



Te Kaunihera o
Te Awa Kairangi ki Uta
Upper Hutt City Council

Finance and Performance Committee | Te Kōmiti o Angitū me Ōhanga

Agenda

4.30 pm, Wednesday 11 September 2024

Council Chambers, Level 2, Civic Building, 838 - 842 Ferguson Drive, Upper Hutt

Chair: Councillor D M Bentley

Deputy Chair: Councillor E Holderness

Members: Mayor W N Guppy

Deputy Mayor H Swales

Councillor M G Carey

Councillor C B G Carson

Councillor J B Griffiths

Councillor A W Hammond

Councillor H Newell

Councillor T M Ultra

Councillor D Wheeler

Have your say

Members of the public can speak to any issue, idea or matter that falls within the meeting's [terms of reference](#). If you do wish to speak, it is preferable to let us know by midday of the day before the meeting. This can be done by emailing askus@uhcc.govt.nz, by calling 04 527 2169, or by registering on our [website](#). All Council and principal standing committee meetings are livestreamed through our [YouTube channel](#).

The agenda and associated report are available for inspection within two working days before a meeting at the following offices during business hours:

- Civic Building, 838 - 842 Fergusson Drive, Upper Hutt
- Upper Hutt Central Library, 844 Fergusson Drive, Upper Hutt
- Pinehaven Library, Corner Jocelyn Crescent and Pinehaven Road, Upper Hutt

Finance and Performance Committee | Te Kōmiti o Angitū me Ōhanga

Terms of Reference | Ngā Tohutoro

These Terms of Reference set out the principle areas for which Council maintains overall responsibility. They also set out the delegations of Council functions, duties and powers to Council committees, panels and groups. The delegations in these Terms of Reference are expressed in general terms. They are to be read together with the following propositions.

These Terms of Reference:

- Set out to assist elected members in undertaking their governance role,
- Do not delegate any function, duty or power which a statute (for example, clause 32 of Schedule 7 of the Local Government Act 2002) prohibits from being delegated,
- Are subject to Council's authority to elect to exercise any of the powers delegated in these Terms of Reference, and,
- Do not affect any delegation which the Council has already made or subsequently makes to a Council officer or other member of staff.

Membership:	Mayor and all Councillors Councillor Dylan Bentley (Chair), Councillor Emma Holderness (Deputy Chair), Mayor Wayne Guppy, Deputy Mayor Hellen Swales, Councillor Matt Carey, Councillor Chris Carson, Councillor Blair Griffiths, Councillor Bill Hammond, Councillor Heather Newell, Councillor Tracey Ultra and Councillor Dave Wheeler.
Meeting cycle:	The Committee meets five times annually.
Quorum:	Six members.
Delegated authority:	To make recommendations to Council.
Purpose:	To assist Council execute its financial and performance monitoring obligations.
Function	
To review and make recommendations to Council on:	
<ul style="list-style-type: none"> • Council's financial and non-financial performance against the Long-Term Plan and Annual Plan • Revenue and expenditure targets of key Long-Term Plan and Annual Plan projects • Council's financial and asset management policies and strategies to ensure they are reasonable and prudent, and that all applicable financial reporting standards have been met • Reports on rates and rates rebates, and approval of allocation of rate funding surpluses • Council's debt and investments portfolio • Debt recovery and recommending debt write-offs as appropriate • Applications for community amenities loans • Such other matters referred to it by Council 	

Finance and Performance Committee | Te Kōmiti o Angitū me Ōhanga

Wednesday 11 September 2024

Public Business	Page
1. Apologies	
2. Declarations of Interest	
<p>Elected members must declare any interests with items on the agenda that may arise between their roles as members and any private or other external interests they may have. If this happens, members should stand aside from decision-making related to any such interests. The current register of interests is on the Council website: https://www.upperhuttcity.com/files/assets/public/yourcouncil/meetings/register-of-interest/register-of-interest-elected-members-publicly-listed.pdf</p>	
3. Public Forum	
<p>Public forums are a defined period of time, which, at the discretion of a meeting is put aside for the purpose of public input. In the case of a committee or subcommittee, any issue, idea or matter raised in a public forum must fall within the terms of reference of that body. More information about attending and speaking at Council and Committee meetings is on our website: upperhuttcity.com/your-Council/Council-Meetings/Attending-and-speaking-at-Council-and-committee-meetings.</p>	
4. Water Meter Business Case update 2024 - 2025	5
<p>Report from the Financial Controller through the Director Finance, Risk and Digital Solutions dated 3 September 2024.</p>	
5. Local Water Done Well – Early and indicative Council financial projects	8
<p>Report from the Financial Controller through the Director Finance, Risk and Digital Solutions dated 3 September 2024.</p>	
6. Proposed Carryovers from the 2023 - 2024 Financial Year to the 2024 - 2025 Financial Year	14
<p>Report from the Financial Controller through the Director Finance, Risk and Digital Solutions dated 29 August 2024.</p>	
7. Council Loan Requirements 2024 - 2025	17
<p>Report from the Financial Controller through the Director Finance, Risk and Digital Solutions dated 29 August 2024.</p>	
8. Financial Management Report (Draft Rate Funding Statement) as at 30 June 2024	24
<p>Report from the Financial Business Partners, reviewed by the Financial Controller through the Director Finance, Risk and Digital Solutions dated 23 August 2024.</p>	
9. Debtors Report	36
<p>Report from the Financial Stsyems Analyst through the Financial Controller and the Director Finance, Risk and Digital Solutions dated 29 August 2024.</p>	

10. Public Exclusion

Pursuant to the provisions of [section 48 of the Local Government Official Information and Meetings Act 1987 \(LGOIMA\)](#), the public is excluded from the following part of the proceedings of this meeting. The particular interest(s) protected by [section 6](#) or [section 7](#) of LGOIMA which would be prejudiced by the holding of the whole or the relevant part of the meeting in public meetings are specified below:

General subject of each matter to be considered:	Reason(s) for passing this resolution in relation to each matter:	Ground(s) under section 48(1) for passing this resolution:
11. Debtors Report	The withholding of the information is necessary to protect the commercial position of the person who supplied ,or who is the subject of information. LGOIMA Section 7(2)(b)(i).	That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist, where the local authority is specified in schedule 1, under section 7 [except section 7(2)(f)(i)].
12. Summary of Rates Remissions for Economic Development	The withholding of the information is necessary to protect the commercial position of the person who supplied ,or who is the subject of information. LGOIMA Section 7(2)(b)(i).	

Geoff Swainson

Chief Executive | Te Tumu Whakarae



Te Kaunihera o
Te Awa Kairangi ki Uta
Upper Hutt City Council

Finance and Performance Committee | Te Kōmiti o Angitū me Ōhanga 11 September 2024

Water Meter Business Case update 2024 - 2025

Purpose of report | Te pūtake

1. The purpose of this paper is to request approval of bringing forward the Water Meter Business Case money forward from year 2 within the 2024 – 2034 Long Term plan to 2024 - 2025.

Recommendations | He tūtohunga

2. The Committee recommends that Council:
 - a. receives and notes the report titled Water Meter Business Case update 2024 - 2025,
 - b. approves Option one recommended by Wellington Water Limited – bringing forward the water meter money so they can move forward with the regional work

Background | Papamuri

3. Council allocated \$570,000 in year 2 of the 2024 – 2034 Long Term Plan (LTP) to investigate a business case for universal residential water meters.
4. No further funding was allocated within the LTP for any installation of water meters.

Discussion | Te Matapaki

5. The Wellington Water Committee has tasked Wellington Water (WWL) with starting the work programme to develop a regional business case for universal residential water meters in 2024 – 2025.
6. The \$570k allocated in the LTP is proportionally based on a regional calculation which includes the anticipated number of connections for Upper Hutt across the four local authorities in the region.
7. Other councils around the region aligned their budgets with the initial work programme timeline commencing in 2024 - 25.
8. For Wellington Water to meet the committees' current expectations, they have requested that the Upper Hutt budget is brought forward into this financial year.
9. This work is the investigation and business case work and does not commit Upper Hutt to installing water meters. Any decision relating to the installation of water meters would need to go through a separate consultation and decision-making process.

10. As part of the LTP Consultation the Council asked the community (option 2) if water meters should be included in the LTP. The final decision was to not include the potential estimated cost of water meters in any LTP figures.

Options | Ngā Kōwhiringa

Option One - Recommended

11. Bring forward the budget of \$570k in to 2024 - 2025 this will enable the commencement of the regional works. Water reserve will be used to cover the expenditure.

Option Two

12. Leave the budget as allocated within the LTP and do not approve option one, this would result in the work commencing without UHCC being considered at this stage. Not approving the change would leave Council in a position which would be contrary to the WWL and Council collaborative activities as set out in the WWL 2024 Letter of Expectation.

Significance and engagement assessment | Te tino Aromatawai

13. The options have been assessed and do not trigger the Significance and Engagement Policy.

Sustainability | Rautaki Whakauka

14. There are no sustainability considerations for Council at this time.

Financial and resourcing | Mahere Pūtea

15. Rate funding will not be impacted in the 2024 - 2025 financial year. If the proposal is approved the budget will be covered by the water reserve. However, this will mean that the interest budgeted from the reserve will be forgone. This also runs the risk that the reserve may go into a negative balance for this financial year. The monies will need to be rated for in the 2025 - 2026 financial year in line with the LTP.

Legal | Ture

16. There are no further legal considerations for Council at this time.

Risk | Tūraru

17. Option 1 has no further risks currently.
18. Option 2 has a delivery risk that the work programmed may not get completed this financial year, leaving UHCC as an outlier for the remaining Wellington Water Councils involved.

Date of report: 3 September 2024

Report writer:

Sarah Tunnicliffe

Financial Controller

Reviewed by:

Gunther Wild

Acting Director Asset Management and Operations

Kate Thomson

Director Finance, Risk and Digital Solutions**Approved by:**

Geoff Swainson

Chief Executive



Te Kaunihera o
Te Awa Kairangi ki Uta
Upper Hutt City Council

Finance and Performance Committee | Te Kōmiti o Angitū me Ōhanga
11 September 2024

Local Water Done Well – Early and Indicative UHCC financial projections

Purpose of report | Te pūtake

1. The purpose of this report is to provide a high level overview of the council's financial outlook post transition to an assumed water services entity, as part of the Local Water Done Well (LWDW) programme.

Recommendation | He tūhonga

2. That the Committee recommends Council receives and notes the report titled Local Water Done Well– Early and Indicative UHCC financial projections

Discussion | Te Matapaki

3. The work undertaken to provide this indicative financial outlook has the following assumptions built into the high level binary modelling.
 - A. The assumed go live date of new water services entity for the UHCC ratepayers and community is 1 July 2027. The first three years of the 2024 - 34 Long Term Plan remain as stated for water related services.
 - B. Assumed repayment of UHCC water services debt on this date in full, with no further payments for 'no worse off' funding.
 - C. Rates revenue has been adjusted to remove all water services related aspects.
 - D. All figures used are based on budgets in Long Term Plan 2024 - 34.
 - E. That the capital investment delivery will be achieved as per budget.
 - F. No further cost escalations have been factored in.
 - G. The calculations remove water activity only. No other changes have been considered. For example, S&P (Standard and Poor's) credit rating considerations. Any disestablishment costs associated with Wellington Water (WWL).

Key results

4. **Capex investment** – \$230M drop over the 10-year period of Long Term Plan post transition to new entity ([graph 1](#)).
5. **Debt projects** – the capex investment reduction has flow on impacts to debt levels. Net debt reduces to \$93M by 30 June 2028, compared to Long Term Plan level of \$254M ([graph 2](#)). Debt headroom improves in the same year to be \$78M higher than Long Term Plan and continues to increase to improved levels than the Long Term Plan ([graph 3](#)).
6. **Net debt to revenue** – whilst the Long Term Plan has a high point of 245%, the post transition results show a much-improved position with a peak of 113% ([graph 4](#)).
7. **Balanced operating budget** – achieved in 2027-28, which is an earlier timeframe than the Long Term Plan.
8. **Key risk** – asset revaluation work for three waters assets currently underway for Annual report 2023/24 valuation purposes. The outcome of the final valuation is not yet available.

Further details

Rates Revenue

9. The rates increase assumptions factored into the financial modelling is based on removing Three waters related rates in the Long Term Plan.

