

Finance and Corporate Committee Agenda

Date: Thursday, 30 November, 2017

Time: 9:00 am

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

Elected Members: Cr Shelley Deeming (Chairperson)
Her Worship the Mayor Sheryl Mai
Cr Stu Bell
Cr Crichton Christie
Cr Vince Cocurullo
Cr Tricia Cutforth
Cr Sue Glen
Cr Phil Halse
Cr Cherry Hermon
Cr Greg Innes
Cr Greg Martin
Cr Sharon Morgan
Cr Anna Murphy

For any queries regarding this meeting please contact
the Whangarei District Council on (09) 430-4200.

| | |
|---|----|
| 1. Declarations of Interest | |
| 2. Apologies | |
| 3. Confirmation of Minutes of Previous Finance and Corporate Committee Meeting | |
| 3.1 Open Minutes Finance and Corporate Committee 26 October 2017 | 3 |
| 4. Information Reports | |
| 4.1 Financial Report for the 4 Months Ending 31 October 2017 | 7 |
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| 5. Public Excluded Business | |
| 6. Closure of Meeting | |

Finance and Corporate Committee – Terms of Reference

Membership

Chairperson: Councillor Shelley Deeming

Members: Her Worship the Mayor Sheryl Mai
Councillors Stu Bell, Crichton Christie, Vince Cocurullo, Tricia Cutforth, Sue Glen, Phil Halse, Cherry Hermon, Greg Innes, Greg Martin, Sharon Morgan, Anna Murphy

Meetings: Monthly

Quorum: 7

Purpose:

To oversee Council and CCO's financial management and performance, including operation of the administrative and internal support functions of council.

Key responsibilities include:

- Progress towards achievement of the council's financial objectives as set out in the Long Term Plan.
- Preparation for recommendation to council:
 - Advising and supporting the mayor on the development of the Long Term Plan (LTP) and Annual Plan (AP)
 - Financial policy related to the LTP and AP
 - Setting of rates
 - Preparation of the consultation document and supporting information, and the consultation process for the LTP and AP
 - Annual Report
- Financial/Planning and Control
 - Corporate accounting services
 - Treasury – debt and interest risk management
 - Procurement
- CCO Monitoring and Performance
 - Monitoring the financial and non-financial performance targets, key performance indicators and other measures of each Council Controlled Organisation (CCO) to inform the committee's judgement about the performance of each organisation.
 - Advising the mayor on the content of the annual Letters of Expectations (LoE) to CCOs.
- Overseeing and making decisions relating to an ongoing programme of service delivery reviews as required under section 17A of the Local Government Act 2002

- Shared Services – investigate opportunities for Shared Services for recommendation to council.

Delegations

- (i) All powers necessary to perform the committee's responsibilities, including, but not limited to:
 - (a) the approval of expenditure of less than \$5 million plus GST.
 - (b) approval of a submission to an external body.
 - (c) establishment of working parties or steering groups.
 - (d) power to establish subcommittees and to delegate their powers to that subcommittee.
 - (e) the power to adopt the Special Consultative Procedure provided for in Section 83 to 88 of the LGA in respect of matters under its jurisdiction (this allows for setting of fees and bylaw making processes up to but not including adoption).
 - (f) the power to delegate any of its powers to any joint committee established for any relevant purpose under clause 32, Schedule 7 of the Local Government Act 2002

Item 3.1**Finance and Corporate Committee Meeting Minutes**

Date: Thursday, 26 October, 2017
Time: 9:00 a.m.
Location: Council Chamber
Forum North, Rust Avenue
Whangarei

Elected Members

Cr Shelley Deeming (Chairperson)
Her Worship the Mayor Sheryl Mai
Cr Stu Bell
Cr Crichton Christie
Cr Vince Cocurullo
Cr Tricia Cutforth
Cr Sue Glen
Cr Phil Halse
Cr Cherry Hermon
Cr Greg Innes
Cr Greg Martin
Cr Sharon Morgan
Cr Anna Murphy

In attendance:

Acting Chief Executive (Simon Weston), General Manager Corporate (Alan Adcock), General Manager Community (Sandra Boardman), Manager Business Improvement (Ben Smith), Manager Community Development (Jonny Gritt), Manager Democracy and Assurance (Jason Marris), Manager Finance (Rich Kerr), Manager Revenue (Alison Puchaux), Senior Financial Accountant (Delyse Henwood), Executive Assistant (Judi Crocombe) and Senior Democracy Adviser (C Brindle)

- 1. Declarations of Interest**
- 2. Apologies**
- 3. Confirmation of Minutes of Previous Finance and Corporate Committee Meeting**
 - 3.1 Confirmation of Previous Minutes Finance Committee Meeting 28 September 2017**

Moved By Cr Greg Martin
Seconded By Cr Sue Glen

That the minutes of the Finance and Corporate Committee meeting held on Thursday 28 September 2017, including the confidential section, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

Carried

4. Decision Reports

4.1 Local Government Funding Agency - AGM Matters

Moved By Cr Vince Cocurullo

Seconded By Cr Sharon Morgan

That the Finance and Corporate Committee:

1. Notes the information from the Local Government Funding Agency and Shareholders' Council.
2. Appoints GM Corporate/CFO Alan Adcock to attend the AGM as the shareholder representative for Whangarei District Council.
3. Should Alan Adcock be unable to attend the meeting, appoints Craig Stobo, Local Government Funding Agency Chair, as Council's proxy in his place.
4. Authorises Council's proxies to vote to:
 - a) Approve the LGFA Board composition being set as five Independent Directors and one Non-Independent Director;
 - b) Approve the re-election of Craig Stobo and Mike Timmer as Directors;
 - c) Approve the election of Anthony Quirk as a Director;
 - d) Approve the re-election of Bay of Plenty Regional Council and Whangarei District Council as Nominating Local Authorities;
 - e) Approve the recommended increase in Director remuneration;
 - f) Approve the proposed changes to Foundation Documents;
 - g) Approve other matters arising at the meeting that, in their judgement, support Council's position on the governance and operations of the Local Government Funding Agency.

Carried

5. Information Reports

5.1 Financial Report for the 3 Months Ending 30 September 2017

Moved By Cr Anna Murphy

Seconded By Cr Sue Glen

That the Finance and Corporate Committee notes the operating result for the 3 months ending 30 September 2017.

Carried

5.2 Corporate Capital Projects Report for month ending 30 September 2017

Moved By Cr Vince Cocurullo

Seconded By Cr Sue Glen

That the Finance and Corporate Committee:

- a) Note the Corporate Capital Projects Report for the month ending 30 September 2017.

