



## **FINANCE AND PERFORMANCE COMMITTEE**

24 November 2017

Order Paper for the meeting to be held in the  
**Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,**  
on:

**Wednesday 29 November 2017 commencing at 5.30pm**

### **Membership**

Cr C Milne (Chair)  
Cr C Barry (Deputy Chair)

Deputy Mayor D Bassett  
Cr J Briggs  
Cr S Edwards  
Cr L Sutton

Cr G Barratt  
Cr M Cousins  
Cr M Lulich  
Mayor W R Wallace (ex-officio)

For the dates and times of Council Meetings please visit [www.huttcity.govt.nz](http://www.huttcity.govt.nz)



## FINANCE AND PERFORMANCE COMMITTEE

Membership:	10
Meeting Cycle:	Meets on a six weekly basis, as required or at the requisition of the Chair
Quorum:	Half of the members
Reports to:	Council

### PURPOSE

To assist the Council execute its financial and performance monitoring obligations and associated risk, control and governance frameworks and processes.

#### **Determine and monitor:**

- Maintain an overview of work programmes carried out by the Council's organisational activities (excluding strategy and policy development).
- Progress towards achievement of the Council's objectives as set out in the LTP and Annual Plans.
- Revenue and expenditure targets of key City Development Projects.
- The effectiveness of the internal audit, risk management and internal control processes and programmes for the Council for each financial year.
- The integrity of reported performance information, both financial and non-financial information at the completion of Council's Annual Report and external accountability reporting requirements.
- Oversight of external auditor engagement and outputs.
- Compliance with Council's Treasury Risk Management Policy,
- Requests for rates remissions.
- Approval of overseas travel for both elected members and officers.
- Requests for loan guarantees from qualifying community organisations where the applications are within the approved guidelines and policy limits.

#### **Consider and make recommendations to Council:**

- The adoption of the budgetary parameters for the LTP and Annual Plans.
- The approval of The Statements of Intent for Council Controlled Organisations, and Council Controlled Trading Organisations, and monitoring progress against the Statements of Intent.
- The adoption of the Council's Annual Report.

#### **General:**

- Any other matters delegated to the Committee by Council in accordance with approved policies and bylaws.
- Approval and forwarding of submissions on matters related to the Committee's area of responsibility.





**HUTT CITY COUNCIL**

**FINANCE AND PERFORMANCE COMMITTEE**

Meeting to be held in the Council Chambers,  
2nd Floor, 30 Laings Road, Lower Hutt on  
Wednesday 29 November 2017 commencing at 5.30pm.

**ORDER PAPER**

**PUBLIC BUSINESS**

**1. APOLOGIES**

**2. PUBLIC COMMENT**

Generally up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

**3. CONFLICT OF INTEREST DECLARATIONS**

**4. RECOMMENDATIONS TO COUNCIL - 12 December 2017**

i) Long Term Plan 2018-2028 (17/1552)

Report No. FPC2017/5/297 by the Corporate Planner

8

**CHAIR'S RECOMMENDATION:**

"That the recommendations contained in the report be endorsed with a new part (vi) to read as follows:

(vi) that Council Standing Orders be adjusted to enable online participation in the upcoming Long Term Plan, specifically live online verbal submissions by the public."

ii) Revenue and Financing Policy Review for 2018-2028 Long Term Plan (17/1700)

Report No. FPC2017/5/300 by the Divisional Manager, Strategy and Planning

16

**CHAIR'S RECOMMENDATION:**

"That the recommendations contained in the report be endorsed."

iii) **Equipment in Council Chambers (17/1244)**

Report No. FPC2017/4/226 by the Business Analyst 21

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be discussed with a new part (vi) to read as follows:

(vi) that Council Standing Orders be adjusted to enable online participation in the upcoming Long Term Plan, specifically live online verbal submissions by the public."

5. **ACTIVITY REPORT - INFORMATION SERVICES (17/1332)**

Report No. FPC2017/5/7 by the Business Analyst 33

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

6. **RISK AND ASSURANCE UPDATE AND STRATEGIC RISK REGISTER (17/1633)**

Report No. FPC2017/5/299 by the Risk and Assurance Manager 58

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

7. **INSURANCE UPDATE (17/1734)**

Report No. FPC2017/5/304 by the GM Corporate Services and Chief Financial Officer 75

CHAIR'S RECOMMENDATION:

"That the recommendation contained in the report be endorsed."

8. **FINANCE UPDATE (17/1732)**

Report No. FPC2017/5/298 by the Budgeting and Reporting Manager 81

CHAIR'S RECOMMENDATION:

"That the report be discussed."

9. **INFORMATION ITEM**

**Finance and Performance Work Programme 2018** (17/1529)

Report No. FPC2017/5/148 by the Committee Advisor

120

**CHAIR'S RECOMMENDATION:**

"That the recommendation contained in the report be endorsed."

10. **QUESTIONS**

With reference to section 32 of Standing Orders, before putting a question a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

Annie Doornebosch

**COMMITTEE ADVISOR DEMOCRATIC SERVICES**

10 October 2017

File: (17/1552)

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Report no: FPC2017/5/297

## Long Term Plan 2018-2028

### Purpose of Report

1. The purpose of this report is to update Council on progress with the development of the Long Term Plan 2018-2028, and seek guidance on the high level consultation process to be undertaken.

### Recommendations

That the Committee recommends that Council:

- (i) approves the high level budget assumptions outlined in the report;
- (ii) notes the key budget risk areas;
- (iii) provides any further direction required in respect of the 2018-19 budget;
- (iv) notes the process and timeframe for the development of the Long Term Plan 2018-2028; and
- (v) provides any further direction in respect of the consultation to be undertaken on the Long Term Plan.

### Background

2. Under the Local Government Act 2002 ("the Act") Council is required to prepare and adopt a Long Term Plan (LTP) every three years and an Annual Plan for each financial year. The LTP outlines what Council will do over the next ten years, how much it will cost and how it will be funded. Schedule 10 of the Act outlines the information required in a LTP.
3. Our last LTP was adopted in 2015 for the period 2015-2025, with Annual Plans being adopted in 2016-17 and 2017-18. While Annual Plans should reflect the work programme contained in the LTP for the relevant year with only minor adjustments highlighted, past Council Annual Plans have included significant changes. In addition to new funding, the 2017-18 Annual Plan also included a new financial strategy that was consulted on and adopted.

4. Council is due to develop and adopt a LTP for 2018-2028 and Annual Plan for 2018-19. This information will be prepared in the one document, with year one of the LTP covering the Annual Plan for 2018-19.

## Discussion

### Key budget areas of risk

5. There are number of potential risks that will not be provided for in the LTP budgets due to uncertainty. These include:
- Overspend on current projects and increased costs on future planned projects.
  - Delays in projects, through design hold ups, scope of work, consultant availability, and contractor availability.
  - Non realisation of some user charges revenues due to changing demands. The following table shows some user charges revenue in recent years;

[\$000s]	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Budget
Landfill & Rubbish Bags	12,901	13,878	13,005	14,083	13,670
Consents	2,289	2,217	2,685	3,004	2,992
Pools (including Learn to Swim)	2,137	2,579	2,585	2,245	3,334
Libraries	526	485	414	368	467
Museums	241	275	206	302	255
Parking Meters	1,278	1,249	1,080	1,046	1,300
Infringements	2,584	2,774	2,362	2,266	3,210

- Unforeseen new areas of expenditure potentially identified through the consultation process.
- Climate change and unforeseen events such as storms or other natural disasters resulting in direct costs and impact on future insurance premiums.
- A reduction in the average annual 1% growth that has been provided for in our rating data base, noting actual growth has been 0.8% (excluding Queensgate earthquake impact), in the last two years.
- Changes in Government policy affecting subsidies and grants for existing programmes or capital works, changes in priorities, new initiatives or changes to local government requirements.
- Inflationary Pressures outside of the allowances outlined below.
- Increases in interest rates.

### Forecasting assumptions

6. There are a number of assumptions that will be built into our budgets mostly around the provision we make for the increases in our revenue, including rates, and our costs, in year one and the out-years. These have a significant

impact on our debt profile over the period of the plan. While we review the CPI information that is provided by Statistics New Zealand we are now using the Local Government Cost Index (LGCI) provided by Business Economic Research Ltd (BERL) for our inflation adjustments.

#### **Inflation/Cost Adjusters:**

7. The annual CPI (produced by Statistic NZ) to 30 June 2017 was 1.7%.
8. BERL's calculation of LGCI to 30 June 2017 was 1.5% and is forecast to be 1.8% to 30 June 2018 and to 2.0% to 30 June 2019.
9. Human Resources have advised the current 'average position in range' across Council following the 2017 remuneration review is 96.8% of the mid-point (100%). In 2016 it was 97.9% and in 2015 it was 98.2%. The 2% budget increases of recent years have not been able to keep up with the market and we have been steadily losing ground. Surveys undertaken by Councils remuneration advisors, Strategic Pay, forecast for 2017-2018 an expected overall median increase of 2% for all employee categories. Human Resources have advised that in order to remain competitive in the market we will need to budget a 3% increase for the next remuneration round to ensure the average position in range improves. With the transition to the new remuneration framework which is designed to move people up in the range quicker than previously, the 3% budget recommendation will support the framework in moving towards this and will also ensure we meet our Remuneration Policy commitments.
10. The following are the cost adjusters used in the current 2017-2018 Annual Plan and the proposed adjusters for the 2018-2028 LTP.

#### **Percentage Inflation/Cost Adjusters**

	30 Jun 17	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
LGCI	1.50	1.80	2.00	2.20	2.20	2.20	2.30	2.30	2.40	2.50	2.60
RATES *											
2017/2018 AP		2.40	3.00	2.90	3.50	4.10	4.00	4.00	3.60	3.60	3.60
2018/2028 LTP		2.50	2.80	2.50	3.20	3.70	3.70	3.80	3.30	3.40	3.50
OTHER											
2017/2018 AP		1.40	2.00	2.40	2.50	2.60	2.50	2.50	2.60	2.60	2.60
2018/2028 LTP	1.50	1.80	2.00	2.20	2.20	2.20	2.30	2.30	2.40	2.50	2.60

\* Rates uses previous years inflation plus an assumed allowance for growth

#### **Proposed Assumptions:**

11. A significant review of our Financial Strategy was carried out and adopted in the 2017-2018 Annual Plan which resulted in changes to a number of our budget assumptions.
12. **Debt** – debt limits are now set as a percentage of revenue with diminishing percentages in future years that give flexibility and scope to future Councils to introduce new projects. These limits are being used by officers in preparing draft budgets.

13. **Rates** - the rates increase for 2018-2019 is to be within the financial strategy limits. It was agreed that we would use historical cost increases for our rates increases so for 2018-2019 this will be the LGCI for the 12 months ending 30 June 2017 which is 1.5%, plus a 1% allowance for growth. Year two (2018-2019) of the 2017-2018 Annual Plan had a 1.4% increase, plus a 1% allowance for growth.
14. **Operating budgets** - the overall budgets for 2018-2019 will be based on the 2018-2019 year forecasts in the 2017-2018 Annual Plan. Budget Managers have been advised there are to be no increases in operating budgets unless these arise through contractual obligations or increases from external suppliers. Where possible measures will be taken to mitigate such increases through savings elsewhere or increases in revenue. Budget Managers have been asked for proposals that absorb general inflationary pressures and provide additional saving opportunities to help meet Council's overall financial targets.
15. **Capital expenditure** - these budgets will be based on projects within the current 2017-2018 Annual Plan plus any adjustments approved by Council during the LTP process within the maximum debt levels as laid out in the Financial Strategy.
16. **Employee cost** - these budgets will be based on the new organisation structure.
17. **Variances** - significant variances between the 2018-2019 year of the Long Term Plan and year two of the 2017-2018 Annual Plan will need to be justified.
18. **Natural disasters and insurance** - the Council has comprehensive insurance policies which are designed to provide substantial, but not total, cover from the financial impact of natural disasters.
19. **Revaluation of property, plant and equipment** - a revaluation of property, plant and equipment is carried out every three years. The latest revaluation is currently underway and the results will be applied from 1 July 2018. Until the detailed results are known, the estimated gains on asset revaluation per the 2015-2025 LTP are assumed.
20. **Asset sales** - approximately \$5m of asset sales have been assumed over the life of the new LTP. This does not include any deferrals from the current 2017-2018 Annual Plan.
21. **NZ Transport Agency (NZTA)**- budgeted NZTA subsidy levels are based on the assumption that the current funding patterns and subsidy percentages will not change during the term of the LTP.
22. **Weathertight homes** - a balance sheet provision already exists to fund the expected maximum settlement of known weathertight home claims. We are not aware of any new claims and it has been assumed that any legal costs associated with existing claims will be met from this provision.
23. **Service levels** - no significant changes are planned.

## **Content and structure of the LTP**

24. The LTP will be structured around Council's four key strategy areas: Leisure and Wellbeing, Growth and Development, Environmental Sustainability and Infrastructure. These will be aligned to the community outcomes and contributions of Council activities. Together with the Council's Integrated Vision for Hutt City and the Financial Strategy (adopted as part of the 2017-18 Annual Plan), these documents outline the future Council has planned for the city over the next 20 to 30 years.
25. The high level story behind the LTP will be a continuation of the rejuvenation/growing our city theme agreed in 2014, given its continued Councillor and community support. This is subject to any changes in priorities that emerge from the Councillors' retreat on 29 January 2018.
26. A number of other documents that form part of the LTP process have been, or will be presented to Council for adoption over the next few months after being presented to the appropriate committee. These include:
  - Financial Strategy – already adopted in June 2017
  - Draft Revenue and Financing Policy – December 2017
  - Significant and Engagement Policy – December 2017
  - Development Contributions Policy – December 2017
  - Review of the Infrastructure Strategy – December 2017.

## **Consultation**

27. Following an amendment to the Act in 2014, Council is required to prepare a consultation document (CD) that will provide an effective basis for public participation. This is in contrast to past years where a draft LTP was produced for public consultation.
28. The CD is the only lawful basis for mandatory consultation with the community on the matters Council proposes to include in the LTP. It is intended to be concise, simple and easily understood. The CD must cover key issues and choices facing the local authority, and the consequences of those choices including their impact on rates, debt and levels of service. Summaries of the Financial and Infrastructure Strategies are to be included, along with any significant changes proposed to rating or funding systems, and the impacts of the local authority's proposal across the various categories of rating unit.
29. The detailed underlying information relied on by the CD must be adopted and audited before the CD can be adopted.



30. Below is a proposed timetable for developing the 2018-2028 LTP and CD

Activity	Date
Council adopt key assumptions and risks for 2018/19 budgets and consultation approach for LTP following Finance and Performance Committee recommendation on 29 November.	12 December 2017
Mayor/Councillors' retreat	29 January 2018
Briefing for Council and community boards/committees on budgets and projects	1 February 2018
Community Plan Committee agree underlying information and content of CD	20 February 2018
Community Plan Committee/Council meet to approve text for CD	15 March 2018
Public consultation	27 March – 27 April 2018
Hearing of submissions	16-17 May 2018
Community Plan Committee/Council agree final changes to LTP	6 June 2018
Council meet to adopt LTP and set the rates	28 June 2018
LTP printed and published	By 27 July 2018

31. This year there is a focus on consultation and engagement with groups typically under-represented in civic decision-making process. This includes youth, Maori, other ethnic minorities and the disability community. To ensure communication activities are targeted for these groups a cross-organisation project team has been established for the LTP. Membership includes representation from the Youth Council, Accessibility and Disability Panel and Community Services.
32. Consultation and engagement will include distribution of the CD, supporting consultation material targeted towards the focus groups (e.g. a video made by youth for youth, social media posts), local advertising, consultation with Maori and other ethnic minorities, attendance at Community Board and Panel meetings during the consultation process.

33. As with previous years a number of additional consultation and engagement methods will also be used, including:
- Radio advertising
  - Articles in Council publications
  - Email newsletters to subscribers interested in receiving Council news
  - An independent survey of residents
  - Ability to load submissions electronically
  - Use of other e-democracy tools such as Facebook where appropriate
  - Meetings with special interest groups
  - Attendance at public events.
34. We also encourage Councillors to recommend what consultation approach is most appropriate for their wards and to give further direction. Supporting consultation collateral can be provided to Councillors wishing to do their own engagement activities.

### **Legal Considerations**

35. The requirements of the Act will be followed in respect of the LTP 2018-2028.

### **Financial Considerations**

36. All work required as part of the LTP will be undertaken within current budgets.

### **Other Considerations**

37. In making this recommendation, officers have given careful consideration to the purpose of local government in section 10 of the Local Government Act 2002. Officers believe that this recommendation falls within the purpose of the local government in that conducting annual consultation provides the opportunity for members of the public to comment on the manner in which Council proposes to meet the current and future needs of the community. It does this in a way that is cost-effective, publishing information on the Council website and providing a high level overview of Council's proposals for the future of the city to each residence and business.

### **Appendices**

There are no appendices for this report.

**Author:** Josie Askin  
Corporate Planner

**Author:** Philip Benseman  
Budgeting and Reporting Manager

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**Reviewed By:** Wendy Moore  
Divisional Manager, Strategy and Planning

**Reviewed By:** Brent Kibblewhite  
GM Corporate Services and Chief Financial Officer

**Approved By:** Kim Kelly  
General Manager, City Transformation

**06 November 2017**

File: (17/1700)

**Report no: FPC2017/5/300**

## **Revenue and Financing Policy Review for 2018-2028 Long Term Plan**

### **Purpose of Report**

1. The purpose of this report is to gain the Committee's approval of the amended Revenue and Financing Policy as part of the Long Term Plan 2018-2028 process.

### **Recommendations**

That the Committee recommends that Council:

- (i) approves the proposed amendments to the Revenue and Financing Policy for consultation as part of the Long Term Plan 2018-2028 including:
  - a. Environmental Health –this will be separated from Environmental Consents but only for assessment of public/other (including private) benefit. It will not be a separate activity; and
  - b. District Plan – the hearing fee will be changed to ensure Council recovers its costs as currently this is not the case; and
- (ii) notes further analysis is required on the continuation or changes to the current 10 year differential transition.

For the reasons outlined in the report below.

### **Background**

2. Council is required to review its Revenue and Financing Policy every three years. The policy was last reviewed in 2015. This policy provides the underlying rationale for fees and charges and is one of the main drivers of relative rates levels between the residential and business sectors.

## Discussion

3. The Revenue and Financing Policy outlines the Council's approach to funding each of its activities. Funding sources include:
  - a. Fees / User Charges
  - b. General Rates (Business, Residential, etc)
  - c. Targeted Rates
  - d. Other – subsidies, grants, etc
4. The amount attributed to each funding source for each activity is generally expressed as a percentage or as high, medium and low.

High	80-100%
Medium/high	60-79%
Medium	40-59%
Medium/low	20-39%
Low	0-19%

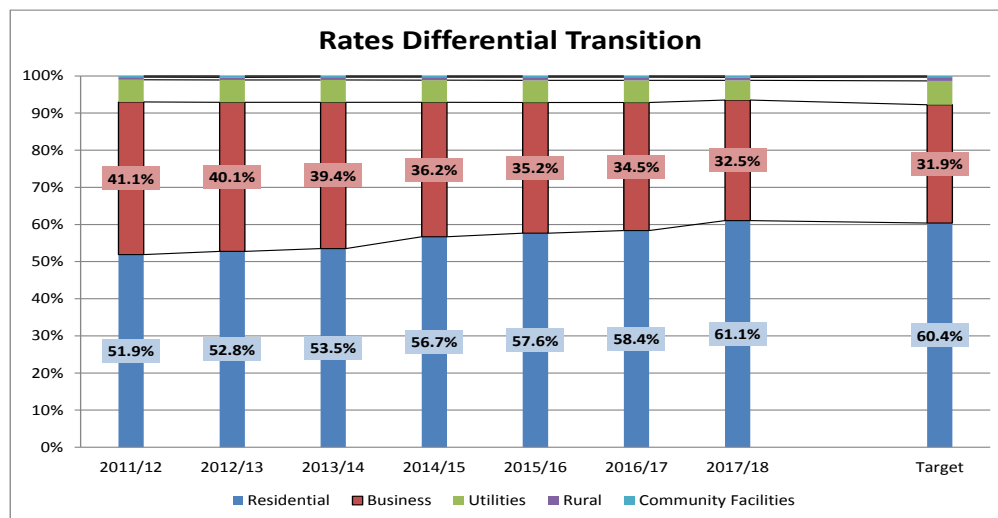
5. At a workshop on 19 October 2017, officers briefed Councillors on the results of an internal review of the Revenue and Financing Policy and advised that the current Revenue and Financing Policy was compliant with legislative requirements and required only minor changes. The review looked at all of Council's activities.
6. Officers propose retaining the current Revenue and Financing Policy with the following minor changes:
  - a. Environmental Health – this will be separated from Environmental Consents but only for assessment of public/other (including private) benefit. It will not be a separate activity; and
  - b. District Plan – the hearing fee will be changed to ensure Council recovers its costs as currently this is not the case.

## Differential Transition

7. The public good element is funded through General Rates. The rate per dollar of Capital Value varies between the different rating categories – known as the differential. The differential exists to recognise that different sectors of the community derive different levels of benefit from the different activities undertaken by Council.
8. In 2012/13 the Council commenced on a 10 year transition shifting more of the rates burden from Business to Residential (page 94 of 2017-2018 Annual Plan).
9. The recent property revaluation has resulted in a significant shift of the rates burden from commercial to residential. In 2017/18 Council agreed to freeze the differential transition for one year and extend the transition period by a

year, to reduce the rates impact on residential rate payers caused by the significant increase in residential property values during the three yearly revaluation in October 2016.

10. Council could consider whether the differential transition should be altered to reflect impacts from revaluation changes. If Council decides to alter the differential transition, it needs to consider whether the property revaluations have achieved the intended objective of shifting the overall rates burden from business to residential.
11. The following graph suggests the residential target identified in 2011/12 of 60.4% has been achieved.



12. Further analysis is required including calculating the comparable 2018/19 residential and business percentage targets, before Officers can make a recommendation on changing or ceasing the current 10 year differential plan. A recommendation will be provided to this committee at its next meeting in February 2018.
13. The Society of Local Government Managers (SOLGM) provides guidance on the Local Government (Rating) Act 2002 including guidance on making decisions regarding differential rating categories [*Rating Knowhow: A guide to the Local Government (Rating) Act 2002, November 2013*].
14. SOLGM advises that where Councils elect to set a rate differentially, the categories and the objectives for the differentiation (that is to say, how the rates in the dollar will vary for each category), must be clearly explained in council's funding impact statement (either as a total amount of revenue sought from each category or some statement of the relationship between the rates on different categories – see page 181 Long Term Plan 2015-2025).
15. SOLGM further advises that the power to use differential rates is not something that should be used arbitrarily or to excess. SOLGM generally advises local authorities to consider differentials on a general rate in circumstances where there are differences in:

- a. *levels of service* – if one group receives a higher level of service, or a higher share of benefits, then it should be charged more (this is one of the main reasons that section 101(3) of the Local Government Act 2002 requires a consideration of benefit)
- b. *willingness to pay* – if one group is willing to pay more than another group, your council might determine that that group should pay a higher proportion
- c. *cost* – if the cost of providing a service to one group is higher than for others, they should pay more.

### **Consultation**

- 16. Council is no longer required to use the Special Consultative procedure to consult on changes to the Revenue and Financing Policy however it is required to give effect to section 82 of the Local Government Act 2002.
- 17. Council is able to make, in its discretion, judgements about:
  - a. how to comply with engagement requirements
  - b. the extent to which different options are to be identified and assessed
  - c. the degree to which benefits and costs are to be quantified
  - d. the extent and detail of the information to be considered and
  - e. the extent and nature of any written record to be kept of the manner in which it has complied with those sections.
- 18. All Divisional Managers were consulted during the review of activities for the Revenue and Financing Policy.
- 19. Consultation will be required if Council at the February 2018 committee meeting decides to change or cease the current 10 year differential transition plan.

### **Legal Considerations**

- 20. Council has taken into consideration all legal requirements related to the development and approval of Revenue and Financing Policies.

### **Financial Considerations**

- 21. The Revenue and Financing Policy process involves a two-step process. Step one is a theoretical allocation of costs based on a set of economic principles. Step two is the consideration of the overall impact of funding allocations from step one on the community.
- 22. Step one considers who benefits from or causes council's expenditure and who should pay. Private benefits point towards user charges. Public benefits point towards funding through a taxation tool such as general rates. This means of funding is recommended where the benefits are widespread and individual groups or users cannot be identified or charged.
- 23. A decision will need to be made on the differential transition at the February 2018 committee meeting.

