

**FINANCE/PERFORMANCE
COMMITTEE MEETING**

ORDER PAPER

THURSDAY, 26 March 2020, 09.30am

**Council Chamber, Rangitīkei District Council
46 High Street, Marton**

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Chair - Councillor Nigel Belsham

Deputy Chair – Councillor Fi Dalgety

Membership

Councillors Cath Ash, Brian Carter, Angus Gordon, Tracey Hiroa, Waru Panapa and Dave Wilson.

His Worship the Mayor, Andy Watson

Please Note: Items in this agenda may be subject to amendments or withdrawal at the meeting. It is recommended therefore that items not be reported upon until after adoption by the Council. Reporters who do not attend the meeting are requested to seek confirmation of the agenda material or proceedings of the meeting from the Chief Executive prior to any media reports being filed.





Rangitikei District Council

Finance and Performance Committee Meeting

Agenda – Thursday 26 March 2020 – 9:30 a.m.

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The quorum for the Finance and Performance Committee is 5.

Council's Standing Orders (adopted 31 October 2019) 11.2 provide: The quorum for Council committees and sub-committees is as for Council, i.e. half the number of members if the number of members (including vacancies) is even or a majority if the number of members is odd.

1 Welcome

2 Public Forum

3 Apologies/Leave of Absence

4 Members' Conflict of Interest

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

5 Confirmation of order of business

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, be dealt with as a late item at this meeting.

6 Confirmation of minutes

The minutes from the Finance/Performance Committee meeting held 27 February 2020 are attached.

Recommendation:

That the Minutes of the Finance/Performance Committee meeting held on 27 February 2020 [as amended/without amendment] be taken as read and verified as an accurate and correct record of the meeting.

7 Chair's Report

To be tabled.

File ref: 3-CT-14-1

Recommendation:

That the 'Chair's Report' to the 26 March 2020 Finance/Performance Committee meeting be received.

8 Statement of Service Performance July- December 2019

To be tabled

Recommendation:

That the 'Statement of Service Performance July- December 2019' to the 26 March 2020 Finance/Performance Committee meeting be received.

9 Progress with Strategic Issues

To be tabled

Recommendation:

That the 'Progress with Strategic Issues' to the 26 March 2020 Finance/Performance Committee meeting be received.

10 Financial Snap Shot– February 2020

A report is attached.

Recommendation:

That the 'Financial Highlights and Commentary - February 2020' to the 26 March 2020 Finance/Performance Committee meeting be received.

11 Late Items

As agreed at item 6

12 Future Items for the Agenda

13 Next Meeting

Scheduled for Thursday 30 April 2020, 9.30am TCB

14 Meeting Closed

Attachment 1



Rangitikei District Council

Finance and Performance Committee Meeting

Minutes – Thursday 27 February 2020 – 10:30 a.m.

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Present: Cr Nigel Belsham (Chair)
Cr Fiona Dalgety
Cr Cath Ash
Cr Brian Carter
Cr Angus Gordon
Cr Tracey Hiroa
Cr Dave Wilson
His Worship the Mayor, Andy Watson

In attendance: Mr Peter Beggs, Chief Executive
Mr Michael Hodder, Community & Regulatory Services Group Manager
Ms Jo Devine, Group Manager – Finance and Business Support
Ms Carol Gordon, Manager – Executive Office
Ms Nardia Gower, Strategy and Community Planning Manager
Ms Bonnie Clayton, Governance Administrator

Unconfirmed

1 Welcome

Cr Belsham welcomed everyone to the meeting at 11.07am.

Due to the meeting commencing more than 15 minutes from its scheduled start time, the Committee was required to move a recommendation to accept the meeting start at a later time.

Resolved minute number **20/FPE/001** **File Ref**

That the Finance/Performance Committee formally accepts the late commencement of the meeting, noting that no members of the public were present or have been affected with this decision.

His Worship the Mayor/Cr Carter. Carried

2 Public Forum

Nil

3 Apologies/Leave of Absence

That the apology for absence of Councillor Panapa be received and the apology for lateness for Councillor Gordon be received.

Cr Wilson/Cr Hiroa. Carried

4 Members' Conflict of Interest

Members were reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

There were no conflicts declared.

5 Confirmation of order of business

The order of business was confirmed, there were no late items.