Carried

5.3 Operational Report - Finance and Corporate October 2017

Moved By Cr Vince Cocurullo

Seconded By Her Worship the Mayor

That the Finance and Corporate Committee notes the operational report for October 2017.

Carried

6. Public Excluded Business

There was no business conducted in public excluded.

7. Closure of Meeting

The meeting concluded at 9.36am

Confirmed this 30th day of November 2017

Cr Shelley Deeming (Chairperson)

4.1 Financial Report for the four months ending 31 October 2017

Meeting: Finance and Corporate Committee
Date of meeting: 30 November 2017
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the operating result for the four months ending 31 October 2017.

2 Recommendation

That the Finance and Corporate Committee notes the operating result for the four months ending 31 October 2017.

3 Background

3.1 Operating Result – Full Year Forecast

The year to date position is a surplus of \$4.4 million, compared to a budgeted deficit of \$0.9 million, resulting in a favourable variance of \$5.3 million.

The forecast net surplus for the financial year ending 30 June 2018 is \$11.8 million compared with a budgeted surplus of \$9.6 million, resulting in a favourable variance of \$2.2 million.

3.2 Capital Project Expenditure – Full year Forecast

The Capital Projects expenditure as at 31 October 2017 is currently \$4.6 million less than budget. Council is forecasting to spend a total of \$74.6 million against the \$75.3 million budget, with a forecast carry forward of \$2.2 million. This is an optimistic forecast at present depending on weather for the construction season and progress on the One Building project (\$7.3 million).

This forecast also includes the additional \$4.4 million spend for the LED Streetlight upgrade Programme that Council has previously approved to be brought forward to this year. The budget has been revised to include this project.

3.3 External Net Debt and Treasury

Total net external debt at the end of October 2017 was \$105.3 million compared to year to date revised budgeted net debt of \$115.3 million, resulting in net debt being \$10.0 million under budget.

3.4 WDC Treasury Operations

As at 31 October 2017 cash and term deposits held of \$56.7 million was comprised of:

- \$20.0 million of term deposits relating to prefunding undertaken in March 2017.
- \$10.0 million of term deposits relating to short term borrowings not yet required.
- \$9.0 million of term deposits relating to excess cash not currently required.
- \$14.0 million of cash to be placed on term deposit.
- \$3.7 million of cash on hand.

Council is currently receiving slightly higher interest rates than the borrowing rate on the majority of these deposits.

Economic

The OCR remained at 1.75% in the November MPS as expected. The Reserve Bank is forecasting the next OCR hike in June 2019. The market is almost fully pricing in an OCR hike by August 2018.

Long term rates decreased from 3.25% to 3.14% during October following global interest rates.

The low long term swap rates are partially offset by higher global credit spreads which will increase the cost of any future borrowing. Council has utilised prefunding to reduce its exposure to this.

4 Accounts receivable and arrears

Total arrears as at 31 October 2017 was \$3.4 million, compared to \$3.7 million in the previous year.

5 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

6 Attachments

1. Monthly key indicators
2. Monthly activity summary
3. Monthly income statement
4. Capital projects expenditure – graphs
5. Treasury report

**MONTHLY KEY INDICATORS
OCTOBER 2017**



| YTD to 31 October 2017 | | | | | | Full Year Forecast | | | |
|--|--------------------------------------|--|---|------------------|--|--|--|---|------------------|
| | YTD (Surplus)/ Deficit \$ m | Revised Budget (Surplus)/ Deficit \$ m | Variance (Surplus)/ Deficit \$ m | YTD Indicator | YTD Trend Current / previous month | Full Year Forecast (Surplus)/ Deficit \$ m | Revised Budget (Surplus)/ Deficit \$ m | Variance (Surplus)/ Deficit \$ m | YTD Indicator |
| OPERATING | | | | | | | | | |
| Total Rates | (28.7) | (28.6) | (0.1) | ● | | (92.5) | (92.4) | (0.1) | ● |
| User Fees | (7.5) | (7.5) | 0.0 | ● | | (21.0) | (20.7) | (0.3) | ● |
| Operating Subsidies and Grants | (2.2) | (2.2) | 0.0 | ● | | (6.1) | (6.6) | 0.5 | ● |
| Total Operating Income | (40.1) | (39.5) | (0.6) | ● | ↑ | (124.6) | (124.3) | (0.3) | ● |
| Personnel Costs | 8.7 | 9.7 | (1.0) | ● | | 27.6 | 28.2 | (0.6) | ● |
| Professional Fees / R&M / Asset Operating Expenditure | 9.1 | 9.9 | (0.8) | ● | | 30.3 | 29.4 | 0.9 | ● |
| Other Operating Expenditure | 7.8 | 8.6 | (0.8) | ● | | 30.9 | 30.0 | 0.9 | ● |
| Total Operating Expenditure | 41.2 | 44.7 | (3.5) | ● | ↑ | 137.0 | 136.9 | 0.1 | ● |
| (Surplus)/Deficit from Operations | 1.1 | 5.3 | (4.2) | ● | ↑ | 12.5 | 12.6 | (0.1) | ● |
| CAPITAL | | | | | | | | | |
| Capital Subsidies* | (3.3) | (3.4) | 0.1 | ● | | (17.8) | (17.1) | (0.7) | ● |
| Development Contributions | (2.1) | (1.0) | (1.1) | ● | | (4.2) | (3.0) | (1.2) | ● |
| Total Capital Income | (5.5) | (4.4) | (1.1) | ● | ↑ | (24.8) | (22.7) | (2.1) | ● |
| External Net Debt | 105.3 | 115.3 | (10.0) | ● | | | | | |
| Net Interest on debt | 2.2 | 2.5 | (0.3) | ● | | 7.4 | 7.6 | (0.2) | ● |
| Total (Surplus) / Deficit | (4.4) | 0.9 | (5.3) | ● | ↑ | (11.8) | (9.6) | (2.2) | ● |

| KEY | |
|-----|---------------------------------------|
| ● | Favourable to budget |
| ● | Unfavourable, but within 5% of budget |
| ● | Unfavourable, over 5% of budget |
| ↑ | Favourable to previous month |
| ↓ | Unfavourable to previous month |

**Key Contributors to Unfavourable Variances
Capital Subsidies**

The YTD unfavourable variance is due to timing of capital projects and subsidy claims.

Note: The above information includes excerpts taken from the Monthly Income Statement. The shaded lines above represent key totals from the Monthly Income Statement but are not totals of the lines above.

