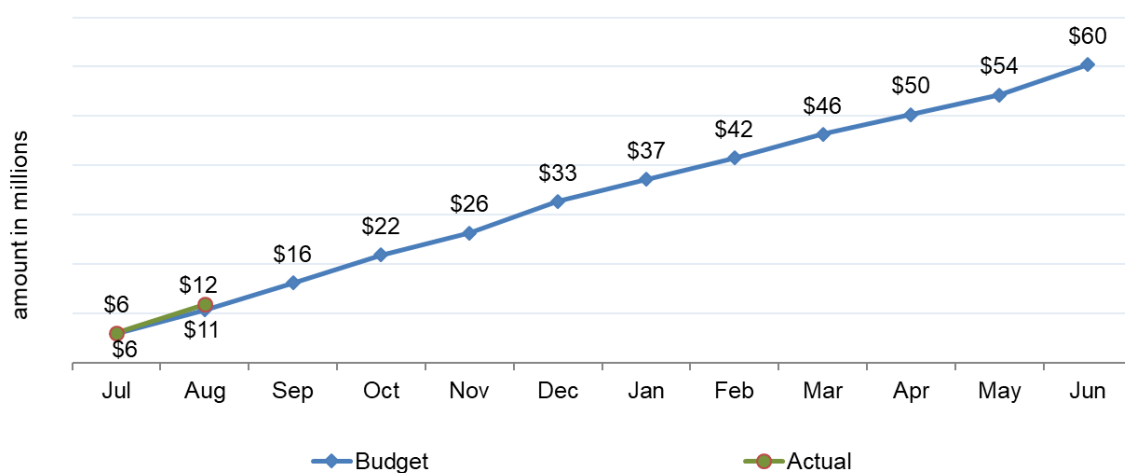
Net debt	\$91.07m
Undrawn committed facilities	\$10.00m

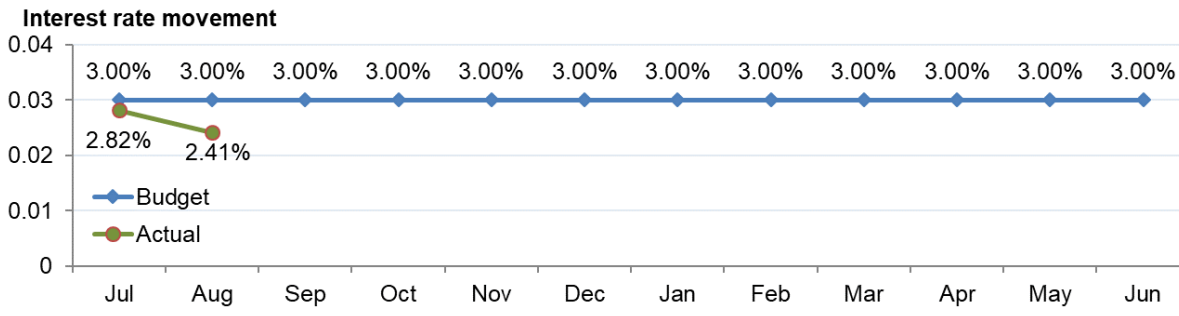
The committed bank facility enables us to borrow up to 111% of our current external debt immediately. The LGFA covenant minimum is 110%.

Total Expenditure \$m



Total Revenue \$m





Statement of Comprehensive Revenue and Expense

As at 31 August 2020									
	Annual Plan 2020 \$000	Annual Plan YTD Aug-20 \$000	Actual YTD Aug-20 \$000	C/A % Actual to Budget		Variance YTD 2020 \$000	Var/Bud %	% of Total Bud %	Notes
Revenue									
Rates Revenue	(39,684)	(6,040)	(6,211)	15.7%	😊	(171)	3%	2.2%	
Operational Grants & Subsidies	(2,104)	(344)	(433)	20.6%	😊	(89)	26%	1.1%	
Finance Income	(200)	-	(8)	4.0%	😊	(8)		0.1%	
Fees & Charges,	(4,551)	(635)	(625)	13.7%	😞	10	-2%	-0.1%	
Other Revenue	(3,197)	(805)	(923)	28.9%	😊	(118)	15%	1.5%	1
Gains on Disposal of Assets	-					-		0.0%	
Total Revenue	(49,736)	(7,824)	(8,200)	16.49%	😊	(376)	5%	5%	
Expenditure									
Employee Benefit Expenses	15,771	2,529	2,263	14.3%	😊	(266)	-11%	-2.9%	3
Finance Costs	3,202	297	296	9.2%	😊	(1)	0%	0.0%	
Depreciation and Amortisation	14,848	2,475	2,497	16.8%	😞	22	1%	0.2%	
Other Expenses	23,892	4,014	3,928	16.4%	😊	(86)	-2%	-0.9%	2
Loss on Disposal of Assets	-					-		0.0%	
Total Expenses	57,713	9,315	8,984	15.57%	😊	(331)	-4%	-3.6%	
Operating (surplus) deficit before taxation	7,977	1,491	784	9.8%		(707)	-47%	-47.4%	
Capital Grants and Subsidies	(10,676)	(2,875)	(3,679)	34.5%	😊	(804)	28%	-8.6%	4
Vested Assets									
Investment (Gains)/Losses									
Taxation						-			
Loss on Derivatives		0	133		😞	133		1.4%	5
Operating (surplus) deficit after taxation	(2,699)	(1,384)	(2,762)	102.3%		(1,378)	100%	99.5%	