6 Confirmation of minutes

Resolved minute number **20/FPE/002** **File Ref**

That the Minutes of the Finance/Performance Committee meeting held on 12 December 2019 without amendment be taken as read and verified as an accurate and correct record of the meeting.

Cr Wilson/Cr Carter. Carried

7 Chair's Report

The Chairs report was taken as read. Cr Belsham thanked Cr Dalgety for taking on the Deputy Chair position.

Resolved minute number **20/FPE/003** **File Ref**

That the 'Chair's Report' to the 27 February 2020 Finance/Performance Committee meeting be received.

Cr Belsham/Cr Wilson. Carried

8 Terms of Reference

The revised Terms of Reference were taken as read.

Resolved minute number **20/FPE/004** **File Ref**

That the 'Terms of Reference' for the Finance/Performance Committee in the 2019-22 triennium be reviewed and confirmed.

Cr Dalgety/Cr Hiroa. Carried

9 Financial Snapshot - January 2020

Ms Devine spoke to the memorandum, highlighting the following:

- Subsidies and Grants are under budget
- Personnel costs are above budget due to the following – transition to a new Chief Executive, increase in regulatory resources with the demand for consents
- Behind in capital spend, though in a better position now
- Currently investigating materials to establish the most effective method for re-roofing and insulating Marton and Taihape Swim Centres
- Council has not drawn down any debt in the 2019/20 financial year

Cr Gordon arrived 11.23am.

Resolved minute number **20/FPE/005** **File Ref**

That the 'Financial Snapshot - January 2020' to the 27 February 2020 Finance/Performance Committee meeting be received.

Cr Wilson/Cr Carter. Carried

10 Property Sales – Annual Report 1 January - December 2019

Ms Devine spoke to her report, with an annual perspective and a quarterly report.

She noted a large increase with the urban sector now dominating over the rural sector.

Resolved minute number **20/FPE/006** **File Ref**

That the 'Property Sales – Annual Report 1 January - December 2019' to the 27 February 2020 Finance/Performance Committee meeting be received.

Cr Carter/His Worship the Mayor. Carried

11 Customer Experience Strategy

Ms Devine provided a brief background on the Information Services Strategic Plan and how it had moved beyond an internal focus. The analysis identified the need to look through the customer's eyes and how customers want to interact with Council, noting this is via multiple channels. The Customer Experience Strategy and the Information Services Strategic Plan were complementary.

After engaging with staff and holding workshops, there was now greater clarity on why customers come to Council. Implementation of both strategies are about to commence.

The Committee briefly discussed LIMs (Land Information Memoranda) and the implications of including information about hazards, including liquefaction and seismic faults. LIMs and building consents had been identified for electronic provision.

Resolved minute number **20/FPE/007** **File Ref**

That the 'Customer Experience Strategy' to the 27 February 2020 Finance/Performance Committee meeting be received.

Cr Ash/Cr Carter. Carried

12 Information Services Strategic Plan

The report was discussed in item 11.

Resolved minute number **20/FPE/008** **File Ref**

That the 'Information Services Strategic Plan' to the 27 February 2020 Finance/Performance Committee meeting be received.

His Worship the Mayor/Cr Ash. Carried

13 Late Items

As agreed at item 6.

14 Future Items for the Agenda

Rates of depreciation for new assets

Debt ratios (benchmarks)

15 Next Meeting

Thursday 26 March 2020, 9.30am

16 Meeting Closed

11.56am.

Confirmed/Chair: _____

Date:

Unconfirmed

Attachment 2

MEMORANDUM

TO: Finance & Performance Committee

COPIES: Council

FROM: Jo Devine

DATE: 22 March 2020

SUBJECT: **Financial Snapshot – February 2020**

FILE:

Attachments: Activity Performance Report for the 8 Months Ended 29 February 2020
Capital Expenditure Report for the 8 Months Ended 29 February 2020