* The 2017/18 budget has been revised to reflect bringing forward the LED Streetlight Upgrade Programme, which includes an 85% subsidy claim.

MONTHLY ACTIVITY SUMMARY

OCTOBER 2017

| | YTD to 31 October 2017 | | | | | Full Year Forecast | | | |
|----------------------------------|---|--|---|------------------|--|--|--|---|------------------------|
| | Actual YTD (Surplus) / Deficit \$m | Budget YTD (Surplus) / Deficit \$m | Variance (Surplus) / Deficit \$m | YTD Indicator | YTD Trend Current / previous month | Full Year Forecast (Surplus) / Deficit \$m | Revised Budget (Surplus) / Deficit \$m | Variance (Surplus) / Deficit \$m | Full Year Indicator |
| Total Council | (4.4) | 0.9 | (5.3) | ● | ↑ | (11.8) | (9.6) | (2.2) | ● |
| Transportation | 4.5 | 5.0 | (0.5) | ● | ↑ | 7.8 | 7.6 | 0.2 | ● |
| Water | (1.9) | (0.8) | (1.1) | ● | ↑ | (4.3) | (3.6) | (0.7) | ● |
| Solid Waste | (1.5) | (1.4) | (0.1) | ● | ↑ | (2.9) | (3.0) | 0.1 | ● |
| Waste Water | (2.9) | (2.2) | (0.7) | ● | ↑ | (6.3) | (5.9) | (0.4) | ● |
| Storm Water | 1.2 | 1.5 | (0.3) | ● | ↑ | 3.4 | 3.5 | (0.1) | ● |
| Flood Protection | (0.1) | 0.0 | (0.1) | ● | ↑ | (0.1) | 0.0 | (0.1) | ● |
| Community Facilities | 5.9 | 7.1 | (1.2) | ● | ↑ | 22.9 | 23.8 | (0.9) | ● |
| Economic Growth | 0.4 | 0.6 | (0.2) | ● | ↑ | 0.8 | 0.8 | 0.0 | ● |
| Planning & Regulatory | (0.5) | (0.2) | (0.3) | ● | ↑ | 0.6 | 0.7 | (0.1) | ● |
| Support Services | (9.6) | (8.7) | (0.9) | ● | ↓ | (33.8) | (33.4) | (0.4) | ● |

KEY:

Favourable to budget



Unfavourable, but within 5% of budget



Unfavourable, over 5% of budget



Favourable to previous month



Unfavourable to previous month

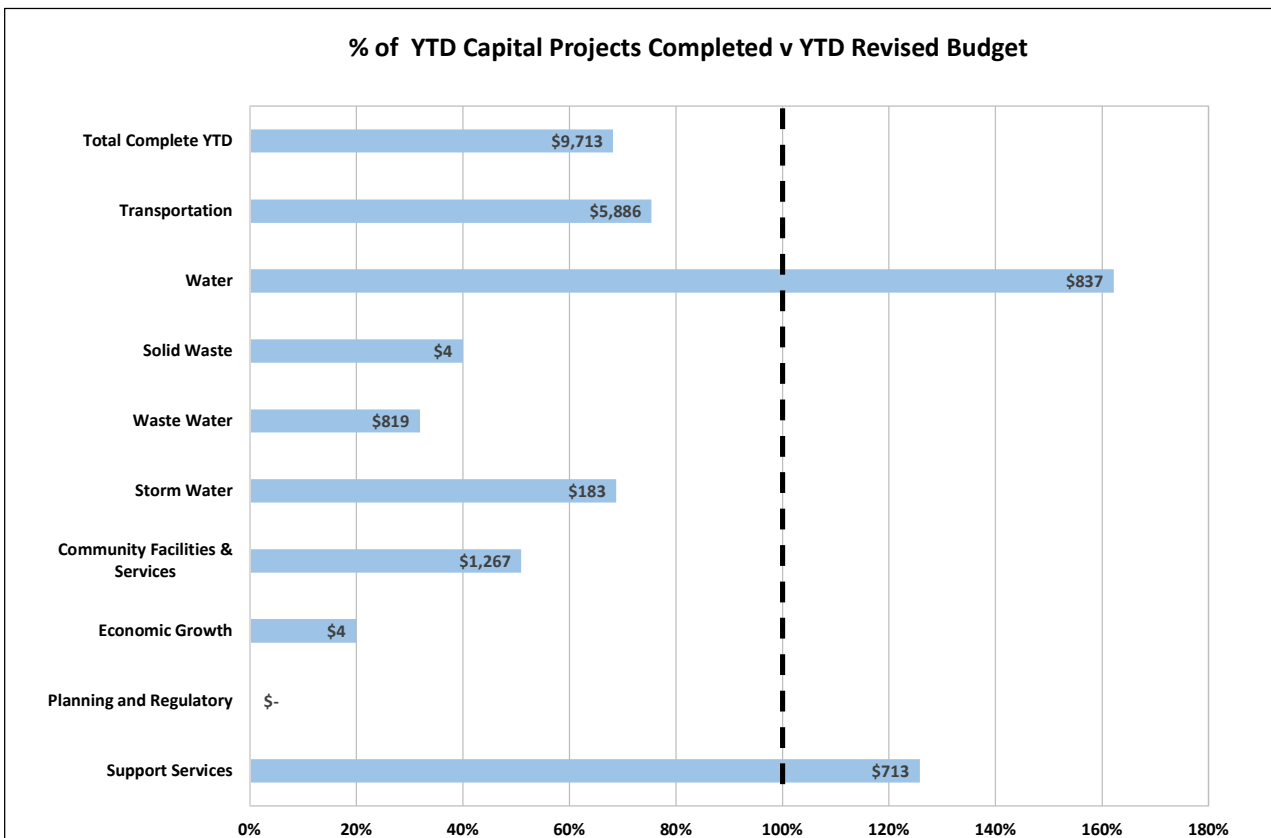
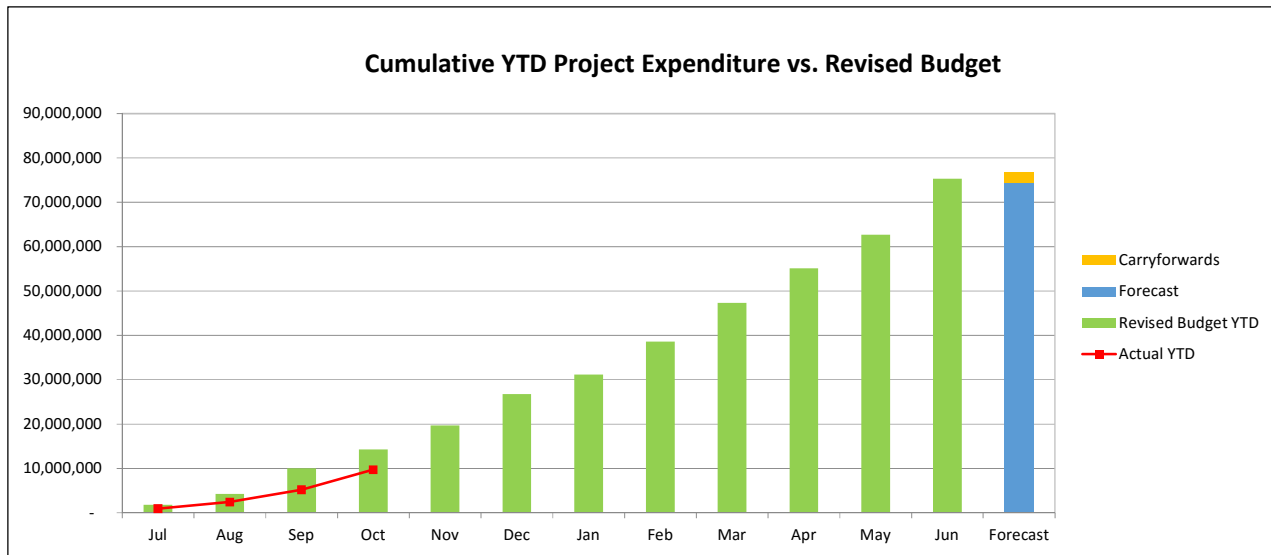
MONTHLY INCOME STATEMENT