Table 1: Projected rates revenue increase (after growth assumptions)

	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034
LTP 2024-34	19.94%	13.63%	9.78%	3.00%	3.60%	5.15%	5.84%	1.82%	6.94%
Post water services transition	19.94%	13.63%	-28.88%	1.79%	-3.90%	-2.39%	-2.27%	-2.06%	-0.46%
Difference	0.00%	0.00%	-38.66%	-1.21%	-7.50%	-7.54%	-8.11%	-3.88%	-7.40%

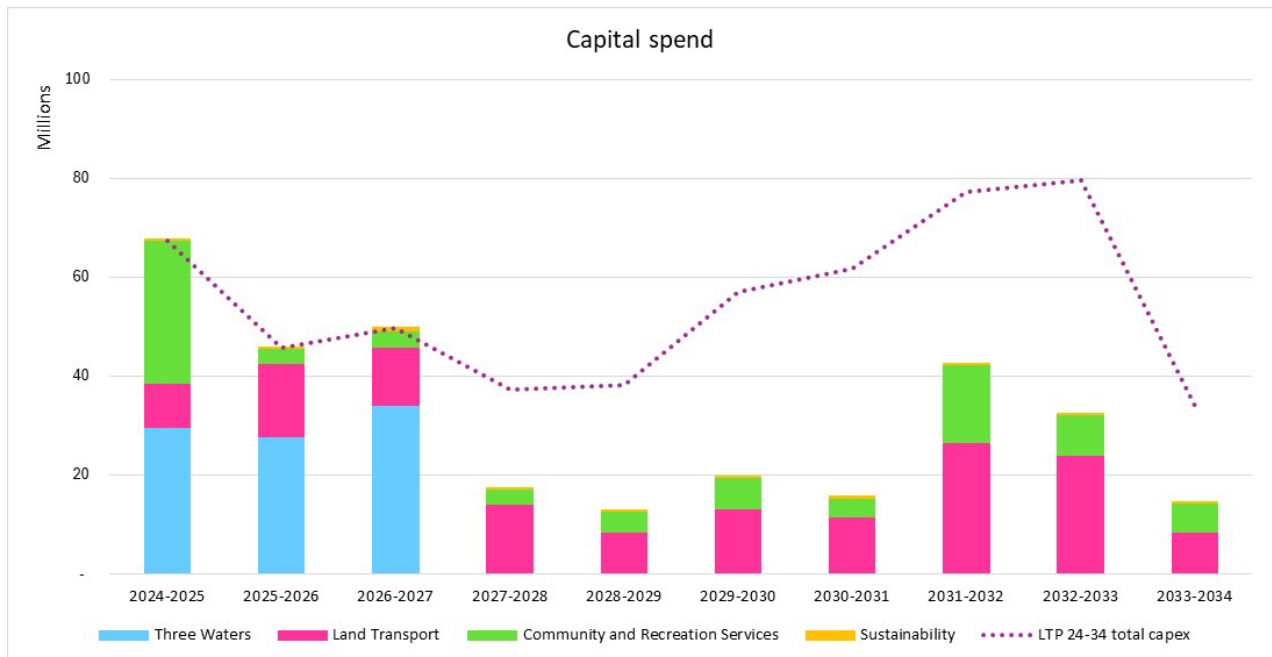
The dollar value decrease in rates revenue post transition is shown in table 2; with a total of \$371M less in rates revenue over 7 years post transition compared to the Long Term Plan.

Table 2: Projected rates revenue

Rates revenue	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	Total
LTP 2024-34	78.12	89.94	100.08	104.59	109.92	117.22	125.83	130.01	140.98	996.68
Post water services transition	78.12	89.94	65.32	67.46	65.85	65.26	64.76	64.39	65.06	626.15
Difference	-	-	- 34.77	- 37.12	- 44.07	- 51.97	- 61.08	- 65.62	- 75.92	- 370.54

Capital programme delivery

10. For the capital programme, we have assumed 100% delivery for Water Services capex for the purpose of these projections until 1 July 2027. Based on this, the financial modelling includes \$92M capex delivery over the three-year period for Water Services.

Graph 1 – Updated projected capital programme post transition

11. The forecast capital investment drops post transition, with an average per annum of \$22M capital expenditure compared to an average of \$55M in the Long Term Plan. This reduced capex impacts on the projected borrowings. There is a total reduction in capex of \$230M over seven years post transition compared to the Long Term Plan.

Asset transfer

12. All assets and work in progress related to Water Services are assumed to transfer as at 1 July 2027. The details of the specific assets to be transferred, particularly for Stormwater, will need to be worked through. The estimated transfer was expected to be around 45% of the total Council asset value across all activities when this modelling was last performed. The asset transfer value is expected to be around \$675M at 1 July 2027 based on the Long Term Plan projections. The asset transfer value is highly likely to change given the current valuation exercise underway.
13. There is an asset revaluation in progress for the Annual report 30 June 2024 and the asset transfer value cannot be reliably quantified at this stage. This is because there have been some early indications that the value of Water services assets has increased significantly higher than projected in the Long Term Plan. Once the revaluation and the audit process are complete any asset transfer value can be more reliably estimated and will be updated.

Operational costs and other funding

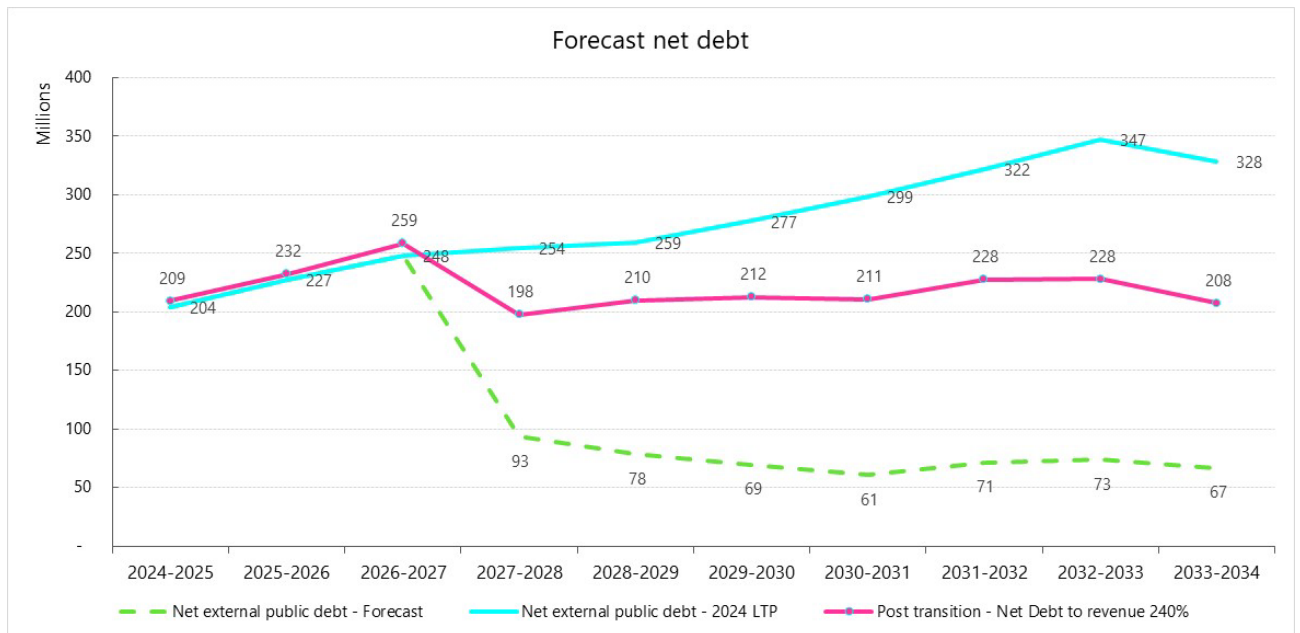
14. The financial projections included assume that no external funding is received by Council. The repayment of debt directly attributable to water services will be honored. Thus, there is no “worse off funding” as such. As any water plans are developed and there is better clarity provided, the assumptions will be reviewed and updated.

- 15. We have assumed for this modelling that all water services operational revenue and costs will transfer to the new entity or be fully offset by funding received from or related to the new entity as from 1 July 2027. The exception is stranded overheads (estimated to be \$8.4M over seven years). Currently we have assumed that these costs will need to be reallocated across the remaining activities. It is assumed there will be no additional funding to offset these costs. This assumption will be further reviewed as the regional delivery model is developed.

Debt and Interest

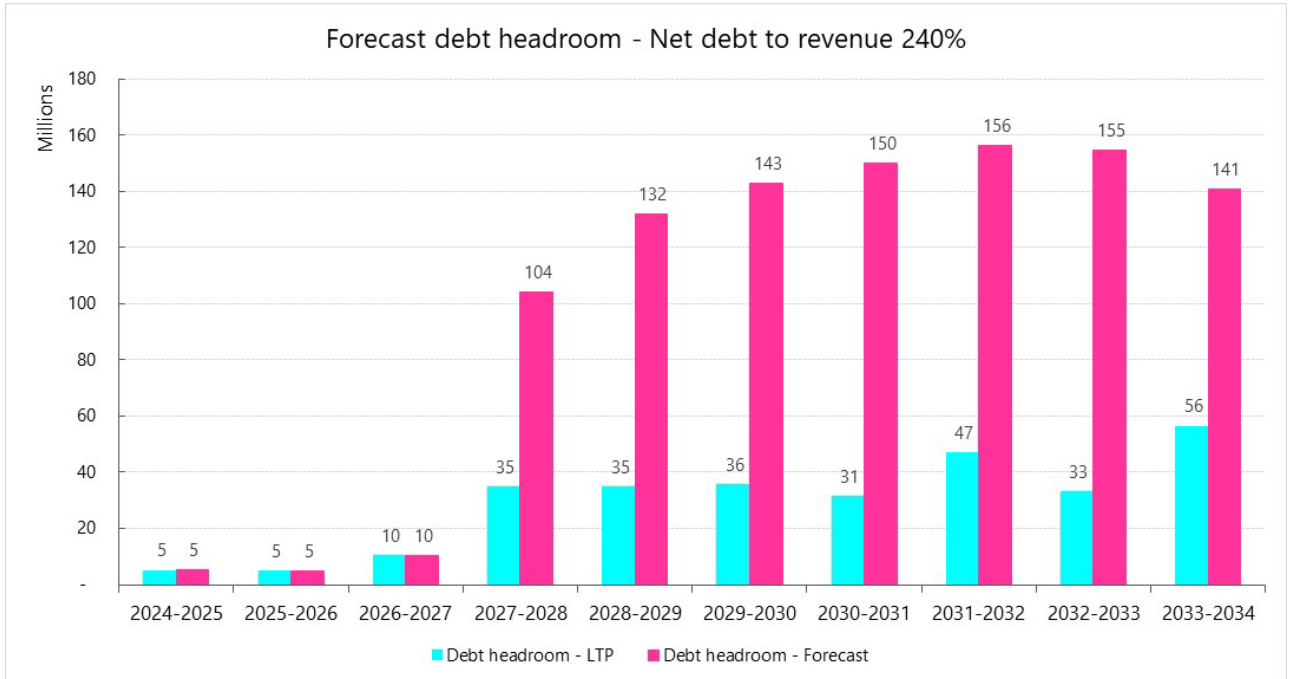
- 16. Opening balance of debt for Three waters as at 1 July 2022 has been carried over from the work performed for the Three waters reform under the previous legislation, and as agreed with the National transition Unit of the Department of Internal Affairs in 2023.
- 17. The debt and interest on borrowings is assumed to be repaid on transfer with the full payment being received on 1 July 2027. The debt is estimated to be around \$148M as at the end of 30 June 2027. This is subject to change dependent on the actual revenue, capital and operating costs incurred until then. As the regional model is further developed this assumption will be reviewed and updated.

Graph 2 – The comparison of projected debt pre and post transition is presented below, together with the debt to revenue limit post transition

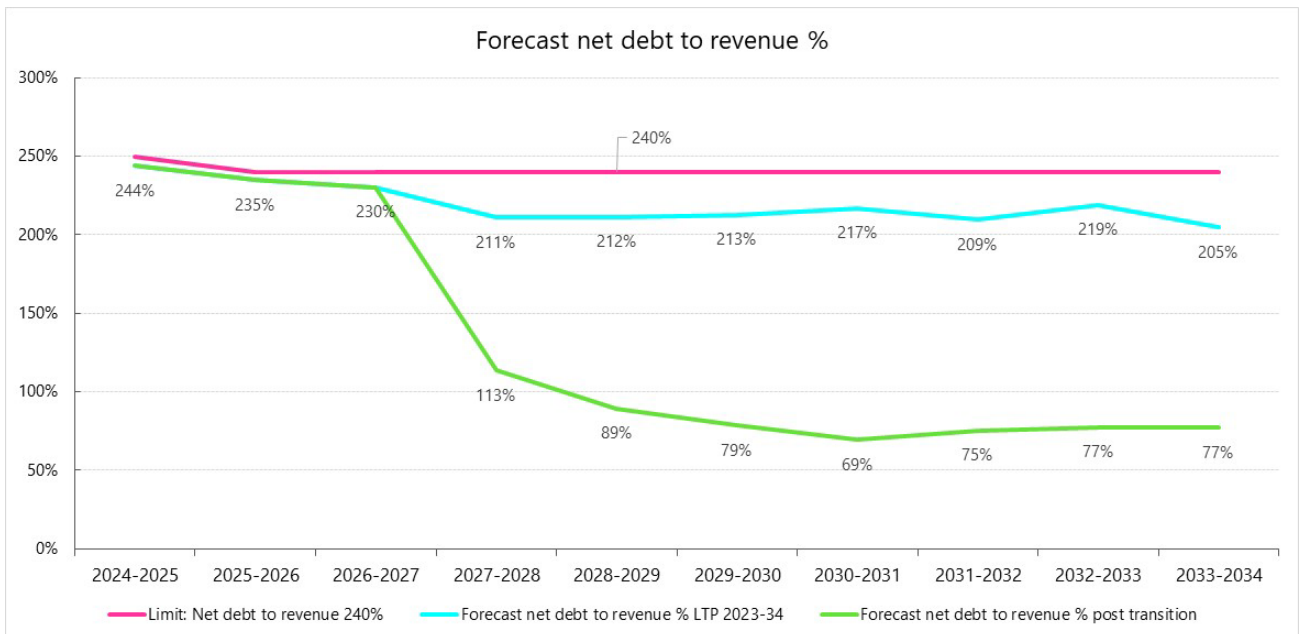


- 18. In the graph the blue line is the Long Term Plan (position including Water Services) and the green dotted line graph being post transition, excluding Water Services. The assumed debt repayment of \$148M, results in a drop in debt levels, which continue to reduce given the lower capex spend and assumed rates revenue settings.

Graph 3 – The comparison of the debt headroom pre and post transition, i.e. projected debt compared to the net debt to revenue limit



Graph 4 – The forecast net debt to revenue percentage against the limit of 240% pre and post transition.