Note 1 Other Revenue resulting in a **favourable** variance of \$118k, which is made up of income above budget expectations in the Dog Control, Parking and Resource Planning activities.

Unbudgeted income of \$40k is also reported which relates to work completed by Council on behalf of Waka Kotahi NZTA that has been reimbursed to Council.

Note 3 Employee benefit expenses **favourable** variance \$266k, reflecting delays in recruitment and lower training expenses due to Covid-19 restrictions.

Note 4 Capital Grants and Subsidies **favourable** variance \$804k, reflecting the first tranche of the Manawātū River Loop at Foxton PGF Grant \$1m. Noting also lower capital subsidies received within Roding projects of (\$197k).

Note 5 Loss on derivatives **unfavourable** variance \$133k, due to the interest rates continuing to fall below the fixed rates on the derivatives.

Note 2 Other Expenses	Annual	Annual Plan	Actual	Variance				
	Plan 2020 \$000	YTD Aug-20 \$000	YTD Aug-20 \$000	% Actual to Budget	YTD 2020 \$000	% Var/Bud %	% of Total Bud %	Notes
Professional Services	4,282	559	695	16.2%	136	24%	1.5%	2A
Materials	670	12	24	3.6%	12	100%	0.1%	
Maintenance	1,113	2,492	2,235	200.8%	(257)	-10%	-2.8%	2B
Grants Paid	216	138	51	23.6%	(87)	-63%	-0.9%	
Utilities	5,058	203	143	2.8%	(60)	-30%	-0.6%	
Communications	129	35	37	28.7%	2	6%	0.0%	
Other Expenses	3,202	979	949	29.6%	(30)	-3%	-0.3%	
Vehicle Expenses	32	19	19	59.4%	-	0%	0.0%	
Treasury Expenses	14,956	12	5	0.0%	(7)	-58%	-0.1%	
Labour Recoveries for Capex proje	(5,766)	(435)	(230)	4.0%	205	-47%	2.2%	2C
Total Other Exepenses	23,892	4,014	3,928	16.4%	(86)	-2%	-0.9%	

Note 2A Professional Services **unfavourable** variance of \$136k, which is broken down as follows:

- Community Facilities and Services **unfavourable** variance \$8k.
- Community Support **unfavourable** variance \$127k. *Note: this relates to the Economic Development Services contract budget which was phased as seven separate monthly instalments; however, the actual contract is three instalments. Budget phasing has been adjusted to align to the contract payments in June and October 2020 and April 2021.*
- Planning and Regulatory Services **unfavourable** variance \$32k. *Note: the variance relates to the use of external consultants for processing resource consents to keep up with the volume of consents while additional internal resources are being recruited.*
- Property **favourable** variance \$25k.
- Road Transport **favourable** variance \$83k.
- Solid Waste **unfavourable** variance \$23k.
- Support Services **unfavourable** variance \$54k. *Note: the significant variances relate to professional services within the Chief Executive activity and the audit and valuation costs associated with the Annual Report not being phased correctly.*

Note 2B Maintenance costs **favourable** variance of \$257k, which is broken down as follows:

- Community Facilities and Services **favourable** variance \$68k. *Note: maintenance expenses in Aquatics, Cemeteries, Libraries and Reserves are lower than phased.*
- Planning and Regulatory Services **unfavourable** variance \$6k. *Note: expenses associated with delivery of equipment and vehicles delayed due to COVID-19.*
- Community Support **favourable** variance \$3k
- Property **favourable** variance \$14k
- Road Transport **favourable** variance \$92k
- Solid Waste **favourable** variance \$40k
- 3 Waters **favourable** variance \$46k. *Note: the variance includes an unfavourable variance in Wastewater of \$41k, which is offset by a favourable variance of \$87k in Stormwater and Water Supply.*

Note 2C Labour recoveries for labour posted to CAPEX projects **unfavourable** variance \$230k reflecting the lower capital project expenditure than budgeted within Infrastructure Services.