31 OCTOBER 2017

| Council Summary | Actual YTD \$000 | Revised Budget YTD \$000 | Forecast 2017-18 \$000 | Revised Budget 2017-18 \$000 | Variance 2017-18 \$000 |
|---|---------------------------------|---|---------------------------------------|---|---------------------------------------|
| Operating Income | | | | | |
| General Rates | (16,209) | (16,566) | (53,275) | (53,590) | 315 |
| Activity Targeted Rates | (8,243) | (8,166) | (25,551) | (25,486) | (65) |
| Metered water | (4,252) | (3,893) | (13,628) | (13,275) | (353) |
| User Fees | (7,532) | (7,486) | (20,950) | (20,744) | (206) |
| Other Income | (1,011) | (918) | (4,396) | (4,191) | (205) |
| Interest Received - Cash Balances | (574) | (253) | (631) | (394) | (237) |
| Operating Grants & Subsidies | (2,236) | (2,182) | (6,136) | (6,649) | 513 |
| Total Operating Income | (40,056) | (39,464) | (124,568) | (124,329) | (239) |
| Operating Expenditure | | | | | |
| Personnel Costs | 8,729 | 9,682 | 27,568 | 28,174 | (606) |
| Professional Fees | 1,778 | 1,647 | 5,673 | 5,809 | (137) |
| Repairs and Maintenance | 5,907 | 6,990 | 19,542 | 18,710 | 832 |
| Asset Operating Expenditure | 1,416 | 1,271 | 5,040 | 4,854 | 187 |
| Other Operating Expenditure | 7,846 | 8,645 | 30,912 | 30,024 | 889 |
| Depreciation | 12,770 | 13,773 | 40,283 | 41,322 | (1,039) |
| Interest Expense - External Borrowings | 2,755 | 2,726 | 8,029 | 8,009 | 20 |
| Total Operating Expenditure | 41,201 | 44,733 | 137,048 | 136,901 | 147 |
| (Surplus)/Deficit from Operations | 1,145 | 5,268 | 12,480 | 12,572 | (92) |
| Capital Income | | | | | |
| Capital Subsidies* | (3,292) | (3,380) | (17,790) | (17,074) | (716) |
| Capital Scheme Rates | (12) | (12) | (35) | (35) | () |
| Lump Sum Contributions | (57) | (18) | (245) | (53) | (192) |
| Development Contributions | (2,150) | (976) | (4,201) | (3,028) | (1,173) |
| Non Cash - Vested Assets | 0 | 0 | (2,500) | (2,500) | 0 |
| Total Capital Income | (5,510) | (4,386) | (24,770) | (22,689) | (2,081) |
| Capital Grant Expenditure | | | | | |
| Capital grant expenditure | 4 | 0 | 540 | 540 | 0 |
| Total Capital Grants | 4 | 0 | 540 | 540 | 0 |
| (Surplus)/Deficit from Operating Capital | (5,506) | (4,386) | (24,231) | (22,150) | (2,081) |
| Total (Surplus)/Deficit | (4,361) | 882 | (11,751) | (9,578) | (2,173) |

* Note: The 2017/18 budget has been revised to reflect bringing forward the LED Streetlight Upgrade Programme, which includes an 85% subsidy claim.

CAPITAL PROJECT EXPENDITURE AS AT 31 OCTOBER 2017



TREASURY REPORT 31 OCTOBER 2017



STANDARD AND POORS CREDIT RATING:

AA

Outlook: Stable

DEBT SUMMARY:

As at 31 October 2017

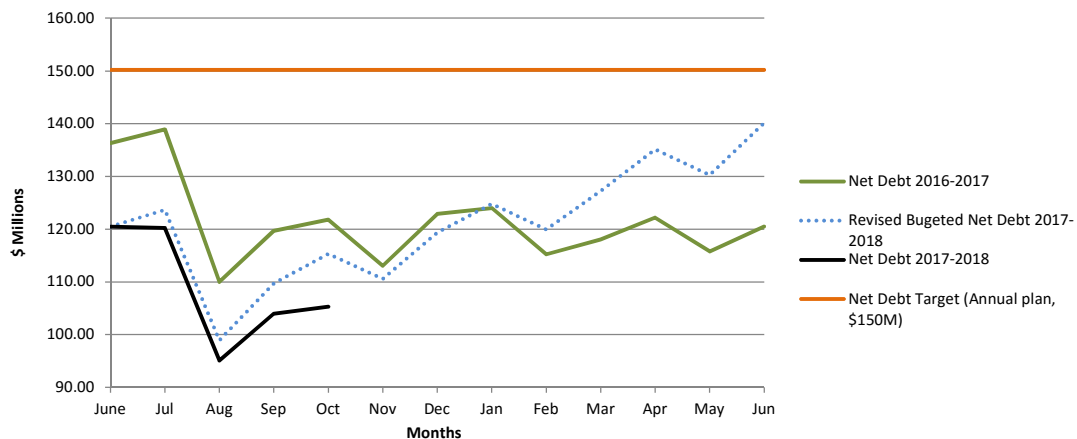
| External Debt | | |
|--|-------------|--------------------|
| Opening public debt as at 1 October 2017 | | 162,000,000 |
| Plus loans raised during month | 5,000,000 | |
| Less loan repayments made during month (Note: Facility movement has been netted) | (5,000,000) | |
| Net movement in external debt | | - |
| Total External Debt | | 162,000,000 |
| Less: Cash balances (excluding funds held on behalf) | 17,708,439 | |
| Term deposits (Funds held on deposit until required for project funding) | 39,000,000 | |
| Total cash and term deposits | | 56,708,439 |
| Total Net External Debt | | 105,291,561 |