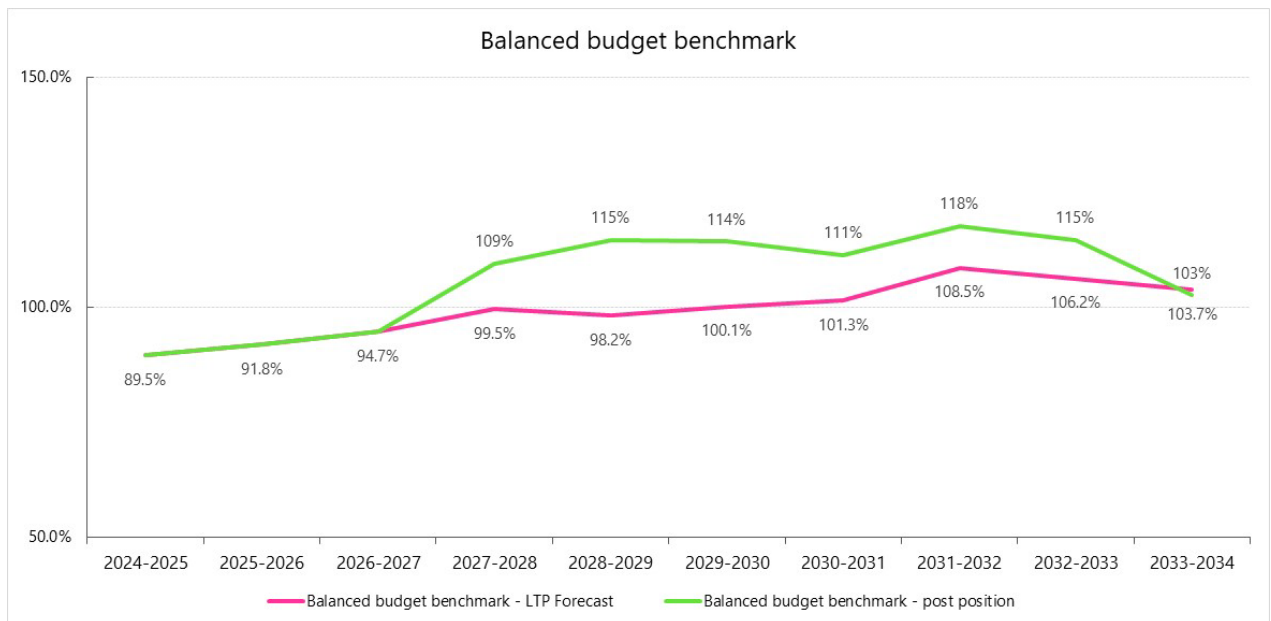
19. The projections show a significantly favorable outlook. The net debt to revenue ratios is much lower post transition with the highest being 113% in 2023 compared to a high of 244% for the Long Term Plan.

Balanced operating budget impact

20. The balanced budget post transition is projected to be achieved in 2027-2028, which is two years earlier than the Long Term Plan projections. This is largely dependent on:

- the debt repayment being received as assumed in the modelling,
- rates increases in future years being approved at the assumed increases, and
- no significant cost escalations beyond those currently approved and factored into the budgets.

Graph 5 – Balanced budget position based on Long Term Plan 2024-34 budgets



Date of report: 3 September 2024

Report writer:

Sarah Tunnicliffe
Financial Controller

Reviewed by:

Kate Thomson
Director Finance, Risk and Digital Solutions | Kaihautū Ratonga Rangatōpū

Approved by:

Kate Thomson
Director Finance, Risk and Digital Solutions | Kaihautū Ratonga Rangatōpū

Geoff Swainson
Chief Executive | Te Tumu Whakarae



Finance and Performance Committee | Te Kōmiti o Angitū me Ōhanga
11 September 2024

Proposed Carryovers form the 2023 - 2024 Financial Year to the 2024 - 2025 Financial Year

Purpose of report | Te pūtake

1. The purpose of this report is to request approval for carryovers of funding from the 2023 - 2024 to the 2024 - 2025 financial year.

Recommendation | He tūhonga

2. That the Committee recommends that Council:
 - (i) receives the report titled Proposed Carryovers form the 2023 - 2024 Financial Year to the 2024 -2025 Financial Year; and
 - (ii) resolves that the Chief Executive be given authority to carry over unutilised funding for the items listed as carryovers on the Schedule appended to this report, ([Attachment 1](#)) based on his assessment of the financial position and status of each item as at 30 June 2024.

Discussion | Te Matapaki

3. Following a review by officers, Council projects and other items have been identified as not completed by 30 June 2024. These items and explanations are detailed on the schedule appended to this report. ([Attachment 1](#))
4. The breakdown of funding for the proposed carryovers is detailed as follows with last year's amounts noted for comparative purposes:

Source	2023 - 2024 to 2024 - 2025	2022 - 2023 to 2023 - 2024
Rates (General and Targeted)	\$358,806	\$1,209,791
Subsidy/Grant	\$137,869	\$6,602,491
Loan	\$11,622,734	\$53,818,975
Special Funds	0	0
Total	\$12,119,409	\$61,631,257

5. The total value of carryovers has decreased from the previous year due to the rephasing of budgets within the current 2024 Long Term Plan (LTP). Council will be able to see from the attached schedule the particular reasons for each new proposed carryover request.
6. Only 3% of the requested carryovers are from rate funding with the majority (95.9%) being loan funded projects. Subsidy/Grant funds are 1.1% of the requested carryover. Loans are only drawn down as funds are required.

7. Council will note that there is a mixture of capital and operational expenditure items in the proposed carryovers list. As previously noted to Council, only capital items would come to Council for approval to carry over. However, it is worth noting that the operational projects identified are for specific items with identifiable requirements that represent commitments to the community from our Long Term and Annual Plans. For simplicity and clarity, they should therefore be carried over specifically rather than being released to the General Reserve.

Significance and Engagement Assessment | Te Tino Aromatawai

8. There are no significance and engagement implications.

Sustainability | Rautaki Whakauka

9. There are no sustainability implications.

Financial and Resourcing | Mahere Pūtea

10. The resolution would allow Council officers to amend the loans to be drawn down, and the use of unutilised budgets from 2023 - 2024 to be carried forward to 2024 - 2025 instead of being added to the General Reserve.

Legal and Risk | Ture & Tūraru

11. There are no legal or risk implications at this time.

Included attachment | Ngā āpitihanga

12. [Attachment 1: Proposed carryovers](#)

[page 16](#)

Date of report: 29 August 2024

Report writer:

Sarah Tunncliffe

Financial Controller

Reviewed by:

Kate Thomson

Director Finance, Risk and Digital Solutions | Kaihautū Ratonga Rangatōpū

Approved by:

Kate Thomson

Director Finance, Risk and Digital Solutions | Kaihautū Ratonga Rangatōpū

Geoff Swainson

Chief Executive | Te Tumu Whakarae

Schedule – Proposed Carryovers

Carryovers as at 30/June/2024		GL	Total Carry-over amount \$	FUNDED BY			Comment - Descriptive Reason for Carryover	
Detail				General Rates	Subsidy or Grant	Loans		Special Funds
Corporate Project Management Office	Payroll project	2956055	298,806	298,806			The payroll project has started with workshops happening with our preferred supplier since June. Due to the timing, the project falls over two financial years (it is due to be handed over in December 2024). Carryover will be used to finish the implementation of the software.	
	Environmental Health - Datascape	2596055	60,000	60,000			EHO project has largely completed and gone live on the website in August. The carryover will pay final invoices for implementation.	
Non-subsidised Roading	Carpark upgrades	3122711	40,000			40,000	To finish the Hapai carpark work - expected to complete in July.	
Sustainability	Carbon Neutral - Capex	3222101	78,600			78,600	Approved Solar Panels for Pool	
	Carbon Neutral Carryover - Capex	3222101C	70,300			70,300	Approved Solar Panels for Pool	
	Sustainability Stimulus Grant	3226075	137,869				Grant has been allocated to successful candidates and is awaiting payments to be made once the conditions have been met.	
Potable Water	Watermain upgrades	3302654	832,751			832,751	The Chatsworth Road Watermain was delayed with contractors starting on site in June. This budget will be carried over to continue the onsite works and the pressure management works that was presented to council in May.	
	Bridges Seismic Strengthening	3302714	1,388,843			1,388,843	Delays in procurement and price increases for Totara Park Rd Bridge Watermain	
Stormwater	Pinehaven Stream Upgrade	3402719	3,466,301			3,466,301	The Pinehaven stream project is currently in phase 2 - the remaining budget will be used to finish phase 2 (\$200K) and the remaining \$2.26M will go towards phase 3.	
Wastewater	Wastewater mains renewal	3502659	392,285			392,285	Remaining budget will be used to complete pre-construction activities on the Cole Grove renewal.	
	Wastewater project capital - Shared Service		3,792,104			3,792,104	The remaining budget will be used towards the Western Hills Trunk which has been identified as an urgent project by Wellington Water and Hutt City Council.	
Parks and Reserves	Regional Cycle Trails	4102807	233,665			233,665	This a regional project work with GWRC that has started in 23-24 and will continue in 24-25. We have received grant money for the project and will need to complete it.	
	Regional Cycle Trails Carryover	4102807C						
	Walkway asset replacement	4102797C	200,000			200,000	To complete the upgrade track work between Fergusson Dr to the Duck Pond and Dun Craig Street.	
Cemetery	Cemetery Development	4202381	525,000			525,000	The project has been delayed whilst the project team worked through the options. Project has started and will continue in to the next financial year. The carryover is for the UHCC portion only.	
Economic and Retail Development	Residential Stimulus Policy (CRD) - Loan Funded	5806053	250,000			250,000	projects approved for funding have not been completed and the costs span over more than one financial year	
	Residential Stimulus Policy (CRD) Carryover	5806053C	36,935			36,935	projects approved for funding have not been completed and the costs span over more than one financial year	
	Business Stimulus Policy - Loan	5806059	315,950			315,950	projects approved for funding have not been completed and the costs span over more than one financial year	
			-			-		
			12,119,409	358,806	-	11,622,734	137,869	
	Zero Check			3.0%	0.0%	95.9%	1.1%	



Finance and Performance Committee | Te Kōmiti o Angitū me Ōhanga
11 September 2024

Council loan requirements 2024 - 2025

Purpose of report | Te pūtake

1. The purpose of the report is to seek Council approval for the raising of loan financing for the financial year ending 30 June 2025. Following the adoption of the 2024 - 2034 Long Term Plan, new loans to the value of up to \$69,155,391 (being \$57,532,657 - new projects and \$11,622,734 - prior year carryovers) are to be arranged during the current financial year to fund the capital works as listed in the report below.

Recommendation | He tūhanga

2. That the Committee recommends that Council:
 - A. receives the report entitled Council loan requirements 2024 – 2025,
 - B. borrows up to \$69,155,391 (the borrowed sum), being maximum amount for the purposes stated in the Council's 2024 - 2034 Long Term Plan for the financial year ended 30 June 2025 and carryovers,
 - C. maintains and utilises an overdraft facility (the overdraft), and may repay and redraw under that facility, for the council's cashflow management up to a maximum outstanding at any time under such facility of \$600,000,
 - D. approves the Chief Executive be hereby delegated authority to negotiate and agree the terms, interest rate payable by Council, frequency of interest payments, timing of drawdowns, number of loans, facilities or issues stock which make up the borrowed sum and the overdraft and all other terms and conditions of such loans or facilities or stock including whether such loans, facilities or stock will be secured under the Debenture Trust Deed, as may be necessary for the obtaining of such loans, facilities or stock on behalf of the Council in accordance with the Upper Hutt City Council Treasury Risk Management Policy,
 - E. approves the Chief Executive be hereby delegated authority to approve all transactions contemplated by the documents required to facilitate the financing of the borrowed sum and the overdraft,
 - F. in the event the terms and conditions of the borrowed sum loan require the Council to subscribe to borrower notes, the Chief Executive be hereby delegated authority to borrow in addition to the borrowed sum, the minimum amount necessary to enable the Council to subscribe to the number of borrower notes required by terms and condition of the loan so that the net amount advanced to the Council equals the borrowed sum,

- G. authorises the Chief Executive to negotiate and enter suitable Forward Rate Agreements and any security arrangements required by other party to the Forward Rate Agreement to manage the interest rate risk of the borrowing in accordance with the Treasury Risk Management Policy, and
- H. authorises the Chief Executive be hereby delegated authority to sub-delegate powers, duties and discretions, delegated to them under the resolutions above, to members of the Council's Executive Leadership Team, as they consider appropriate.

Discussion and options | Te matapaki me ngā kōwhiringa

- 3. The proposed borrowing is required in order for Council to carry out its commitments in the Long Term Plan and Annual Plan. There are no other valid alternatives.

Significance and engagement assessment | Te tino aromatawai

- 4. The borrowing requirements were included in any consultation carried out during the development of the 2023 - 2024 Annual Plan and the 2024 - 2034 Long Term Plan.

Sustainability | Rautaki whakauka

- 5. The purpose of this report is to facilitate borrowings for projects identified in the Long Term Plan and Annual Plan. Sustainability considerations are undertaken at the project level. All borrowings are taken out through the Local Government Funding Agency, who recognise that it has an important role to play in the advancement of the sustainability goals of local councils, and specifically supports lending for sustainability initiatives.

Legal and risk | Ture and tūraru

Nature of Security

- 6. Council operates under a Debenture Trust Deed, to provide a charge on its present and future rates, rates revenue, and the deemed special rate. It is proposed that the Borrowing for the financial year 2024 - 2025 will be secured by the Debenture Trust Deed.

Risk and benefits

- 7. The benefits of the borrowing are that it will enable the Council to continue with the projects for the city, outlined in the Council's Long Term Financial Strategy, while spreading the costs for those projects over time to recognise future benefits. The risk of the borrowing is that interest rates may vary in the future and that Council may end up paying higher debt servicing costs, if there was an adverse moment, than are budgeted for through the Annual Plan process.