**Other Considerations**

24. In making this recommendation, officers have given careful consideration to the purpose of local government in section 10 of the Local Government Act 2002. Officers believe that this recommendation falls within the purpose of the local government in that it ensures that Council activities are funded through the correct funding source. It does this in a way that is cost-effective because it takes into consideration the level of public and private good received from each activity.

**Appendices**

There are no appendices for this report.

**Author:** Wendy Moore  
Divisional Manager, Strategy and Planning

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**Approved By:** Brent Kibblewhite  
GM Corporate Services and Chief Financial Officer



06 November 2017

File: (17/1244)

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**Report no: FPC2017/4/226**

## Equipment in Council Chambers

### Purpose of Report

1. The purpose of this report is to outline how improvements could be made to the live-streaming equipment and technology in the Council Chambers.

### Recommendations

That the Committee recommends that Council:

- (i) notes that Council has been live-streaming meetings held in the Council Chambers during 2017;
- (ii) notes the statistics provided in Appendix 1 attached to the report on the viewing of meetings;
- (iii) notes the options to upgrade the live-streaming equipment outlined in the report;
- (iv) notes that \$25,000 was allocated in 2017/18 to upgrade the live-streaming equipment in the Council Chambers; and
- (v) agrees with the proposed allocation of this funding to cover integration of the live-stream with the current control system, one replacement camera, four additional microphones and a battery charger.

For the reason that this is the most cost effective method of improving the quality of the live-stream for viewers of these meetings.

### Background

2. The initial focus in setting up the new Council Chambers was on the provision of audio visual equipment to assist with the running of meetings.

3. In August 2014 the Local Government Act 2002 was amended to make provision for participation in local authority meetings by means of audio link or audiovisual link where permitted by Standing Orders.
4. After the Council Chambers were reinstated in the Administration Building following earthquake-strengthening, Council amended its Standing Orders in December 2016 to provide for members to attend meetings by means of an electronic link. Provisions regarding the webcasting and recording of meetings were added at the same time. These were drawn from the Local Government New Zealand Standing Orders template and reflect emerging practice in the sector around the accessibility of meetings and transparency of the decision making process.
5. Live-streaming of Hutt City Council meetings commenced with test streaming of the 22 November and 14 December 2016 Council meetings. Streaming of meetings continued in 2017 and, at the Community Plan Committee meeting held on 8 June 2017, officers were asked to investigate improved live-streaming equipment and technology for the Council Chambers. A budget allocation of \$25,000 was made for 2017/18.

### **Discussion**

6. There are three components to the equipment provided in the Council Chambers - audio visual fit-out, Skype and live-streaming. This report addresses only the live-streaming component, and those aspects of the audio-visual fit-out and Skype provision that impact on the live-stream.
7. A portable camera was installed at the rear of the Chambers in 2016 for the live-streaming of meetings. This was installed on a trial basis as a temporary solution.
8. A number of issues have been identified with the live-streaming, including the following:
  - a. Security of the camera and power supply, and the preference for two cameras to allow a front view of all participants. This can be addressed by mounting secure, purpose built cameras in addition to the existing Skype camera.
  - b. The manual process of switching the live-stream on and off. This can be addressed through re-programming to allow the live-stream to easily be started and stopped on the control panel by an officer present at the meeting. This would also overcome the current issue whereby the live-stream commences prior to the start of the meeting and captures conversations held in the public gallery.
  - c. The viewing range of the current live-stream camera. This means that Skype access, available in the Council Chambers on the screen closest to the Retiring Room, is outside the camera's viewing range and anyone attending the meeting via Skype would not be visible but would be audible on the live-stream. This also means that any material displayed on the screens during the course of a meeting is not visible on the live-stream. This can be addressed

through re-programming to allow “screen in screen” so that camera, screen content or both camera and content can be displayed on the live-stream at the press of a button on the control panel.

- d. The physical process of members switching microphones on and off to ensure that the audio feeds to the live-stream. This is best resolved through diligence on the part of elected members, and the Chair calling on individual members to speak. An alternative would be to convert the existing microphones to voice activation mode, although this would also mean that all comments made by members would be audible. Our suppliers advise that voice activation has been trialed at multiple councils but has not been successful, mainly due to members speaking at once and sensitivity to other noises around the table, all of which affects the quality of the audio feed.
- e. The possibility of two cameras operating in tandem with the microphones and automatically switching to the correct side of the room. Our suppliers advise that automation is technically possible albeit very difficult, and would require members to always sit on the same side of the table for all meetings attended.
- f. The option of having a person/desk to control the microphones including volume control and muting, cameras, loading of presentations and display of content. This is considered to be the best option if two cameras are employed.
- g. The possibility of running a fulltime split screen to show two camera feeds side by side and eliminate the need for a control desk/person. This option is technically possible and would result in a busy screen layout that may be confusing for some viewers.
- h. The absence of microphones on the officer side tables and where members of the public sit to make their Public Comment. This can be addressed by providing microphones in these locations. It would also be prudent to provide one additional microphone that can be used as a spare in the event of a microphone malfunction.
- i. The requirement to charge up the microphones prior to meetings, which can be problematic if daytime and evening meetings are scheduled on the same date. The provision of additional microphones will require additional charging capability.
- j. Increasing the size of the screens on each side of the Chambers. This can best be achieved by replacing the existing screens with eight 60 inch screens. This would increase the image size from 94 inch diagonal to 120 inches. The existing screens could be used elsewhere within Council. The option of adding to the existing bank of screens was also considered but discarded due to the weight of the screens and the nature of the fixing behind each video wall.

- k. Ability for councillors to display information on the big screens from their computers, and for information displayed on the screens to be accessed by councillors on their computers. This is already possible through a connection to the same network and using the remote viewer on Air Media at [chambers.huttcity.info](http://chambers.huttcity.info).
9. Other issues raised include:
- a. The need for an improvement in the sound levels experienced by members of the public in the public gallery. An officer has demonstrated to elected members how the sound system works and how to change the volume controls if necessary.
  - b. The need for instructions for use of microphones at the Public Comment table. An officer has prepared instructions for the Public Comment microphone.
  - c. Linking from the live-stream page to the agenda papers. A link to the Council Meeting Papers page has been added to the Council Meetings Live page.
  - d. Posting on the Council's Facebook page the link to the live-stream and details of that day's meeting. An officer will keep the Facebook page updated with this information.
  - e. Investigation of whether Skype for Business could be used for Council meetings so that people can be invited to attend a meeting via Skype through clicking on a link, and ability for this to be a fully interactive session if required. People dialing in would hear the discussion through a mix of the microphones. Skype for Business provides greater functionality than Skype, and options for implementing Skype for Business during 2018 are currently being considered. To fully enable Skype for Business, it would be necessary to purchase additional Skype cameras.
  - f. Options to provide for electronic voting with the results displayed on the screen. Information has been requested from our suppliers but is not yet available.
10. The availability of live-streaming of meetings is publicised through Council's Facebook page and on the Council website.
11. Statistics on the use of live-streaming to date are attached as Appendix 1 to the report. These show the number of views of the live-stream and the recording of the meeting. 'Unique views' is the number of individuals who view a meeting from their unique IP address, while 'total views' is the total number of views from people who may access the same meeting multiple times during the course of the meeting. The following unique views were recorded for the live-streaming carried out to date:

Meeting	Date	Unique Views	Average Watch Time
Policy and Regulatory Committee	27 February 2017	87	0:27:05
Council	14 Mar 2017	99	0:12:23
District Plan Committee	26 April 2017	12	0:13:37
Policy and Regulatory Committee	1 May 2017	11	0:14:19
City Development Committee	2 May 2017	76	0:24:00
Finance and Performance Committee	3 May 2017	25	0:57:08
Community Services Committee	4 May 2017	46	0:23:31
Community Plan Committee - Pt 1	16 May 2017	41	0:29:57
Community Plan Committee - Pt 2	16 May 2017	58	0:21:39
Community Plan Committee - Pt 1	17 May 2017	59	0:09:48
Community Plan Committee - Pt 2	17 May 2017	46	0:25:33
Council - Pt 1	23 May 2017	64	0:04:04
Council - Pt 2	23 May 2017	62	0:15:17
Community Plan Committee	8 June 2017	73	0:39:58
Council	12 June 2017	20	0:11:14
Council	29 June 2017	17	0:04:31
District Plan Committee	26 July 2017	17	0:24:00
Policy and Regulatory Committee	31 July 2017	19	0:23:38
City Development Committee	1 August 2017	19	0:28:13
Finance and Performance Committee	2 August 2017	14	0:29:16
Community Services Committee	3 August 2017	11	0:37:52
Council	15 August 2017	68	0:27:24
District Plan Committee	20 September 2017	22	0:31:37
Policy and Regulatory Committee	25 September 2017	6	0:24:52

City Development Committee	26 September 2017	10	0:14:47
Finance and Performance Committee - Pt 1	27 September 2017	9	0:04:05
Finance and Performance Committee - Pt 2	27 September 2017	11	0:10:51
Council	10 October 2017	76	0:23:28
Finance and Performance Committee	18 October 2017	16	0:13:59

### Options

12. Officers have investigated a permanent live-stream solution for the Council Chambers to address the issues outlined in sections 8 and 9 above.
13. The issues outlined in sections 8a, b, c, h and i can be addressed through integrating the live-stream with the current control system, purchasing and mounting a single camera at the rear of the Chambers, and purchasing four additional microphones and a charger. This option would fit within the budget already allocated by Council. The total implementation cost, including installation and reprogramming the control system, would be \$24,580 + GST.
14. Options 8e, f and g address the preference for two cameras, to allow a front view of all participants. Options e and g are not recommended following discussion with our supplier. Option f is considered to be the best solution where two cameras are in operation, but is not currently recommended as it falls outside the budget allocation. The cost of adding two controllable cameras and programming the switching and control system is estimated at \$17,000, with four additional microphones and a charger adding approximately \$10,800 (both figures exclusive of GST). Given that the majority of meetings are held outside of normal working hours, the cost of providing a control desk is estimated at \$8,000pa if a staff member was employed to cover these duties. This is based on 60 meetings totaling 120 hours, of which 80 hours would be outside normal working hours. Our supplier has also been asked if they could offer this service, but they don't generally operate after 5.30pm and are currently assessing whether this could be covered with their staff.
15. The option also exists to increase the size of the screens as outlined in section 8j of the report. Replacing the existing screens would require a budget allocation of approximately \$82,000 (exclusive of GST), and allowance would also need to be made to have Naylor Love adapt the timber paneling to suit the wider video wall including possible extra fixing.
16. Section 9f alludes to the options available to provide for electronic voting. The options and estimated budget figures are not yet to hand.

17. In addition, and with reference to section 8d of the report, the option exists to convert the microphones to be sound activated, at no additional cost. This would overcome the issue of members speaking without switching their microphone on, or switching their microphone off during the live-stream to allow for private conversations between members, both of which occurrences would be frustrating for viewers. This is not recommended following advice from our supplier, and is a decision for members to make, taking into account the purpose of providing the live-stream, and the lack of success experienced by other councils that have trialed voice activated microphones.
18. The information above is summarised in the table below.

<b>Improvements recommended by officers within the current budget allocation of \$25,000.</b>	<b>Improvements recommended by officers outside the current budget allocation</b>	<b>Improvements not recommended by officers</b>
Integration of the live-stream with the current control system, including reprogramming to allow the display of either the camera or screen content or both camera and screen content using "picture in picture"	Implementation of Skype for Business during 2018	Voice activation of microphones
		Two cameras mounted on the side walls of the Chambers
		Automation of two cameras so that cameras will zoom in on the person who is currently speaking using a microphone.
Single camera mounted at the rear of the Chambers		Control desk to monitor microphones and cameras
Four additional microphones		Fulltime split screen showing two camera feeds
Battery charger for additional microphones		Increasing the size of the screens
Ability for councilors to display information on the large screen from their tablets		Options to provide for electronic voting

### Consultation

19. No external consultation has been undertaken on this matter, nor has any feedback been requested or received from members of the public about the live-streaming of meetings. During the live-stream the Chat feature is able to be used to update viewers should there be any equipment issues, and feedback from the few occasions this has been used has been positive.
20. Opportunities exist to further promote the availability of live-streaming via all Council websites, the Order Paper for each meeting and through social media optimisation to draw in new and unique visitors through sites including Facebook, Twitter and YouTube. Recorded meetings are available on the main Council website.

### Legal Considerations

21. The Local Government Act 2002 provides for members of a local authority and members of the public to participate in meetings by means of audio link or audiovisual link where permitted by Standing Orders. Standing Orders also make provision for the webcasting and recording of meetings.

### Financial Considerations

22. Financial considerations are outlined in sections 13 to 17 above.

### Other Considerations

23. In making this recommendation, officers have given careful consideration to the purpose of local government in section 10 of the Local Government Act 2002. Officers believe that this recommendation falls within the purpose of local government in that it provides for members of the public to easily access formal meetings of Council and its Committees from their own device. It does this in a way that is cost-effective because it minimises the expenditure required to improve the live-streaming equipment in the Council Chambers based on the level of take-up of this technology at present.

### Appendices

No.	Title	Page
1 <a href="#">↓</a>	Live Streaming Usage Data February to October 2017	29

**Author:** Joyanne Stevens  
Business Analyst

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**Approved By:** Lyndon Allott  
Chief Information Officer



## STATISTICS ON LIVE-STREAMING OF MEETINGS

## Viewers

Print

Download CSV

Total Views

2,020

Unique Views

1,195

Max. Concurrent Viewers

24

Total Minutes Viewed

38,370

Average Watch Time

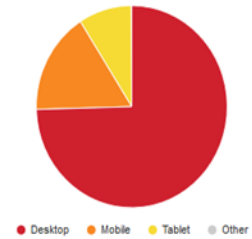
00 : 21 : 41



## Devices

Download CSV

Device	%Views	Total Views	Unique Views	Total Minutes	Avg. Watch Time
Desktop	74.6%	1,506	908	32,794	00 : 25 : 05
Mobile	16.4%	331	202	3,000	00 : 10 : 12
Tablet	9.0%	181	83	2,552	00 : 15 : 22
Connected TV	0.1%	2	2	22	00 : 11 : 09



## Media Type

Download CSV

Type	%Views	Total Views	Unique Views	Total Minutes	Avg. Watch Time
Live	51.1%	1,039	541	24,353	00 : 26 : 59
Recorded	48.9%	996	675	14,016	00 : 15 : 53



## Events

[Download CSV](#)

Event	%Views	Start Date	Total Views	Unique Views	Total Minutes	Avg. Watch Time
<a href="#">Community Plan Committee - Lower Hutt City Cou...</a>	9.2%	Jun, 8 2017 9:30 AM NZST	186	73	6,677	00 : 39 : 58
<a href="#">Offline Policy and Regulatory</a>	8.1%	Feb, 27 2017 11:30 PM NZDT	163	87	3,845	00 : 27 : 05
<a href="#">Ordinary Council Meeting - 10 October 2017</a>	7.5%	Oct, 10 2017 6:00 PM NZDT	152	76	2,558	00 : 23 : 28
<a href="#">City Development Committee - Lower Hutt City Co...</a>	7.1%	May, 2 2017 5:30 PM NZST	143	76	2,713	00 : 24 : 00
<a href="#">Community Plan Committee Part 2- Lower Hutt Cit...</a>	6.3%	May, 16 2017 1:00 PM NZST	127	58	2,491	00 : 21 : 39
<a href="#">Council Meeting - Hutt City Council 14 March</a>	6.1%	Mar, 14 2017 6:00 PM NZDT	123	99	1,449	00 : 12 : 23
<a href="#">Full Council Meeting - Lower Hutt City Council - Par...</a>	6.0%	May, 23 2017 7:04 PM NZST	121	62	1,773	00 : 15 : 17
<a href="#">Ordinary Council Meeting - Lower Hutt City Council...</a>	5.9%	Aug, 15 2017 6:00 PM NZST	120	68	2,740	00 : 27 : 24
<a href="#">Full Council Meeting - Lower Hutt City Council - 23 ...</a>	5.7%	May, 23 2017 6:00 PM NZST	115	64	411	00 : 04 : 04
<a href="#">Community Plan Committee - Lower Hutt City Cou...</a>	4.8%	May, 17 2017 9:30 AM NZST	96	59	912	00 : 09 : 48

## Events

[Download CSV](#)

Event	%Views	Start Date	Total Views	Unique Views	Total Minutes	Avg. Watch Time
<a href="#">Community Services Committee - Lower Hutt City ...</a>	3.6%	May, 4 2017 6:00 PM NZST	73	46	1,576	00 : 23 : 31
<a href="#">Community Plan Committee Part 2- Lower Hutt City...</a>	3.5%	May, 17 2017 1:30 PM NZST	72	46	1,737	00 : 25 : 33
<a href="#">Community Plan Committee - Lower Hutt City Cou...</a>	3.0%	May, 16 2017 9:30 AM NZST	60	41	1,587	00 : 29 : 57
<a href="#">Hutt City Council Meeting</a>	2.7%	Dec, 15 2016 4:00 PM NZDT	54	37	237	00 : 04 : 57
<a href="#">Finance and Performance Committee - Lower Hutt ...</a>	2.1%	May, 3 2017 5:30 PM NZST	43	25	1,771	00 : 57 : 08
<a href="#">District Plan Committee - Lower Hutt City Council - ...</a>	1.8%	Sep, 20 2017 5:30 PM NZST	37	22	1,012	00 : 31 : 37
<a href="#">Council Meeting - Lower Hutt City Council - 29th J...</a>	1.6%	Jun, 29 2017 6:00 PM NZST	32	17	117	00 : 04 : 31
<a href="#">Extraordinary Council Meeting - Lower Hutt City Co...</a>	1.5%	Jun, 12 2017 6:00 PM NZST	30	20	224	00 : 11 : 14
<a href="#">Policy &amp; Regulatory Committee - Lower Hutt City C...</a>	1.3%	Jul, 31 2017 5:30 PM NZST	27	19	591	00 : 23 : 38
<a href="#">District Plan Committee - Lower Hutt City Council - ...</a>	1.3%	Jul, 26 2017 5:30 PM NZST	27	17	576	00 : 24 : 00

## Events

[Download CSV](#)

Event	%Views	Start Date	Total Views	Unique Views	Total Minutes	Avg. Watch Time
<a href="#">City Development Committee - Lower Hutt City Co...</a>	1.1%	Aug, 1 2017 5:30 PM NZST	23	19	592	00 : 28 : 13
<a href="#">District Plan Committee - Lower Hutt City Council</a>	1.1%	Apr, 26 2017 5:20 PM NZST	22	12	272	00 : 13 : 37
<a href="#">Finance and Performance Committee Additional Me...</a>	1.0%	Oct, 18 2017 5:30 PM NZDT	21	16	279	00 : 13 : 59
<a href="#">Finance &amp; Performance Committee - Lower Hutt Cit...</a>	1.0%	Aug, 2 2017 5:30 PM NZST	20	14	526	00 : 29 : 16
<a href="#">Community Services Committee - Lower Hutt City ...</a>	0.9%	Aug, 3 2017 5:30 PM NZST	19	11	719	00 : 37 : 52
<a href="#">Policy and Regulatory Committee - Lower Hutt City ...</a>	0.9%	May, 1 2017 5:30 PM NZST	19	11	229	00 : 14 : 19
<a href="#">Finance and Performance Committee - Lower hutt ...</a>	0.8%	Sep, 27 2017 5:30 PM NZDT	17	9	57	00 : 04 : 05
<a href="#">Finance and Performance Committee - Lower hutt ...</a>	0.8%	Sep, 27 2017 6:18 PM NZDT	16	11	173	00 : 10 : 51
<a href="#">City Development Committee - Lower Hutt City Co...</a>	0.6%	Sep, 26 2017 5:30 PM NZDT	13	10	192	00 : 14 : 47
DELETED EVENT	0.6%		12	8	47	00 : 03 : 56

## Events

[Download CSV](#)

Event	%Views	Start Date	Total Views	Unique Views	Total Minutes	Avg. Watch Time
Policy and Regulatory Committee - Lower Hutt City ...	0.4%	Sep, 25 2017 5:30 PM NZDT	8	6	199	00 : 24 : 52
Extraordinary Meeting of Council - Hutt City Council...	0.3%	Nov, 6 2017 5:00 PM NZDT	6	6	168	00 : 42 : 13
Hutt City Council Meeting	0.3%	Nov, 22 2016 6:00 PM NZDT	6	6	26	00 : 04 : 23
Test for Lower Hutt City Council Livestream	0.2%	May, 5 2017 9:00 AM NZST	5	4	23	00 : 05 : 46
DELETED EVENT	0.2%		5	1	8	00 : 01 : 41
DELETED EVENT	0.2%		5	2	2	00 : 00 : 49
DELETED EVENT	0.2%		4	1	6	00 : 01 : 36
DELETED EVENT	0.1%		3	1	6	00 : 02 : 02
DELETED EVENT	0.1%		2	2	0	00 : 00 : 47

## Referrer Domains

[Download CSV](#)

Referrer Domain	%Views	Total Views	Unique Views	Total Minutes	Avg. Watch Time
livestream.com	65.9%	1,398	801	28,631	00 : 23 : 00
Unknown	13.3%	283	217	5,485	00 : 20 : 09
Direct	8.9%	189	110	2,792	00 : 21 : 18
www.huttcity.govt.nz	7.7%	163	108	601	00 : 12 : 02
m.facebook.com	1.6%	34	31	167	00 : 07 : 36
www.facebook.com	1.1%	23	18	194	00 : 24 : 22
www.google.co.nz	0.6%	13	13	33	00 : 06 : 44
l.facebook.com	0.3%	7	6	233	00 : 33 : 18
com.google.android.gm	0.1%	3	1	20	00 : 10 : 25
t.co	0.1%	3	3	51	00 : 25 : 31

## Referrer Domains

[Download CSV](#)

Referrer Domain	%Views	Total Views	Unique Views	Total Minutes	Avg. Watch Time
outlook.live.com	0.0%	1	1	0	00 : 00 : 30
mail.google.com	0.0%	1	1	5	00 : 05 : 07
l.messenger.com	0.0%	1	1	1	00 : 01 : 29
docs.google.com	0.0%	1	1	1	00 : 01 : 51
search.yahoo.co.jp	0.0%	1	1	0	00 : 00 : 00

« &lt; 1 2 &gt; »

## View Destination

[Download CSV](#)

Destination	%Views	Total Views	Unique Views	Total Minutes	Avg. Watch Time
▶ Livestream	79.6%	1,607	907	31,818	00 : 22 : 29
▶ www.huttcity.govt.nz	18.4%	371	268	6,384	00 : 20 : 00
Livestream Android App	1.5%	31	11	104	00 : 04 : 11
Unknown	0.4%	9	8	17	00 : 02 : 11
Livestream iOS App	0.1%	2	2	44	00 : 22 : 24

## Locations

[Download CSV](#)

Country	%Views	Total Views	Unique Views	Total Minutes	Avg. Watch Time
▶ New Zealand	97.6%	1,971	1,121	37,892	00 : 21 : 58
▶ Japan	1.3%	27	16	409	00 : 16 : 23
▶ Croatia	0.4%	9	9	4	00 : 00 : 31
▶ United States	0.2%	4	3	8	00 : 02 : 44
▶ United Kingdom	0.1%	3	2	10	00 : 03 : 34
▶ Australia	0.1%	2	2	23	00 : 11 : 38
▶ Switzerland	0.1%	2	1	20	00 : 10 : 15
▶ Mexico	0.0%	1	1	0	00 : 00 : 30
▶ Sri Lanka	0.0%	1	1	0	00 : 00 : 30



**29 August 2017**

File: (17/1332)

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**Report no: FPC2017/5/7**

## **Activity Report - Information Services**

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### **Purpose of Report**

1. The purpose of this report is to outline the results of a review of the Information Services components of the Support Services activity.

### **Recommendation**

That the Committee:

- (i) notes the information contained in this report;
- (ii) notes that this review also meets the intent of section 17A of the Local Government Act 2002; and
- (iii) agrees that a full section 17A review should not be undertaken at present for the reasons outlined in the report.