Note: Council also holds \$2.3m of LGFA borrower notes. These are not included in net external debt as per Council's Treasury Risk Management Policy.

External debt is represented by:

| | |
|----------------------|--------------------|
| Less than 1 Year | 30,000,000 |
| 1-3 Years | 39,000,000 |
| 3-5 Years | 33,000,000 |
| Greater than 5 Years | 60,000,000 |
| Total | 162,000,000 |

NET EXTERNAL DEBT COMPARED TO BUDGET:



| Internal Funding | | |
|--|------------|-------------------|
| Community Development Funds | | 10,072,300 |
| Property Reinvestment Reserve - Available for Reinvestment | 4,942,737 | |
| Property Reinvestment Reserve - Accumulated | 28,417,376 | |
| | | 33,360,113 |
| Water Reserve | | 30,398,050 |
| Total | | 73,830,464 |

Note: Reserves Funding is disclosed to ensure transparency of Council's use of cashflow management to fund capital works.

Where funds are raised through property sales or targeted rates for Water, but they are not required for immediate investment in that asset category, Council's Revenue and Financing policy allows them to be used for other purposes, rather than being held on deposit.

To ensure total transparency of this we create Reserve Accounts so that the appropriate funding can be made available and transferred back when it is required. The timing of projects requiring these funds is set out in our Long Term Plan (LTP) and/or Annual Plan (AP).

These Reserves are not a liability to an external party, and are not part of Council's debt obligations.

The Property Reinvestment Reserve is split to record funds that were used specifically for capital works in previous years; and a smaller amount representing recent unbudgeted sales where the funds received have offset external debt.

The only situation where our Net Debt would increase as a result of these Reserves is if major expenditure on Water Assets or property purchases is brought forward from the dates set out in the LTP/AP.

4.2 Corporate Capital Projects Report for the month ending 31 October 2017

Meeting: Finance and Corporate Committee
Date of meeting: 30 November 2017
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the Corporate Capital Projects Report for the month ending 31 October 2017.

2 Recommendation

That the Finance and Corporate Committee notes the Corporate Capital Projects Report for the month ending 31 October 2017.

3 Background

This report provides an update on Corporate Capital Projects expenditure to date compared to budget, as well as the forecast spend for the year and carry forwards against budget.

4 Discussion

The Capital Projects expenditure for Corporate as at 31 October 2017 is currently \$287k less than budget. Corporate is forecasting to spend a total of \$10.3m against the \$10.3m budget.

There is currently no forecast carry forwards to the next financial year, although this will be largely dependent upon future decisions related to the Council Premises project.

5 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

6 Attachment

Corporate Capital Projects Report

CORPORATE CAPITAL PROJECTS REPORT

AS AT 31 October 2017

(Figures include both Operating and Capital Expenditure)

| | Actual YTD \$000 | Revised Budget YTD \$000 | Variance YTD \$000 | Full Year Forecast \$000 | Full Year Revised Budget \$000 | Forecast (Underspent)/ Overspent \$000 | Forecast Carry Forwards \$000 | Total (Underspent)/ Overspent \$000 |
|--|------------------------|-----------------------------------|--------------------------|--------------------------------|---|--|--|---|
| Support Services | | | | | | | | |
| <i>Business Support</i> | | | | | | | | |
| Council Premises | 0 | 60 | (60) | 7,264 | 7,274 | (10) | 0 | (10) |
| Council Vehicle Replacements | (28) | 0 | (28) | 210 | 210 | (0) | 0 | (0) |
| Information Centre Upgrade | 22 | 0 | 22 | 148 | 148 | 0 | 0 | 0 |
| Office Furniture | 11 | 0 | 11 | 11 | 0 | 11 | 0 | 11 |
| Business Support Total | 5 | 60 | (55) | 7,633 | 7,632 | 1 | 0 | 1 |
| <i>ICT</i> | | | | | | | | |
| Accounts Payable Automation | 29 | 60 | (31) | 60 | 60 | 0 | 0 | 0 |
| Asset Management Software Upgrade | 0 | 0 | 0 | 94 | 94 | 0 | 0 | 0 |
| Computer Tech for Building, Animal Control & Parking | 0 | 0 | 0 | 124 | 124 | 0 | 0 | 0 |
| Decision Support System Development | 0 | 0 | 0 | 80 | 80 | 0 | 0 | 0 |
| Digitisation of Records | 103 | 283 | (180) | 850 | 850 | (0) | 0 | (0) |
| Electronic Agenda Management System | 14 | 0 | 14 | 14 | 0 | 14 | 0 | 14 |
| IB Project | 44 | 45 | (1) | 53 | 53 | 0 | 0 | 0 |
| IT Network Upgrades | 0 | 0 | 0 | 60 | 60 | 0 | 0 | 0 |
| OC Project | 36 | 25 | 11 | 650 | 650 | 0 | 0 | 0 |
| Performance Management System Development | 0 | 15 | (15) | 174 | 174 | 0 | 0 | 0 |
| Web & Intranet Development | 0 | 30 | (30) | 337 | 337 | 0 | 0 | 0 |
| Workflow Systems Development | 0 | 0 | 0 | 158 | 158 | 0 | 0 | 0 |
| ICT Total | 228 | 458 | (230) | 2,653 | 2,639 | 14 | 0 | 14 |
| <i>People & Capability</i> | | | | | | | | |
| Office Furniture | 2 | 3 | (2) | 9 | 10 | (1) | 0 | (1) |
| People & Capability Total | 2 | 3 | (2) | 9 | 10 | (1) | 0 | (1) |
| Support Services Total | 235 | 522 | (287) | 10,296 | 10,282 | 14 | 0 | 14 |
| Total | 235 | 522 | (287) | 10,296 | 10,282 | 14 | 0 | 14 |

4.3 Operational Report – Finance and Corporate – November 2017

Meeting: Finance and Corporate Committee
Date of meeting: 30 November 2017
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide a brief overview of work across services that the Finance and Corporate Committee is responsible for.