Statement of Comprehensive Revenue and Expense by Activity

As at 31 August 2020									
16.7%	A	C	D	E	F	G	H	I	J
REVENUE	Annual Plan 2019/2020 \$000	Year to date (YTD) This Year Budget \$000		% Actual to Budget		D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Accounts
Significant Activities									
Regulatory Services	(5,186)	(1,224)	(1,143)	23.6%	☺	81	7.1%	0.5%	
Community Facilities and Services	(17,141)	(4,211)	(3,232)	24.6%	☺	979	30.3%	6.4%	1
Road Transport	(13,004)	(2,661)	(2,855)	20.5%	☹	(194)	-6.8%	-1.3%	2
Water Supply	(6,859)	(973)	(856)	14.2%	☺	117	13.7%	0.8%	
Wastewater Management	(7,486)	(1,078)	(1,063)	14.4%	☺	15	1.4%	0.1%	
Solid Waste	(2,990)	(560)	(490)	18.7%	☺	70	14.3%	0.5%	
Stormwater	(1,505)	(231)	(231)	15.3%	☺	0			
Treasury	(1,664)	(84)	(103)	5.0%	☹	(19)	-18.4%	-0.1%	
Property	(1,317)	(191)	(183)	14.5%	☺	8	4.4%	0.1%	
Community Support	(2,779)	(476)	(473)	17.1%	☺	3	0.6%	0.0%	
Representation & Com. Leadership	(3,608)	(641)	(601)	17.8%	☺	40	6.7%	0.3%	
Total Activity Revenue	(63,539)	(12,330)	(11,230)	19.4%	☺	1,100	9.8%	7.2%	
Business Units	(22,818)	(4,073)	(4,135)	17.8%	☹	(62)	-1.5%	-0.4%	
Total Operating Revenue	(86,357)	(16,403)	(15,365)	19.0%	☺	1,038	6.8%	1.2%	
Check	(60,412)	(8,200)	(7,824)						
Diff	25,945	8,203	7,541						
16.7%									
EXPENDITURE	Annual Plan 2019/2020 \$000	Year to date This Year Budget \$000		% Actual to Budget		D-C YTD Variance \$000	G/D % Var/Bud	% of Total Bud	Notes to Accounts
Significant Activities									
Regulatory Services	5,186	833	916	16.1%	☺	83	9.1%	0.6%	
Community Facilities and Services	13,354	2,065	2,176	15.5%	☺	111	5.1%	0.8%	
Road Transport	9,731	1,403	1,658	14.4%	☺	255	15.4%	1.8%	3
Water Supply	7,125	1,120	1,180	15.7%	☺	60	5.1%	0.4%	
Wastewater Management	7,835	1,279	1,264	16.3%	☹	(15)	-1.2%	-0.1%	
Solid Waste	3,669	620	606	16.9%	☹	(14)	-2.3%	-0.1%	
Stormwater	1,644	259	272	15.8%	☺	13	4.8%	0.1%	
Treasury	3,369	447	318	13.3%	☹	(129)	-40.6%	-0.9%	4
Property	1,298	177	205	13.6%	☺	28	13.7%	0.2%	
Community Support	2,778	513	489	18.5%	☹	(24)	-4.9%	-0.2%	
Representation & Com. Leadership	4,818	846	762	17.6%	☹	(84)	-11.0%	-0.6%	
Total Activity Expenditure	60,807	9,562	9,846	15.7%	☺	284	2.9%	2.0%	
Business Units	22,851	4,079	4,135	17.9%	☺	56	1.4%	0.4%	
Total Operating Expenditure	83,658	13,641	13,981	16.3%	☺	340	2.4%	2.4%	
Operating (Surplus)/Deficit	(2,699)	(2,762)	(1,384)		☺	1,378	99.6%	9.86%	

Note 1 Community Facilities and Services income **favourable** variance \$979k.
Refer to note 4 above regarding the Manawatū River Loop at Foxton PGF Grant.