### **Background**

2. Activity Reports provide regular information about Council activities, so that activities can be analysed and their future direction considered. They also address the requirements of section 17A of the Local Government Act 2002 (LGA) that regular reviews be undertaken of the cost-effectiveness of current arrangements for meeting the needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

**High-level description of Activity**

3. The Information Services Division includes the following:
- Information Technology (IT) – operational support, infrastructure design and management.
  - Corporate Records – maintenance of corporate records and information, electronic document management, digitisation and archives, and mail and print services.
  - Business Analysis – business requirements, communication and management of programmes of work for ongoing improvement initiatives.
  - Applications Support – business software applications support, maintenance and project related work on business systems.
  - Land Information Services (LIS) – maintenance and development of a range of geographical and spatial information to provide decision making services to a wide range of users. LIS includes provision of information to customers relating to engineering records and survey plans, maintenance and record keeping of this information.

**Reason for the review**

4. This review is required because three years have passed since this Activity was last reviewed.

**Rationale for service provision**

5. The Strategic Leadership Team (SLT) at Council is focused on rejuvenation and creation of an exciting new Hutt City. SLT has three priorities for delivering Council's Integrated Vision for the City, the Council's key strategies and the Long Term Plan (LTP):
- Providing the best local government services
  - Developing new world-class community facilities
  - Stimulating economic and social development
6. Information Services' role in providing the best local government services (BLGS) includes:
- Creating centralised customer services
  - Introducing and using technology to make it easier for customers and residents to do business, engage, and communicate with us
  - Continuous improvement of our key customer-facing processes
  - Continuing our focus on working with others to look for service improvements and efficiencies

- Digitising archival records to allow online access
  - Capturing and migrating records into our electronic document management system to improve management and access
  - Providing further property information online
  - Customising mobile applications for spatial data capture, editing and viewing
7. Information Services' role in developing new world-class community facilities includes:
- Implementation of new technologies and support for existing technologies across community facilities.
  - Procurement that takes into account sustainability factors
  - Promoting provision of a modern archives repository
  - Developing and maintaining relationships with other organisations in the region
  - Completed the implementation of the online District Plan.
  - Automation of B4UDig map production
  - Urban and rural aerial photography refly including digital elevation model, contours and updated vector data
  - Development of 3D GIS capabilities
  - Events Centre technology infrastructure and business systems/software
  - Koraunui Stokes Valley Community Hub technology infrastructure
8. Information Services' role in stimulating economic and social development includes:
- Providing relevant systems to ensure the organisation has the capability to fulfil this priority
  - Further development and testing of disaster recovery facilities
  - Expansion of officer access to information via mobile devices to additional business areas
  - Full review of requests for service and asset management system
  - Incorporating more digitisation into business practice
  - Progressing work on regulatory systems
  - Implemented HR system recruitment tools online

- Supporting community groups to identify and manage their archival material
  - Core system maintenance, Server replacement, PC replacement.
  - Completed the review and enhancement of Water Services asset data, and capture of private water services
  - Investigate and implement Smart City solutions
  - Ongoing implementation of IS training plan
9. An Information Services Strategic Plan (ISSP) is the source and authority for all operational and capital decisions relating to information delivery within Council. Business cases are required for all significant projects that relate to information delivery, and these must demonstrate that their basis lies in the ISSP.
10. The ISSP is prepared on a three year rolling basis to ensure that it continues to meet the changing demands of the business, fits with the Council's vision and keeps pace with the rapid changes in technology and best practice.
11. An updated IS Strategic Plan and roadmap is being drafted to guide the future direction of this important area of operations. An outline of the Strategic Plan is attached as Appendix 1 to the report. The roadmap includes components dealing with the culture of technology use, leadership and collaboration to deliver services, access to digital services, use of technology, innovation and the need for investment to enable all of these other things to progress. The key outcomes of the Strategic Plan are that:
- Innovative solutions will be delivered through technology
  - Adoption of technology is accelerated
  - Information and data is exploited as a valuable asset
  - Simple, easy to access solutions will provide a single view of the customer
12. In addition Council has Information and Communications Technology (ICT) policies that govern the use of the IT systems, such as the ICT user policy with associated specific policies for security and confidentiality of information. Policies are in place for web, email and mobile device usage. All council staff are required to sign and abide by these policies before being given access to network resources.
13. Through the activities outlined above, Information Services Division supports the social, cultural, environmental and economic wellbeing of the city, and assists the organisation to progress all the community outcomes for the city:



- A safe community
- A strong and diverse economy
- An accessible and connected city
- Healthy people
- A healthy natural environment
- Actively engaged in community activities
- Strong and inclusive communities
- A healthy and attractive built environment
- A well-governed city

**Present arrangements for governance, funding and service delivery**

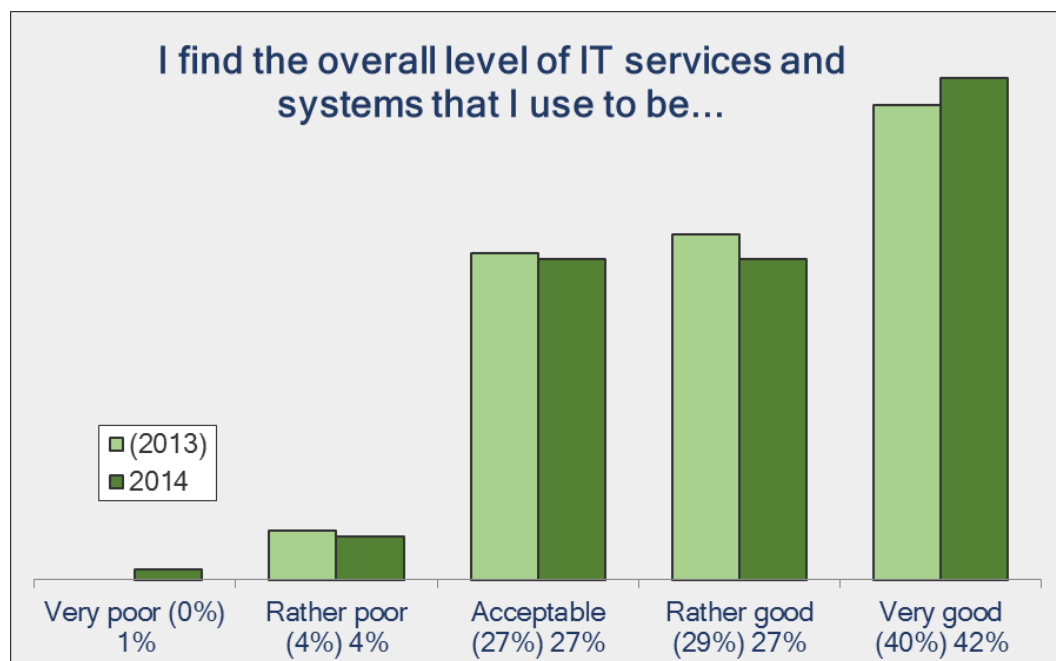
14. Information Services activities are governed and funded by Council with services delivered by Council officers. IT components of this activity have previously been contracted out, but were brought in-house in 2009.
15. Contracts are in place with a number of external organisations to provide a range of services including software licensing and consultancy, technical and hardware supply, infrastructure support, telecommunications and related services, website development and support, copier and printing equipment, digitisation, support for the electronic document management system, and other specialised services.
16. External partners include the Association of Local Government Information Management (ALGIM) and providers in the Wellington region.

**Current and future risks likely to have a significant impact on this activity**

17. Speed of change in technology and the ability adapt to change. We do not aim to be the first but it is critical that we have the capability to take advantage of technology that enables a better service to our customers.
18. The stability and reliability of suppliers so that we can access resources when needed.
19. Access to data communications limits the ability to access network services.
20. The strategy of partnering with suppliers, using out of the box solutions, keeping up to date with technology and only developing software when absolutely necessary reduces the level of risk.

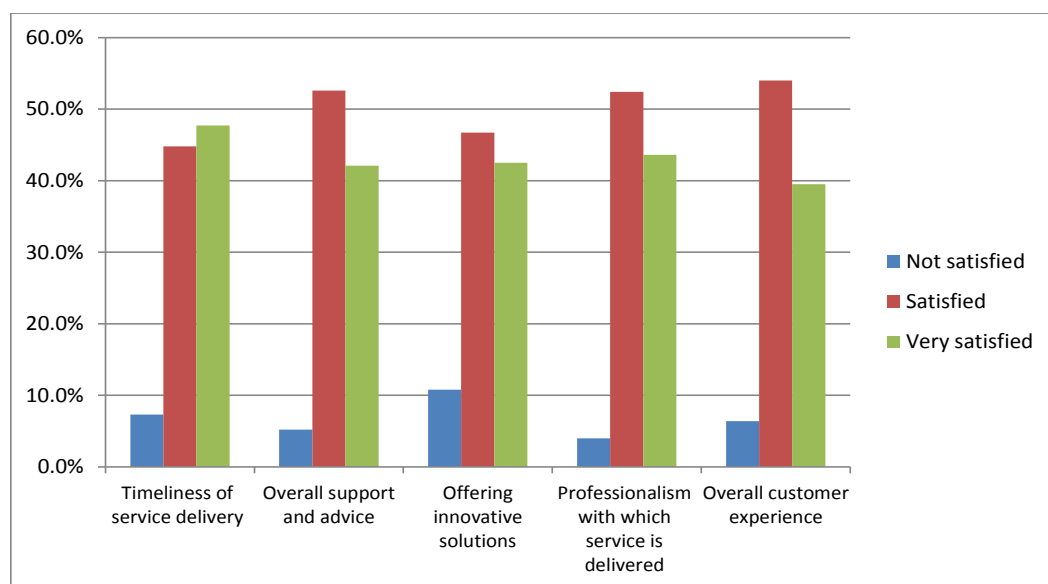
### Current performance against KPIs compared to historical and peer benchmarks

21. Until 2014 an annual IS customer satisfaction survey, based on the national ALGIM survey, was run to gather feedback on the performance and service delivered by the Division. The 2013 and 2014 surveys both resulted in 96% staff satisfaction with the overall level of IT services and systems used, as outlined below.



\*Number of Respondents: 112.

22. An Internal Services survey was conducted across all business support activities by the Business Improvement Team in October 2015. The results for IS outlined below show continued high levels of staff satisfaction with the services offered, with 93.5% satisfied or very satisfied with the overall customer experience.



\*Graph excludes respondents that selected not applicable.

23. Running another internal customer satisfaction survey will be considered within the next 6 months.
24. The Council's final NRB Communitrak Survey was run in 2016. This included questions about use of online payment or information services available on the Council website. Fifty-five percent of residents said they had used any of the online payment or information services available on the website (50% in 2015). Of these people, 59% had accessed Council or community information (52% in 2015), 53% had used the website to pay rates, 27% had paid a parking fine, 19% had renewed their dog registration, and 8% had ordered a LIM.

**Total operating and capital cost of the service over the last 3 years and next 10 years**

25. The following table outlines the actual net operating and capital costs of the Information Services activity for the past three financial years and that forecasted for the next 10 years as shown in the LTP. The increase in operating costs over the next 10 years contains an annual estimated increase in the CPI, as shown on page 152 of the LTP.

	12/13 Actual	13/14 Actual	14/15 Actual	15/16 Budget	16/17 Actual	16/17 Budget	17/18 Budget	18/19 Budget	19/20 Budget	20/21 Budget	21/22 Budget	22/23 Budget	23/24 Budget	24/25 Budget
OPEX	6,005	6,407	6,196	6,653	6,617	7,102	6,858	7,075	7,091	7,109	7,195	7,261	7,239	7,216
CAPEX	2,243	1,518	1,957	2,009	1,106	1,740	1,857	1,465	1,425	1,425	1,525	1,425	1,425	1,425

26. The operational costs for the activity can be broken down into six main budget areas as shown in the following table of 2016/17 expenditure.

16/17 Actual	Operating Expenditure \$000	Revenue \$000	Depreciation \$000	Net Operating Expenditure \$000
Corporate Information	885		30	915
IS Applications	1,136		102	1,238
Land Info & Engineering Records	1,166	15	36	1,187
Archives	415		4	419
Management & Projects	620	40	899	1,479
IT Infrastructure	1,295		84	1,379
<b>TOTALS</b>	<b>5,517</b>	<b>55</b>	<b>1,155</b>	<b>6,617</b>

**Adjustments that could be made to user charges and service levels to increase or decrease these by 5%, and comparison of any significant fees or charges against peers**

27. Options for service delivery cuts if 5% less funding was provided for this activity are:
- Reduce maintenance and support contracts through less project work and not taking advantage of system upgrades.
  - Reduce level of service to customers (Internal and External) through reduction in staff numbers.
  - Reduce digitisation of information.
28. Options for increased service delivery if 5% more funding was provided for this activity include:
- Employ additional helpdesk resource so we are able to establish a full Service Desk function providing a better service to internal customers by reducing call resolution times to acceptable timeframes.
  - Increase innovation through testing and evaluating new technology and solutions, including Smart City initiatives.
  - Accelerate the introduction of new apps and web services for the public to enhance their interaction with council and our services.
  - Accelerate the adoption of technology within Council including the introduction of more mobile and cloud services.
  - Complete more heritage displays and events promoting the excellent archives we have at Hutt City.
29. IS costs are allocated to all Council Divisions receiving these services. The allocated costs are calculated based on a detailed breakdown of the number of desktop or laptop computers in use and the software that is licensed for the particular areas. These allocated charges cover the costs of computer hardware, network infrastructure, operating systems and business software licensing and vendor support fees. The charges reflect the actual services that are received by each Division. We do not have access to this type of information relative to other councils.

**Current highlights or issues of significance to Council**

30. The draft Information Services Strategic Plan is currently being developed and an outline of the document is attached as Appendix 1 to the report. This plan will require significant ongoing investment to enable Council to:
- Meet modern best practice service standards
  - Continue to support the delivery of increased and enhanced online services
  - Integrate business systems to ensure seamless and efficient availability of information
  - Support the changes in work patterns that are a feature of modern life
  - Support sustainability principles and practices

- Enable recovery of key systems in a disaster. Current estimated recovery times of key systems are in Appendix 2 attached to the report.
31. Work is already underway to build the foundations that will enable delivery of the strategy. Projects that are currently underway include:
- Introduction of additional security monitoring on the network
  - Disaster recovery resilience through implementing a new replicated server architecture
  - Planning for the introduction of cloud solutions for our core business systems (Finance, Property and Rating)
32. Council has been a sector leader in its use of technology and associated process changes to improve services delivered to both external and internal customers. This approach was formalised with the Smarter Cities project in 2010, the Customer Experience Refresh Programme in 2012 and the Best Local Government Services programme in 2015. A list of the improvements made since 2010 as part of these programmes is attached as Appendix 3 to the report.

**Reasonably practical options for the governance, funding and delivery of this activity**

33. Officers consider that it is impractical and not cost effective to undertake a full section 17A analysis of options for the governance, funding and delivery of Information Services at this time. See Appendix 4 attached to the report for an assessment of alternative governance, funding and service delivery options. Continuing the current model is considered to be the most cost effective and efficient option. However, officers continue to work closely with local authorities within the region to explore opportunities for efficiencies and shared services. This is considered to be best handled on a case by case basis as opportunities arise.

**Appendices**

No.	Title	Page
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<a href="#">3</a>	Improvement Projects Completed Since 2010	45
<a href="#">4</a>	Alternative Governance, Funding and Service Delivery Options	53

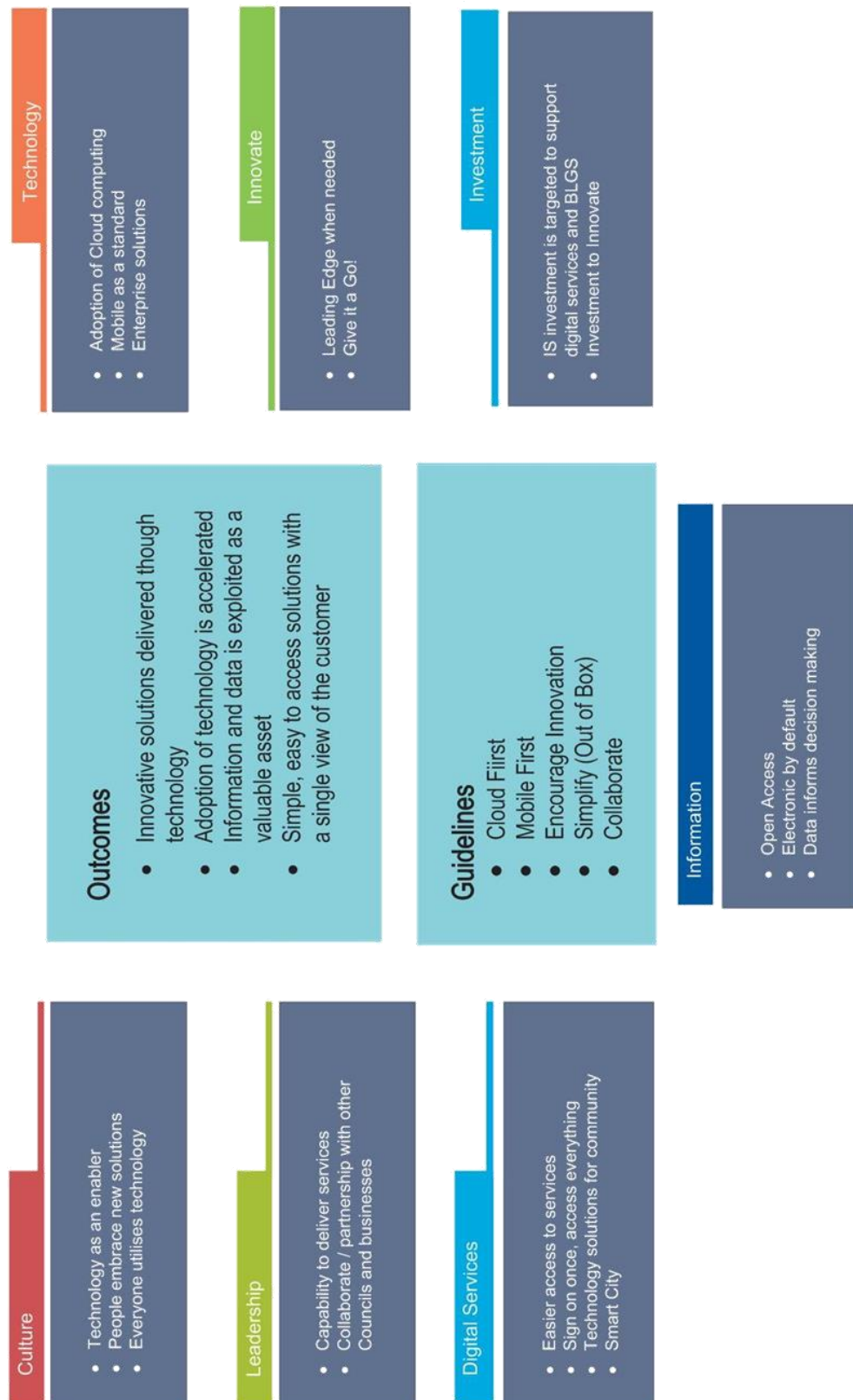
**Author:** Joyanne Stevens  
Business Analyst

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**Reviewed By:** Lyndon Allott  
Chief Information Officer

**Approved By:** Tony Stallinger  
Chief Executive

# Information Services Strategy



### Current Key Systems Recovery Times

[illegible]

## Notes

Recovery Time dependant on IT team resources available  
Recovery Time is to have system available, full recovery may be longer  
Times as at 30/10/2017 - improvements are being made to reduce these



## IMPROVEMENT PROJECTS COMPLETED SINCE 2010

### INTRODUCTION

Council officers have been steadily progressing business improvement projects for many years now. In 2003 Council received a NZ Business Excellence Progress Award, and in 2004 Council received a NZ Business Excellence Commendation (Bronze) Award. In 2006 Council was presented with an Achievement (Silver) Award by the NZ Business Excellence Foundation. In 2008 Council enjoyed success at the Vero Excellence in Business Support Awards (Local Government category). And in 2011 Council received a Baldrige Gold Award from the NZ Business Excellence Foundation.

In the wake of these successes, Council formalised its approach to business improvement through a series of improvement programmes.

### SMARTER CITIES

The Smarter Cities project commenced in 2010 with e-commerce, e-democracy and e-community initiatives identified as priorities. The project focused on delivering existing services using smart technology as part of the Council website. Projects commenced under Smarter Cities between 2010 and 2012 include the following.

Smarter Cities Initiatives	Status ( Completed to the extent envisaged at the time / Currently in progress )
Paying infringements online	Parking infringements – completed 2010 All other infringements – completed 2011
E-Democracy, focusing on open access to information, online service delivery and civic engagement	Completed
Mobility to allow field officers to access council information and conduct business away from the council building	Trade Waste – implemented 2011 but more work required 2017 Environmental Health – progress made 2017 Building Consents – completed 2015
Cemeteries information online	Completed
Request For Service tracking	Completed
Sending and receiving plans	Completed
Building Warrants of Fitness	Completed
Property searches electronically	Building consents – completed Resource consents – in progress
Resource consents online	Completed
Bookings online	Booking request forms provided online
Liquor licensing online	Information but not applications

Payments online	Most now available
Building consents online	Completed
New registrations and renewals	New dog registrations completed Renewals of dog registrations, health and trade waste completed

### CUSTOMER EXPERIENCE REFRESH PROGRAMME (CERP)

Council embarked on its Customer Experience Refresh Programme in 2012. The Programme included a Customer Process Redesign component that mapped current, improved and ideal states for the major process groupings undertaken at Council - Applications/Registrations, Bookings, Information, Infringements and Requests for Service. The mapped processes were tested and validated, resulting in presentation to SLT of a recommended implementation plan in 2013.

### MAGIC WAND EXERCISES

As part of the Customer Process Redesign, workshop participants for each major process grouping were asked to complete a Magic Wand Exercise whereby they identified the following components of the existing processes that they would change with the wave of a magic wand if it was in their power to do so. These suggestions were considered as part of developing improved and ideal states for each process.