2 Recommendation

That the Finance and Corporate Committee notes the operational report for November 2017.

3 Background

The purpose of the Finance and Corporate Committee is to oversee Council and CCOs financial management and performance, including operation of the administrative and internal support functions of Council.

This report provides a brief overview of some of the operational highlights for October/November 2017 and provides some further comment on future planned activities.

4 Significance and engagement

The decisions or matters of this agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website

5 Attachment

Operational Report – Finance and Corporate – November 2017

Operational Report – Finance and Corporate – November 2017

Information Communications Technology (ICT)

ICT activities are continuing to increase as we close in on the end of the calendar year with several key project activities underway. The ICT Think Tank, along with the various governance bodies required to oversee technology changes and activities have all been initiated, with the ICT Think Tank attending its first educational technology immersion workshop to assist the “Tank” team to review and refresh the ICT vision for the organisation.

ICT Operations

October has seen a marginal increase in support activities; however additional maintenance activities that are coordinated by the Operations team are also underway. These include the planning for an upgrade to the Windows 10 platform which is required to maintain supported patch levels. Service levels remain in target to resolution timeframes.

Operational activities include:

- Coordinating the Windows 10 test and upgrade programme
- Infrastructure monitoring and support activities
- Application and Desktop support – business as usual.

ICT Projects

All Trilogy Phase 2 projects are well underway, either in Planning or Design stages.

- Upgrade Technology One to Ci Anywhere – next software upgrade.
 - Planning Phase – Technology One workshops are set to commence in November with the aim to understand the complexities of any changes required to upgrade to the next version.
- Corporate Performance Management - Implementation of software to track, trace, monitor and manage key performance indicators across WDC.
 - Project Implementation Draft planning has completed with sponsor review currently underway.
- Website Platform Redevelopment (Digital Platform) – Review and re-development of our existing WDC websites.
 - Procurement planning underway, Project Management and Business Analysis resources to be identified and confirmed.
- Asset Management and GIS upgrade/replacement – Review, upgrade and/or replacement of the existing Asset Management system including a GIS (Spatial System) upgrade (necessary due to the dependencies between the software products).
 - Procurement planning underway, Project Management and Business Analysis resources to be identified and confirmed.

Finance

Annual Report

This year's Annual Report process has been completed successfully, with the final report adopted by Council on the planned date. However, we are still looking for further improvements to the process and have a debrief meeting with Audit NZ planned for the end of November.

LTP

The LTP has consumed almost all of Finance staff's time and resource for the last two months, which in turn has meant BAU operational activity restricted to focus on critical functions.

Budgeting for the financial aspects of the LTP has been completed to arrive at a first cut which will be used for drafting the Consultation Document. Any minor revisions will be made in the new year once more detailed multi-level reviewing has been completed.

The Financial Strategy and the Revenue and Financing Policy have been completed to a draft stage. Further reviews are planned and the outcome of the Rates Review will be incorporated as necessary.

There has been excellent co-ordination with Infrastructure for capital projects and the Infrastructure Strategy.

Payables

Payables processing has continued to ensure that approved payments to suppliers are being completed within contractual terms.

The Payables team within Finance have been fully involved in the project to automate the receipt of invoices from suppliers. This uses a new system called PysiCapture which uses optical character recognition technology (OCR) to scan and capture the data on invoices and then workflow it directly into TechOne i.e. without manual data entry.

Revenue

Land Rates

The Rates Review continues to progress and modelling is being done to prepare for the next Council Briefing in November.

Water Rates

Details of water rates transactions for October are as follows:

| Water Rates Summary - October | | | | | | |
|-------------------------------|-------------|---------------|--------------------|---------------------|-----------|------------------------|
| | Consumption | Supply Charge | Backflow Preventor | Special Reading Fee | Penalties | Excess Water Remission |
| Amount (\$) | 959,000 | 62,000 | 9,000 | 8,000 | 9,000 | 32,000 |
| Transaction (Number) | 4,201 | 4,378 | 267 | 187 | 543 | 23 |
| Average (\$) | 228 | | | | 17 | 1,378 |

Collection and Recovery

Land rate arrears are \$2,185,000 (September \$2,462,000) of which \$1,691,000 (September \$1,843,000) relate to prior years' arrears. Māori Freehold and comprises \$1,143,000 of prior years' arrears.

Water rates arrears are \$243,000, with \$97,000 being 90 days or more.

Sundry debtors' arrears are \$234,000, with \$180,000 being 90 days or more.

Payments received analysed by payment method is as follows:

| Number of payments received - October | | | |
|---------------------------------------|--------|--------|---------|
| Method | 2017 | 2016 | %Change |
| Direct Debit | 74,998 | 66,042 | 14% |
| Direct Credit | 12,581 | 11,366 | 11% |
| Cheque | 149 | 133 | 12% |
| Credit Card | 1,213 | 1,134 | 7% |
| Counter | 2,296 | 1,925 | 19% |
| Total | 91,237 | 80,600 | 13% |

Business Improvement

The Business Improvement Department have identified a number of initiatives and has started work on the following:

1. Reviewing and improving the Health and Safety processes in relation to the organisation's Enterprise solutions.
2. Reviewing the Building Control Department processes and systems end-to-end, starting with the Building Consents process. This involves working with the department to understand the issues and current processes, then aligning these to the organisation's Enterprise solutions.
3. Reviewing the Venue and Events Department processes and systems end-to-end and in particular to understand the cost of delivery of various types of events so they can review and revise pricing and fees.

Besides the initiatives mentioned above, the Business Improvement department are also heavily involved in the following ISSP Projects:

1. CiAnywhere Upgrade
2. Corporate Performance Management Project.

The department is also kicking off an initiative to implement an approach/methodology that will allow for the funnelling of business improvement ideas into a system that will enable the

improvements to be grouped, filtered and ranked. This will enable the improvement ideas with the most value to be acted on.

Business Support

Information Management

The Business Records Team is working their way through a high number of appraisal jobs which have come to the surface as people across the organisation settle into new roles and changes to office locations are starting to settle down.