Land transport borrowing

- 8. The borrowings under Land Transport (subsidised) include funding the Council's share of some projects; the balance of these is budgeted to be funded by Waka Kotahi. In the event that Waka Kotahi declines to fund its share, borrowing may not be required, or the project may be undertaken to a lesser extent or over a longer period.

Interest rate risk

9. The Council's Treasury Risk Management Policy (the Policy) permits the use of Forward Rate Agreements (swaps) to manage the Council's exposure to interest rate risk. It is proposed to enter into appropriate swaps, relying on external professional advice, in relation to the borrowing. While Forward Rate Agreements and Stock Security Certificates may be entered without an express resolution from the Council because they do not constitute "Borrowing", in the interests of transparency it is appropriate to include **recommendation 2(E)** in the annual borrowing resolution.

Compliance with Policy

10. The Policy (which also complies with the Local Government (Financial Reporting and Prudence) Regulations Act 2014 and the Local Government Funding Agency borrowing covenants), prescribes that Council will adhere to the following borrowing limits:
- Net Debt as a percentage of total revenue will not exceed 250% (internal limit),
 - Net interest as a percentage of total Revenue will not exceed 15%.
 - Net interest as a percentage of Annual Rate Income will not exceed 17.5%, and
 - Liquidity (as defined in the policy) will be greater than 110%.
11. The Council's existing indebtedness (\$179M) as at 30 June 2024 plus the proposed additional borrowing will remain within the limits specified in the Policy and the Debt Affordability Benchmarks.

Financial and resourcing

Amount of borrowing required

12. The Council's 2024 - 2034 Long Term Plan provides for new borrowing as detailed below:

Parks and Reserves	Amount	Total
Toilets	\$42,968	
Shower & Changing Room Upgrades	\$27,803	
Amenities replacement	\$203,108	
New roading seal	\$32,529	
Renewal roading resealing	\$57,763	
Play equipment	\$158,209	
Parks Building Upgrade	\$9,099	
Walkway signage	\$15,469	
Maidstone Park Pavilion	\$14,660	
New Parks pathways and walkways	\$13,143	
Walkway Asset Replacement / Refurbishment	\$264,152	
Regional cycle trails	\$190,165	
Maidstone Park Turf renewal	\$541,442	
Underground pipe replacement	\$2,528	\$1,573,033

Property	Amount	Total
CCTV Security Cameras	\$113,892	\$113,892

Land Transport (subsidised)	Amount	Total
Pavement Seal Smoothing	\$588,000	
Footpath Renewals - Subsidised	\$347,283	
Footbridge Renewals - Subsidised	\$12,228	
LCLR New Footpaths - Subsidised	\$15,429	
Minor Safety programme	\$490,512	
Rural Road High Priority Safety Projects	\$416,500	
Cycleway Renewals	\$6,431	
Silverstream Bridge Replacement	\$36,750	
Trentham IAF – Road Improvements	\$294,000	
Unsealed Road Metalling	\$2,361	
Sealed Road Resurfacing	\$857,500	
Drainage Renewals	\$234,022	
Structures Component Replacement	\$75,266	
Traffic Service Renewals	\$301,574	
Enhance cycle and walkway - Rail Corridor UHCC 49% Loan	\$245,000	\$3,922,856

Land Transport (non-subsidised)	Amount	Total
Carpark Upgrades	\$49,613	
Litter Bin Replacement	\$6,623	
Rural road upgrades (Moonshine, Whitemans Valley, Mangaroa)	\$218,176	\$274,412

Water Supply	Amount	Total
Critical Asset Renewals	\$500,000	
Watermains Renewal	\$4,911,363	
Bridges Seismic Strengthening	\$2,712,249	
Sustainable Water	\$262,507	
Community Infrastructure Resilience	\$500,000	
Development Projects - Reactive	\$51,175	\$ 8,937,294

Wastewater	Amount	Total
Wastewater mains renewal	\$4,945,016	
Critical Asset Renewals	\$500,000	
Resilience	\$1,156,555	
Wastewater projects capital	\$9,813,558	
Development Projects - Reactive	\$51,175	\$16,466,304

Stormwater	Amount	Total
Stormwater Renewal	\$254,350	
Critical Asset Renewals	\$100,000	
Stormwater Upgrades	\$20,000	
Resilience	\$757,390	
Pinehaven Stream	\$1,534,338	
Development Projects - Reactive	\$31,175	\$2,697,253

Cemetery	Amount	Total
Vehicle and Plant	\$657,830	
Cemetery Development	\$1,911,259	\$1,969,089

Library	Amount	Total
Library I.T Capex	\$5,000	\$5,000

H2O Xstream	Amount	Total
H2O Xstream upgrade	\$21,507,459	\$21,507,459

Emergency Management	Amount	Total
Radio communication system	\$6,066	\$6,066

Sustainability	Amount	Total
Carbon Neutral - Capex	\$60,000	\$60,000

Total requirement New Projects		\$57,532,657
---------------------------------------	--	---------------------

13. In addition, the Council will approve the carryover of the following loan-funded projects from the 2023 - 2024 Annual Plan, being part of the 2021 - 2031 Long Term Plan, as summarised below and listed in the carryovers schedule in [Attachment 1](#) to this report.

Carry-overs Source	Amount
Loan	\$11,622,734

Purpose of borrowing

14. The purpose of borrowing is the carrying out or continuing of the projects as identified in the 2021 - 2031 Long Term Plan encompassing the 2023 - 2024 Annual Plan, to assist the Council in its cashflow management.

Included attachment | Ngā āpitihanga

15. Attachment 1: Schedule – Proposed Carryovers

page 23

Date of report: 29 August 2024

Report writer:

Sarah Tunnicliffe
Financial Controller

Approved by:

Kate Thomson
Director Finance, Risk and Digital Solutions | Kaihautū Ratonga Rangatōpū

Geoff Swainson
Chief Executive | Te Tumu Whakarae



Finance and Performance Committee | Te Kōmiti o Angitū me Ōhanga 11 September 2024

Financial Management Report (Draft Rate Funding Statement) as at 30 June 2024

Purpose of report | Te pūtake

1. The purpose of the report is to provide a high-level commentary on the financial position. A summarised Rate Funding Statement for the year to date to 30 June 2024 is included as [Attachment 1](#) to this report. The overall rates funding surplus is \$2.04M, this amount may change as officers continue to finalise year-end.

Recommendation | He tūhonga

2. That the Committee recommends Council receive and notes the report titled Financial Management Report (Rate Funding Statement) as at 30 June 2024.

Discussion | Te matapaki

Commentary on financial results | Kōrero mō ngā hua pūtea

Rate funding statement - Overview

3. The rate funding statement shows the rates spent year-to-date against the total rates-funded expenditure as budgeted in the Annual Plan. The budgeted amounts are adjusted to include monies carried over. The rates-funded expenditure requirement is the basis for the rates strike at the beginning of the year. The amount is net of the other revenue, such as subsidies for roading, as well as exclusive of non-cash items such as depreciation and vested assets. As such, this funding statement only includes those items of revenue and expenditure that impact the rates required, it does not include loan-funded expenditure (i.e., capital expenditure).
4. Although the rate funding statement does not include loan funding, it does include loan repayments and interest, this means the results are still impacted by any delay in capital expenditure.
5. The variance explanations below do not include overhead allocations – all variances relate only to direct costs. The intent is to ensure that variances of actual spending to budget are not 'muddled' by overhead allocation variances.
6. Based on the unaudited results, the surplus to be transferred to the General Reserve at year end amounts to \$2.04M. This amount does not account for carry-overs i.e. the surplus will likely be less once carry-overs have been taken into account. Please note that these figures are not the final results.

Leadership

7. Leadership is under budget by \$11k. There are no significant variances to report.

Land transport

8. Overall, Land transport is over budget by \$463k for the year to date.

Subsidised Roothing

9. Subsidised Roothing spending is \$605k higher than budgeted. This is largely due to higher spending in environmental maintenance (\$287k) and sealed pavement maintenance (\$992k). This is offset by lower than budgeted interest expenses (\$81k) due to under budget capital spend and routine drainage maintenance (\$69k). The higher maintenance spend is partially offset by the 51% share income received from Waka Kotahi. Waka Kotahi run a three-year funding programme and the overspend was within the budgeted spend for the three years.

Non-subsidised roading

10. Non-subsidised roading is under budget by \$143k. This is largely due to the completion of capital works being slower than planned in the budget and the related interest expenses being under budget (\$51k). Works contingency costs were also underspent (\$219K). There are small overspends in various categories, the largest being an overspend in street cleaning (\$118k).

Three waters

11. Overall, the three waters area are \$1,596k over budget for the year. The three waters cost centers are a mix of council-controlled budgets and Wellington Water Limited operational budgets. This means actual spending and budgets do not directly reconcile with the dashboards provided by Wellington Water Limited. Variances occur between the three waters due to intra-transfers; this continues to occur as Wellington Water Limited reallocate some of the remaining budget amounts between the three waters. Council does not replicate the budget changes due to our three waters being targeted rates and the requirement that Council keeps the funds separated. This issue has been raised with Wellington Water Limited a number of times.
12. Water supply costs are over budget by \$1,109M. This variance is largely due to water meter charges income being lower than budget (\$285k), the bulk water levy cost being higher than the budgeted cost by (\$464k.) and Wellington Water Limited controlled budgets were \$370K higher than budgeted. This is in part due to the redistribution of budgets mentioned in **paragraph 11**.
13. Wastewater is over budget by \$675k. \$365k of this is due to higher than budgeted spending on the shared wastewater trunk service with Hutt City Council. Interest expense is over budget by \$305k and WWL-controlled budgets were overspent by \$98k. This is offset by lower than budgeted infrastructure insurance (\$55k) and extra income received from trade wastewater (\$56k).
14. Stormwater is under budget by \$188k. The variance is largely due to lower than budgeted interest expenses (\$181k). Interest was budgeted for the Pinehaven stormwater capital project which has suffered delays. Subsequently the debt drawn down was less than the budgeted debt.

Sustainability activities

15. Overall, Sustainability activities area is under budget by \$75k for the year to date.
16. Solid waste was under budget by \$109k. This is due to lower than budgeted landfill income received from Hutt City Council (\$79k) and less rubbish bag revenue (\$30K).

17. Waste levy activities are under budget by \$67k. This is due to lower than budgeted “drop off” recycling center costs (\$34k), lower than budgeted spend on Wellington Region Waste Management (\$16K) and waste minimization plan related projects (\$31k)
18. Sustainability is under budget by \$117k. This is largely due to the timing of the Better Off funding income and payment of the Sustainability grants to applicants. The budget will be carried over to next year for applicants who have been approved for funds in this financial year and are yet to fulfil the requirements to receive the grants monies.

Planning and regulatory services

19. Overall, Planning and Regulatory Services is under budget by \$558k year to date.

City planning

20. City planning is under budget by \$221k. This is due to lower than-budgeted regional growth framework structure plan costs (\$215k). This work is underway using internal staff resources, no external spending has been required for this financial year.

Animal control

21. Animal Control is under budget by \$74k. This is due to actual dog registration revenue being \$64k higher than budgeted. This is due to officers proactively following up on unpaid registrations earlier in the year.

Building control

22. Building control is under budget by \$123k. The variance is due to securing an in-house inspector with “Commercial3” competency thus making budget savings (\$56k), thus Wellington City Council services are no longer required. Some of those savings are offset by Building consent fees being down. Revenue from the Simpli Portal recovery fees was \$46k higher than budget.

Environmental Health

23. Environmental Health is under budget by \$163k. Environmental Health Services came back in-house to council effective from 1 July 2023, it had previously been outsourced to Hutt City Council for many years. This change was implemented after budgets were set.

Parking enforcement

24. Parking enforcement costs are over budget by \$66k. This is due to parking infringement income being below budget (\$109k). This lower revenue was partially offset by various underspends, the largest being Ministry of Justice levies (\$17k), court costs (\$18k) and parking contractor expenses (\$17k).

Alcohol licensing

25. Alcohol licensing is under budget by \$42k. This is largely due to an underspend in personnel costs (\$25k). Revenue for the year is also slightly higher due to an increase in Liquor License Fees \$19k.

Community and recreation services

26. Overall, the Community and recreation services is under budget by \$471k for the year to date.

Community development

27. Community development is under budget by \$21k. This is due to personnel costs being underspent by (\$10k) due to a vacant position over a portion of this period.

Activation

28. Activation is under budget by \$61k. The variance is mainly due to underspends in personnel costs (\$65k) which is largely due to receiving external funding of staffing through the activation programmes.

Emergency management

29. Emergency management is under budget by \$27k. The variance is due to an underspend in personnel costs (\$23k), the staff vacancy was filled in October 2023.

Parks and reserves

30. Parks and reserves are over budget by \$163k. This is largely due to higher than budgeted interest expenses (\$426k), this is partially offset by Miscellaneous Revenue being above budget by (\$193k) due to receiving unbudgeted grants from the Ministry of Business, Innovation and Employment, along with a stopped road (Blue Mountains).

H2O Xtream

31. The pool is under budget by \$743k. The variance is largely due to lower than budgeted personnel costs. Staff numbers have decreased with the extended pool closure.

Library

32. Library costs overall are under budget by \$124k. This is largely due to underspends in Equipment Repairs & Maintenance (\$13k), Library Resources (\$15k), Electricity (\$17k), Computer software support (\$25k) and other smaller underspends. The council received unbudgeted revenue from the New Zealand Library partnership project during the year (\$41k).

Whirinaki Whare Taonga

33. Whirinaki Whare Taonga is over budget by \$80k. This is largely due to a grant paid to Whirinaki for community arts that was missed in the budgeting process.