Magic Wand Exercise Suggestions	Status ( Completed to the extent envisaged at the time / Currently in progress )
<b>Applications:</b> <ul style="list-style-type: none"> <li>easier online applications</li> <li>all applications able to be made online</li> <li>electronic applications able to be lodged/ tracked/ monitored/updated/finalised</li> <li>ability to receive large amounts of information online</li> <li>online tracking of applications accessible by customers</li> <li>electronic workflows for document circulation</li> <li>easier payments</li> <li>ability to pay the fee before an invoice is generated</li> <li>protocol for locations and names of documents</li> <li>standardised, user friendly, application forms available in one place online</li> <li>email templates to supplement existing letter templates</li> <li>paperless system</li> <li>FAQs categorised</li> <li>CI integration, integration of GIS and TRIM</li> </ul>	<ul style="list-style-type: none"> <li>Many completed</li> <li>Not all applications available online</li> <li>Building consents</li> <li>Completed</li> <li>Building consents</li> <li>Completed</li> <li>Completed</li> <li>Building consents</li> <li>Completed</li> <li>Building consents</li> <li>Completed</li> <li>In progress</li> <li>Completed</li> <li>Completed</li> </ul>

<ul style="list-style-type: none"> <li>improvements in CI</li> <li>online updates</li> <li>ensuring everyone uses the most up to date form</li> <li>deactivate CI emails advising of updated events</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Completed</li> <li>Building consents</li> <li>Completed</li> </ul>
<b>Bookings:</b> <ul style="list-style-type: none"> <li>standardised booking request forms</li> <li>consistent exceptional customer service across Council</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>In progress</li> </ul>
<b>Information:</b> <ul style="list-style-type: none"> <li>one system to serve all customers with information</li> <li>property data online, all building information and plans available on Council website, property enquiry system as part of customer service tool</li> <li>decisions and application plans in old files marked to make them easier to find for customers</li> <li>FAQ webpage with clear information/process/links to the correct form/links to email the correct team</li> <li>paperless systems</li> <li>online interaction with customers</li> <li>OIR process too bureaucratic for simple requests</li> <li>clear OIR process</li> <li>cross Council information request form</li> <li>prompt processing of information requests</li> <li>all customer contacts promptly acknowledged and an action timeframe provided</li> <li>ability to answer more questions at first point of contact</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Most available, resource consents in progress</li> <li>Building information available online</li> <li>Completed</li> <li>In progress</li> <li>Chat under investigation</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed, Library calls redirected to Contact Centre</li> </ul>
<b>Infringements:</b> <ul style="list-style-type: none"> <li>transparent and easy to access infringements database across all of Council</li> <li>improved reports/letters/notices/reminders</li> <li>ability to scan licence plates to check status on national database</li> <li>traceability of fine payments particularly from Courts</li> <li>Ministry of Justice updates on progress</li> <li>reporting on fines revenue by Finance</li> <li>encouragement to infringers to pay promptly</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Completed</li> <li>In progress</li> <li>In progress for parking fines</li> <li>In progress for parking fines</li> <li>In progress for parking fines</li> <li>In progress for parking fines</li> </ul>

<ul style="list-style-type: none"> <li>all forms of payment provided for</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> </ul>
<b>Payments:</b> <ul style="list-style-type: none"> <li>web payments permitted up to the last date due (not the day before falls due), payment accepted at NZ Post up until the last date</li> <li>one stop payment web page for all payments, ability to pay all infringements at once, one system that allows for all payment types</li> <li>finest payment tab on front page of website</li> <li>payments allocated to correct accounts with customers using correct references</li> <li>part payment and time payment options available</li> <li>easier processing of payments electronically from the bank statement</li> <li>IntelliLeisure and Finance One integration</li> <li>ability to refund hall bonds to credit cards</li> <li>generic debt collection process for all of Council, debt collection by one team in Council</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>In progress</li> <li>Completed</li> <li>In progress</li> <li>In progress</li> <li>In progress</li> <li>Completed</li> <li>Completed</li> <li>In progress</li> </ul>
<b>Requests for Service:</b> <ul style="list-style-type: none"> <li>more methods of submitting RFSs</li> <li>acknowledgement of RFSs to the customer</li> <li>ability to analyse faults/complaints/defects</li> <li>better online reporting</li> <li>standard data entry, consistent input process</li> <li>accuracy of information</li> <li>one system links all departments</li> <li>system identification of same site issues to prevent duplications</li> <li>all RFSs logged</li> <li>one media used to distribute inquiries/jobs</li> <li>updated action officer lists</li> <li>improved Confirm, tracking Confirm</li> <li>after hours information input</li> <li>full use of the system by everyone</li> <li>requests sent to the correct department</li> <li>action officers take responsibility and ownership</li> <li>progressive updates of notes</li> <li>email alert when jobs close to overdue</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Post Implementation Review</li> <li>Post Implementation Review</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Post Implementation Review</li> <li>Completed</li> <li>Post Implementation Review</li> <li>Completed</li> <li>Completed</li> </ul>

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>close off performance managed and monitored</li> </ul> | <ul style="list-style-type: none"> <li>Post Implementation Review</li> </ul> |
|---|--|

### CERP IMPLEMENTATION PLAN

SLT approved an implementation plan in September 2013. This included the following short (to June 2014), medium (to June 2015) and long term (after June 2015) solutions to address areas where quick wins were readily achievable as well as targeting areas with high volume or high value transactions.

CERP Implementation Plan Solutions	Status ( Completed to the extent envisaged at the time / Currently in progress )
<b>Applications:</b> <ul style="list-style-type: none"> <li>web form for Responsible Dog Owner application</li> <li>improved use of TRIM for Animal Services</li> <li>increased use of Accellion for transferring large files</li> <li>improved website notes to assist customers</li> <li>web forms/ guiding notes for applicants</li> <li>online tracking of applications with eProperty</li> <li>investigation of eProperty pre-lodgement module</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Building consents</li> <li>Completed and decided not to proceed at present</li> </ul>
<b>Bookings:</b> <ul style="list-style-type: none"> <li>web form/email for booking requests</li> <li>investigation of a public calendar for inspection bookings</li> <li>cashiers all using IntelliLeisure</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Investigation completed but inspection bookings transferred to Contact Centre instead</li> <li>Completed</li> </ul>
<b>Information:</b> <ul style="list-style-type: none"> <li>redesign of existing website</li> <li>as seamless as possible a flow between systems</li> <li>DIEM broker implemented, more property information online (TRIM/Webdrawer/DIEM)</li> <li>TRIM workflow for Official Information Requests</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> </ul>
<b>Infringements:</b> <ul style="list-style-type: none"> <li>infringements payments online through eProperty</li> <li>enhanced use of TRIM for infringements</li> </ul>	<ul style="list-style-type: none"> <li>Investigated and decided not to proceed</li> <li>Completed</li> </ul>
<b>Payments:</b> <ul style="list-style-type: none"> <li>investigation of more online payments</li> <li>basic self-service internet kiosks to allow access to HCC website and online services</li> <li>eProperty/ePayments (for all Property and Rating</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>In progress</li> <li>Available for most (all environmental consents,</li> </ul>

charges)	animals, phone infringement payments)
<b>Requests for Service:</b> <ul style="list-style-type: none"> <li>improved Report a Problem</li> <li>optimised website for mobile devices</li> <li>web form to query RFS progress</li> <li>improved notification emails from Confirm</li> <li>improved addresses/RFS location</li> <li>automatic customer updates</li> <li>Confirm improvements</li> <li>mobility allowing updates in the field</li> <li>investigation of online map view of RFS's</li> <li>map view for logging RFS's</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> <li>Customer can access updates</li> <li>Superseded by Internal Report A Problem</li> <li>Completed</li> <li>Completed</li> <li>Completed</li> </ul>

### BEST LOCAL GOVERNMENT SERVICES (BLGS)

In 2015 SLT made some changes to the CERP Programme and renamed it Best Local Government Services. BLGS was identified as one of the three key priorities for SLT. The Programme incorporated improvement projects being carried out across Council, with a view to standardising the approach to process improvements and establishing an organisational view of the improvements being made and the benefits that accrued. Projects were grouped by general topic and prioritised in discussion with the BLGS Governance Group. A huge number of BLGS projects have been undertaken since 2015 with the following projects completed.

BLGS Projects	Status ( Completed to the extent envisaged at the time / Currently in progress )
<b>Applications/Registrations:</b> <ul style="list-style-type: none"> <li>Text reminders for dog renewals</li> <li>New dog applications and payments online</li> <li>Fillable forms for building and resource consent applications</li> <li>Electronic processing of building and resource consent applications improvements</li> <li>Building consent fees calculator online</li> <li>eSubmit eTrack trial</li> <li>GoShift electronic building consent application forms</li> </ul>	<ul style="list-style-type: none"> <li>Completed 2015</li> <li>Completed 2015</li> <li>Completed 2015</li> <li>Completed 2015</li> <li>Completed 2016</li> <li>Completed 2016</li> <li>Completed 2016</li> </ul>
<b>Information:</b> <ul style="list-style-type: none"> <li>Rates certificate requests online</li> <li>District Plan online for staff use</li> </ul>	<ul style="list-style-type: none"> <li>Completed 2015</li> <li>Completed 2015</li> </ul>

<ul style="list-style-type: none"> <li>• District Plan online to the public</li> <li>• District Plan Browse implemented</li> <li>• New LIM tool</li> <li>• District Plan Inquiry implemented</li> </ul>	<ul style="list-style-type: none"> <li>• Completed 2016</li> <li>• Completed 2016</li> <li>• Completed 2016</li> <li>• Completed 2016</li> </ul>
<b>Finance:</b> <ul style="list-style-type: none"> <li>• Online payments for building and resource consents, pool inspections, building Warrants of Fitness</li> <li>• Contact Centre able to use ePayments for any Property and Rating payment over the phone</li> <li>• Enterprise budgeting implemented</li> <li>• Account to account payment implemented for LIMs</li> <li>• Online payments and requests for building information</li> <li>• Text reminders for rates</li> <li>• Enterprise budgeting forecasting</li> </ul>	<ul style="list-style-type: none"> <li>• Completed 2015</li> <li>• Completed 2015</li> <li>• Completed 2015</li> <li>• Completed 2016</li> <li>• Completed 2016</li> <li>• Completed 2016</li> <li>• Completed 2017</li> </ul>
<b>Requests for Service:</b> <ul style="list-style-type: none"> <li>• Internal Report-A-Problem (IRAP) implemented</li> </ul>	<ul style="list-style-type: none"> <li>• Completed 2016</li> </ul>
<b>Customer Service:</b> <ul style="list-style-type: none"> <li>• Snaphire implemented</li> <li>• Additional functionality for public PC's at front counter</li> </ul>	<ul style="list-style-type: none"> <li>• Completed 2016</li> <li>• Completed 2017</li> </ul>
<b>Strategic Projects:</b> <ul style="list-style-type: none"> <li>• IT and process changes to get teams working more electronically</li> <li>• Health and safety online system</li> </ul>	<ul style="list-style-type: none"> <li>• Completed 2016</li> <li>• Completed 2017</li> </ul>

BLGS priorities as at August 2017 are:

BLGS Projects	Status ( Completed to the extent envisaged at the time / Currently in progress )
<b>Applications/Registrations:</b> <ul style="list-style-type: none"> <li>• Building consents directly into Property and Rating</li> <li>• Online progress tracking of building consents</li> <li>• Online progress tracking of resource consents, LIMs, other applications, potentially health licences</li> <li>• Environmental Health mobility</li> </ul>	<ul style="list-style-type: none"> <li>• In progress</li> <li>• Completed</li> <li>• In progress</li> <li>• In progress</li> </ul>

<b>Bookings:</b> <ul style="list-style-type: none"> <li>• IntelliLeisure improvements and decision – possible enabler project for online bookings</li> <li>• Leisure Active, swim, gym and facilities management requirements gathering – enabler project for online bookings</li> <li>• Non-IntelliLeisure bookings online</li> <li>• Building inspection bookings online</li> </ul>	<ul style="list-style-type: none"> <li>• In progress</li> <li>• In progress</li> <li>• In progress</li> <li>• In progress</li> </ul>
<b>Information:</b> <ul style="list-style-type: none"> <li>• Property documents online – planning information</li> <li>• ePlan (District Plan) post project learnings</li> </ul>	<ul style="list-style-type: none"> <li>• In progress</li> <li>• In progress</li> </ul>
<b>Finance:</b> <ul style="list-style-type: none"> <li>• Automatic payments review</li> <li>• Electronic purchase orders</li> <li>• New system requirements</li> <li>• Managing Council's aged debt</li> <li>• Ongoing debt recovery process</li> <li>• Electronic invoicing – improving the internal Request for Invoice process and improving use of IntelliLeisure invoices</li> <li>• Internet banking payee revamp</li> <li>• Part payments – instalments for infringements</li> </ul>	<ul style="list-style-type: none"> <li>• In progress</li> <li>• In progress</li> <li>• In progress</li> <li>• In progress</li> <li>• In progress</li> <li>• In progress</li> <li>• In progress</li> <li>• In progress</li> </ul>
<b>Requests for Service:</b> <ul style="list-style-type: none"> <li>• RAP/IRAP post implementation review and process improvements</li> </ul>	<ul style="list-style-type: none"> <li>• In progress</li> </ul>
<b>Customer Service:</b> <ul style="list-style-type: none"> <li>• Visitor sign in system Laings Road</li> <li>• Small business coordinator trial</li> </ul>	<ul style="list-style-type: none"> <li>• Completed</li> <li>• In progress</li> </ul>
<b>Strategic Projects:</b> <ul style="list-style-type: none"> <li>• Parking review project – creating a Parking Policy, process improvements, technology review and business case, implementing any changes, implementing Pay My Park app</li> <li>• TechOne's CI Anywhere analysis and roadmap planning</li> </ul>	<ul style="list-style-type: none"> <li>• In progress</li> <li>• In progress</li> </ul>



### Analysis of the cost effectiveness of the following options for the governance, funding and delivery of the Information Services activity

LGA section 17A (4) requires consideration of the following options.

<i>Option</i>	<i>Advantages</i>	<i>Disadvantages</i>	<i>Effectiveness</i>	<i>Cost</i>
<b>GOVERNANCE AND FUNDING BY HCC</b>	<ul style="list-style-type: none"> <li>retains control in areas that play an important role in the achievement of strategic objectives and delivery of community outcomes</li> <li>promotes the achievement of important non-commercial objectives</li> <li>provides opportunities for community input through consultation</li> <li>retains direct accountability to the community</li> <li>direct responsibility for managing risk</li> </ul>	<ul style="list-style-type: none"> <li>timeliness of decision-making by governance body</li> </ul>	<ul style="list-style-type: none"> <li>the Council's objectives for providing the service are met through governance and funding by HCC</li> <li>internal customer surveys indicate high levels of customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>transparency of costs through the Long Term Plan and Annual Plan processes</li> </ul>

<b>GOVERNANCE AND FUNDING BY A JOINT COMMITTEE OR OTHER SHARED GOVERNANCE ARRANGEMENT</b>	<ul style="list-style-type: none"> <li>provides for cooperation in areas that play an important role in the achievement of strategic objectives and delivery of community outcomes</li> </ul>	<ul style="list-style-type: none"> <li>timeliness of decision-making by governance body</li> <li>shared control</li> <li>different strategic objectives and therefore different views of what is important</li> <li>less connection to community outcomes</li> </ul>	<ul style="list-style-type: none"> <li>the Council's objectives for providing the service are not met as effectively through governance and funding by a joint committee or other shared governance arrangement</li> </ul>	<ul style="list-style-type: none"> <li>transparency of costs through the Long Term Plan and Annual Plan processes</li> </ul>
<b>DELIVERY BY HCC</b>	<ul style="list-style-type: none"> <li>retains control in areas that play an important role in the achievement of strategic objectives and delivery of community outcomes</li> <li>promotes the achievement of important non-commercial objectives</li> <li>provides opportunities for community input through consultation</li> </ul>	<ul style="list-style-type: none"> <li>timeliness of decision-making by governance body</li> <li>expenditure level required to provide specialised equipment and services</li> </ul>	<ul style="list-style-type: none"> <li>the Council's objectives for providing the service are met through delivery by HCC</li> <li>internal customer surveys indicate high levels of customer satisfaction</li> <li>there is no evidence that a change in service delivery might provide improved service</li> </ul>	<ul style="list-style-type: none"> <li>transparency of costs through the Long Term Plan and Annual Plan processes</li> </ul>

	<ul style="list-style-type: none"> <li>• retains direct accountability to the community</li> <li>• direct responsibility for managing risk</li> </ul>			
<b>DELIVERY BY A WHOLLY OR PARTIALLY OWNED CCO OF WHICH HCC IS A SHAREHOLDER</b>	<ul style="list-style-type: none"> <li>• improved commercial focus</li> <li>• ring-fencing financial risk</li> <li>• accountability for financial performance and the cost of operations</li> <li>• tax-effectiveness</li> <li>• independence</li> <li>• agility and less bureaucracy</li> <li>• ability to attract high quality board members and staff</li> <li>• economies of scale where several local authorities are involved</li> <li>• capacity to manage complex specialist or technical issues where several local authorities are</li> </ul>	<ul style="list-style-type: none"> <li>• lack of direct accountability to the community</li> <li>• tensions between pursuing profit and delivering community outcomes</li> <li>• additional ongoing costs</li> <li>• reduced ability of Council to manage risk</li> <li>• risk of ratepayers having to fund operational shortfalls</li> <li>• blurred responsibilities between Council and the CCO over the effective use of ratepayer funding</li> </ul>	<ul style="list-style-type: none"> <li>• the Council's objectives for providing the service are not as effectively met through delivery by a wholly or partially owned CCO of HCC</li> <li>• there is no evidence that a change in service delivery might provide improved service</li> </ul>	<ul style="list-style-type: none"> <li>• there may be cost efficiencies but will also be additional overhead costs associated with establishing and overseeing a CCO</li> <li>• there may be taxation issues on establishment if assets are to be transferred to the CCO</li> </ul>

	involved			
<b>DELIVERY BY ANOTHER LOCAL AUTHORITY</b>	<ul style="list-style-type: none"> <li>ability to utilise specialist skills and/or equipment</li> </ul>	<ul style="list-style-type: none"> <li>may lead to fragmentation and a lack of coordination, especially with other council activities</li> <li>may reduce opportunities to improve effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>the Council's objectives for providing the service are not as effectively met through delivery by another local authority</li> <li>there is no evidence that a change in service delivery might provide improved service</li> </ul>	<ul style="list-style-type: none"> <li>ability to enter contracts for the delivery of services</li> </ul>
<b>DELIVERY BY CONTRACTING OUT</b>	<ul style="list-style-type: none"> <li>includes the ability for external agencies to seek funding from other sources</li> <li>retains flexibility to choose between suppliers</li> <li>separates Council from operational and financial risk</li> <li>provides for use of specialist operators/equipment at</li> </ul>	<ul style="list-style-type: none"> <li>may lead to fragmentation and a lack of coordination, especially with other council activities</li> <li>may reduce opportunities to improve effectiveness</li> <li>management of multiple contracts has cost and resource</li> </ul>	<ul style="list-style-type: none"> <li>the Council's objectives for providing the service are not as effectively met through contracting out</li> <li>there is no evidence that contracting out might provide improved service</li> <li>prior to 2009 Council's IT services were</li> </ul>	<ul style="list-style-type: none"> <li>where there are a large number of potential providers a competitive tender process should secure the best value</li> </ul>

	competitive rates where there are a number of providers	<p>implications resulting from the need to manage several relationships, procurement processes and monitor performance across multiple contracts</p> <ul style="list-style-type: none"> <li>• lack of connection with ratepayers</li> </ul>	contracted out for more than a decade but were brought in-house to improve service delivery and cost effectiveness	
<b>CONCLUSION AS TO WHICH IS THE MOST COST EFFECTIVE OPTION</b>	<p>The broad range of specialist services provided by Information Services is used extensively by both internal and external customers. Council has experience of outsourcing the IT component but ultimately it was considered more effective and efficient to manage these responsibilities in-house. Consideration has also previously been given to consolidating all ICT services in Wellington, the Hutt Valley and Porirua under a single infrastructure platform, including a single business software solution. Council opted not to progress with that initiative based on uncertain benefits and doubts about cost savings. Council continues to participate in the Wellington Regional ICT Steering Group. Continuing the current model is considered to be the most cost effective and efficient option for Hutt City Council.</p>			

25 October 2017

File: (17/1633)

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Report no: FPC2017/5/299

## Risk and Assurance Update and Strategic Risk Register

### Purpose of Report

1. The purpose of this report is to update the Committee on risk and assurance actions and activities to maintain and improve Council's internal control framework and to present the Strategic Risk Profile.

### Recommendations

That the Committee:

- (i) notes the information in this report; and
- (ii) notes the Strategic Risk Profile 2017 as approved by the Strategic Leadership Team, attached as Appendix 1 to the report.

### Background

2. The Risk and Assurance Manager provides an update twice a year on the actions and activities to maintain and improve Council's assurance and risk management framework. The Risk and Assurance Update was last presented to the Finance and Performance Committee meeting on 2 August 2017.

### Discussion

#### Strategic Risk Profile

3. Attached as Appendix 1 to the report is the annual Strategic Risk Profile for 2017 for Council, as approved by the Strategic Leadership Team (SLT) and Risk Management Working Group.
4. Strategic risks are those that affect the achievement of Council's strategies, strategic objectives, key goals and strategic execution.

5. This profile considers each key strategy and provides a high level snapshot of strategic risk context, plans and treatment actions.
6. The risk status update provides an indication of a decrease, no change or increase in the risk ranking, which is derived from a combination of consequence and likelihood assessments for the risk based on the risk ranking matrix.
7. Responsibilities and supporting processes of the risk management framework are reinforced regularly. Managers periodically review risk in their respective division, identifying emerging themes, and provide assurance on risk treatment actions in place and any issues. Processes are in place for escalation outside of the regular reporting channels. Divisional Managers will next report on risk in January 2018.
8. The Strategic Risk Profile was last presented to the Finance and Performance Committee on 1 March 2017.

### **Risk Rating changes to previous Risk Profile**

9. Urban Growth Strategy (UGS) risk rating has increased (worsened) to reflect current challenges and delays with implementing certain key UGS projects. Public views are being sought on housing intensification that may allow medium density development in existing residential areas to advance UGS targets. There is some uncertainty regarding the potential establishment of Urban Development Authorities through Housing Legislation and the impact on Council plans and powers.
10. Organisation strategic risk rating has increased while the updated organisational structure embeds and gains traction through its alignment to strategies. Health and safety plans continue to progress areas that require attention and improvement.
11. The Natural Hazards strategy rating has increased following the 14 November 2016 Kaikoura earthquakes. Actions are underway to address our susceptibility to, resilience and preparedness for natural hazards.

### **Internal Audit**

12. Fieldwork for the internal audit of Silverstream Landfill is underway. An update will be provided at the next Risk and Assurance update.
13. The annual update of the three year rolling internal audit plan (for 2017-2020 period) is in the process of being drafted.
14. Monitoring processes are in place to track and follow up findings from internal audits, to ensure corrective actions are cleared as the resolution date falls due.
15. Monthly reporting continues to assess compliance with legislative and regulatory requirements. For the 2017/2018 year to date there have been no significant breaches.

### **Risk Management Working Group**

16. The Risk Management Working Group (RMWG) has met once since the 2 August 2017 update provided to the Finance and Performance Committee.
17. Arrangements for the external emergency power feed for the Administration Building at Laings Road is being confirmed and a work instruction will be documented once tested.
18. Documenting the updated approach to crisis management is underway and will be put forward to SLT for review and approval in the first quarter of 2018.
19. In October 2017 the service priorities for business continuity were reviewed and updated.
20. Coordinated Incident Management System training continues to take place approximately six weekly and is run by Wellington Regional Emergency Management Office staff.
21. All sites have emergency evacuation plans and regular drills.

### **Options**

22. Not applicable.

### **Consultation**

23. Not applicable.

### **Legal Considerations**

24. Not applicable.

### **Financial Considerations**

25. Not applicable.

### **Other Considerations**

26. In making this recommendation, the Risk and Assurance Manager has considered the purpose of local government in section 10 of the Local Government Act 2002. The Risk and Assurance Manager believes that this recommendation falls within the purpose of the local government in that it provides the Finance and Performance Committee with information to support their governance role. It does this in a way that is cost-effective because it provides assurance on the effective and efficient management of risk within Council.

### **Appendices**

No.	Title	Page
1 <a href="#">↓</a>	Strategic Risk Profile 2017	62



**Author:** Enid Davids  
Risk and Assurance Manager

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**Approved By:** Brent Kibblewhite  
GM Corporate Services and Chief Financial Officer

## STRATEGIC RISK

Risk is the effect of uncertainty on objectives. Strategic risks are those that affect the achievement of Council's strategies, strategic objectives, key goals and strategic execution. They are key matters that impinge on the whole business, rather than an isolated unit or activity.

Strategic risk links how the whole organisation is positioned in relation to its environment and is not affected solely by what Council decides. It involves a clear understanding of strategy, the uncertainties in adopting it and the uncertainties in executing it. These may be triggered from inside or outside our organisation.

NB: Risk is commonly articulated using "If / Then" statements: IF [Event], THEN [Consequences]. Risk is "an uncertainty that matters". Therefore the Event is the uncertainty, and the Consequences are why it matters. Risk can be a threat OR opportunity. This risk register attempts to articulate risk in a positive way.

### COUNCIL'S PURPOSE:

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

### VISION:

An Integrated Vision for Hutt City is to make **our city a great place to live, work and play**. A city where our people are proud to live, where working and investing here is a smart choice, and where there's always something for our families to explore.

### A Better City Every Day.

The following key strategies are in place to help achieve this vision:

- **Leisure and Wellbeing Strategy 2012-2032**
- **Urban Growth Strategy 2012-2032**
- **Infrastructure Strategy 2015-2045**
- **Environmental Sustainability Strategy 2015-2045**

Strategy implementation is prioritised by:

- **Provide the Best Local Government Services**
- **Develop World-Class Community Facilities**
- **Stimulate Economic and Social Development**

# 1. RISK CLASSIFICATION

The risk classification (Low, Medium, High or Extreme) is an expression of risk in terms of a combination of the **impact/consequence** of an event and the associated **likelihood** of occurrence to derive a rating for the risk based on the risk ranking matrix. Refer 1.4 for **impact/consequence** and 1.3 for **risk likelihood** guides (extracts from the risk management system).