In October Archives New Zealand released a new revision of guidance around the retention of paper after digitisation, as well as the authority to retain public records in digital form only. These new revisions are in response to a change of legislation with the repeal of the Electronic Transactions Act 2002 (replaced by the Contract and Commercial Law Act 2017). Information Management will be working in key areas where digitised documents become the only record to ensure tools and technology are configured to meet the necessary standards.

The team have worked with People and Capability with the management of digitised employment agreements as the trusted source of information which has proven to be successful for both them and the staff who are now able to access these securely in Kete.

There is a strong focus now in the building consent process both as part of the digitisation project as well as onboarding the contractors who will be processing the building consents on behalf of Council remotely.

Ongoing work in the following areas continue:

- Process improvement for information capture, storage, preservation and delivery
- Building capacity and engagement in the information management environment – working closely with the Business Improvement Department
- Developing reporting on Kete use including feedback to users
- Digitisation project work.

Procurement

This month the major focus has been the Airport Maintenance Contract and the Mail and Courier Services contract.

Initial work has also been done on Secure Document Storage and several ICT projects.

Projects and work this month has included:

- Building Control Department overflow contractors
- Airport Management Contract
- Pensioner Housing maintenance
- Towing Services Contract review
- Trees Maintenance Contract Review
- Mail and Courier Services
- Secure Document Storage
- Asset & GIS Management
- Digital Platform Project

- Smartrak vehicle tracking and GPS systems
- Working with NTA staff to clarify how Council procurement policy and process works for them
- Assisting with AP automation project
- Finalising the transition/handover of the copier contract
- Responding to staff enquiries around procurement policy and procedure
- Meeting with suppliers and potential suppliers about what they can offer Council.

Staff are also providing advice and oversight to Whangarei Art Museum (WAM) as they initiate procurement processes for the Hundertwasser project. This has included WAM's procurement of a Project Manager and the lead Construction Contractor. Our role is focussed on identifying and mitigating any risk to Council by ensuring WAM adopt appropriate procurement practices, i.e. there is no direct involvement in procuring goods or services.

Communications

Advertising review

This is now in final analysis stage. The project group will meet at the end of the month to cement best value advertising spend for 2018.

Graphics BAU

In addition to BAU activities, the team has completed work on the Camping in Public Places bylaw signs and started work on the collateral for the summer festivals - Endless Summer and Fritter. The Christmas Festival work will also continue next month.

Website

The team is working with the District Plan department on the upcoming urban plan change pre-consultation, for the current website. This work looks at how we can create some simple, easy-to-use online information.

Brand

We are continuing to review our brand and will be engaging with Elected Members later this month.

Long Term Plan

The Communications team is continuing to work on the LTP Steering group. Our programme of work will include creating the Consultation Document and producing other content to support LTP consultation.

Denby by-election

We have been working to promote the Denby by-election; with promotion of nominations and are preparing a short campaign for the Democracy team, to encourage Denby residents to vote (includes Facebook advertising, Council News and a mail-out to Denby residents).

Internal communications

In addition to preparing the monthly 'All Staff' presentations, we are starting to look at some of the wider internal (staff) communications. Part of this work will involve working out how we can use Kete more effectively for internal communications.

Media and public relations

The following issues were raised by the media during October:

- Speed bumps on Kauika Road – the road is on the list for traffic calming and the way we do the list is being reviewed
- New Town Basin carpark update on opening times and costs
- Tarewa park – various stories about the wastewater management works and restoration of the park after the work is complete
- Adrenalin Adventure Park – questions about consent
- Population growth and increased ethnic diversity – comment sought on Stats NZ data
- Tsunami drill – Council leading by example regarding business continuity
- Query regarding window washing – tickets are now being issued
- Mid-week market – moving because customers were getting parking tickets; Council helped find a new location
- Update to slip on Russell Road (routine)
- Targeting zero waste to landfill – coverage of public meeting
- Roadsafes promotion
- Ngapuhi Festival – series of questions/stories about the festival coming to Whangarei
- On-going publicity regarding Zodiac and its consent for a water bottling plant at Poroti
- Rules around using drones over public land
- By-election in the Denby ward
- Camping in public places – new bylaw confirmed
- New Tsunami boards going up at Whangarei Beaches
- Ruakaka Dune Lakes subdivision query from BBN.

Mayoral communications

We worked on a Powerpoint presentation on key issues facing Council, for presentation at the LGNZ Roadshow on Tuesday 21 November. We wrote letters to new Government ministers congratulating them on their positions and demonstrating a willingness to work together on issues facing Whangarei and Northland.

We researched then wrote speeches for the Mayor and the fortnightly Whangarei Report column. We also managed communications for the Mayor's office including letters, forewords, requests for mayoral media statements and articles for local publications.

People and Capability

Scholarships

We have advertised scholarships in Engineering and Planning over the last month. We are very pleased with the quality of responses and the level of interest and will update you on progress next month once we have had a chance to meet the applicants.

Health and Safety

Given that dealing with aggressive members of the public is our highest risk we regularly run courses teaching staff skills in this area. This month we have held two training courses covering customer conflict, both on the phone and in person, and armed robbery.

Our Health and Safety committee have identified workplace wellbeing as a key focus area for the coming year.

Wellbeing

We have a number of staff participating in the Movember initiative raising awareness for men's health issues. Later this month we have Dr Jim McLeod coming to talk with staff about mental health and wellbeing.

SOLGM Leadership – Northland initiative

As part of the four Northland Councils' initiative, the senior leaders of all Councils attended an afternoon earlier this month giving them an overview of the concepts learned on the programme by the leaders in their organisations and an opportunity to spend some time brushing up on their skills together.