Property

34. Property is over budget by \$223k. The variance is largely due to unbudgeted operational move costs associated with the civic building strengthening project (\$192k) and lower lease income (\$22k).

Akatārawa cemetery

35. Akatārawa Cemetery is under budget by \$39k. The variance is due to a significant reduction in spending on ground maintenance (\$43k), this is largely done in-house this financial year.

Economic development

36. Economic Development is over budget by \$58k. This is a 3% overspend. There are no significant variances in individual budget lines

Support services

37. Overall actual support services costs are \$3.045M underspent year-to-date. One of the main drivers for this is in Finance where significant revenue increases (\$1.7M) were made from the increased interest and investment rates.

Chief Executive office

38. The Chief Executive office is over budget by \$782k. This is due to the discretionary staff salary funding yet to be allocated to the correct cost centers.

Corporate administration

39. Corporate administration is under budget by \$79k. This is due to a vacant position in the team that will not be refilled.

Legal and risk

40. Legal and risk is over budget by \$379k. There was a minimal budget allowance for any external legal costs. This is due to unplanned legal matters dealing with rates and properties and other mediation and dispute costs.

Performance and capability

41. Performance and capability are under budget by \$178k. This is largely in relation to underspends in consultancy costs (\$58k) and Wellness funds (\$79k).

Finance

42. Finance is under budget by \$1.46M. This variance is largely due to higher than budgeted revenue collected from interest on investments (\$1.29M) and general rate penalty revenue (\$135k).

Digital and information solutions

43. Digital and information solutions is over budget by \$268k. This is due to various overspends, the largest being managed services (\$105k), software licenses (\$55k) and business continuance (\$62k).

Corporate programme management office

44. Corporate Programme Management Office is under budget by \$434k. This is largely timing related to the records project, The environmental health system and payroll software projects were late commencing, both now in progress, with the environmental health system released for use. The payroll project is well underway and due to be completed in the first half of the 24-25 financial year.

Director Finance, Risk and Digital Solutions

45. Finance, Risk and Digital Solutions is over budget by \$8k. No significant variances to report.

Roading management

46. Roothing management is under budget by \$121k. This variance is largely due to underspends in Salaries and wages (\$85k) and Motor Vehicle expenses (\$31k). Salaries are due to vacancies in the team at the start of the financial year, these vacancies have since been filled.

Assets management

47. Assets management is over budget \$51K. The variance is largely due to capital project delays which affect internal project management salaries and time sheeting recoveries.

Three waters management

48. Three waters management is under budget by \$254k. The variance is largely due to underspends in the Wellington water contract (\$106k) and engineering services (\$100k). Wellington Water Limited management contract savings were savings areas
49. identified by Wellington Water Limited to help offset operational cost (OPEX) overspends primarily in the drinking water space.

Engineering consents

50. Engineering consents is over budget by \$51k. This is due to various over and underspends. Salaries are overspent (\$89k) and offset partly by savings in Consultant fees being underspent (\$40k).

Customer service centre

51. Customer service center is under budget by \$47k. The variance is due to various small underspends. The largest being in Salaries (\$41k), this is due to vacancies in the team over the financial year that have since been filled.

Asset management and operations

52. The Director of Infrastructure budget is underspent by \$117k. The variance is due to a number of underspends, the largest being in training (\$16k) and consultant fees (\$72k).

Parks and reserves administration

53. Parks and reserves administration is over budget by \$49k. This is due to various small overspends, the largest being salaries (\$21k) and Consultant fees (\$21k).

Hapai Building

54. The HAPAI Building is under budget by \$36k. The variance is due to a number of underspends, the largest being extraordinary maintenance (\$13k), electricity (\$8k) and building maintenance (\$7k).

Civic Centre

55. Civic Centre is under budget by \$37k. The variance is due to a number of underspends, the largest being equipment and carpark maintenance (\$37k).

Community and recreation services management

56. Community and recreation services management is under budget by \$3k. No significant variances to report.

Director Strategy, Partnerships and Growth

57. Strategy, Partnerships and Growth is under budget by \$214k. This is mainly due to underspend of Māori liaison expenses by \$84k and underspending of salaries and contractor budget by \$59K.

Engagement and insight

58. Engagement and insight are over budget by \$75k. Largely due to the overspend on budgeted subscriptions (\$61k).

Strategy and policy

59. Strategy and policy is under budget by \$135k. This is largely due to an underspend in salaries and wages (\$303k) which is due to vacancies, this is largely offset by an overspending on consultant fees (\$259k). The Annual plan and Long Term Plan costs (\$80k) is underspent, this is timing related.

Governance services

60. Governance services is over budget by \$4k. No significant variances to report.

Director Planning and Regulatory Services

61. Planning and Regulatory Management are under budget by \$16k. No significant variances to report.

Included attachments | Ngā āpitihanga

- | | | |
|-------------------|---|---------|
| 62. Attachment 1: | Rate Funding Statement as at 30 June 2024 | page 31 |
| 63. Attachment 2 | Wellington Water Limited Operational Expenditure (OPEX) Dashboard – June 2024 | page 32 |
| 64. Attachment 3 | Wellington Water Limited Capital Expenditure (Capex) Dashboard – June 2024 | page 33 |
| 65. Attachment 4: | Capital Reporting | page 34 |
| 66. Attachment 5: | Capital Reporting - Rooding | page 35 |

Date of report: 23 August 2024

Report writer:

Financial Business Partners

Reviewed by:

Sarah Tunncliffe

Financial Controller

Approved by:

Kate Thomson

Director Finance, Risk and Digital Solutions | Kaihautū Ratonga Rangatōpū

Geoff Swainson

Chief Executive | Te Tumu Whakarae

June 2024 Rate Funding Statement				
Account	YTD Actuals	YTD Budget	\$ Variance	% Variance
Leadership	(99,821)	(89,198)	(10,623)	12%
Land Transport	3,120,236	2,657,530	462,706	17%
Subsidised Roothing	1,569,055	963,654	605,400	63%
Non Subsidised Roothing	1,551,181	1,693,876	(142,695)	-8%
Three Waters	18,148,142	16,552,044	1,596,098	10%
Water Supply	8,657,758	7,549,169	1,108,589	15%
Wastewater	7,111,840	6,436,733	675,107	10%
Stormwater	2,378,543	2,566,142	(187,599)	-7%
Sustainability Activities	323,181	397,813	(74,632)	-19%
Solid waste	(391,949)	(501,020)	109,071	-22%
Waste Levy Activities	538,390	605,375	(66,985)	-11%
Sustainability	176,740	293,458	(116,718)	-40%
Planning and Regulatory				
City Planning	1,350,095	1,571,403	(221,308)	-14%
Building and Compliance Services	158,628	495,268	(336,640)	-68%
Animal Control	(58,498)	15,673	(74,171)	-473%
Building Control	161,225	284,522	(123,297)	-43%
Environmental Health	176,474	339,716	(163,242)	-48%
Parking Enforcement	(52,618)	(119,035)	66,417	-56%
Liquor Licensing	(67,955)	(25,608)	(42,347)	165%
Community and Recreation	10,871,592	11,342,493	(470,901)	-4%
Community Development	497,941	519,464	(21,523)	-4%
Activation	308,160	369,184	(61,024)	-17%
Emergency Management	284,547	311,173	(26,626)	-9%
Parks and Reserves	4,270,436	4,107,449	162,987	4%
H2O Xstream	1,120,555	1,863,936	(743,381)	-40%
Library	2,033,246	2,156,828	(123,582)	-6%
Whirinaki Whare Taonga	1,548,865	1,468,924	79,941	5%
Property	832,391	609,182	223,209	37%
Akatarawa Cemetery	(24,549)	(63,647)	39,098	-61%
Economic Development	1,889,619	1,831,173	58,446	3%
Support services	15,411,868	18,456,424	(3,044,556)	-16%
199 Chief Executive Office	845,276	1,627,246	(781,970)	-48%
219 Cafeteria	31,296	39,750	(8,454)	-21%
229 Corporate Administration	224,382	303,800	(79,418)	-26%
239 Legal & Risk	793,498	414,500	378,998	91%
249 Performance & Capability	515,145	692,880	(177,735)	-26%
259 Finance	(35,803)	1,425,637	(1,461,440)	-103%
289 Digital & Information Solutions	3,558,621	3,290,651	267,970	8%
295 Corporate Programme Mgmt Office	1,033,131	1,467,092	(433,961)	-30%
299 Director Finance, Risk and Digital Solutions	491,567	483,262	8,305	2%
319 Roothing Management	1,136,147	1,257,434	(121,287)	-10%
359 Assets Management	233,560	183,043	50,517	28%
369 Three Waters Management	1,409,470	1,662,988	(253,518)	-15%
379 Engineering Consents	213,883	162,741	51,142	31%
389 Customer Service Centre	479,713	527,050	(47,337)	-9%
399 Director Infrastructural	477,246	593,832	(116,586)	-20%
429 Parks & Reserves Administration	761,544	712,854	48,690	7%
454 Hapai	66,486	102,967	(36,481)	-35%
469 Civic Centre	441,189	477,977	(36,788)	-8%
499 Director Community Services	217,340	220,048	(2,708)	-1%
599 Director Strategy, Partnerships & Growth	519,114	732,627	(213,513)	-29%
619 Engagement and Insight	141,305	66,000	75,305	114%
629 Strategy & Policy	697,908	832,500	(134,592)	-16%
639 Governance Services	849,555	853,200	(3,645)	0%
699 Director Planning & Regulatory	310,294	326,345	(16,051)	-5%
Total	\$ 51,173,540	\$ 53,214,950	-\$ 2,041,411	-4%



Legend	Description
🔴	↓ Overspend more than 10%
🟡	↔ Overspend but less than 10%
🟢	↔ Underspend more than 20%
🟠	↑ Within budget and ≤20% underspend

OPEX Dashboard
As at 30 June 2024

Water	Activity	June 2024				Full Year			
		Actual \$000	Budget \$000	Variance \$000	%	Actual \$000	Budget \$000	Variance \$000	%
🔴 Drinking Water	All	394	193	(-201)	(-104%)	2,885	2,316	(-569)	(-25%)
	Network	276	84	(-193)	(-230%)	1,712	1,004	(-708)	(-71%)
	Monitoring	38	42	4	9%	413	505	91	18%
	Investigations	27	9	(-18)	(-191%)	130	111	(-19)	(-17%)
	Storage	3	8	5	68%	93	97	4	4%
	Control Systems	7	5	(-2)	(-36%)	52	63	10	16%
	Pump Stations	3	4	2	44%	32	54	22	40%
	Utilities	10	2	(-8)	(-404%)	46	23	(-23)	(-99%)
	Contingency	0	0	0		0	0	0	
	Management & Advisory Services	31	38	8		406	460	54	
🟢 Stormwater	All	165	67	(-98)	(-146%)	782	807	26	3%
	Network	100	28	(-71)	(-252%)	353	339	(-14)	(-4%)
	Monitoring	16	9	(-7)	(-76%)	78	109	31	28%
	Investigations	33	6	(-26)	(-402%)	111	78	(-33)	(-42%)
	Control Systems	1	2	1	42%	10	20	10	48%
	Pump Stations	1	3	2	62%	26	31	5	16%
	Contingency	0	0	0		0	0	0	
	Management & Advisory Services	15	19	4		203	230	27	
🟡 Wastewater	All	357	440	83	19%	5,335	5,279	(-56)	(-1%)
	JV Treatment Plant	169	286	118	41%	3,650	3,437	(-213)	(-6%)
	Network	35	37	1	4%	457	442	(-15)	(-3%)
	Pump Stations	10	17	8	45%	178	208	30	14%
	Drainage Investigation	82	12	(-70)	(-593%)	133	142	9	6%
	Investigations	(-3)	8	11	135%	94	98	4	4%
	Control Systems	4	5	1	25%	40	61	20	34%
	Monitoring	4	4	0	2%	39	49	10	21%
	Contingency	0	0	0		0	0	0	
	Management & Advisory Services	56	70	14		744	843	99	
Total Opex bau programme		916	700	(-216)	(-31%)	9,002	8,402	(-600)	(-7%)
Total Opex Programme		814	572	(-242)	(-42%)	7,649	6,869	(-779)	(-11%)
Total Management & Advisory Services		102	128	26	20%	1,353	1,533	179	12%
Approved additional funding			50	50	100%		600	600	100%
Total Opex		916	750	(-166)	(-22%)	9,002	9,002	0	%

Investment Category	Activity	June 2024				YTD			
		Actual \$000	Budget \$000	Variance \$000	%	Actual \$000	Budget \$000	Variance \$000	%
🔴 Drinking Water	All	394	243	(-151)	(-62%)	2,885	2,916	31	1%
	Monitoring and Investigations	97	58	(-39)	(-68%)	598	693	95	14%
	Maintenance (Planned)	76	23	(-53)	(-232%)	218	275	57	21%
	Maintenance (Reactive)	183	119	(-65)	(-54%)	1,611	1,425	(-186)	(-13%)
	Operations	7	5	(-2)	(-36%)	52	63	10	16%
Management & Advisory Services	31	38	8	20%	406	460	54	12%	
🟢 Stormwater	All	165	67	(-98)	(-146%)	782	807	26	3%
	Monitoring and Investigations	51	17	(-34)	(-207%)	196	198	2	1%
	Maintenance (Planned)	96	22	(-74)	(-329%)	319	269	(-50)	(-18%)
	Maintenance (Reactive)	2	7	5	71%	53	90	37	41%
	Operations	1	2	1	42%	10	20	10	48%
Management & Advisory Services	15	19	4	20%	203	230	27	12%	
🟡 Wastewater	All	357	440	83	19%	5,335	5,279	(-56)	(-1%)
	Monitoring and Investigations	91	27	(-63)	(-230%)	292	330	38	11%
	Maintenance (Planned)	10	20	9	48%	200	235	35	15%
	Maintenance (Reactive)	27	31	4	13%	409	374	(-35)	(-9%)
	Operations	4	5	1	25%	40	61	20	34%
	Treatment Plant	169	286	118	41%	3,650	3,437	(-213)	(-6%)
Management & Advisory Services	56	70	14	20%	744	843	99	12%	
Total Opex		916	750	(-166)	(-22%)	9,002	9,002	0	%

Monthly Commentary (OPEX)

Summary

The full year result for the the bau OPEX programme, including the Werllington Water savings, 7% (\$600k) overspend. This is fully offset by \$600k additional approved funding, for overall at budget result.