## 1.1 RISK RATING / ASSESSMENT CHART

Consequence	Likelihood					
	Rare	Unlikely	Possible	Likely	Almost Certain	
Insignificant	L	L	L	M	M	Urban Growth Strategy ▲
Minor	L	M	M	M	H	Leisure and Wellbeing Organisation ▲
Moderate	L M	M	M	H	H	Financial Strategy ■
Major	M	M	H	H	E	Infrastructure ■
Extreme	M H	H	H	E	E	Environmental Strategy ■
						Natural Hazards ■

**E:** extreme risk; immediate action required  
**H:** high risk; senior management attention is needed  
**M:** medium risk; management responsibility must be specified  
**L:** low risk; manage by routine procedures

## 1.2 RISK STATUS UPDATE

The risk status update illustrates the movement of risk from the previous period and is denoted by the following format:

- ▼ Decrease
- No change
- ▲ Increase

## 1.3 RISK LIKELIHOOD GUIDE

Descriptor	Description
Almost Certain	The event could occur in most circumstances, e.g. 50% + chance of occurring in the next 12 months or five out of every 10 years.
Likely	The event will probably occur in most circumstances, e.g. 20% chance of occurring in the next 12 months or two out of every 10 years. Or the event has occurred.
Possible	The event should occur at some time, e.g. 15% chance of occurring in the next 12 months or 1.5 times out of every 10 years. The event might occur.
Unlikely	The event could occur at some time, e.g. 10% chance of occurring in the next 12 months or once out of every 10 years. Possible but uncommon.
Rare	The event may occur only in exceptional circumstances, e.g. up to 5% chance of occurring in the next 12 months or once in 20 years or could occur under combination of circumstances.

## 1.4 STRATEGIC RISK – IMPACT / CONSEQUENCE

Strategic risks are significant as to materially impact Council's future success or failure. Strategies have interdependencies and contribute to one another, making it difficult to map strategic risk to a defined impact.

For the purposes of preparing this strategic risk profile, the potential impact of risk events on strategic value drivers has been defined as follows:

Factor	Extreme	Major	Moderate	Minor	Insignificant
<b>Strategic risk</b>	Council's viability, reputation and services may be severely damaged should the risk eventuate	Council's viability, reputation and services may be affected in a major way should the risk eventuate	Council viability, reputation and services will only be affected in a moderate way should the risk eventuate		
<b>Financial</b>	Loss, \$20M or greater	Loss \$5M - \$20M	Loss \$250K - \$5M	Loss \$100K - \$250K	Loss less than \$100K
	Ongoing loss of \$2M p.a.	Ongoing loss \$500K-\$2M p.a.	Ongoing loss \$25K-\$500K p.a.		
<b>Health and Safety</b>	Fatality(s)	Immediate hospital transfer or multiple serious injuries	Injury, possible hospitalisation, days lost	Minor injury, first aid treatment required	No or minor injury, no first aid required
<b>Human Resource</b>		Inability to recruit into key skilled positions on an ongoing basis	Inability to recruit into key positions		
<b>Legal</b>	Sued/fined \$20M or greater	Sued/fined \$5M - \$20M	Sued/fined \$250K - \$5M	Council sued or fined for up to \$250K	Council prosecuted for minor offence
	Legislative non-compliance involving the potential for imprisonment of Councillor or senior management. Judicial review of Council decision on matter relating to funding or rates (rates invalid)	Failure to follow correct statutory processes Legislative non-compliance involving the prosecution or significant criticism of Council by Judiciary	Failure to follow correct statutory processes	Minor breaches first of its kind, one-off issues. Complaints to the ombudsman or other statutory offices	Small non-systemic and/or technical breach
<b>Environmental Impact/Aspects</b>	Significantly irreversible effect on the local ecosystem Serious damage of national importance	Long term contamination Serious damage of regional importance Strong statutory response with legal action E.g. Loss of Biodiversity	Some significant effect on environment, may have residual effect May cause response from regulatory authorities	Minor in itself but combined effects may be significant Some public complaints possible E.g. spilling copious amount of diesel into stormwater	Unlikely to cause public complaint No damage or contamination E.g. minor chemical spill of DDE
<b>Image</b>	Negative national multi media coverage for 2+ weeks	Negative national multi media coverage for 1-2 weeks	Negative national multi media coverage for one week	Negative national media coverage	
<b>Service Delivery</b>	Unable to deliver services across 2 or more divisions for 10+ days	Unable to deliver services across one division for 10+ days	Unable to deliver services across one division for up to a week	Unable to deliver services across one division for 1-2 days	Disrupted service for small number of customers for one day
	Infrastructure service/s out for city for 10+ days	Infrastructure service/s out for 2 suburbs for one week	Infrastructure service/s out for city for one day		Infrastructure service/s out for one suburb for one day
	Permanent loss of facility infrastructure, service	Public amenity closed for 1 month or more	Public amenity closed for 2 weeks or more	Public amenity closed for 1 week or more	Public amenity closed for less than 1 week
<b>Community</b>	Loss of life	People in several suburbs ill through failure of infrastructure, facility or service	People in 2-3 suburbs ill through failure of infrastructure, facility or service	People in one suburb ill through failure of infrastructure, facility or service	

## STRATEGIC RISK PROFILE 2017

The execution of all strategies impacts Council's standing in the community, carries stakeholder, reputational and legal risk that will generally have a financial impact.

### 2. URBAN GROWTH STRATEGY

**2.1 CONTEXT:** Future population projections indicate Hutt City has lower than regional average population growth and an aging population. Ambitious targets are set around new housing developments city-wide, which includes growing new dwellings by 6,000 (average 300 p.a.) and population growth to 110,000 by 2032 (recent Statistics NZ's population projection to 2033 is 108,100). In 2016, population reached 103,400, up 1.4 per cent from 2015, the highest annual increase since 2001 (0.7 per cent). As at August 2017, Lower Hutt's economy is showing signs of improvement across a range of indicators with residential building figures in the year to June reaching their highest levels since the late 1970s. Council investment in development strives for balance so not to place an unreasonable burden of rates increases or debt on residents. Incentives to stimulate building and business development focus on STEMM: science, technology, engineering, mathematics and manufacturing industries. The expected benefits from the new Events centre (to be open for business May/Jun-18) are \$51M to \$93M brought into the economy over a 20 year period and 74 direct and 104 total new jobs created in the fifth year. The potential establishment of Urban Development Authorities through Housing Legislation (submissions closed 19 May 2017) may fast track development projects to ensure cities are connected, have quality housing that is sustainable, affordable and in a wide range of options.

#### 2.1.1 STRATEGIC RISK DESCRIPTION

**This strategy contributes to the city's economy and growth and focuses on growth targets, demographics (particularly youth), new homes and businesses and how this supports economic development. If Council does not stimulate economic and social development this may impact the city's ability to retain and grow businesses and population and/or the ability to attract new businesses and/or tourists to the city. This may impact on the city's rate-payer base. Reaching growth targets relies on:**

- Economic development plans being realised (four-star hotel, Events Centre, River Link Promenade)
- Achievement of District Plan Changes
- Readiness of supporting infrastructure (water etc.)
- Achievement of city population growth
- Political leadership

#### 2.1.2 KEY STRATEGIES / PLANS

District Plan  
Urban Growth Strategy 2012-2032  
Economic Development Plan 2015-2020  
CBD Making Places 2030  
Hutt City Development Charges and Rates Remission Policy (emphasis on CBD, Wainuiomata Mall and Naenae shopping centre)  
Rates Remission and Grants for Economic Development  
Petone 2040  
Events Strategy 2013-2023  
Vision Seaview Gracefield 2030 – Transforming the Future  
STEMM projects and programmes to promote related employment options and grow the economic wealth of these sectors and the 'Technology Valley' brand

URBAN GROWTH STRATEGY CONTINUED...

Manage within Resource Management Act the sustainable management of physical and

#### 2.1.3 RISK TREATMENT, ACTIONS

From 1 October, the City Transformation Group organisation structure is aligned to this strategy, by combining all the key functions that focus on city planning and development to drive growth and rejuvenation while enhancing and protecting the wellbeing of residents and the environment.  
Provide development stimulus incentives – development contributions and rates remission schemes to attract investment to the city.  
Gain political and community buy-in for District Plan Changes to achieve growth targets.  
Housing growth challenge – a change required in supply and type i.e. for an increasing ageing population, smaller households and affordable housing types for young families.  
There is ongoing liaison with Wellington Water to ensure there is supporting infrastructure in (potential) development areas.  
RiverLink Promenade project (with GWRC and NZTA) will enable connection between CBD and Hutt River and deliver flood protection, lifestyle and transport outcomes. This also involves a pedestrian and cycle bridge linking Melling Station to the CBD.

natural resources and environmental management. Balancing environmental impacts with economic activities.

Parking Policy review of parking in the city is underway

National Policy Statement on Urban Development Capacity plans to meet requirements

NB: Review of Housing Policy 2008 on hold, while the potential establishment of Urban Development Authorities is underway

#### Urban Growth Strategy Projects:

- Kelson
- Wainuiomata
- Stokes Valley
- District Plan Changes
- Hotel construction underway
- 177 High Street
- District Plan

#### CBD development projects:

- Events Centre
- River Link and Promenade
- Attracting commercial and residential activity to CBD

Proposed plan change 43 that could allow for a wider range of housing types and medium density housing in the city.

Proposed plan change 39 Transport, to review transport provisions and give effect to the Regional Policy Statement.

Neighbourhood Precinct Placemaker role and Suburban Shopping Centres Improvement fund to revitalise suburban shopping centres.

Ongoing monitoring of progress, outcomes and implementation of Urban Growth Strategy. There were 325 new homes constructed during the financial year 2016 / 2017.

### 3. LEISURE AND WELLBEING STRATEGY

**3.1 CONTEXT:** Hutt City has some of the highest levels of social deprivation in New Zealand, in particular Naenae, Taita, Pomare and Delaney, Epuni East and Waiwhetu North. Heightened nationwide construction activity may impact the availability of project resources, contractors, project/building costs and health and safety compliance. There is pressure within the funding sector impacting on Community Facilities Trust ability to achieve fund raising goals.

#### 3.1.1 STRATEGIC RISK DESCRIPTION

This strategy contributes to the city's culture, physical and educational wellbeing and aims to positively impact residents' quality of life, prospects, safety and connectivity. If this strategy is unsuccessfully executed, the above outcomes may not be achieved and will impact the delivery of the Vision for Hutt City.

Council's suite of capital projects may see spending of up to \$100 million over the next 10 years on projects and initiatives to rejuvenate the city and stimulate positive change in the community. The key uncertainties associated with the successful redevelopment into World-Class Community Facilities relies on:

- Funding and fundraising
- Best Practice Project Management
- Meaningful Community Engagement
- Managing any political uncertainties

#### 3.1.2 KEY STRATEGIES / PLANS

Leisure and Wellbeing Strategy 2012-2032

Renewal and revitalisation of facilities

Rejuvenation Hutt City

CBD Making Places 2030

Long Term Integrated Community Facilities Plan 2015-2045

Walk and Cycle The Hutt strategy 2014-2019

Go Outside and Play – a comprehensive plan for play in Hutt City

Smoke Free Outdoor Places Policy

Strengthen current social projects focussing on high deprivation communities with a focus on core strengths that make a difference (literacy, arts, recreation). Including:

- YOUTH Inspire Major's task-force for Jobs
- North East Kids Initiative and North East Pathways
- TAKA: Te Awa Kairangi Access Trust and corporate relationships
- Healthy Families
- Computer Clubhouses

Accessibility and Inclusiveness Plan 2017 to 2027 and advisory panel

Sponsorship Guideline 2017 and processes

Community Funding Strategy, updated May 2017, focuses efforts on reducing inequality through co-funding initiatives provided by external providers and improved representation through Community Panels and introduction of community projects (assets)

#### 3.1.3 RISK TREATMENT / ACTIONS

From 1 October, the City and Community Services Group organisational structure is aligned to this strategy (and infrastructure strategy) to deliver high quality community services, facilities and infrastructure using an integrated, community-focused approach.

The Community Hubs model clusters together civic, social and sporting facilities into integrated facilities to achieve better social and economic outcomes for communities' social, educational, recreational and cultural activities.

Updated facilities provide a mechanism to stimulate community transformation. Large scale projects include Civic Precinct (Town Hall, Events Centre and Riddiford Gardens), Avalon Park (stage 3) and Fraser Park Sportsville (stage 2 (of 3) works in progress).

Completed projects include Huia Pool fitness suite, Learn to Swim and hydrotherapy pools (Jul-17), Purpose built Stokes Valley Community Hub (Oct-17) and Walter Mildenhall Regional Bowls Centre (Sep-17).

Upcoming initiatives include Naenae community hub and proposed Sportsvilles in Wainuiomata 2018-2020 and Petone 2023-2025.

Cycling project spend of \$13M over 2015-18 from Council/NZTA/Urban Cycle Fund.

Wharf refurbishment plan to 2020 – refurbish shortened Petone Wharf, fully refurbish Rona Bay and Days Bay wharves and removal of Point Howard Wharf.

Large projects (e.g. events centre) have project steering groups that include Councillors to support project governance. Strategic Leadership Team has overarching programme view of prioritisation, staging, funding and resource allocation across strategic projects.

Effectively resourcing projects, particularly the availability of people and mix of skills, to successfully implement this strategy.

Sound analysis for decisions making and meaningful stakeholder communications.

Monitoring processes are being agreed to measure progress against strategic objectives for lifestyle, culture and heritage, physical and educational wellbeing to ensure outcomes are achieved in a cost effective manner. Community outcomes will be apparent in future years.



## 4. INFRASTRUCTURE STRATEGY

**4.1 CONTEXT:** Council aims to deliver reliable, quality infrastructure services for water treatment and supply, wastewater disposal, stormwater drainage, flood protection, roading and footpaths that meet the current and future needs of the city in the most cost effective way. The provision of assets and infrastructure assets are essential for the continued delivery of critical services and public and social good. Council is a (fifth equal) shareholder in Wellington Water Limited who jointly manages water treatment and supply, stormwater and wastewater service across the Wellington region for its shareholding councils. Ownership of underlying assets, policies and charges resides with Council. Since April 2017, chlorine is now added to reticulated water supplied from Waterloo Treatment Plant following positive E.Coli tests and an increased level of coliforms (test results from December 2016 onwards).

### 4.1.1 STRATEGIC RISK DESCRIPTION

**The Infrastructure Strategy, supported by Asset Management Plans, provides for good-quality essential infrastructure networks to meet the current and future needs of communities in a cost-effective way for households and businesses. If this strategy is not successfully executed, infrastructure network outcomes may not be achieved.**

**Key focus of Infrastructural Asset Management Plans revolves around essential infrastructure networks being reliable, resilient, fit for purpose, affordable and sustainable for the long term.**

**Vulnerability exists if critical infrastructure, such as reservoirs and water network, bridges and roading network are damaged due to a major earthquake, climate change, accidents or other threats affecting the Hutt Valley**

### 4.1.2 KEY STRATEGIES / PLANS

Infrastructure Strategy 2015-2045 (under review and update)  
 Infrastructure Asset Management and Maintenance Plans  
 Local Government Act 2002, Resource Management Act 1991 and Land Transport Management Act 2003  
 Hutt Valley Floodplain Management Plan  
 Public Health Risk Management Plan for water supply  
 Asset Renewal Strategy and Asset Development Strategy

### 4.1.3 RISK TREATMENT, ACTIONS

From 1 October, City and Community Services Group organisational structure is aligned to this strategy (and leisure and wellbeing) to deliver high quality community services, facilities and infrastructure using an integrated, community-focused approach.

Infrastructure based projects in the Long Term Plan completed or on target for delivery as a method for implementing asset management plans.

Strategic Project Team headed by Strategic Project Director will ensure selected capital projects are adequately resourced and processes aligned to deliver those key projects.

Renewal, maintenance and upgraded assets to meet future service levels.

RiverLink project with Greater Wellington Regional Council to upgrade the river defences from Kennedy Good Bridge to Ewen Bridge aims to protect our city from up to a one in 440 year flood event.

Alignment of Wellington Waters three waters aspirations to meet Council urban growth strategy aspirations through modelling and liaison.

Seismic strengthening for the one remaining bridge on seismic review programme will commence 2020/21.

Planning process – District Plan and Annual Plan.

Contract management, safety audits and testing programmes.

Monitoring processes are being agreed to measure progress against infrastructure strategic objectives and outcomes being achieved in a cost effective manner.

Wellington Water “Shaping Our Future” initiative to deliver value to Council.

## 5. ENVIRONMENTAL SUSTAINABILITY STRATEGY AND RESILIENCE

### 5.1.1 STRATEGIC RISK DESCRIPTION

Council strives to show leadership in environmental protection and community resilience; and ongoing adaption and enhancement, so to protect and enhance the environment, air and water quality. Council actions must align with this aim and ensure business practices and resourcing is provided accordingly (reputational risk). The Environmental Sustainability Strategy contributes to the city's environmental protection, sustainability, natural disasters, safety and climate change. This strategy covers seven key focus areas: water, waste, transport, land use, biodiversity, energy and resilience. If this strategy is unsuccessfully executed, then outcomes to protect, maintain and enhance the quality of the environment now and for the reasonably foreseeable needs of future generations may not be achieved.

### 5.1.2 KEY STRATEGIES / PLANS

ESS Environmental Sustainability Strategy 2017-2043 and Implementation Plan  
Wellington Region Waste Management and Minimisation Plan 2017-2023  
Regional Waste Education Strategy  
Long Term and District Plan contains environmental projects, goals and measures  
All Local Authorities to take into account the need to maintain and enhance the quality of the environment (Local Government Act s14)  
Walkway and cycleway projects to address emissions and network optimisation  
National Environmental Standards for Sources of Human Drinking Water, Drinking Water Standards for NZ 2005 (revised 2008), MOH grading of water source and treatment plant

### 5.1.3 RISK TREATMENT, ACTIONS

Environmental Impact and Aspects Register for ISO14001 certification  
Ongoing monitoring of outcomes and implementation of ESS activities  
Local action plans and activities for waste minimisation programme such as input into development of Regional Solid Waste Bylaw and National Waste Data Framework, Resource Recovery Centre feasibility  
Recycling and refuse collection  
Water sources treatment standards for treatment and management of water  
Silverstream Class A Landfill meets standards outlined in the *Centre for Advanced Engineering's Landfill Guidelines*  
Public open spaces network, reserves, parks, Urban Forest Plan  
Sustainability and Resilience Team structure reflects an elevated cross Council integrated approach to lead and advocate for environmental sustainability to deliver ESS goals  
Newly established Asset Manager Horticulture and Ecology Advisor will support actions to achieve biodiversity objectives in this strategy

**5.2 RESILIENCE, NATURAL HAZARDS RISK AND EMERGENCY MANAGEMENT CONTEXT:** There are four major fault lines within the Wellington region, making the Hutt Valley vulnerable to earthquakes. Hutt City sits on a natural flood plain and is high flood, tsunami and landslide risk due to its topography. Weather volatility, flood frequency and intensity in Hutt Valley is projected to increase. Sea level rise may impact low-lying Petone, Eastbourne and Seaview and disrupt transport systems.

### 5.2.1 STRATEGIC RISK DESCRIPTION

**Preparedness is vital to manage the city's exposure and susceptibility to natural hazard events and emerging environmental trends in order to be resilient and able to plan for, respond to and thrive after an emergency event. Emergency planning interacts with ESS environmental goals, which include 'resilience' to address natural hazards, climate change and risk areas such as resource shortages and economic shocks, infrastructure strategy.**

**Lack of emergency preparedness may result in the inability of Council and our communities to respond to and/or recover from natural hazard/s.**

### 5.2.2 KEY STRATEGIES / PLANS

Wellington Regional Natural Hazard Management Strategy (NHMS) February 2017 coordinated through Wellington Regional Emergency Management Office (WREMO) with Greater Wellington Regional Council and other participating councils WCC, PCC, UHCC, and KCDC. Staff and resources are pooled to have a co-ordinated regional emergency response plan based on the emergency preparedness principles of 4R's reduction, readiness, response and recovery. (WREMO currently undergoing a review).

Hutt River flood management planning

Water Wellington 'Water Supply Resilience Project' 2016-2019

Opus study of road network resilience

Infrastructure asset management plans, emergency response plans and contingency plans for infrastructure risk

National Infrastructure Plan 2011-2031 (via Treasury National Infrastructure Unit)

Investigation and design of a Cross Valley Link begun in 2016 and is closely related to NZTA's agreed Petone to Grenada link road to enable alternative transport networks

### 5.2.3 RISK TREATMENT, ACTIONS

Implementation of NHMS will set our communities on a pathway towards risk reduction.

Evacuation procedures, co-ordinated Emergency Operating Centre operable, Standard Operating Procedures and use of Coordinated Incident Management System (CIMS).

Cooperation with central government, emergency services, lifeline utilities, Wellington Regional Civil Defence and Emergency Management (CDEM) Group and [getready.org.nz](http://getready.org.nz) for preparedness and early warning system. Input to regional resilience planning and implement local initiatives.

CDEM capacity increased both internally and in communities. An outcome of the organisational review is to improve capacity and capability to support community resilience and emergency management. Divisional Manager Regulatory Services responsibilities now include coordinating Council's emergency management, crisis management and business continuity planning activities.

Responsibilities are being clarified for emergency management capability/arrangements between HCC and WREMO.

Civil Defence Emergency Management Act 2002 s58 allows for reduced services during and after an event.

Emergency management mapping and use of GIS technology.

Development of Readiness in Welfare, Emergency Assistance Centres and Mass Temporary accommodation, community hubs re-established and Local welfare committee.

Council's Resilience Framework has four key priority areas: disaster preparedness, addressing inequalities, climate change and sea level risk and economic vulnerabilities.

City-wide tsunami awareness and evacuation initiatives are in progress with Blue Lines and additional signage to highlight evacuation routes and city emergency management plans

Progress of actions plans to remediate gaps following 14 November 2017 earthquakes and storm to address our susceptibility to, resilience and preparedness for natural hazards.

Execution of Regional Asset Management Plan and investment in water infrastructure. Critical water supply pipelines and water reservoir seismic upgrades. Priority users have supply plans in place during in an event.

Water supply works in June 2017 on Knights Road and Cornwall St to enable a continuous ring around the Hutt Hospital that will improve the resilience of the water supply to Hutt Hospital and central Lower Hutt. Further, a series of double hydrants were installed along Knights Road to allow a number of tankers to simultaneously draw water from the well field should there be a significant earthquake. This water is then available for distribution via tankers for emergency use.

Water quality investigations underway since May 2017 to ensure safe water supply to Lower Hutt. Collaborative work between Hutt City Council, Greater Wellington Regional Council and Wellington Water Limited to track contamination.

Hutt City Mayor is the deputy chair committee overseeing the development and implementation of the 100 Resilient Cities plan.

## 6 FINANCIAL STRATEGY

**6.1 CONTEXT:** Council maintains \$1.4 billion worth of assets and \$155 million from annual income (as at 30 June 2017). Spending of \$600 million over the next ten years is anticipated in order to maintain, improve and create new assets. Council has limited sources of revenue (rates, fees and charges, interest and dividends from investments, grants and subsidies) and borrowing to adequately fund agreed levels of service and facilities. Failure of income streams and/or unplanned expenditure could impact the level of funding and/or levels of service if:

- A major adverse event, such as an earthquake or flood requiring substantial additional expenditure by Council;
- Economic conditions changed such that there is a significant increase in Council costs or significant reduction in Council revenue (outstanding rates and other debt), such as severe financial market or economic downturn; and/or
- There are significant new initiatives or projects that have community support despite funding implications.

### 6.1.1 STRATEGIC RISK DESCRIPTION

**This strategy is based on plans and assumptions regarding financial position, funding options, borrowings, asset management plans, resourcing etc., is set in public consultation and agreement and aims to ensure rates are affordable, competitive and promote the sustainable funding of Councils services being delivered efficiently.**

**The key risk is that Council is unable to adequately fund services to fully meet its objectives, projects and programmes to rejuvenate and create an exciting Hutt City now and into the future. Strong financial management enables investment where it's needed – in recreation and community facilities, projects that improve the city's resilience and incentives for developers to encourage growth.**

### 6.1.2 KEY STRATEGIES / PLANS

Long Term Plan 2015-2025 and Annual Plan 2016-2017

Treasury Risk Management Policy – including adherence to limits, liability management and investment policy, debt management and expert independent advice

Revenue and Financing Policy

Robust budget setting and financial forecasting processes

2017 Financial Strategy

Development Contributions Policy

### 6.1.3 RISK TREATMENT, ACTIONS

Financial Strategy is agreed as part of the public consultation process. It strikes a balance between economic growth and affordability and provides for greater budgetary flexibility to finance Council's programme of rejuvenation and revitalisation, while providing increased borrowing limits should the need arise following a significant natural disaster.