Note 2 Road Transport income **unfavourable** variance \$194k.
Refer to note 4 above regarding the lower Roding capital subsidy.

Note 3 Road Transport expenditure **favourable** variance of \$255k.

Note 4 Treasury expenditure **unfavourable** variance of \$129k.
Refer to note 5 above regarding the loss on derivative contracts.

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

File No.: 20/410

Draft Annual Report for the year ended 30 June 2020

1. Purpose

For the Finance, Audit & Risk Committee to review the Draft Annual Report for the year ended 30 June 2020 to Council.

2. Executive Summary

- 2.1 This report presents a draft copy (under separate cover) of Council's Annual Report for the year ended 30 June 20.
- 2.2 The report is still in the process of being audited and has yet to achieve audit clearance due to the lateness of the Audit NZ final audit period occurring in October this year. Previously this was late August early September.
- 2.3 However, the remainder of the report is substantially complete and unlikely to change in any material way. The issues relating to financial performance have been highlighted and discussed with Councillors at the Finance Audit and Risk Committee meetings throughout the financial year.

3. Recommendation

- 3.1. That Report 19/363 Draft Annual Report for the year ended 30 June 2020 is received.
- 3.2. That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

4. Background / Previous Council Decisions

Council is required under s98 of the Local Government Act (reproduced below) to produce and adopt an Annual Report within 4 months of the end of the financial year (i.e. by 31 October 2020) although this year the deadline has been extended to 31 December due to the effects of the pandemic. Due to the lateness of the audit field work this year it is anticipated that Council will adopt the final audited report in November:

98 Annual Report

- (1) *A local authority must prepare and adopt in respect of each financial year an annual report containing in respect of that year the information required by Part 3 of Schedule 10.*
- (2) *The purposes of an annual report are –*
 - (a) *to compare the actual activities and the actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in respect of the year in the long-term plan and the annual plan; and*
 - (b) *to promote the local authority's accountability to the community for the decisions made throughout the year by the local authority.*
- (3) *Each annual report must be completed and adopted, by resolution, within 4 months after the end of the financial year to which it relates.*

The Draft Annual Report is being brought to the Committee to enable Councillors to understand the report and ask any questions of Officers prior to the beginning of the final audit field work from 5 October through to 23 October. It is likely the Report will be adopted by Council at its meeting of 11 November 2020.

The report presented to the committee is very much a working draft and unfinished at the time of the agenda deadline. A completed Annual Report with all adjustments from the audit will be presented to the committee at its meeting of 28 October for the Committee to recommend adoption to the full Council meeting in November.

5. Discussion

Financial Performance

- 5.1 Council's financial performance currently shows an operating deficit of \$5.3m against a budgeted operating deficit of \$2.5m. Overall, Council shows "Comprehensive Revenue and Expense" surplus of \$13.1m against a budget of \$7.09m surplus. The difference is the "Other Comprehensive Revenue and Expense" of which \$18.4m is achieved by recognising asset revaluation increases.
- 5.2 The draft result in the Committee's agenda for the meeting of 29 July disclosed a deficit of \$5,1m. Changes from the last draft report are as follows;
- Landfill after care provision of \$1.6m, this reflects a lower discount rate due to the lower interest rate environment.
 - Depreciation has decreased on Roding \$295k. This is due to treating Road Marking as an operational cost subsequently reducing depreciation.
 - Reducing finance costs \$151k reflecting the change in interest accrued as a result of the lower costs of funds at year end.
 - Gain on the forestry revaluation \$124k and carbon credits \$124k.
 - Increased loss on sale of Plant and equipment \$81k.
 - Vested assets recognised from development activity \$730k.
- 5.3 Other comprehensive revenues and expense is where we show the gains and losses on revaluations that occur at year end. This year we revalued our land and buildings. In keeping with what occurred over three years to the land Rateable values we show an \$18.58m increase in the value of these assets while show a decrease in Roding values (\$180) due to reducing the value by excluding Road Marking
- 5.4 Council's cash position increased to \$15.8m from \$8.5m last year through greater cash flow from operations less spent on assets.
- 5.5 Council has met all the prudential bench marks except balance budget which is 92.24% against a benchmark of 100%. Last year this was 91.14%. Council has met the Debt Control benchmark of less than 100% of the LTP debt level for the first time in three years at 99.17%. Council has also met the "Operations Control" bench mark of achieving or exceeding the budgeted "net cashflow from operating activity" from Cash flow Statement at 121.62% for the first time in 4 years.
- 5.6 The LGFA covenant of Net debt to Revenue is at 165%, 1% more than last year and below the Financial Strategy limit of 195% and LGFA limit of 250%. All other covenants have been met.
- 5.7 Standard and Poors reaffirmed Council's A+ credit rating during the year. This credit rating increases Council's ability to borrow at favourable interest rates. The weighted average interest rate at 30 June 2020 was 2.84% down from 3.54% in June 2019 and down from 5.32% at 30 June 2014.