Wellington Water savings arising from slower recruitment, and reorder of lower priority activity in quarter one have been proportionally redirected to manage council OPEX shortfalls and to enable the fixing of leaks at a similar rate. The amount applied is \$179k, and this is identified on the dashboard as the forecast underspend in the Management and Advisory Services costs.

The confirmed \$600k additional funding made available for reactive water maintenance has been added to the this dashboard separately, after the opex bau programme budget.

Network

Drinking water was over budget by 71% (\$708k), reflective of the efforts to find and fix as many leaks as possible. This overspend is offset by the approved additional \$600k funding from council for reactive water maintenance, and the Wellington Water savings. The additional funding allowed for the deployment of resources to reduce the backlog and provide improved levels of service. Costs include a significant burst of the main at Golders Road during November, \$31k; at the time Council was provided with a notification of Unexpected event form.

Stormwater 4% (\$14k) full year overspend.

Wastewater is 3% (\$15k) full year overapend.

Investigations

In total, 17% (\$49k) full year overspend.

JV Wastewater (joint venture with Upper Hutt City Council for the Valley Wastewater Trunk)

6% (\$213k) full year overspend, due to increased costs estimated for natural gas for the Seaview Wastewater treatment plant following the new contract effective from November 2023, and for contract variations which continue to be under discussion with Veolia.

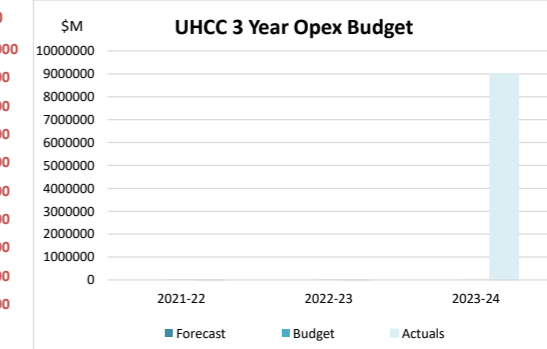
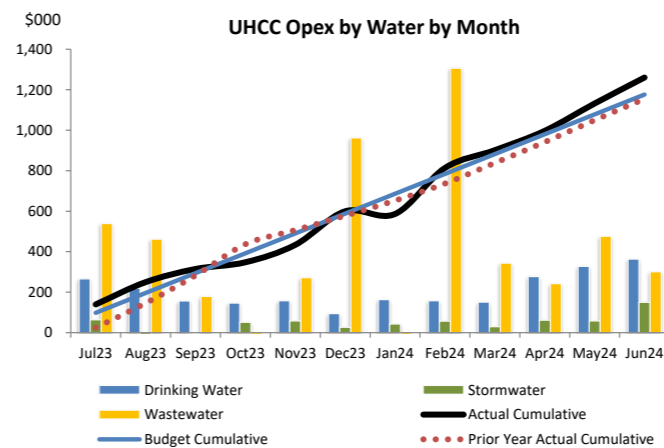
Notes on our approach for reporting:

Wellington Water invoices Council a monthly fixed charge in advance for the opex programme and management & advisory services.

The opex programme is made up of the following:

- Controllable costs incurred by Wellington Water in delivering the programme, such as charges for repairs and maintenance, costs of consumables, consultants, and contractors' charges
- Costs of labour and plant which are charged to specific jobs. This is for Wellington Water employees within our Customer Operations, Network Management and Network Engineering groups i.e. those working directly on opex jobs.

Management & Advisory Services is made up of staff costs that cannot be directly attributed to Council opex or capex programmes and overheads such as insurance, rent, IT costs, etc. We're a council-controlled organisation jointly owned by six client councils; the management charge is agreed on an annual basis and proportionately allocated to each of these councils.



Unexpected Event Reserve Commentary:

In years that UHCC actual costs finish below budget, the funds are retained for the Unexpected Event Reserve (capped at 5% of the opex charge for the current financial year). Wellington Water is able to utilise these funds for costs arising from unexpected events in subsequent years. The funds are ring-fenced for the council in which the savings were achieved. The opening balance for this financial year is nil.

Unexpected Event Reserve \$000s

Opening Balance	
Drinking Water	
Storm Water	
Waste Water	
Closing Balance	0



CAPEX Dashboard
As at 30 June 2024

Legend	Description
⬇	Overspend more than 10%
⬇	Overspend but less than 10%
⬆	Underspend more than 20%
⬆	Within budget and ≤20% underspend

Water		June 2024				Full Year			
Asset Type		Actual \$000	Budget \$000	Variance \$000	%	Actual \$000	Budget \$000	Variance \$000	%
Drinking Water	All	142	515	373	72%	2,642	4,017	1,375	34%
	Control Systems	0	0	0		0	0	0	
	Network	92	515	423	82%	1,893	4,017	2,124	53%
	Pump Stations	13	0	(-13)		420	0	(-420)	
	Storage	38	0	(-38)		329	0	(-329)	
Stormwater	All	818	1,569	751	48%	6,024	9,037	3,012	33%
	Control Systems	0	0	0		0	0	0	
	Network	753	1,564	811	52%	5,931	8,969	3,038	34%
	Planning	6	0	(-6)	(-1,738%)	23	4	(-19)	(-543%)
	Pump Stations	59	5	(-54)	(-1,002%)	71	64	(-6)	(-10%)
Wastewater	All	727	1,055	328	31%	7,025	12,843	5,817	45%
	Control Systems	0	1	1	99%	3	2	(-1)	(-45%)
	Network	128	288	160	55%	3,458	3,650	191	5%
	Pump Stations	(-0)	0	0		56	0	(-56)	
	Treatment Plant	599	766	167	22%	3,500	9,190	5,690	62%
	Planning	0	0	0	76%	8	1	(-7)	(-490%)
Total		1,687	3,139	1,452	46%	15,692	25,897	10,205	39%

Key Projects		June 2024				Full Year			
		Actual \$000	Budget \$000	Variance \$000	%	Actual \$000	Budget \$000	Variance \$000	%
	UHCC-CPX-Pinehaven Stream SW Upg Phase 2	681	1,027	346	34%	4,815	5,900	1,085	18%
	UHCC-CPX-Pinehaven Stream SW Upg Phase 3	98	526	429	81%	435	2,817	2,381	85%
	UHCC-CPX-Trunk DBO Capital (invoicing from HCC for the capex wastewater joint venture projects)	599	766	167	22%	3,500	9,190	5,690	62%
	UHCC-CPX-Totara Rd Park Bridge Upgrade	(-19)	253	271	107%	626	2,288	1,662	73%
	UHCC-CPX-Martin St WW Renewal	39	0	(-39)		3,145	1,796	(-1,348)	(-75%)
	UHCC-CPX-Chatsworth Rd WM Renewal	64	229	165	72%	141	1,377	1,236	90%
	UHCC-CPX-Logan St WW Renewal	66	280	214	76%	79	1,752	1,673	95%

Work Type		June 2024				Full Year			
		Actual \$000	Budget \$000	Variance \$000	%	Actual \$000	Budget \$000	Variance \$000	%
	Renewals	898	1,561	662	42%	9,059	16,774	7,715	46%
	Upgrades - Level of Service	762	1,560	798	51%	6,606	8,921	2,316	26%
	Upgrades - Growth	28	18	(-9)	(-50%)	28	201	174	86%
Total		1,687	3,139	1,452	46%	15,692	25,897	10,205	39%

Monthly Commentary (CAPEX)

Summary:

In May, we were reporting a full year forecast of \$16.5m against a budget of \$26m.

The full year actuals came in at \$15.7m, \$0.8m below the forecast. The main driver of this is the Chatsworth Road watermain renewal project. This project is not yet on site.

In comparison to last financial year, there is a \$2m increase. This financial year, the Pinehaven Stream SW Upgrades Phase 2 works are in construction. Costs for wastewater have come in lower due to the joint venture invoicing from HCC however the Martin Street WW renewal was completed during the year.

We will work with UHCC over the next few weeks to close out the carry overs now we have the final full year result.

Full Year Summary:

In terms of the key projects, items of note are as follows:

The Pinehaven Stream SW Upgrade Phase 2 works are progressing to schedule with final completion in October 2024. Funding for Phase 3 physical works is still uncertain but expected to be confirmed by September 2024.

The invoicing from HCC relating to the joint venture projects came in at \$3.5m. This invoicing includes the final costs associated with Barber Grove, as well as those associated with Petone Collecting Sewer and the WWTP renewal and upgrade projects.

Other significant items of note:

Under drinking water, the Chatsworth Road and the Totara Park Road Bridge project account for the main variances under Network. The contract for Chatsworth Road was awarded during May however they were unable to get on site in June. The Totara Park Road Bridge project contract is yet to be awarded due to contract negotiations taking longer than expected.

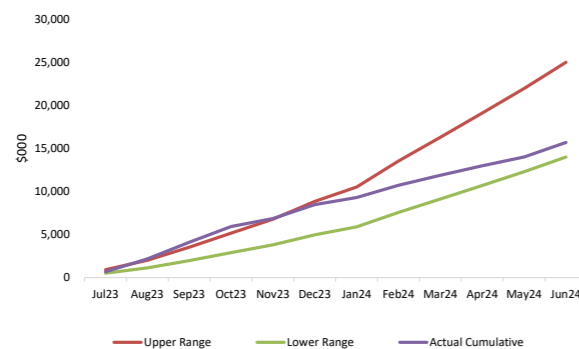
The works started last financial year on the Mt Marua pump station, were completed this financial year, and works are underway on the reservoir water quality renewals programme of works.

In relation to stormwater, the manhole cover improvements project is now complete. The objective of this project was to address health and safety risks.

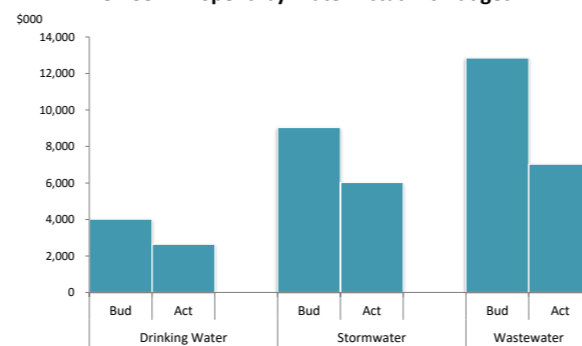
Under wastewater network, most of the renewals funding was allocated to both the Martin Street and Logan Street renewals (\$3.5m in total). During the year, the Martin Street renewal works were completed.

Further details on projects, including associated risks, issues, and mitigation/comments, can be found on the PMO Programme Dashboard and the Major Projects Monthly Report, which will be provided separately.