Long Term Plan / Annual Plan activities to be funded within the limits approved in the Financial Strategy.

Regular monitoring and year end forecasting to SLT and Councillors including recommended actions where a year end variance is forecast. Six weekly monitoring of strategic (significant) projects review status, risks and financial forecasts.

Standard and Poor's AA long term with "stable" outlook and A-1+ short term credit rating affirmed 30 August 2017.

Strong history of rates revenue collection percentages and creditor/debtor controls.

Standby credit facility to provide quick access to emergency funding.

Adequate insurance cover is in place based on accurate reinstatement / replacement costs. Valuation review underway of above ground assets and modelling of maximum possible loss. Risk profiling to identify under and over insurance.

## 7 ORGANISATIONAL PERFORMANCE

**7.1 CONTEXT:** Council operates in a complex and varied environment: regulatory, infrastructure, environmental, community, recreation and leisure, economy and city development, customer services etc. These operations are carried out within financial, technical, technology and workforce constraints. Council's workforce is a diverse group of people who perform a wide variety of roles that contribute to making Hutt City a great place to live, work and play. Council must attract, retain and develop skilled and engaged staff and leaders in order to deliver its Vision, long term strategies and plans.

### 7.1.1 STRATEGIC RISK DESCRIPTION

The achievement of Council's strategies and strategic execution are key matters that impinge on the whole organisation, rather than an isolated unit. People, processes and technology must be managed, maintained and developed in relation to workforce capability, capacity, engagement and retention, and workplace practices in order to achieve Council's Vision and strategic priorities, be a well-governed city and avoid central government intervention.

The achievement of Council's vision, strategic priorities and to keep pace with the development of change requires an ongoing focus on organisation factors such as:

- Health and safety risks being addressed;
- Successful initiatives that drive high performing staff and grow confident and inspirational leaders;
- Effective performance monitoring of progress against strategic outcome and strategic outputs; and
- Alignment of systems, resources and decision making processes are adequate to the needs of the organisation to deliver the LTP.

### 7.1.2 KEY STRATEGIES / PLANS

Significance and Engagement Policy 2015-2018  
 Human Resources Plan  
 Health and Safety strategy 2016-2021 and Plan 2016/17  
 2017 Well Being Programme  
 Ongoing Operational Risk profiling  
 Customer Commitments and Service Standards  
 Strategic initiatives, plans and projects for all strategic priority strands – Best Local Government Services Initiatives and projects, Development of World-Class Community Facilities and Stimulate Economic and Social Development  
 Performance Management, Competency Framework and objectives setting  
 Remuneration framework and rewards system  
 The organisational review effective 1 October, aims to improve culture, organisational capacity and capability pressures, processes, activities and alignment necessary to successfully achieve long-term priorities and ambition strategic outcomes. The updated structure allows for stronger accountability and great focus on working collaboratively, minimising silos for seamless connection across the organisation. An embedding period is expected before anticipated benefits gain traction.

### 7.1.3 RISK TREATMENT UPDATE / ACTIONS

There is additional perceived risk awareness of exposures in health and safety matters. Focus on implementing health and safety strategy that promotes a culture of health and safety ownership across the organisation to promptly identify, resolve and reduce risk as far as reasonably practicable.

On the Road to High Performance programme and Performance Partnerships approach continues to grow confident and aspirational leaders and high performing teams.

Recently reviewed performance and remunerations frameworks came into effect during 2017 to motivate and clarify how performance is measured.

Planning and actions from Best Places to Work Survey.

Business planning process aligns with strategic objectives and outcomes.

Monitoring and reporting, particularly against initiatives and progress towards Best Local Government Services and Customer complaint and feedback management initiatives.

Group Services Group aims to focus providing high quality, efficient, effective and innovative services across Council.



## Finance and Performance Committee

10 November 2017

File: (17/1734)

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Report no: FPC2017/5/304

### Insurance Update

#### Purpose of Report

1. To update the Committee on Council's 2017/18 insurance renewal.

#### Recommendations

That the Committee notes the report.

#### Background

2. A comprehensive report on Council's insurance arrangements was provided to the 2 August 2017 meeting of this Committee. This report is to inform the Committee on the outcomes and impact of the 1 October 2017 renewal of Council's insurance policies.
3. Council together with Kapiti Coast District (KCDC), Porirua City (PCC) and Upper Hutt City Councils (UHCC), collectively known as the Outer Wellington Shared Services Insurance Group or OWSS, has been purchasing insurance for their respective assets on a combined basis since 2009.
4. Greater Wellington Regional Council (GWRC) joined the OWSS in 2016 to insure their above ground assets only through the collective. For insurance purposes, the OWSS Councils and GWRC are collectively known as the Wellington Councils Insurance Group (WCIG).
5. Aon is the insurance advisor and broker for both OWSS and WCIG. Aon were in London during September ahead of the 1 October 2017 renewal date to obtain the best renewal options and terms for the WCIG. A representative of the WCIG accompanied Aon in London.

6. As advised in the 2 August 2017 report, insurers had suffered significant losses in the Wellington property market from the 14 November 2016 Kaikoura earthquake. With some insurers indicating they would not honour existing rate agreements, there was risk in securing replacement capacity particularly with domestic insurers, and material increases in premiums at renewal were expected.

### Discussion

7. Council has a comprehensive range of insurance policies which are now renewed on 1 October each year;

Natural Catastrophe Damage to Infrastructure (NCDI) (for underground assets)
Material Damage and Business Interruption (MDBI) (for aboveground assets)
General Liability & Professional Indemnity
Statutory and Employers Liability
Residential Property
Crime
Hall Hirers' Liability
Motor Vehicle
Overseas Travel
Fine Arts
Marine Hull
Cyber Risks

8. The NCDI policy (for infrastructure (*underground*) assets) and the MDBI policy (for *aboveground* assets), are Council's largest insurance policies together accounting for 90% of policy premiums. These two policies were discussed in detail in the 2 August 2017 report.
9. Following several years of reducing insurance premiums, the insurance market had shown signs of tightening. During the 2016 renewal process, Aon recommended WCIG execute a Long Term Agreement (LTA) for both infrastructure assets (below ground) and above ground assets that secured insurance rates for two years from 1 October 2016 to 1 October 2018.
10. The LTA's include provisions that allow insurers a right to review the terms and conditions, including premium rates and deductibles, if any of the following occur:
- There had been a material change in risk;
  - Insured claims incurred under the policy exceeded 50 per cent of the net written premium received from the first period of insurance;
  - There was a reduction in insurers' reinsurance facilities or substantial alterations to the terms and conditions of reinsurance previously offered to insurers.



11. The magnitude 7.8 Kaikoura earthquake that occurred on 14 November 2016 was significant. Numerous claims were lodged with insurers resulting in significant losses, particularly to domestic insurers, with a number of domestic insurers placing embargos on writing new business or changing limits and/or deductibles for existing policy holders.
12. In the 2 August 2017 report, Aon advised that New Zealand insurers were adopting different positions regarding LTA rates, with three main insurers signaling premiums in Wellington were being based on more expensive technical rates (ie., insurer's general rates derived from their own loss modeling), resulting in premium increases ranging from 25 per cent to 500 per cent (depending on engineering reports and/or compliance with National Building Standards and/or the previous year's base rate). In addition, New Zealand insurers were also looking to remove capped deductibles on losses to above ground assets caused from natural catastrophe.
13. Aon further advised the London property insurance market had incurred large losses from New Zealand catastrophes over the previous six years. Consequently, premium increases ranging from 10 per cent to 15 per cent were possible and preservation of LTA rates would be dependent on the loss ratio of incurred insured claims to net premiums not exceeding 50 per cent.

## **2017/18 Renewal**

### Natural Catastrophe Damage (Infrastructure) Policy *(below ground assets)*

14. Councils NCDI policy contains a LTA and the placement is predominately with offshore insurers. With a clean claims experience, the London market honoured the 2 year rate agreement however the small amount placed with domestic insurers resulted in an overall 6.2 per cent premium increase.

### Material Damage and Business Interruption Policy *(above ground assets)*

15. The MDBI policy also contains a LTA. 50 per cent of Councils previous MDBI policy was underwritten by domestic insurers with Vero New Zealand (Vero) the lead underwriter and having 30 per cent of the total policy placement.
16. Vero incurred substantial losses in the Wellington market from the Kaikoura earthquake, and did not honour their two year rate agreement. Vero were prepared to continue their existing 30 per cent participation but at a significant (more than double) increase in premium. Aon found it difficult to get alternative capacity from the New Zealand market to replace or reduce Vero's participation domestically due to a lack of available Wellington earthquake capacity.
17. Vero also write a substantial share (50 per cent) of the OWSS Residential Property programme as well as front for three reinsurers on the NCDI placement. Vero's continued participation on the Residential and NCDI placements was subject to them being retained on the main MDBI policy, for which they stipulated a minimum level of placement.
18. Chubb NZ chose not to renew their placement.

19. Due to the difficulty in finding alternative capacity in the New Zealand market to replace Chubb NZ and Vero's placements, and given Vero's importance in the Residential programme and fronting for other insurers in the NCDI programme, and the need to maintain a breadth of ongoing relationships with domestic insurers to reduce future renewal risk, the WCIG accepted the need to maintain a placement with Vero at their increased price, but for a smaller (15 percent) placement.
20. AIG honoured their 2 year rate agreement for their previous 15 per cent placement and agreed to take up 10 per cent of Vero's previous placement, at an increased price but not as significant as Vero's. AIG also agreed to take over from Vero as the New Zealand lead underwriter for both the MDBI and Residential programmes.
21. Berkshire Hathaway NZ was one insurer who was prepared to write new business in the Wellington market and they have taken 10 per cent of the placement.
22. All existing London insurers confirmed their expiring participation at the expiring slip rates, ie, honouring the 2 year rate agreement. The London market agreed to increase their participation in the MDBI programme from 40 per cent to 50 percent, however the extra 10 per cent was at increased rates but significantly less than the rates offered by Vero NZ.
23. Previous and current placements are summarised in the following table;

Insurer	2016/17	2017/18
Aon Group (London)	40%	50%
Berkshire Hathaway NZ	-%	10%
Vero NZ	30%	15%
AIG NZ	15%	25%
Chubb NZ	15%	-%

Offshore (London)	40%	50%
Domestic	60%	50%

24. The impact from all the placement changes has resulted in a 31.4 per cent premium increase for Council's MDBI policy.

### Policy Premium Changes

25. Council's other insurance policies have also incurred premium increases of varying degrees;

<b>Policy</b>	<b>2016/17</b>	<b>2017/18</b>	<b>change</b>
Natural Catastrophe Damage to Infrastructure (for underground assets)	\$896,568	\$952,267	6.2%
Material Damage and Business Interruption (for aboveground assets)	\$770,833	\$1,012,750	31.4%
General Liability & Professional Indemnity	\$70,000	\$73,782	5.4%
Statutory and Employers Liability	\$7,655	\$7,655	
Residential Property	\$15,806	\$19,452	23.1%
Crime	\$5,036	\$6,286	
Hall Hirers' Liability	\$525	\$875	
Motor Vehicle	\$28,866	\$44,526	54.3%
Overseas Travel	\$407	\$407	
Fine Arts	\$38,898	\$44,293	
Marine Hull	\$1,440	\$1,610	
Cyber Risks	\$10,933	\$16,280	48.9%
	\$1,846,967	\$2,180,183	18.0%

26. The above are the gross premiums and include cover for Hutt Valley Water Service's assets for which partial recovery is received from UHCC. UHCC also contribute to the premiums of the non HVWS water assets covered by Councils NCDI policy.
27. \$45,000 of the MDBI increase is actually an increase in the Fire Service Levy (FSL), charged via insurance premiums on behalf of Fire & Emergency NZ (FENZ). From 1 July 2017, HCC ceased direct funding of rural fire services with this now being provided by FENZ resulting in the increased FSL.
28. The 23.1 per cent increase to the Residential Property policy premium is due to the 24 per cent average increase in Hutt Valley residential property valuations in October 2016.
29. The increase in Motor Vehicle premiums is due to an increase in claims over the last couple of years and to a lesser extent, an increase in fleet value. Aon also recommended changing to a flat premium, one without a 'burning cost adjustment' clause, to safe guard participating Councils against paying an additional premium in the event of another bad claims year.

### **Consultation**

30. There is no need for consultation.

### **Legal Considerations**

31. With the exception of the Motor Vehicle policy (refer above), there have not been any significant changes to policy terms and conditions. The detailed terms and conditions of our NCDI and MDBI policies, have previously been independently reviewed to ensure they provided adequate cover. Other policies which are less complex were reviewed internally and by Aon.

**Financial Considerations**

32. The insurance budget for 2017/18 was increased by \$121,000 in the 2017 Annual Plan in anticipation of the expected (but unknown) premium increases following the Kaikoura earthquake.
33. Insurance costs for 2017/18 are forecast to be \$2.060 million against a budget of \$1.968 million resulting in an unfavourable forecast variance of \$92,000. Costs for 2017/18 comprise 3/12'ths of the net premiums for the 1 October 2016 to 30 September 2017 insurance period and 9/12ths of the net premiums for the 1 October 2017 to 30 September 2018 insurance period.
34. Draft budgets for 2018/19 and future years will need to be increased to accommodate the 18.0 percent overall premium increase.

**Other Considerations**

35. In making this recommendation, officers have given careful consideration to the purpose of local government in section 10 of the Local Government Act 2002. Officers believe that this recommendation falls within the purpose of the local government in that it provides elected members with the information needed to undertake their governance role.

**Appendices**

There are no appendices for this report.

**Author:** Brent Kibblewhite  
GM Corporate Services and Chief Financial Officer

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**Approved By:** Tony Stallinger  
Chief Executive

10 November 2017

File: (17/1732)

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Report no: FPC2017/5/298

## Finance Update

### Purpose of Report

1. The purpose of this report is to present the Committee with Council's year to date financial performance to 31 October 2017 and forecast year-end financial position.

### Recommendations

That the Committee notes the financial performance results.

### Background

2. An analysis of Council's financial position at the end of October 2017 is attached as Appendix 1 to the report.

### Discussion

3. It is still early in the financial year. Some forecast adjustments have been made but a complete year-end reforecast has not yet been completed.

4. **Operating Position:** (excluding Gain/Loss on Assets)

**Year to Date:** there is an operating deficit of \$2.9M compared to a budgeted deficit of \$4.5M giving a favourable variance of \$1.6M. The variance is mainly due to operating costs across a number of activities being below budget to date due to the timing of work, offset by reduced rates and operating and capital subsidies being less than budget at this stage due to programmed work being behind schedule.

**Year End:** there is a year end unfavourable variance of \$2.6M being forecast at this stage mainly due to reduced subsidies of \$3.3M (in the main from budgeted shared path capital expenditure being deferred to next year and beyond), and a forecast over spend in CFT grants of \$2.0M, offset by higher user charges of \$1.4M and a forecast under spend in Development Stimulus payments of about \$1.5M.

5. **Gains/Losses On Revaluation of Financial Instruments and Property Revaluations:**

There is a year to date loss of \$1.8M on interest rate swaps. This is a non-cash item.

6. **Capital Expenditure:**

**Year to Date:** there is a favourable variance of \$14.2M against a year to date budget of \$27.7M. Of this variance, \$2.2M relates to the Town Hall / Events Centre, \$4.0M relates to Strategic Property purchases, \$2.4M relates to Parks & Reserves projects, and the balance is spread across a number of activities. These variances are mainly the result of delays in projects.

**Year End:** there is a forecast favourable variance of \$7.1M mainly due to an expected underspend of \$6.4M in the Shared Path projects, which will be carried over (along with the associated subsidy) to next year. The balance is attributable to a permanent \$0.4M favourable project variance on the Stokes Valley Community Hub and \$0.3M for the Huia Pool roof membrane project which is being carried over to next year.

A list of projects (operating and capital), is included as Appendix 2 to the report.

7. **Asset Sales:**

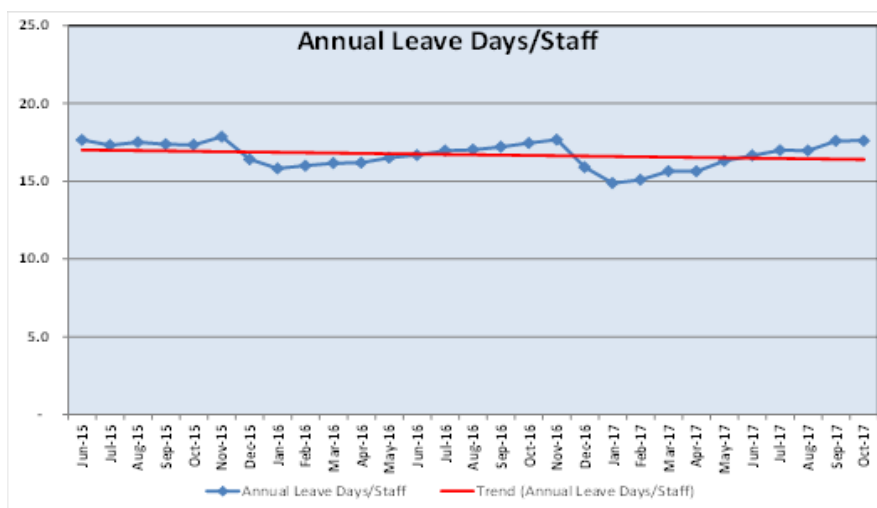
Asset sales at this stage are conservatively forecast to be \$6.3M under budget with a corresponding carry over to 2018/19.

8. **Net Debt:**

Net Debt is currently forecast to be \$161.5M at year end, \$1.5M higher than budgeted primarily due to the deferral of asset sales.

9. **Annual Leave Liability:**

Annual leave liability at the end of October is at a similar level as October last year. The liability will continue to increase to December and will then drop as staff take leave over the Christmas/New Year period. Over the past two years the overall liability has shown a downward trend as reflected in the following graph.



### Treasury Compliance

10. All limits within the Treasury Risk Management Policy have been fully complied with including debt limits. The Treasury Compliance Report as at 31 October 2017 is attached as Appendix 3 to the report.

### Consultation

11. There is no requirement to consult.

### Legal Considerations

12. There are no legal implications.

### Financial Considerations

13. The financial considerations are included in the report.

### Other Considerations

14. In making this recommendation, officers have given careful consideration to the purpose of local government in section 10 of the Local Government Act 2002. Officers believe that this recommendation falls within the purpose of the local government in that it provides Councillors with the necessary information to effectively undertake their governance role.

### Appendices

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<a href="#">3</a>	Treasury Compliance Report October 2017	118

**Author:** Philip Benseman  
Budgeting and Reporting Manager

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**Reviewed By:** Brent Kibblewhite  
GM Corporate Services and Chief Financial Officer

**Approved By:** Tony Stallinger  
Chief Executive



## HUTT CITY COUNCIL FINANCIAL TABLES 31 OCTOBER 2017

### Financial Overview

	YTD Variance YTD \$000	Annual Budget \$000	Annual Variance \$000	2018/19 Carryover \$000
Operating Revenue	(277) ✗	162,127	(1,808) ✗	3,278
Operating Expenditure	1,878 ✓	165,580	(839) ✗	1,450
Operating Net (Before Gains/Loss)	1,601 ✓	(3,453) ✗	(2,647) ✗	4,728
Capital Expenditure	14,196 ✓	88,239	7,065 ✓	7,477
Net Debt	541 ✓	159,652	(1,848) ✗	
Asset Sales	(710) ✗	9,600	(6,266) ✗	6,175

### Summary Of Activities Year End Forecast Variances

	Revenue Forecast Variance \$000	Employee Forecast Variance \$000	Operating Forecast Variance \$000	Net Operating Excl Interest & Depreciation Forecast Variance \$000	Capital Forecast Variance \$000	Net Opex/Capex Variance \$000
Integrated Community Services	36	(55)	(170)	(189) ✗	647	458
Parks and Reserves	411	38	-	449 ✓	(79) ✗	370
Community Facilities	-	-	(2,000)	(2,000) ✗	-	(2,000)
Regulatory Services	53	(38)	(35)	(20) ✗	-	(20)
Emergency Management	-	(64)	(12)	(76) ✗	-	(76)
Local Urban Environment	(31)	52	77	98 ✓	-	98
Economic Development	1	49	1,431	1,481 ✓	-	1,481
Environmental Consents	552	(323)	96	325 ✓	-	325
Environmental Policy	-	(8)	(1)	(9) ✗	-	(9)
City Promotions	16	128	(136)	8 ✓	-	8
Roading & Traffic	(3,265)	(110)	(30)	(3,405) ✗	6,240	2,835
Water Supply	278	-	(489)	(211) ✗	300	89
Wastewater	-	-	90	90 ✓	(1) ✗	89
Stormwater	-	-	39	39 ✓	-	39
Solid Waste	-	-	(50)	(50) ✗	-	(50)
Elected Members	-	-	-	- ✓	-	-
Advice & Support	-	-	-	- ✓	-	-
Support Services	141	50	(51)	140 ✓	(42) ✗	98
<b>Total</b>	<b>(1,808)</b>	<b>(281)</b>	<b>(1,241)</b>	<b>(3,330) ✗</b>	<b>7,065</b>	<b>3,735</b>

## Key Projects

	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	2018/19 Carryover \$000
CFT Fraser Park Sportsville	1,635	1,635	-	7,507	7,507	-	-
CFT Stokes Valley Community Hub	1,255	1,055	(200)	3,055	1,055	(2,000)	-
Development Stimulus Package	556	900	344	1,250	2,700	1,450	1,450
Stokes Valley Community Hub Fitout	422	730	308	910	1,278	368	500
Avalon Park Development	14	230	216	1,700	1,700	-	-
Making Places Riddiford Gardens Stage 3	167	1,200	1,033	2,000	2,000	-	-
Te Whiti Park New Changing Rooms	352	1,214	862	1,340	1,340	-	-
Wharves Refurbishment	-	20	20	1,400	1,400	-	-
Making Places Civic Events Centre	5,211	7,410	2,199	19,864	19,864	-	-
Making Places Projects	186	607	421	1,560	1,560	-	-
Strategic Property Purchases	196	4,200	4,004	7,000	7,000	-	-
Cycleway/Shared Path Beltway	15	200	185	100	3,090	2,990	2,990
Cycleway/Shared Path Wainuiomata Hill	63	545	482	5,219	5,791	572	572
Cycleway/Shared Path Eastern Bays	216	370	154	500	3,365	2,865	2,865

## Statement Of Comprehensive Income

	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	2018/19 Carryover \$000
Revenue							
Rates Income	34,027	34,186	(159)	102,400	102,559	(159)	-
User Charges	12,996	12,002	994	36,440	35,041	1,399	-
Operating Subsidies & Grants	1,468	1,410	58	4,208	4,113	95	-
Capital Subsidies	506	1,259	(753)	7,509	10,787	(3,278)	3,278
UHCC Operating Subsidy	814	839	(25)	2,518	2,518	-	-
Development Contributions	-	187	(187)	561	561	-	-
Interest Earned	324	229	95	943	686	257	-
Dividends	-	-	-	-	-	-	-
Vested Assets	-	281	(281)	842	842	-	-
Other Revenue	1,656	1,675	(19)	4,898	5,020	(122)	-
<b>Total Revenue</b>	<b>51,791</b>	<b>52,068</b>	<b>(277)</b>	<b>160,319</b>	<b>162,127</b>	<b>(1,808)</b>	<b>3,278</b>
Expenditure							
Employee Costs	11,459	11,289	(170)	33,772	33,491	(281)	-
Operating Costs Less CFT Grants	25,747	27,165	1,418	79,801	80,560	759	1,450
Support Costs	7	-	(7)	-	-	-	-
Interest	2,121	2,468	347	6,500	7,193	693	-
Depreciation	12,124	12,584	460	34,834	34,824	(10)	-
<b>Total Expenditure</b>	<b>51,458</b>	<b>53,506</b>	<b>2,048</b>	<b>154,907</b>	<b>156,068</b>	<b>1,161</b>	<b>1,450</b>
<b>Net Surplus/(Deficit) Excl CFT Grants</b>	<b>333</b>	<b>(1,438)</b>	<b>1,771</b>	<b>5,412</b>	<b>6,059</b>	<b>(647)</b>	<b>4,728</b>
Community Facilities Trust Grants	3,240	3,070	(170)	11,512	9,512	(2,000)	-
<b>Net Surplus/(Deficit)</b>	<b>(2,907)</b>	<b>(4,508)</b>	<b>1,601</b>	<b>(6,100)</b>	<b>(3,453)</b>	<b>(2,647)</b>	<b>4,728</b>
Gain/(Loss) On Revaluation Of Financial Instruments	(1,861)	-	(1,861)	1,861	-	(1,861)	-
Gain/(Loss) On Prop Revals, Sales, Disposals	90	(800)	890	72,313	72,313	-	-
<b>Net Surplus/(Deficit) After Gain/Loss</b>	<b>(4,678)</b>	<b>(5,308)</b>	<b>630</b>	<b>68,074</b>	<b>68,860</b>	<b>(786)</b>	<b>4,728</b>

**Capital Expenditure**

	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	2018/19 Carryover \$000
Replacements	4,018	7,250	3,232	25,036	25,599	563	572
Improvements	9,480	20,444	10,964	56,138	62,640	6,502	6,905
<b>Total Capital</b>	<b>13,498</b>	<b>27,694</b>	<b>14,196</b>	<b>81,174</b>	<b>88,239</b>	<b>7,065</b>	<b>7,477</b>

**Net Debt**

	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000
Gross Debt	157,094	157,635	541	181,269	179,421	(1,848)
Less Intercompany Loan	(14,700)	(14,700)	-	(14,700)	(14,700)	-
Less Cash & Deposits	(11,128)	(11,128)	-	(5,069)	(5,069)	-
<b>Net Debt</b>	<b>131,266</b>	<b>131,807</b>	<b>541</b>	<b>161,500</b>	<b>159,652</b>	<b>(1,848)</b>

**Asset Sales**

	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	2018/19 Carryover \$000
Asset Sales	90	800	(710)	3,334	9,600	(6,266)	6,175
<b>Total Asset Sales</b>	<b>90</b>	<b>800</b>	<b>(710)</b>	<b>3,334</b>	<b>9,600</b>	<b>(6,266)</b>	<b>6,175</b>



## Activity Statements

Integrated Community Services							
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000
Revenue							
Rates Income	-	-	-	-	-	-	-
User Charges	1,423	1,515	(92)	5,150	5,190	(40)	-
Operating Subsidies & Grants	86	32	54	181	105	76	-
Capital Subsidies	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-
Other Revenue	826	674	152	2,022	2,022	-	-
Total Revenue	2,335	2,221	114	7,353	7,317	36	-
Expenditure							
Employee Costs	4,351	4,398	47	13,264	13,209	(55)	-
Operating Costs	2,851	3,340	489	9,238	9,068	(170)	-
Support Costs	1,710	1,710	-	4,831	4,831	-	-
Interest	198	235	37	612	684	72	-
Depreciation	1,332	1,427	95	3,951	3,956	5	-
Total Expenditure	10,442	11,110	668	31,896	31,748	(148)	-
Net Surplus/(Deficit)	(8,107)	(8,889)	782	(24,543)	(24,431)	(112)	-
Capital							
Replacements	562	888	326	2,666	2,652	(14)	-
Improvements	427	1,156	729	2,814	3,475	661	750
Total Capital	989	2,044	1,055	5,480	6,127	647	750

## Comments/Variance Explanations

**Operating:** Revenue is forecast to be slightly over budget mainly due to additional grants in Relationship/Projects. Employee costs are forecast to be over budget due to additional staff in Community Hubs and Relationship/Projects of which \$50k will be funded from the additional grants.