6. Options

There is no option but to adopt the Annual Report with or without an unqualified audit opinion.

6.1. Cost

The cost is the internal cost of producing the report, estimated at \$250k including the Audit cost of \$150k.

6.1.1. Rate Impact

There is no rating impact other than the annual cost of producing and auditing the Annual Report, both of which have been budgeted for.

6.2. Community Well Being

There is no impact on the Community Wellbeing of adopting the Annual Report.

6.3. Consenting Issues

There are no consenting issues related to the adoption of an Annual Report.

6.4. LTP Integration

The cost of the Annual Report is budgeted for in the LTP and Annual Plan.

7. Consultation

No consultation has been conducted or is required in relation to the adoption of the Annual Report.

8. Legal Considerations

Legal considerations are that Council has to adopt the audited Annual Report within four months of the balance date of 30 June 2020.

9. Financial Considerations

The Annual Report was produced in-house, with no external input other than from Audit New Zealand and minimal valuation, treasury and legal costs. The cost of the Annual Report is funded from the General Rate and is costed to the Representation and Governance activity.

10. Other Considerations

10.1 These accounts have been prepared under the new Public Benefit Entity (PBE) accounting standards. Some of these requirements add to the already complex nature and length of the annual report.

10.2 Most of the complexity and size of the document are caused by compliance with and complexity of the legislation, regulations and accounting standards that must be met.

11. Next Steps

The Annual Report will need to be adopted by Council before 31 December 2020 to meet the extended statutory deadline. A full Annual Report and audited Summary Annual Report need to be completed and made available to the public within one month of adoption. This will include posting to our website and an article in "Community Connection".

12. Supporting Information

<p>Strategic Fit/Strategic Outcome</p> <p>There are no implications on Community Outcomes on adopting an Annual Report.</p>
<p>Decision Making</p> <p>The adoption of an Annual Report does not require consultation prior to its adoption and can only be adopted by a full Council meeting; it cannot be delegated to a Committee.</p>
<p>Consistency with Existing Policy</p> <p>There is no policy on the adoption of an Annual Report.</p>
<p>Funding</p> <p>Funding is through the General Rate.</p>

13. Appendices

No.	Title	Page
A	Draft Annual Report for the year ended 30 June 2020 (<i>Under Separate Cover</i>)	

Author(s)	Doug Law Chief Financial Officer	
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Approved by	Nicki Brady Deputy Chief Executive	
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FAR Committee - Actions

File No.: 20/425

1. Purpose

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

2. Recommendation

- 2.1 That Report 20/425 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	72


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	20/279	<u>Health & Safety Quarterly Report</u>	Top five Health & Safety Risks to be included in the next H & S Report to FAR	Tanya Glavas	28 Oct 2020		
	20/291	<u>Monitoring Report – Audit Recommendations 20/18/2019</u>	Letter requested from Audit noting recommendations that have been cleared	Doug Law/ Phil Jones			The recommendations that were cleared by Audit were not included in the report. All those that show as being completed have yet to be assessed by Audit and cleared.
26/08/20	20/89	<u>Risk Appetite</u>	There had been some additional commentary that was still being analysed with respect to reporting thresholds and transparency around some types of risk reporting. In terms of the timeframe for reporting back on potential tweaks, the review had also included	Steve Magi			Still under review as the enduring impacts of Covid and its recent resurgence were being assessed. Also Council was currently working with the Officer of the Auditor General and its auditors on Council's risk management practices as a result of Covid with no defined timeframe on an outcome. As it is not possible to

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
			issues in terms of risk that had arisen as a result of COVID-19 that needed to be looked at. It was anticipated that further analysis would be done within the month.				identify a timeframe, it is proposed that reporting is done by exception as opposed to a fixed timeline as the situation is quite dynamic at present.
	20/331	<u>Infrastructure Development – Activity Update – Horowhenua Alliance Review</u>	It was intended that the findings would be brought back to the next FAR meeting.	Brent Maguire	30 Sept 2020	Completed	Included in the Infrastructure Development Activity Update FAR Agenda 30 September 2020