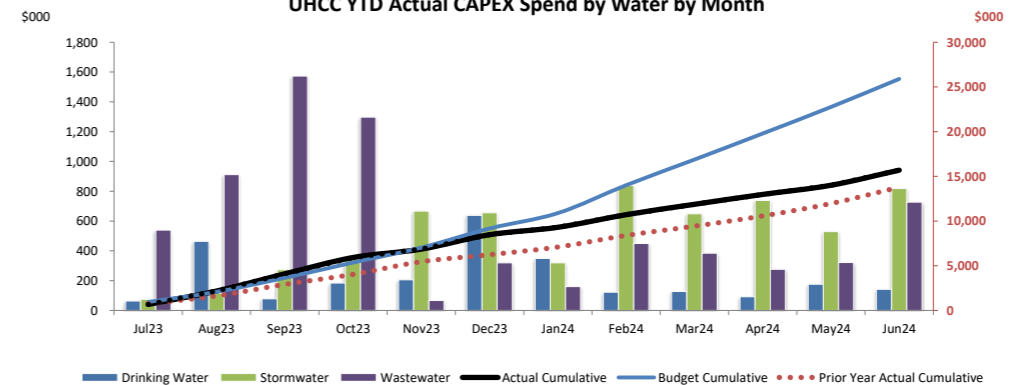
UHCC Capital Range for 2023-24



UHCC YTD Spend by Water Actual vs Budget



UHCC YTD Actual CAPEX Spend by Water by Month



JUNE 2024 Capital Spend Reporting				
Account	YTD Actuals	YTD Budget	\$ Variance	Commentary
Land Transport				
Subsidised Roothing	6,893,261	25,157,879	(18,264,618)	Please see Attachment 5 for commentary
Non-Subsidised Roothing	2,838,830	7,091,753	(4,252,923)	
Three Waters				
Water Supply	2,974,881	4,416,611	(1,441,730)	A contract has been awarded for the pressure management works. Tender documents are being drafted for the reservoir water quality renewals, this should be awarded the next financial year. Site works for the Chatsworth road water renewal have been delayed but anticipated to start in June/July.
Wastewater	7,025,356	13,037,245	(6,011,889)	The final costs for Barber grove have been calculated and reflected in the final spend. Underspends have been requested for the Logan street renewal which is awaiting the tender process and the Western Hill Trunk which is part of the shared service with HCC.
Stormwater	6,024,290	10,531,140	(4,506,850)	The Pinehaven stream project phase 2 is continuing to track well, and is expected to complete in October 2024. The underspend is requested as carryover to be put towards Phase 3 of the project.
Community and Recreation				
Emergency Management	15,000	15,000		0 IT replacements were completed and on budget.
Te Kupenga ō Rongomai-Maidstone Sports Hub	13,453,688	13,090,652	363,036	The project is showing a \$2.4M overspend in this financial year, this is due to the budget phasing within the financial system and running over multiple financial years. The project has largely completed and has remained in budget over the life of the project. There are some small tasks left to complete.
Parks and Reserves	2,571,314	4,676,877	(2,105,563)	The hockey turf replacement was completed and is being enjoyed by the public. The large variance relates to the network track project for Cruickshank tunnel that has been paused due to land procurement issues and the regional walkway budgets. The regional project has started and will continue in 24/25. The Plateau park playground was upgraded in May/June inline with AMP budgets.
H2O Xstream	23,134,016	39,464,040	(16,330,024)	The pool project is tracking within budget (\$55M). Underspend from this financial year will not be carried forward. Budget for 24-25 was allocated in the LTP process.
Library	352,688	372,007	(19,319)	A portion of the air con unit was replaced as budgeted. Library book purchases are underspent for the year.
Whirinaki Whare Taonga	166,702	181,420	(14,718)	Small underspend - nothing significant to note.
Property	1,527,330	6,371,365	(4,844,035)	Civic Centre seismic upgrade project has been completed. The property category carryover will not be required.
Akatārawa Cemetery	254,681	2,440,063	(2,185,382)	The Cemetery expansion project programme is in the design stage. A construction programme will be finalised once detailed design has been done. Enabling works have started and will continue in to the next financial year.
Support Services	111,539	294,033	(182,494)	The variance relates to the Sustainability carbon neutral budget. This has been requested as a carryover for the H2O solar panel works that will be done in the 24/25 financial year.
\$ 67,343,575 \$ 127,140,085 (59,796,510) 53%				
Capital Breakdown				
Major Project spend	38,177,221	60,535,940	(22,358,719)	This includes projects run in-house by council over \$1M
Three Waters	16,024,527	27,984,996	(11,960,469)	Capital programme developed and led by Wellington Water
Land Transport	9,732,091	32,249,632	(22,517,541)	separate report
Other Capital work programme	3,409,736	6,369,517	(2,959,781)	Council wide
\$ 67,343,575 \$ 127,140,085 (59,796,510)				

Capital Reporting - Roading Reporting

Account		YTD Actuals	YTD Budget	\$ Variance	Commentary from the Roading team
3112703 - New Kerb and Channel	Subsidised Roading	75,000	-	75,000	
3112705 - Pavement Seal Smoothing	Subsidised Roading	246,061	440,186	194,125	Balance carried out as resurfacing (3112746)
3112706 - Reseals	Subsidised Roading	915	-	915	
3112710 - LCLR Minor Improvements	Subsidised Roading	314,434	325,876	11,442	This funding included the costs to implement the speed reductions related to the speed management plan that have been put on hold.
3112710C - LCLR Minor Improvements	Subsidised Roading	-	85,093	85,093	
3112714 - Footpath Renewals - Subsidised	Subsidised Roading	915,836	724,988	190,848	Balance of the work not completed
3112714C - Footpath Renewals Carryover	Subsidised Roading	-	1,308,010	1,308,010	
3112715 - Footbridge Renewals - Subsidised	Subsidised Roading	942	24,910	25,852	Maintenance rather than renewals work carried out.
3112716 - LCLR New Footpaths - Subsidised	Subsidised Roading	-	33,001	33,001	Work could not be completed with the funds available
3112716C - LCLR New Footpaths - Subsidised Carryover	Subsidised Roading	-	62,087	62,087	
3112717 - Cycleway Renewals	Subsidised Roading	1,455	23,633	22,178	Will not be spent this year. Was based on assumed programme for the construction of cycleways.
3112720C - LCLR Totara Park Bridge Widening Carryover	Subsidised Roading	-	2,420,000	2,420,000	Will not be spent this year. Moved to next LTP to align with development of the new properties in Totara Park
3112721 - LCLR Rural Road High Priority Safety	Subsidised Roading	41,155	1,713,753	1,672,598	This was not fully funded by NZTA for the 2021 LTP. Council previously agreed to use UHCC share and development contributions as a non-subsidised programme. Designs are being finalised for the balance of the work.
3112735 - Parkes Line Road	Subsidised Roading	-	1,094,464	1,094,464	Will not be spent
3112742 - Fergusson/Gibbons/Main Intersection	Subsidised Roading	-	117,590	117,590	Will not be spent this year. Reprogrammed for new LTP to align with NZTA funding
3112745 - Unsealed Road Metalling	Subsidised Roading	-	4,589	4,589	May not be spent this year. Work based on need, with the total spend each year combined with sealed road resurfacing.
3112746 - Sealed Road Resurfacing	Subsidised Roading	1,718,737	1,567,922	150,815	Additional work carried out as seal smoothing.
3112746C - Sealed Road Resurfacing Carryover	Subsidised Roading	1,055,175	1,055,175	-	
3112747 - Drainage Renewals	Subsidised Roading	474,323	419,925	54,398	
3112747C - Drainage Renewals Carryover	Subsidised Roading	575,881	575,881	-	
3112748 - Structures Component Replacements	Subsidised Roading	-	160,987	160,987	
3112748C - Structures Component Replacements Carryover	Subsidised Roading	-	298,239	298,239	Maintenance rather than renewals work carried out.
3112749 - Traffic Services Renewals	Subsidised Roading	660,474	568,144	92,330	
3112754 - LCLR Rural Shared Paths	Subsidised Roading	-	344,349	344,349	Will not be carried out this year.
3112754C - LCLR Rural Shared Paths Carryover	Subsidised Roading	-	752,530	752,530	
3112784C - Eastern Hutt Rail Bridge Drainage Carryover	Subsidised Roading	-	320,669	320,669	This project was deferred because the cost (\$1.2M+). Officers are revisiting to see if a simpler solution is possible.
3112788 - Arterial Cycleways	Subsidised Roading	725,760	1,918,800	1,193,040	
3112788C - Arterial Cycleways Carryover	Subsidised Roading	-	2,569,262	2,569,262	McLeod Park Link and Fergusson Intermediate links were completed. Based on signals about funding for 2024-2027 in the draft GPS any other work that could not be completed by June 2024 was stopped before construction started to avoid the risk that Council would not have the funds to complete the work.
3112815 - NZTA Hutt River Trail Cycleway	Subsidised Roading	24,888	-	24,888	
3112815C - NZTA Hutt River Trail - Carryover	Subsidised Roading	56,150	832,091	775,941	
3112789C - NZTA St Pats Bridge Cycleway Carryover (UHCC 49% Loan)	Subsidised Roading	7,959	173,874	165,915	
3112790C - NZTA Subway SH2 Cycleway Carryover (UHCC 49% Loan)	Subsidised Roading	-	532,856	532,856	
3112813 - Fergusson/Ward/Whakatiki Intersections Upgrade	Subsidised Roading	-	4,410,042	4,410,042	Will not be spent this year. Reprogrammed for new LTP to align with NZTA funding
3112813C - Fergusson/Ward/Whakatiki Intersections Upgrade Carryover	Subsidised Roading	-	278,953	278,953	
Subsidised Roading Total		\$ 6,893,261	\$ 25,157,879	\$ 18,264,618	27%
3122652C - New Footpaths Carryover	Non-Subsidised Roading	(6,590)	36,970	43,560	Work could not be completed with the funds available
3122663 - Works Contingency - Capex	Non-Subsidised Roading	294,925	0	(294,925)	Budget for Works Contingency is held in OPEX. This expenditure is for capital works carried out as unplanned contingency work funded under that budget (demolition of Cobb&Co Building and restatement of the land.
3122711 - Carpark Upgrades	Non-Subsidised Roading	97,677	335,642	237,965	Works cost less than anticipated. Due to weather works were not completed until July 2024 and additional expenditure was carried out in 2024-2025.
3122711C - Carpark Upgrades Carryover	Non-Subsidised Roading	0	213,947	213,947	
3122717 - Litter Bin Replacement	Non-Subsidised Roading	2,690	6,308	3,618	This work is demand driven as many of the replacement bins are a response to damage or vandalism, and work is only carried out as required.
3122721 - CBD Revitalisation & Paving	Non-Subsidised Roading	(6,821)	1,130,232	1,137,053	This work has been deferred until later in the next three year LTP period to assist with cashflow.
3122721C - CBD Development Carryover (Loans)	Non-Subsidised Roading	0	2,261,977	2,261,977	
3122725 - Fergusson Drive Resurfacing non-subsidised Carryover	Non-Subsidised Roading	1,200,000	1,200,000	0	
3122725 - Fergusson Drive Resurfacing non-subsidised	Non-Subsidised Roading	785,606	785,606	0	
3122728 - Footbridge Replacement - Beechwood Lane	Non-Subsidised Roading	238,804	0	(238,804)	
3122728C - Footbridge Beechwood Lane Carryover	Non-Subsidised Roading	237,176	555,000	317,824	Project has been completed
3122759C - City Centre Open Space Carryover	Non-Subsidised Roading	0	250,000	250,000	Legacy project superceded by other work on the CBD strategy, which has now also been put on hold.
3122766 - Rural Road High Priority Safety Upgrades	Non-Subsidised Roading	(4,637)	132,056	136,693	Designs being reviewed at the present time. Work will be tendered after that. We have already been approached by one contractor interested in carrying out the work.
3122766 - Rural Road High Priority Safety Upgrades Carryover	Non-Subsidised Roading	0	184,015	184,015	
Non-Subsidised Roading Total		\$ 2,838,830	\$ 7,091,753	\$ 4,252,923	40%
Total for Land Transport		\$ 9,732,091	\$ 32,249,632	\$ 22,517,541	30%



Finance and Performance Committee | Te Kōmiti o Angitū me Ōhanga
11 September 2024

Debtors Report

Purpose of report | Te pūtake

1. The purpose of this report is to inform the Committee on the debtors and rates arrears positions as at 31 July 2024

Recommendation | He tūhonga

2. That the Committee recommends Council receives and notes the report titled Debtors Report.

Discussion | Te Matapaki

3. The report format had been amended to reflect some of the feedback received from members where of this committee and further refined since its last meeting held in May. Staff turnover has meant some of the rate's feedback was unable to be reflected. Feedback on any other debtor information that may be informative is welcome.

Debtor Management

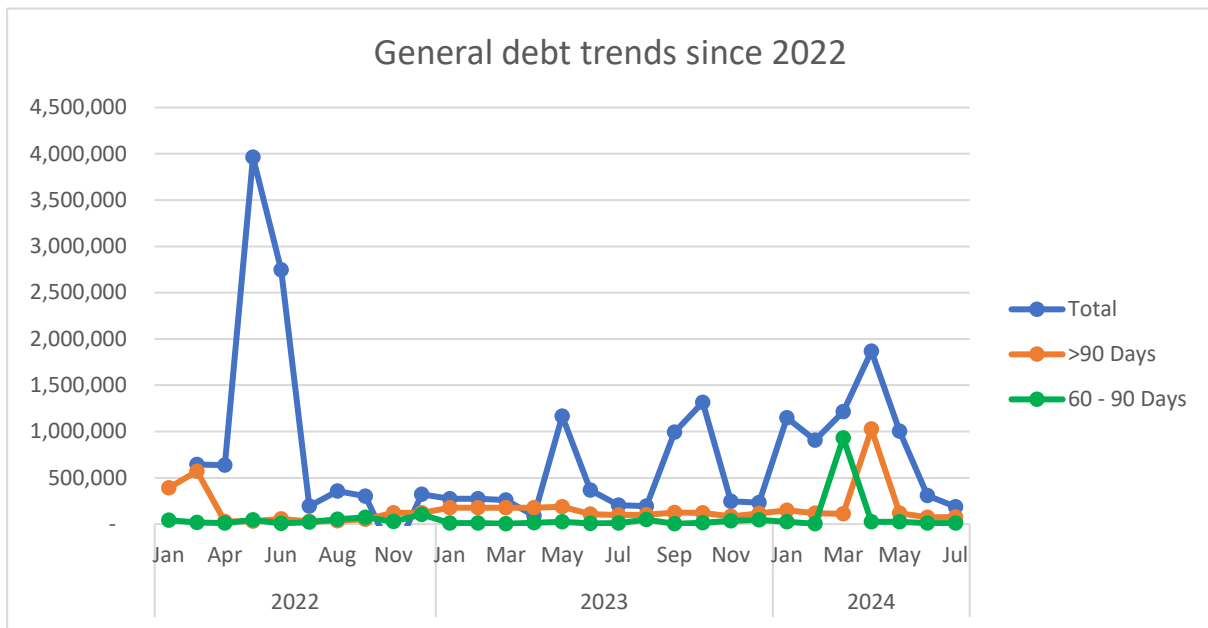
4. Debtor management covers three areas: Water, General and Library.