**Capital:** Capital is forecast to be under budget due to underspends and expected carryovers on the Stokes valley Hub project (\$500k) and the Huia Pool Roof Membranes project (\$250k).

Parks and Reserves									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	822	578	244	2,088	1,734	354	-	-	-
Operating Subsidies & Grants	6	-	6	6	-	6	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-	-	-
Other Revenue	51	-	51	51	-	51	-	-	-
Total Revenue	879	578	301	2,145	1,734	411	-	-	-
Expenditure									
Employee Costs	225	237	12	665	703	38	-	-	-
Operating Costs	2,927	3,424	497	9,826	9,826	-	-	-	-
Support Costs	248	248	-	730	730	-	-	-	-
Interest	182	215	33	560	626	66	-	-	-
Depreciation	820	911	91	2,501	2,499	(2)	-	-	-
Total Expenditure	4,402	5,035	633	14,282	14,384	102	-	-	-
Net Surplus/(Deficit)	(3,523)	(4,457)	934	(12,137)	(12,650)	513	-	-	-
Capital									
Replacements	224	398	174	1,041	1,041	-	-	-	-
Improvements	698	2,930	2,232	7,937	7,858	(79)	-	-	-
Total Capital	922	3,328	2,406	8,978	8,899	(79)	-	-	-

#### Comments/Variance Explanations

**Operating:** Revenue is conservatively expected to be \$350k above budget at year end. This is based on a significant increase in subdivision work for the first quarter continuing, resulting in higher than expected reserves contributions. A further \$50k has been received from Central Government towards the cost of cycleways. Operating costs are currently below budget. Wet weather has pushed back work that was expected to be undertaken such as turf renovations and the croquet lawns at Taita.

**Capital:** The wharves upgrade works have been pushed back while decisions made on the refurbishment programme. Riddiford Gardens work has been delayed while working through the design, value engineering and contract processes. Te Whiti Park changing rooms are slightly behind programme.

Community Facilities									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	-	-	-	-	-	-	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-	-	-	-
Expenditure									
Employee Costs	-	-	-	-	-	-	-	-	-
Operating Costs	3,372	3,202	(170)	11,908	9,908	(2,000)	-	-	-
Support Costs	-	-	-	-	-	-	-	-	-
Interest	128	151	23	395	442	47	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Total Expenditure	3,500	3,353	(147)	12,303	10,350	(1,953)	-	-	-
Net Surplus/(Deficit)	(3,500)	(3,353)	(147)	(12,303)	(10,350)	(1,953)	-	-	-

#### Comments/Variance Explanations

**Operating:** The forecast unfavourable variance of \$2m relates to delays with Stokes valley Hub project from 2016/17 where there is an equivalent saving.

Regulatory Services									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	1,311	1,032	279	1,520	1,469	51	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-	-	-
Other Revenue	278	348	(70)	1,048	1,046	2	-	-	-
Total Revenue	1,589	1,380	209	2,568	2,515	53	-	-	-
Expenditure									
Employee Costs	1,180	1,104	(76)	3,298	3,260	(38)	-	-	-
Operating Costs	332	379	47	1,208	1,173	(35)	-	-	-
Support Costs	38	31	(7)	40	40	-	-	-	-
Interest	4	5	1	12	13	1	-	-	-
Depreciation	17	15	(2)	46	44	(2)	-	-	-
Total Expenditure	1,571	1,534	(37)	4,604	4,530	(74)	-	-	-
Net Surplus/(Deficit)	18	(154)	172	(2,036)	(2,015)	(21)	-	-	-

#### Comments/Variance Explanations

**Operating:** Revenue is forecast to be over due to receipt of outstanding court fines. Employee costs are forecast to be over due to additional resources to cover dog registrations. The forecast over spend in operating costs relates to an increase in rental costs for the animal services Seaview property.



Emergency Management									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	-	-	-	-	-	-	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	10	10	-	-	-	-
Total Revenue	-	-	-	10	10	-	-	-	-
Expenditure									
Employee Costs	63	-	(63)	64	-	(64)	-	-	-
Operating Costs	194	185	(9)	567	555	(12)	-	-	-
Support Costs	46	46	-	137	137	-	-	-	-
Interest	1	2	1	5	5	-	-	-	-
Depreciation	1	6	5	18	18	-	-	-	-
Total Expenditure	305	239	(66)	791	715	(76)	-	-	-
Net Surplus/(Deficit)	(305)	(239)	(66)	(781)	(705)	(76)	-	-	-

#### Comments/Variance Explanations

Operating: Employee costs forecast overspend is due to new staff position established following recent review.

Local Urban Environment							
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000
Revenue							
Rates Income	-	-	-	-	-	-	-
User Charges	17	17	-	20	52	(32)	-
Operating Subsidies & Grants	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-
Other Revenue	55	100	(45)	301	300	1	-
Total Revenue	72	117	(45)	321	352	(31)	-
Expenditure							
Employee Costs	210	180	(30)	482	534	52	-
Operating Costs	276	352	76	1,925	2,002	77	-
Support Costs	79	79	-	234	234	-	-
Interest	353	418	65	1,089	1,218	129	-
Depreciation	2	169	167	503	507	4	-
Total Expenditure	920	1,198	278	4,233	4,495	262	-
Net Surplus/(Deficit)	(848)	(1,081)	233	(3,912)	(4,143)	231	-
Capital							
Replacements	-	-	-	-	-	-	-
Improvements	5,592	12,221	6,629	28,764	28,764	-	-
Total Capital	5,592	12,221	6,629	28,764	28,764	-	-

#### Comments/Variance Explanations

**Operating:** Revenue forecast variance relates to less than expected revenue from the Events Centre. The employee costs forecast favourable variance relates to recent organisation restructuring. Operating costs variance relates to less costs for Events Centre.

**Capital:** The forecast variance relates to the Events Centre.

Economic Development									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	-	-	-	-	-	-	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-	-	-
Other Revenue	58	50	8	151	150	1	1	-	-
Total Revenue	58	50	8	151	150	1	1	-	-
Expenditure									
Employee Costs	229	234	5	648	697	49	-	-	-
Operating Costs	1,106	1,622	516	2,890	4,321	1,431	1,450	-	-
Support Costs	149	149	-	421	421	-	-	-	-
Interest	-	-	-	1	1	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Total Expenditure	1,484	2,005	521	3,960	5,440	1,480	1,450	-	-
Net Surplus/(Deficit)	(1,426)	(1,955)	529	(3,809)	(5,290)	1,481	(1,450)	-	-

#### Comments/Variance Explanations

Operating: Forecast variance is due to expected underspends for the Development Stimulus package.

Environmental Consents									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	1,337	1,176	161	4,085	3,529	556	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-	-	-
Other Revenue	2	4	(2)	8	12	(4)	-	-	-
Total Revenue	1,339	1,180	159	4,093	3,541	552	-	-	-
Expenditure									
Employee Costs	953	954	1	3,086	2,763	(323)	-	-	-
Operating Costs	124	339	215	926	1,022	96	-	-	-
Support Costs	675	675	-	1,973	1,973	-	-	-	-
Interest	1	1	-	3	4	1	-	-	-
Depreciation	13	13	-	50	40	(10)	-	-	-
Total Expenditure	1,766	1,982	216	6,038	5,802	(236)	-	-	-
Net Surplus/(Deficit)	(427)	(802)	375	(1,945)	(2,261)	316	-	-	-

#### Comments/Variance Explanations

**Operating:** The forecast revenue variance relates to additional revenue from consents. Employee costs are forecast to be over budget due to new positions created in the organisational review to cope with the additional demands. These costs are more than offset by the increase in revenue. Operating costs forecast relates to savings in Unreinforced Masonry Building fund.

Environmental Policy									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	-	-	-	-	-	-	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-	-	-
Other Revenue	4	-	4	-	-	-	-	-	-
Total Revenue	4	-	4	-	-	-	-	-	-
Expenditure									
Employee Costs	147	138	(9)	409	401	(8)	-	-	-
Operating Costs	132	177	45	553	552	(1)	-	-	-
Support Costs	132	132	-	389	389	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Total Expenditure	411	447	36	1,351	1,342	(9)	-	-	-
Net Surplus/(Deficit)	(407)	(447)	40	(1,351)	(1,342)	(9)	-	-	-

#### Comments/Variance Explanations

**Operating:** To date there is an under spend on Specialist Services and District Plan Work with significant work having been commissioned but not yet invoiced. There are no significant year end variances being forecast at this stage.

City Promotions									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	16	15	1	70	62	8	-	-	-
Operating Subsidies & Grants	-	19	(19)	55	55	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-	-	-
Other Revenue	108	206	(98)	608	600	8	-	-	-
Total Revenue	124	240	(116)	733	717	16	-	-	-
Expenditure									
Employee Costs	373	379	6	996	1,124	128	-	-	-
Operating Costs	567	559	(8)	1,888	1,752	(136)	-	-	-
Support Costs	(688)	(688)	-	(1,905)	(1,905)	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Depreciation	5	3	(2)	10	10	-	-	-	-
Total Expenditure	257	253	(4)	989	981	(8)	-	-	-
Net Surplus/(Deficit)	(133)	(13)	(120)	(256)	(264)	8	-	-	-

#### Comments/Variance Explanations

**Operating:** Employee costs are forecast to be underspent mainly due to the closure of the i-site. Operating costs are forecast to be over due to additional costs for events.



Roading & Traffic									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	1,546	1,654	(108)	4,961	4,961	-	-	-	-
Operating Subsidies & Grants	1,374	1,356	18	3,958	3,945	13	-	-	-
Capital Subsidies	506	1,259	(753)	7,509	10,787	(3,278)	3,278	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	23	(23)	70	70	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	167	(167)	500	500	-	-	-	-
Other Revenue	183	156	27	468	468	-	-	-	-
Total Revenue	3,609	4,615	(1,006)	17,466	20,731	(3,265)	3,278	-	-
Expenditure									
Employee Costs	597	554	(43)	1,746	1,636	(110)	-	-	-
Operating Costs	4,052	3,855	(197)	12,110	12,080	(30)	-	-	-
Support Costs	859	859	-	2,555	2,555	-	-	-	-
Interest	419	495	76	1,292	1,444	152	-	-	-
Depreciation	4,275	4,304	29	11,891	11,891	-	-	-	-
Total Expenditure	10,202	10,067	(135)	29,594	29,606	12	-	-	-
Net Surplus/(Deficit)	(6,593)	(5,452)	(1,141)	(12,128)	(8,875)	(3,253)	3,278	-	-
Capital									
Replacements	667	1,690	1,023	11,265	11,877	612	572	-	-
Improvements	683	747	64	6,151	11,779	5,628	5,855	-	-
Total Capital	1,350	2,437	1,087	17,416	23,656	6,240	6,427	-	-

#### Comments/Variance Explanations

**Operating:** The forecast variance for capital subsidies is linked to the forecast underspends in the capital cycleway projects. Employee costs variance mainly relates to additional resource to assist the Senior Road Asset Engineer with a significant increase in workload relating to the record number of developments underway in the city.

**Capital:** Actual expenditure is not aligned with budget phasing for a number of budget lines. Forecast unfavourable variance on the road reconstruction projects at Heretaunga Street and Queen Street relate to work not completed and an under-expenditure on these projects in 2016/17 plus some additional pavement work. A Council meeting in early November provided clarity on funding for the three Cycleway Projects which has enabled us to firm up budgets and work programmes. These are now reflected in the forecast variances. The financial impact on future years for these projects will be reflected in the updated LTP currently being prepared.

Water Supply									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	1,170	854	316	2,839	2,561	278	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	12	(12)	35	35	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	38	(38)	114	114	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-
Total Revenue	1,170	904	266	2,988	2,710	278	-	-	-
Expenditure									
Employee Costs	-	-	-	-	-	-	-	-	-
Operating Costs	4,000	4,040	40	12,609	12,120	(489)	-	-	-
Support Costs	132	132	-	395	395	-	-	-	-
Interest	135	159	24	416	464	48	-	-	-
Depreciation	1,284	1,283	(1)	3,548	3,545	(3)	-	-	-
Total Expenditure	5,551	5,614	63	16,968	16,524	(444)	-	-	-
Net Surplus/(Deficit)	(4,381)	(4,710)	329	(13,980)	(13,814)	(166)	-	-	-
Capital									
Replacements	300	851	551	2,122	2,122	-	-	-	-
Improvements	991	1,308	317	2,279	2,579	300	300	300	300
Total Capital	1,291	2,159	868	4,401	4,701	300	300	300	300

#### Comments/Variance Explanations

**Operating:** Bulk water costs are expected to be over budget due to the high usage in the CBD which will be partly offset by an increase in revenue from metered water charges.

**Capital:** The Waterloo Stage 3 road surfacing and traffic circle island reinstatement has been delayed until after critical the GWRC Run to Waste project is completed. Urgent GWRC Waterloo Wellfields Run to Waste project will result in delays to other projects such as the Kopara Watermain Renewal. The Sweetacres Reservoir encountered further delays due to subsurface conditions. The Holborn Booster pump station project is on hold resulting in a favourable variance and carryover of \$300k.



Wastewater									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	411	346	65	1,037	1,037	-	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	814	839	(25)	2,518	2,518	-	-	-	-
Development Contributions	-	135	(135)	406	406	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	38	(38)	114	114	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-
Total Revenue	1,225	1,358	(133)	4,075	4,075	-	-	-	-
Expenditure									
Employee Costs	-	-	-	-	-	-	-	-	-
Operating Costs	3,944	4,014	70	11,554	11,644	90	-	-	-
Support Costs	290	290	-	865	865	-	-	-	-
Interest	233	275	42	718	803	85	-	-	-
Depreciation	2,519	2,517	(2)	6,777	6,777	-	-	-	-
Total Expenditure	6,986	7,096	110	19,914	20,089	175	-	-	-
Net Surplus/(Deficit)	(5,761)	(5,738)	(23)	(15,839)	(16,014)	175	-	-	-
Capital									
Replacements	1,628	2,575	947	5,518	5,517	(1)	-	-	-
Improvements	43	60	17	700	700	-	-	-	-
Total Capital	1,671	2,635	964	6,218	6,217	(1)	-	-	-

#### Comments/Variance Explanations

**Operating:** There are no significant operating variances.

**Capital:** A number of projects including Adelaide Street and Rossiter Avenue Wastewater Renewals (Network Renewals) have been delayed as contractors have been diverted to construct the critical GWRC Waterloo Wellfields Run to Waste Project. Forecasts for these projects will be revised once dates are known with an expectation that these will be completed within the financial year.

Stormwater									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	3	4	(1)	12	12	-	-	-	-
Operating Subsidies & Grants	2	3	(1)	8	8	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	17	(17)	50	50	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	38	(38)	114	114	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-
Total Revenue	5	62	(57)	184	184	-	-	-	-
Expenditure									
Employee Costs	-	-	-	-	-	-	-	-	-
Operating Costs	1,209	1,231	22	3,653	3,692	39	-	-	-
Support Costs	99	99	-	296	296	-	-	-	-
Interest	93	110	17	286	320	34	-	-	-
Depreciation	1,036	1,038	2	2,866	2,866	-	-	-	-
Total Expenditure	2,437	2,478	41	7,101	7,174	73	-	-	-
Net Surplus/(Deficit)	(2,432)	(2,416)	(16)	(6,917)	(6,990)	73	-	-	-
Capital									
Replacements	555	359	(196)	1,158	1,158	-	-	-	-
Improvements	406	600	194	2,051	2,051	-	-	-	-
Total Capital	961	959	(2)	3,209	3,209	-	-	-	-

#### Comments/Variance Explanations

**Operating:** There are no significant operating variances.

**Capital:** The Adelaide Street Stormwater Renewal project has been delayed as contractors have been diverted to construct the critical GWRC Waterloo Wellfields Run to Waste Project. Forecasts for this project will be revised once dates are known with an expectation that this will be completed within the financial year.

Solid Waste									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	4,561	4,493	68	13,680	13,480	200	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-	-	-
Other Revenue	5	68	(63)	5	205	(200)	-	-	-
Total Revenue	4,566	4,561	5	13,685	13,685	-	-	-	-
Expenditure									
Employee Costs	-	-	-	-	-	-	-	-	-
Operating Costs	2,284	2,279	(5)	6,887	6,837	(50)	-	-	-
Support Costs	136	136	-	408	408	-	-	-	-
Interest	74	87	13	227	254	27	-	-	-
Depreciation	296	299	3	896	896	-	-	-	-
Total Expenditure	2,790	2,801	11	8,418	8,395	(23)	-	-	-
Net Surplus/(Deficit)	1,776	1,760	16	5,267	5,290	(23)	-	-	-
Capital									
Replacements	-	-	-	-	-	-	-	-	-
Improvements	592	1,150	558	4,669	4,669	-	-	-	-
Total Capital	592	1,150	558	4,669	4,669	-	-	-	-

#### Comments/Variance Explanations

**Operating:** Revenue is forecast to be over budget due to increase in landfill volumes which have picked up in recent months aided by additional volumes from a new customer. Operating costs are likely to be slightly over budget at year end but too early to estimate exact amount at this stage.

**Capital:** Wet weather has hampered the start of some capital works which accounts for the under spend to date. At this stage the year end capital on landfill development work could be below budget forecasts, but if so, the surplus may be used to upgrade the landfill admin building - staff toilet and locker facilities in particular which are in poor condition and in need of a major refurbishment.

Elected Members									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	-	-	-	-	-	-	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-	-	-	-
Expenditure									
Employee Costs	1	-	(1)	-	-	-	-	-	-
Operating Costs	372	383	11	1,150	1,150	-	-	-	-
Support Costs	193	193	-	570	570	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Total Expenditure	566	576	10	1,720	1,720	-	-	-	-
Net Surplus/(Deficit)	(566)	(576)	10	(1,720)	(1,720)	-	-	-	-

**Comments/Variance Explanations**

There are no significant variances.

Advice & Support									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	-	-	-	-	-	-	-	-	-
User Charges	-	-	-	-	-	-	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-	-	-	-
Expenditure									
Employee Costs	-	-	-	-	-	-	-	-	-
Operating Costs	11	24	13	71	71	-	-	-	-
Support Costs	1,268	1,268	-	3,758	3,758	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Total Expenditure	1,279	1,292	13	3,829	3,829	-	-	-	-
Net Surplus/(Deficit)	(1,279)	(1,292)	13	(3,829)	(3,829)	-	-	-	-

**Comments/Variance Explanations**

There are no significant variances.

Support Services									
Category/Projects	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000		
Revenue									
Rates Income	34,027	34,186	(159)	102,400	102,559	(159)	-		-
User Charges	379	318	61	978	954	24	-		-
Operating Subsidies & Grants	-	-	-	-	-	-	-		-
Capital Subsidies	-	-	-	-	-	-	-		-
UHCC Operating Subsidy	-	-	-	-	-	-	-		-
Development Contributions	-	-	-	-	-	-	-		-
Interest Earned	324	229	95	943	686	257	-		-
Vested Assets	-	-	-	-	-	-	-		-
Other Revenue	86	69	17	226	207	19	-		-
Total Revenue	34,816	34,802	14	104,547	104,406	141	-		-
Expenditure									
Employee Costs	3,130	3,111	(19)	9,114	9,164	50	-		-
Operating Costs	1,234	830	(404)	2,350	2,299	(51)	-		-
Support Costs	(5,359)	(5,359)	-	(15,695)	(15,695)	-	-		-
Interest	300	315	15	884	918	34	-		-
Depreciation	524	599	75	1,777	1,775	(2)	-		-
Total Expenditure	(171)	(504)	(333)	(1,570)	(1,539)	31	-		-
Net Surplus/(Deficit)	34,987	35,306	(319)	106,117	105,945	172	-		-
Capital									
Replacements	82	489	407	1,266	1,232	(34)	-		-
Improvements	48	272	224	773	765	(8)	-		-
Total Capital	130	761	631	2,039	1,997	(42)	-		-

#### Comments/Variance Explanations

**Operating:** Rates revenue is under budget to date due to updates to the rating data. This is likely to result in a similar year end variance.

Operating expenditure is under budget to date largely due to the timing of Software License payments which are expected to be slightly over at year end due to additional License costs.

**Capital:** This is under budget to date mainly due to the timing of projects. No significant year end variance is being forecast at this stage.