Cadetship

We have welcomed five new cadets to Council this month. They are:

- Stuart Smillie – Business Records
- Lachlan Harris – Parks and Recreation
- Christi Karklins – Customer Services
- Jvana Paraku – Building Control
- Sarah Taka – Infrastructure Development

New Staff, Transfers and Leavers

| New Employees/Transfers | Name | Start Date |
|---|-----------------------------------|-------------------|
| Team Leader - RMA Approvals & Compliance | Stefan Naude | 2-Oct-17 |
| Consultation Adviser | Meryn Statham | 9-Oct-17 |
| Senior Strategic Planner | Bernadette Aperahama | 9-Oct-17 |
| Laboratory Assistant | Jessica Jones | 11-Oct-17 |
| Manager - District Development | Adam Worley | 16-Oct-17 |
| Building Control Officer | Ross Ford | 16-Oct-17 |
| Support Assistant - District Plan | Jane Cutang | 16-Oct-17 |
| Property Assessment Officer | Gina Utting | 30-Oct-17 |
| Manager - Infrastructure Planning & Capital Works | Shelley Wharton | 30-Oct-17 |
| Librarian - Central & Outreach Services | Nemo Thompson | 30-Oct-17 |
| | | |
| Roles filled and waiting to start | Name | Start Date |
| Bylaw Enforcement Coordinator | Rochelle Deane | 20-Nov-17 |
| Customer Relations Coordinator | Isabel Hanlon | 20-Nov-17 |
| Strategic Planning Coordinator | Sheila Taylor | 20-Nov-17 |
| Assistant Accountant | Lynda Walker | 8 or 15 Jan 18 |
| People & Capability Adviser | Eddie Wotherspoon | 15-Jan-18 |
| Manager - Business Support | Sue Miller | 15-Jan-18 |
| Planner (District Plan) | Tara Hurley | 15-Jan-18 |
| Team Leader - ICT Operations | Aretha Manus | 15-Jan-18 |
| | | |
| Roles not yet filled | Status | |
| District Plan Planner | Interviewing | |
| Resource Consents Planner (2) | Interviewing | |
| Water Treatment Technician | Interviewing | |
| Project Engineer (Fixed Term - 12 Months) | Interviewing | |
| Building Approvals & Compliance Officer | Interviewing | |
| Manager - Health & Bylaws | Interviewing | |
| Wastewater Treatment Technician | Shortlisting | |
| Business Analyst (Fixed Term) | Shortlisting | |
| Community Development Adviser (2) | Shortlisting | |
| Strategic Planner | Shortlisting | |
| Team Leader - Building Consents | Shortlisting | |
| Building Control Development Coordinator | Shortlisting | |
| Information Consultant | Shortlisting | |
| Team Leader – Rates | Advertising | |
| Water Rates Administrator | Advertising | |
| Building Control Officers | Ongoing | |
| Manager - Maori Relationships | With Agency | |
| | | |
| Leavers | | |
| Joanna Wilson | Strategic Planner | |
| Meg Tillett | Team Leader – ICT Ops | |
| Vicki Palmer | Non-fiction Collections Librarian | |
| Danni Vallely Te Kani | Events Manager | |
| Graham Gilleberg | Project Engineer | |

Democracy and Assurance

Official Information Requests

The official information requests that have been received this month are for information on:

- Fines revenue received by Council for the last two financial years
- Expenditure on legal services for the last two financial years
- Two requests on noise complaints made in relation to specified properties
- Training of Council's Alcohol Inspectors (EHOs) and in particular, attendance at the annual NZILLI conference
- Whether a specified property in Whananaki has historically had reserve status
- Dog related complaints made in relation to a specified property
- All resource consent applications made by Zodiac Holdings in relation to Poroti Springs
- A list of Denby candidates and their email addresses
- Two specified properties with reference to rates arrears
- The formation of the Mineral Extraction Area buffer zone
- Legal advice obtained in relation to the proposed Parking and Traffic Bylaw
- Leasehold properties on 21 year perpetually renewable ground leases
- Follow-up request relating to building consent and signage related complaints.

Democracy

Planning for the handover of workflows and processes for resource consent hearings has commenced with the full transition expected to be finalised by January 2018.

The Council chamber was refitted with new screens and projectors to make the information displayed more easily accessible for attendees, and the public.

Audit and Risk

The November insurance renewal is now complete. This renewal covers the bulk of Council insurance schedules, such as material damage, fleet vehicles insurance and trustee liability schedules. Premiums have increased by 14% overall which is in line with expectations and budget.

Internal Audit of the Payroll function is in the final stages of being completed and this will be reported to the December Audit and Risk Committee.

The Council Risk Management Framework is undergoing a revitalisation. Workshops are being scheduled with operational departments to review risk registers. This will provide clarity of direction as we identify risk themes and strategic risks. Results will be presented to the Audit and Risk Committee.

Strategy

Long Term Plan (LTP)

Staff and elected members have continued progressing the LTP work via Council briefings. A further four Council briefings were held during October, bringing the total number of briefings to 24. Briefings discussed Northland Regional Council priorities, community outcomes, activity profile reviews, rating review, key issues and capital projects. The Community Development Committee adopted the amended community outcomes at the October meeting. We remain on track to deliver the associated material to meet Audit NZ timeframes in late December and January next year.

Maori Liaison and Development

Te Paparahi o Te Raki WAI 1040 – Te Tiriti o Waitangi Claims

The hearings are complete there will be an opportunity for evidence to be considered. While awaiting the report, a parallel process for claimants to negotiate with the Crown and discuss settlements.

Maranga Mai process and its implementation is being discussed and considered by claimants and hapu throughout Tai Tokerau.

Minister for Treaty of Waitangi Negotiations is keen to begin face-to-face meetings with Ngapuhi rangatira, key advisors and hapu with a series of hui commencing 18 November 2017.

Maori Liaison Department

Māori Relationships Manager role has had keen interest and interviews have been conducted. An announcement will be made soon.

Staff Capability and Capacity

The popularity of the previous Cultural Awareness training in October has initiated another date sorted for staff to attend. 14 December 2017 at Terenga Paraoa marae. Staff that attended the last training were impressed with the content and format for the day and appreciated the cultural narrative of the Whangarei landscape.

RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| | |
|----|--|
| 1. | The making available of information would be likely to unreasonably prejudice the commercial position of persons who are the subject of the information. {Section 7(2)(c)} |
| 2. | To enable the council (the committee) to carry on without prejudice or disadvantage commercial negotiations. {(Section 7(2)(i))}. |
| 3. | To protect the privacy of natural persons. {Section 7(2)(a)}. |
| 4. | Publicity prior to successful prosecution of the individuals named would be contrary to the laws of natural justice and may constitute contempt of court. {Section 48(1)(b)}. |
| 5. | To protect information which is the subject to an obligation of confidence, the publication of such information would be likely to prejudice the supply of information from the same source and it is in the public interest that such information should continue to be supplied. {Section 7(2)(c)(i)}. |
| 6. | In order to maintain legal professional privilege. {Section 2(g)}. |
| 7. | To enable the council to carry on without prejudice or disadvantage, negotiations {Section 7(2)(i)}. |

Resolution to allow members of the public to remain

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

Move/Second

"That _____ be permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of Item _____.

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because _____.

Note:

Every resolution to exclude the public shall be put at a time when the meeting is open to the public.