Overdue 60 days & more as at:	31 Jul 24	31 Mar 24	31 Jan 24
General Debtors	\$189,362	\$1,062,907	\$475,565
Library Debtors	\$4,352	\$7,327	\$7,344
Water Debtors	\$85,072	\$116,229	\$166,227
Total Overdue	\$278,786	\$1,186,463	\$649,136

Comparative periods:

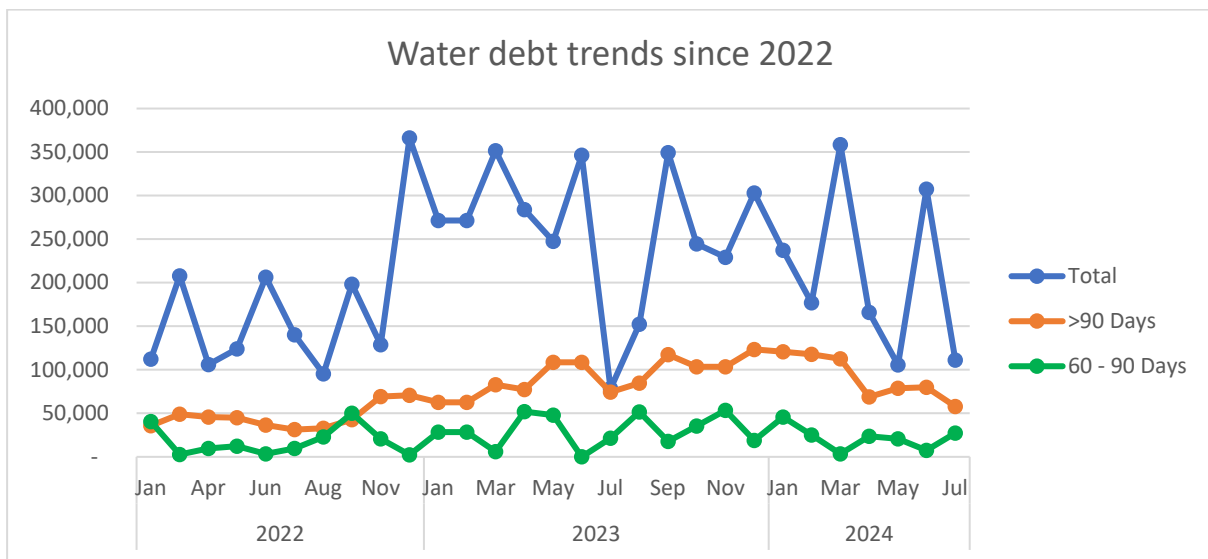
Total Overdue 60 days & more as at:	31 Jul 23	31 Mar 23	31 Jan 23
1 year ago	\$340,161	\$389,692	\$289,786

General debt management



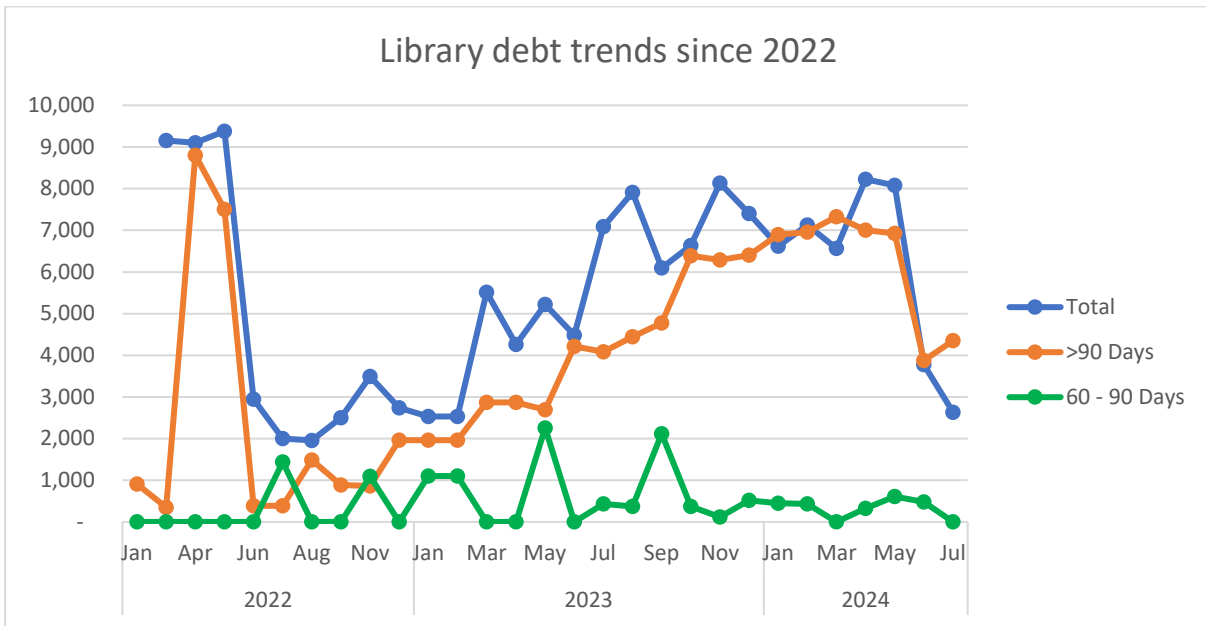
Note: Excluding Resource Consents and Building Consents debtors

Water debt management



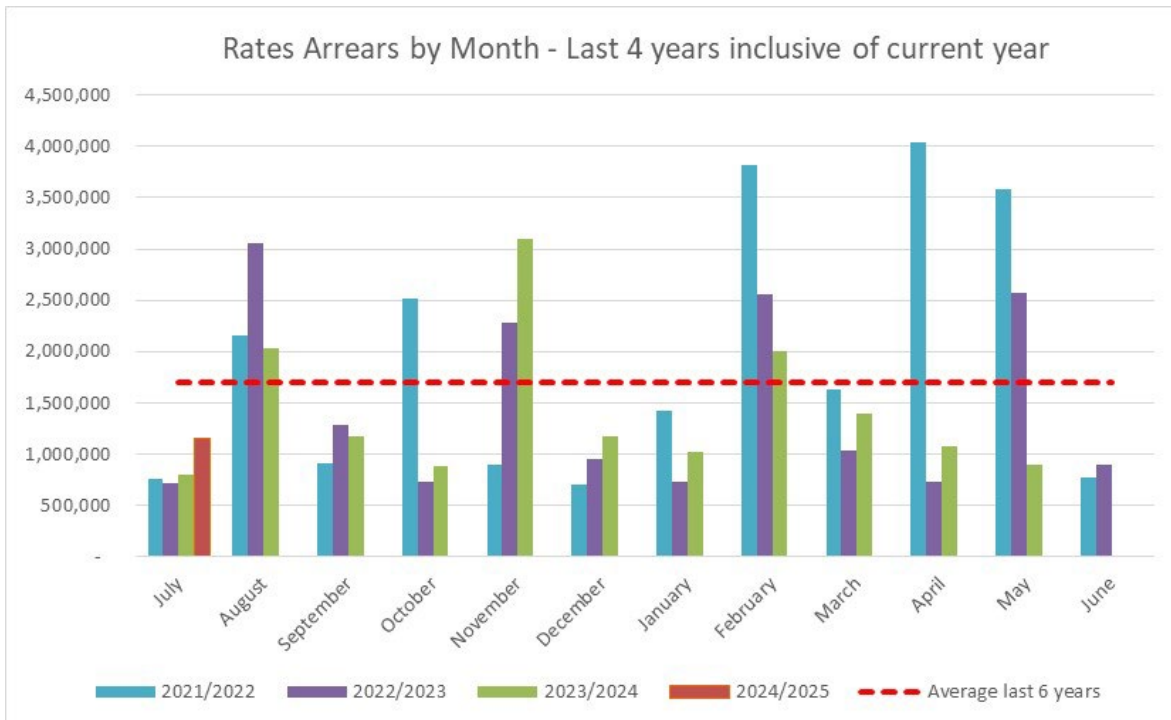
Library debt management

- There are a total of 51 accounts, of which 37 are 60 days or more overdue with an average amount owing of \$118. Any new library debt since July 2021 is only for lost or non-returned books as we no longer charge overdue fees. The library initially follow-up on overdue books themselves, and only forward to the finance team when a period of at least 40 days has passed from the books being due back, and when the recoverable amount is over \$60.



Rates arrears

- 6. The rates trend has changed over the last two years, this is due to the change in number and timing of the rates instalments. Until July 2022 we had five rating instalments, due in August, October, January, February, and April. We now have four instalments, with due dates on 1 September, 1 December, 1 March and 1 June.

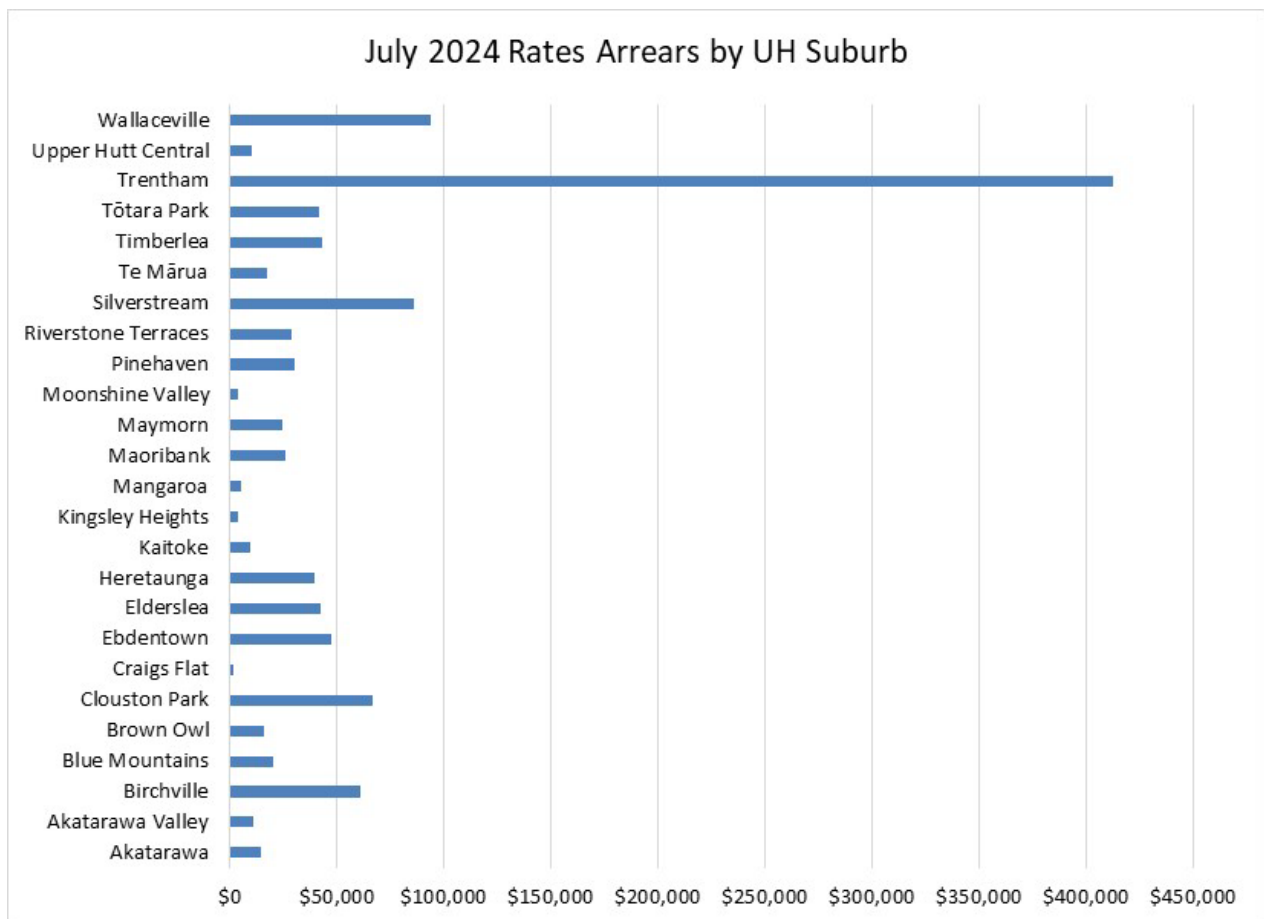


Rates Arrears (individual Ratepayers)

	31 Jul 24	31 Mar 24	31 Jan 24
Total Arrears	\$1,159,865	\$1,392,241	\$1,029,419
Total Rating units with Arrears	625	2,253	687
% of Rating units over total rateable units	3%	13%	4%
	31 Jul 23	31 Mar 23	31 Jan 23
Total Arrears 1 year ago	\$795,841	\$1,035,512	\$730,411

7. The table above shows the number of rating units associated with the arrears. As you can see the total amount increases on the month that the invoice is due, the amount drops back down after penalty notices are sent reminding people to pay. For example, March is an invoice due month. The rates team have started to send out a payment reminder email a week prior to the invoice being due. The aim is that this will decrease the number of penalty notices we are sending out and subsequently the remission requests we apply to the penalties.
8. There is \$1.159M of Rates arrears as at July 2024. The following table breaks down to the differential rating group and shows how many units are within each group. We have further analysed where the rates arrears are placed around Upper Hutt by suburb:

Differential Group	Balance	Number of units	Arrears % of category rates
Business	\$317,906	39	3.81%
Residential	\$831,801	578	1.77%
Rural	\$3,494	4	1.10%
Other	\$4,361	2	2.11%
Remission	\$2,303	2	4.33%
Total	\$1,159,865	625	



Debt Management

9. There are 44 rating units with debt over \$5k that are in the debt management process and are each being appropriately managed. This is less than the 45 reported in May 2024. Going forward, any debtor collection that requires council decisions will be communicated to Council through the legal reporting.

Status	Total balance owed	Number of unis
Payment in August	\$8,633	1
DD Agreement	\$26,932	4
Penalty notice	\$9,059	1
First Reminder	\$11,083	2
Second Reminder	\$68,874	4
Final Reminder	\$82,555	14
Mortgagee Notice	\$67,703	9
Debt collection in process	\$29,262	3
Legal	\$203,058	6
Grand Total	\$507,158	44

Date of report: 29 August 2024

Report writers

Gayan Amarathunga
Financial and Systems Analyst

Sarah Tunnicliffe
Financial Controller

Reviewed by:

Sarah Tunnicliffe
Financial Controller

Approved by:

Kate Thomson
Director Finance, Risk and Digital Solutions | Kaihautū Ratonga Rangatōpū

Geoff Swainson
Chief Executive | Te Tumu Whakarae