**HUTT CITY COUNCIL**  
**PROJECT LIST 31 OCTOBER 2017**

Integrated Community Services								
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000	
Operating Projects								
Community Development Fund	-	-	-	148	148	-	-	
Heritage Fund	4	5	1	19	15	(4)	-	
Community Houses Funding	153	149	(4)	248	183	(65)	-	
Marae Funding	29	67	38	200	200	-	-	
Arts & Culture Funding	30	40	10	30	40	10	-	
CAB Funding	92	87	(5)	92	87	(5)	-	
Scholarships	(5)	-	5	10	10	-	-	
Events Funding	-	6	6	19	19	-	-	
Youth Infusion	5	4	(1)	20	20	-	-	
Rapid Response Anti-Graffiti Service	1	5	4	14	14	-	-	
Safety Initiatives	122	175	53	359	377	18	-	
Regional Grants	-	33	33	33	33	-	-	
Tamaiti Whangai Grant	20	7	(13)	20	20	-	-	
Waiwhetu Marae Scholarship	5	2	(3)	5	5	-	-	
Wellington Free Ambulance	-	75	75	75	75	-	-	
Mayors Taskforce Jobs For Wainuiomata	70	23	(47)	70	70	-	-	
Sportsville	40	40	-	100	100	-	-	
Arts & Culture Advisory Group	13	3	(10)	23	10	(13)	-	
North East Projects	31	4	(27)	14	12	(2)	-	
Youth Partnership Fund	26	55	29	164	164	-	-	
Hutt Valley Tennis - Mitchell Park	-	8	8	30	30	-	-	
Sport Wellington Long Term Reg Strategy	-	5	5	15	15	-	-	
New Arts Funding	2	20	18	60	60	-	-	
Petone Settlers Webpage Development	-	2	2	7	7	-	-	
Volunteer Hutt	10	10	-	10	10	-	-	
Family Centre	20	20	-	20	20	-	-	
Wahine Commemorations	20	20	-	20	20	-	-	

Capital Projects										
Libraries										
Furniture and Equipment Replacement Programme Libraries	-	26	26	68	77	9	-	-	-	-
Libraries Interior and Exterior Maintenance	6	-	(6)	113	113	-	-	-	-	-
Replace Library Shelving	6	19	13	98	100	2	-	-	-	-
Libraries Security Maintenance	7	20	13	19	30	11	-	-	-	-
Libraries Stock Replacement	274	345	71	972	900	(72)	-	-	-	-
Libraries Buildings Improvements	3	-	(3)	93	90	(3)	-	-	-	-
Self Scanning Machines Purchase	-	-	-	93	93	-	-	-	-	-
Museums										
Dowse Carpets and Soft Furnishings Gallery and Office	-	7	7	20	20	-	-	-	-	-
Dowse Audio Visual Equipment Replacement	-	-	-	40	40	-	-	-	-	-
Dowse Building Repair and Repaint	29	30	1	66	66	-	-	-	-	-
Dowse Office Furniture and Equipment	-	17	17	50	50	-	-	-	-	-
Dowse Gallery Lighting	-	20	20	60	60	-	-	-	-	-
Dowse Building and Plant Maintenance	(2)	4	6	76	76	-	-	-	-	-
Dowse Ventilation Plant Replacement	-	12	12	82	82	-	-	-	-	-
Dowse Entrance Upgrade	-	62	62	142	142	-	-	-	-	-
Dowse New Artworks	11	13	2	40	40	-	-	-	-	-
Little Theatre Maintenance	4	6	2	10	6	(4)	-	-	-	-
Petone Settlers Museum Exhibition Furniture and Fittings	-	5	5	5	5	-	-	-	-	-
Little Theatre Improvements	6	50	44	196	190	(6)	-	-	-	-
Little Theatre Sound and Lighting Improvements	(30)	91	121	99	150	51	-	-	-	-



<b>Community Hubs</b>												
Community Hubs - Interior & Exterior Maintenance	-	2	2	7	7	7	7	-	-	-	-	-
Community Hubs - Furniture & Equipment Replacements	-	3	3	10	10	10	10	1	-	-	-	-
Stokes Valley Hub Maintenance	-	10	10	10	10	10	10	-	-	-	-	-
Walter Nash Maintenance	39	67	28	100	100	100	100	-	-	-	-	-
Walter Nash Indoor Courts Resurface Floor and Seating	-	-	-	22	22	22	22	-	-	-	-	-
Community Hubs - Building Improvements	-	3	3	10	10	10	10	-	-	-	-	-
Stokes Valley Community Hub	422	730	308	910	910	1,278	368	-	-	-	-	500
<b>Pools</b>												
Other Projects	108	118	10	548	548	548	-	-	-	-	-	-
Huia Pool Programme Pool	(48)	60	108	112	160	160	48	-	-	-	-	-
Huia Pool Replace Roof Membranes	-	-	-	-	250	250	250	-	-	-	-	250
Naenae Fitness Suite Equipment Purchase	-	47	47	140	140	140	-	-	-	-	-	-
Pools Other Improvement Projects	16	-	(16)	45	45	45	-	-	-	-	-	-
Stokes valley Pool Fitness Suite Equipment	-	-	-	40	40	40	-	-	-	-	-	-
<b>Community Funding</b>												
Community Projects	-	100	100	457	457	457	-	-	-	-	-	-
<b>City Safety</b>												
CCTV Replacement	50	50	-	50	50	50	-	-	-	-	-	-
<b>Community Halls &amp; Venues</b>												
Community Houses Building Mtn	27	50	23	27	50	50	23	-	-	-	-	-
CBD Community Resource Centre	-	-	-	20	20	20	-	-	-	-	-	-
Community Halls External and Internal Maintenance	(2)	77	79	180	212	212	32	-	-	-	-	-
Community Halls Improvements	-	-	-	390	390	390	-	-	-	-	-	-

Parks and Reserves								
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000	
Operating Projects								
Waimarie Croquet Club	9	93	84	93	93	-	-	
Capital Projects								
Avalon Park Pavilion Maintenance	-	-	-	60	60	-	-	
Miscellaneous Rentals Maintenance	-	13	13	40	40	-	-	
Seats & Bins	(2)	10	12	29	29	-	-	
Parks Hard Surfaces Maintenance	42	15	(27)	150	150	-	-	
Parks Signage & Interpretation	-	15	15	27	27	-	-	
Playgrounds	17	45	28	205	205	-	-	
Sportsground Buildings Mtn	24	-	(24)	150	150	-	-	
Track Maintenance	-	-	-	30	30	-	-	
Wharves Maintenance	143	300	157	350	350	-	-	
Avalon Park Development	14	230	216	1,700	1,700	-	-	
Parks & Gardens Protection Bollards	5	2	(3)	5	5	-	-	
Cemetery Improvements	3	50	47	101	100	(1)	-	
Escarpment Fencing Pencarrow Coast Road	-	-	-	50	50	-	-	
Holborn Drive Reserve Drainage - Reserve Fund	-	-	-	90	90	-	-	
Light Boxes	-	-	-	12	12	-	-	
Mountain Bike Park [Funded From Reserve Fund]	14	10	(4)	50	50	-	-	
Manor Park Cycle Trail	-	30	30	380	380	-	-	
New Tracks & Track Upgrades	3	20	17	100	100	-	-	
Making Places Riddiford Gardens Stage 3	167	1,200	1,033	2,000	2,000	-	-	
Reserves Upgrades (Cft Projects)	-	-	-	250	250	-	-	
Valley Floor Review Implementation	-	-	-	130	130	-	-	
Sportsground Drainage Upgrades	-	60	60	60	60	-	-	
Toilets Upgrade	-	33	33	100	100	-	-	
Te Whiti Park New Changing Rooms (funded from Reserves Fund)	352		862	1,340	1,340	-	-	
Wharves Refurbishment	-	20	20	1,400	1,400	-	-	
Wainuiomata Welcome Sign	-	-	-	30	30	-	-	
Walter Nash Reserve Upgrade (Funded from Reserves Fund)	149	61	(88)	149	61	(88)	-	

Community Facilities								
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000	
Operating Projects								
CFT Operating Grant	350	350	-	350	350	-	-	-
CFT Fraser Park Sportsville	1,635	1,635	-	7,507	7,507	-	-	-
CFT Stokes Valley Community Hub	1,255	1,055	(200)	3,055	1,055	(2,000)	-	-
CFT - Sportsville Petone	-	15	15	300	300	-	-	-
CFT - Sportsville Wainuiomata	-	15	15	300	300	-	-	-

Local Urban Environment								
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000	
Operating Projects								
Waste Minimisation Programme	-	13	13	39	39	-	-	
Heritage Incentives	20	17	(3)	72	52	(20)	-	
Sculpture Trust	-	50	50	50	50	-	-	
School Programmes	-	19	19	40	40	-	-	
Business Programmes	-	8	8	25	25	-	-	
Waste Minimisation Projects	186	53	(133)	149	134	(15)	-	
Environmental Sustainability Projects	30	43	13	130	130	-	-	
Petone 2040	72	38	(34)	100	100	-	-	

Capital Projects									
Admin Building Strengthening	-	4	4	70	70	-	-	-	-
Making Places - Civic Events Centre Upgrade	5,211	7,410	2,199	19,864	19,864	-	-	-	-
Making Places Investigations For Future Projects	-	-	-	200	200	-	-	-	-
Making Places Projects	186	607	421	1,560	1,560	-	-	-	-
Suburban Shopping Centres Improvements	-	-	-	70	70	-	-	-	-
Strategic Property Purchases	196	4,200	4,004	7,000	7,000	-	-	-	-

Economic Development							
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000
Operating Projects							
Jackson Street Programme	67	67	-	134	134	-	-
International Co-operating Cities	12	15	3	45	45	-	-
Economic Development Strategy	27	33	6	100	100	-	-
Hutt Valley Chamber Of Commerce	105	105	-	200	200	-	-
Economic Development Contestable Fund	22	22	-	44	44	-	-
Science & Technology	(30)	38	68	115	115	-	-
Development Stimulus Package	556	900	344	1,250	2,700	1,450	1,450
CBD Place Maker	44	31	(13)	92	92	-	-
Regional Amenities Fund	200	200	-	200	200	-	-
Urban Growth Strategy	38	50	12	150	150	-	-
Wainuiomata Development Plan	30	53	23	160	160	-	-
Petone 2040	-	-	-	50	50	-	-
Petone Clock Walk	-	17	17	50	50	-	-
Technology Valley	-	50	50	160	160	-	-

Environmental Consents							
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000
Operating Projects							
Unreinforced Masonry Buildings Fund	-	125	125	303	375	72	-

Environmental Policy							
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000
Operating Projects							
District Plan Work	61	67	6	200	200	-	-

City Promotions							
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000
Operating Projects							
Events Funding	316	111	(205)	644	542	(102)	-
Internet Design	1	3	2	6	6	-	-
Development Stimulus Marketing	2	8	6	30	30	-	-
Roading & Traffic							
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000
Operating Projects							
Rapid Response Anti-Graffiti Service	38	44	6	132	131	(1)	-
Safety Initiatives	9	7	(2)	20	20	-	-
Capital Projects							
Cycleway/Shared Path Beltway	15	200	185	100	3,090	2,990	2,990
Cycleway/Shared Path Wainuiomata Hill	63	545	482	5,219	5,791	572	572
Cycleway/Shared Path Eastern Bays	216	370	154	500	3,365	2,865	2,865
Area Wide Pavement Treatment	89	76	(13)	1,380	1,380	-	-
Pavement Surfacing	197	285	88	2,100	2,100	-	-
Wainuiomata Hill Rd Safety Seal	-	200	200	800	800	-	-
Road Reconstruction Heretaunga Street	191	-	(191)	130	-	(130)	-
Road Reconstruction (Queen St )	198	-	(198)	124	30	(94)	-
Road Reconstruction (Out Years) (Subsidy 17%)	-	10	10	407	407	-	-
Reconstruction Improvements - Outyears	-	-	-	80	80	-	-
Civic Precinct Parking & Laings Rd Upgrade	(76)	-	76	2,170	2,170	-	-
Cvl - Investigation / Design	-	-	-	1,000	1,000	-	-
Carpark Resurfacing	19	-	(19)	51	51	-	-
Estuary Bridge Corrosion Protection (Subsidy 51%)	-	40	40	-	40	40	-
Footpath Resurfacing And Replacement	62	-	(62)	205	205	-	-
Minor Safety Works	-	15	15	51	51	-	-
Minor Road And Footpath Construction	24	-	(24)	74	74	-	-

Pedestrian Crossing Maintenance	-	-	-	-	-	31	-	-	-
Streetlight Lantern Replacement Program	15	201	186	335	335	335	-	-	-
Streetlight Standard Replacement	52	131	79	298	298	298	-	-	-
Street Name Sign Replacement	-	7	7	20	20	20	-	-	-
Traffic Signal Replacement	146	181	35	294	294	294	-	-	-
Broad Band Ducting	-	7	7	21	21	21	-	-	-
Local Area Traffic Management	-	-	-	51	51	51	-	-	-
Land Purchase For Roads	1	3	2	10	10	10	-	-	-
Port Road Erosion Mitigation	2	16	14	726	726	726	-	-	-
Pedestrian Crossings New	-	-	-	53	53	53	-	-	-
Sub Standard Rds Upgrade	-	-	-	487	487	487	-	-	-
Substandard Roads Footpaths	48	51	3	51	51	51	-	-	-
School Speed Zone Programme	40	-	(40)	60	60	60	-	-	-
Traffic Safety Improvements	45	100	55	490	490	490	-	-	-
Urban Growth Strategy Roading Improvements	-	-	-	25	25	25	-	-	-
Wheelchair Friendly Footpath Routes	-	-	-	50	50	50	-	-	-

### Water Supply

#### Capital Projects

Minor Works (Water Supply)	3	3	-	151	150	(1)	-	-
Pump Station Minor Works	7	9	2	54	54	-	-	-
Reservoir Minor Work	6	8	2	54	54	-	-	-
Scada Renewals Water Supply	8	8	-	27	27	-	-	-
Seismic Coupling Installations	5	5	-	192	190	(2)	-	-
Forward Design - Water Supply	24	73	49	137	137	-	-	-
Network Renewals Water Supply	244	745	501	1,502	1,512	10	-	-
Community Infrastructure Resilience Projects	25	-	(25)	25	-	(25)	-	-
Critical Pipelines Seismic Upgrade	253	390	137	729	729	-	-	-
Eastern Bays Reservoir Upgrade Design/Consents/Construction	1	1	-	50	50	-	-	-
Holborn Booster Pump	-	-	-	-	300	300	-	300
Reservoir Auto Shut Off Valves	9	15	6	107	105	(2)	-	-
Sweetacres Reservoir Upgrade	705	898	193	1,102	1,095	(7)	-	-
Water Resilience	-	4	4	300	300	-	-	-



Wastewater							
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000
Operating Projects							
Wastewater Flow Management Wainuiomata	30	30	-	90	90	-	-
Rising Main Vulnerability Assessment	17	17	-	50	50	-	-
Capital Projects							
Adelaide Street Wastewater Renewal (with Stormwater)	507	700	193	487	700	213	-
Naenae Sewer Renewal	203	-	(203)	203	-	(203)	-
Network Minor Works (WW)	97	-	(97)	97	-	(97)	-
Pressure Testing Of Sewers	3	-	(3)	3	-	(3)	-
Scada Renewals Wastewater	7	60	53	181	180	(1)	-
Trunk DBO Asset Replacement Fund	228	294	66	960	881	(79)	-
Trunk DBO Network Cyclic Replacement (Subsidy 32%)	1	1	-	95	100	5	-
Trunk Non-DBO Minor Works	1	-	(1)	1	-	(1)	-
Trunk Resource Consent Renewals (Subsidy 28%)	110	115	5	226	300	74	-
Victoria Street Pumping Station Seismic Strengthening	2	-	(2)	2	-	(2)	-
Wainuiomata Catchment Sewer Renewals	23	-	(23)	23	-	(23)	-
Forward Design (WW)	13	-	(13)	13	-	(13)	-
Network Renewals (WW)	391	1,378	987	3,141	3,270	129	-
Pump Station Minor Works (WW)	43	28	(15)	87	86	(1)	-
Trunk DBO Type B Network Dev	22	33	11	108	100	(8)	-
Trunk Type Asset Development (Subsidy 31%)	18	23	5	492	500	8	-
Water Resilience	3	4	1	100	100	-	-

Stormwater							
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000
Operating Projects							
Waiwhetu Stream Flood Management Plan	15	15	-	45	45	-	-
Stormwater Consenting Process	18	17	(1)	50	50	-	-
Capital Projects							
Adelaide Street Stormwater Renewal Stage	454	-	(454)	454	-	(454)	-
Heketara Street/Pukatea St (Eastbourne)	20	2	(18)	56	51	(5)	-
Minor Works Stormwater	4	-	(4)	4	-	(4)	-
Scada Renewals Stormwater	7	9	2	28	28	-	-
Stormwater Network Modelling	63	3	(60)	228	165	(63)	-
Network Renewals - (Sw)	-	335	335	517	833	316	-
Pump Station Minor Works (Sw)	9	11	2	82	81	(1)	-
Awamutu Stream	4	6	2	53	52	(1)	-
Beach Stormwater Outlets	35	40	5	65	65	-	-
Dowse Drive Stormwater Improvement	2	17	15	1,052	1,050	(2)	-
Hutt River Backflow Electrical	166	212	46	229	225	(4)	-
Hutt River Floodplain	27	33	6	102	100	(2)	-
Hutt River Stormwater Flapgates / Pumping Stations	233	260	27	233	360	127	-
Melling Road Stormwater Construction	10	14	4	50	50	-	-
Randwick Rd Stormwater Improvement	(24)	-	24	(24)	-	24	-
Rutherford Street Stormwater Construction	10	14	4	50	50	-	-
Queen Street Stormwater Improvements	(60)	-	60	(60)	-	60	-
Water Resilience	3	4	1	102	100	(2)	-
Solid Waste							
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000
Capital Projects							
Cleanfill Site Development	-	-	-	10	10	-	-
Silverstream LF Stg 2 Design & Const	592	1,150	558	4,659	4,659	-	-

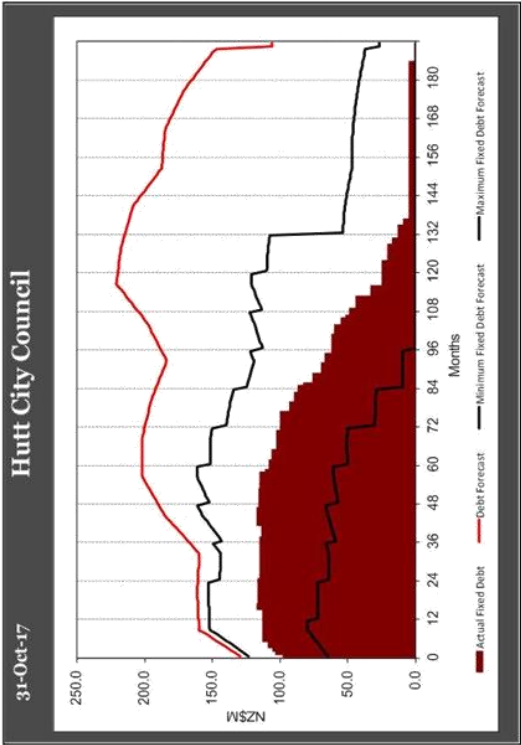


Support Services							
Project	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Annual Forecast \$000	Annual Budget \$000	Annual Variance \$000	Carryover 2018/19 \$000
Operating Projects							
Rapid Response Anti-Graffiti Service	-	-	-	1	1	-	-
Social Development Projects	(5)	33	38	95	100	5	-
Research - Monitoring & Evaluation Of Outcome	18	17	(1)	50	50	-	-
CBD Place Maker	1	-	(1)	1	-	(1)	-
Neighbourhood Matching Fund	-	17	17	50	50	-	-
Smokefee Signage	3	5	2	14	14	-	-
Capital Projects							
Civic Administration Building Maintenance	8	8	-	23	25	2	-
Network storage/Server Hardware & PC Replacement Programme	76	138	62	450	415	(35)	-
Pavilion Maintenance	-	10	10	30	30	-	-
System Maintenance	(2)	219	221	422	422	-	-
System Upgrades	-	100	100	300	300	-	-
Telecommunications	-	13	13	40	40	-	-
Live Stream Council Chambers	-	25	25	25	25	-	-
Mobile Devices	-	27	27	80	80	-	-
Other (IT) Projects	4	108	104	325	325	-	-
Internet Online Services	11	83	72	250	250	-	-
The Pavilion Improvements	25	28	3	85	85	-	-
Water Fountain	8	-	(8)	8	-	(8)	-

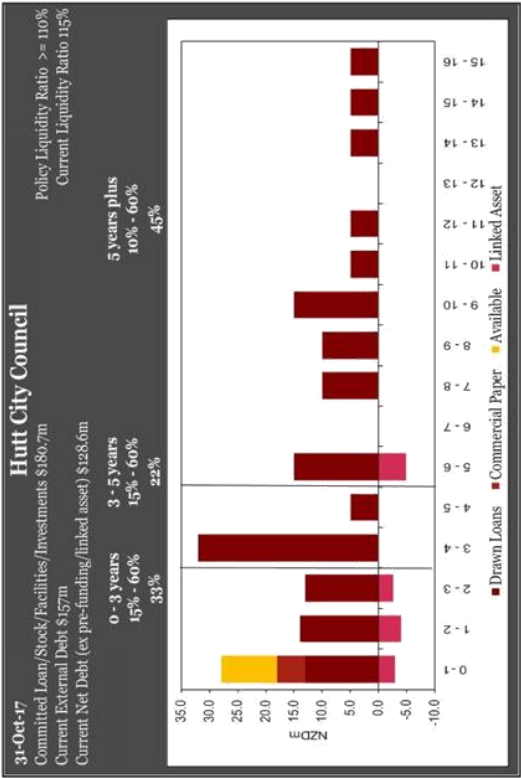
Treasury Compliance Report

As at 31 October 2017

Policy Limits – Sap Shot:



Fixed Interest Compliance:

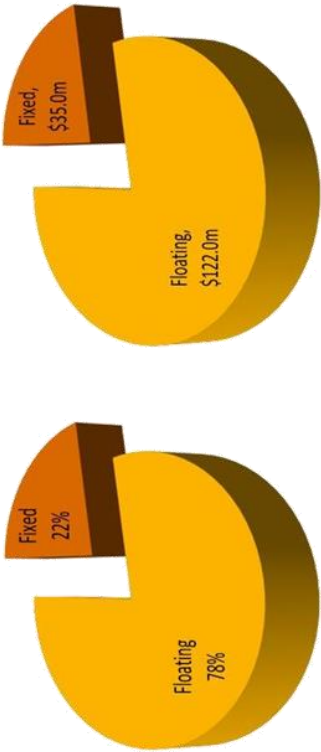


Borrowing Limits:

Item	Borrowing Limit	Calculated	Within Limit
Net External Debt / Total revenue	<150%	105%	Yes
Net Interest on External Debt / Total Revenue	<10%	4%	Yes
Liquidity Ratio	>110%	116%	Yes

**Fixed Interest Compliance:**

At month end, Council had \$156.9M of fixed/floating borrowings (including borrowings on behalf of CCO's)



However, with interest rate swaps in place, effectively the split between fixed/floating is



**Swap Performance:**

The Council has a number of interest rate swap agreements in place to comply with policy and to provide some certainty with future interest costs. Due to fluctuations in the interest rate market, the overall value of these agreements is constantly changing.

YTD there has been a \$1.86M loss in the revaluation of interest rate swaps.

**03 October 2017**

File: (17/1529)

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**Report no: FPC2017/5/148**

## **Finance and Performance Work Programme 2018**

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### **Recommendation**

That the programme be noted and received.

### **Appendices**

<b>No.</b>	<b>Title</b>	<b>Page</b>
1 <a href="#">↓</a>	Finance and Performance Work Programme 2018	121

**Author:** Annie Doornebosch  
Committee Advisor

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**Approved By:** Kathryn Stannard  
Divisional Manager, Democratic Services

## Finance & Performance Committee Work Programme 2018

Cycle 1	Officer	For Council
Rates Postponement Scheme for Residential Ratepayers Aged 65 and over	B Kibblewhite	•
Rating Policy Review for sporting, recreational, cultural and community facilities	B Kibblewhite	•
Council Asset Revaluations	D Newth	•
Draft SOIs for CCOs – CFT, SML, UPL	B Kibblewhite	•
Six Monthly Reports for CCOs	B Kibblewhite	•
Appointment of Director SML and UPL	B Kibblewhite	•
Six Monthly Report – Huia Pool Development and Funding	M Reid	
Audit NZ Final Management Report	D Newth	
Draft SOI for LGFA	B Kibblewhite	
Finance Update	B Kibblewhite	
Finance & Performance Work Programme	A Doornebosch	

Cycle 2	Officer	For Council
Tax Risk Management Update	D Newth	•
CCO Lending – due for review June 2018	Chief Financial Officer	•
Review of Agreement with GWRC to collect rates – on or before 30 June 2018	Chief Financial Officer	•
Appointment of Directors to CFT	B Kibblewhite	•
Six Monthly Strategic Property Update	G Craig	
Finance Update	Chief Financial Officer	
Finance & Performance Work Programme	A Doornebosch	