Activity Performance Report

1. Rates revenue is on track to budget at \$15.632 million year to date, which is 4% above the budget of \$15.021 million.
2. Subsidies and Grants is below budget by \$2.380 million. Explanations for this include:
 - a. Roothing year to date revenue is \$5.631 million versus a budget of \$6.815 million, a variance of \$1.184 million, this reflects the timing of capital expenditure, which is discussed later in this report.
 - b. Halls year to date revenue is \$0.5 million versus a budget of \$1.187 million, a variance of \$0.687 million. This relates to revenue to assist with the funding of the Bulls Community Centre. The net revenue from the sale of the Walton Street house will be recognised in April, the provisional figure for this is \$0.237 million. The full year budget provided for revenue from the sale of land and property in Bulls these are now forecasted for mid to late 2020 so will carry over to the next financial year.
 - c. Domains year to date budget included \$0.136m of capital contributions for the Taihape Amenity Block, this revenue will be carried over as part of the Annual Plan 2020/21 process.
3. Other revenue year to date is \$2.321 million against a budget of \$2.020 million, which is above budget by \$0.301 million. This is a combination of the timing of revenue, for example dog registration which is received in the first quarter of the financial year, and the increase in demand for building and resource consents. It is expected that the other revenue will continue to track above budget for the balance of the financial year.

4. Personnel costs year to date is \$3.283 million against a budget of \$2.944 million, a variance of \$0.338 million. This variance relates to the following: timing of the transition to a new Chief Executive; increase in regulatory resources due to the increase in demand for consents; economic development was budgeted as operating expenditure while a portion was staff costs; and as part of the annual remuneration process, salaries were reviewed to ensure they were consistent with market for a rural regional local authority.
5. Other expense is on track to budget at \$11.772 million year to date, which is 1% below the budget of \$11.920 million.
6. Depreciation and amortisation year to date is \$8.157 million, compared to a budget of \$7.189 million, above budget by \$0.969 million. This variance is a direct result of the depreciation impact of the revaluation of Three Waters and Roding assets by \$86 million as at 30 June 2019 as part of the annual reporting process. This revaluation was required to be carried out a year earlier than forecasted due to the significant movement in asset values

Capital Expenditure Report

7. Capital expenditure is \$8.118 million year to date compared to a year to date budget of \$19.786 million. The capital budget has been evenly profiled over the year. Against an evenly spread budget capital expenditure is 59% below budget.
8. The major areas below budget are:
 - a. Roding and Footpaths variance of \$4.054 million predominately relates to the land acquisition for emergency work including the Turakina Valley Dropout. This work is planned to be completed this year.
 - b. Water supply variance of \$2.667 million relates to the Bulls Reservoir and Marton Dam Repair. The tenders for both Projects close on 28 February 2020. The combined full year budget for Marton Dam Repair and Bulls Reservoir is \$2.765 million.
 - c. Sewerage variance of \$2.258 million relates to timing for the acquisition of land for the Marton to Bulls pipeline. The total budget in 2019/20 for Marton to Bulls pipeline is \$2.7 million. It is proposed that this funding be carried forward to 2020/21.
 - d. Domains variance of \$0.935 million predominately relates to the Taihape Memorial Park amenities block. It is proposed that this funding be carried forward to 2020/21.
 - e. Storm water variance of \$0.416 million relates to Wellington Road, Marton. This project commenced in March
 - f. Swim Centres variance of \$0.378 million predominately relates to the re-roofing and insulation of the Marton and Taihape Swim Centres. Currently an investigation of materials is being carried out to establish the most effective method for re-roofing and insulation.
 - g. Waste Transfer variance of \$0.327 million directly relates to Putorino remediation. Costs have been incurred to date and a review of expenditure will be carried to ensure costs have been correctly reflected against this project.

- h. Public Toilets variance of \$0.321 million relates to the Follett Street and Centennial Park Toilets. These toilets are expected to be on site at the beginning of April.
 - i. Fleet Management variance of \$0.280 million relates to the timing of vehicle replacement. It is expected a carry forward to 2020/21 of \$0.150 million will be proposed as part of the Annual Plan 2020/21.
9. The major areas above budget are:
- a. Halls variance of \$0.089million relates to the Bulls Community Centre.
 - b. Libraries variance of \$0.038 million relates to the timing of feasibility and detailed design for the new Marton Administration and Library Centre.

Treasury and Debt

10. At 31 January 2020 the Council had \$5.867 million available for immediate needs, this equates to 2.3 months of expenditure. In addition the Council has two term deposits totalling \$5 million with the latest maturing on 27 March 2020. Both term deposits will be reinvested for 35 and 60 days respectively.
11. Rangitikei District Council has not drawn down any debt in the 2019/20 financial year. The debt balance at 31 January 2020 is \$3.128 million.

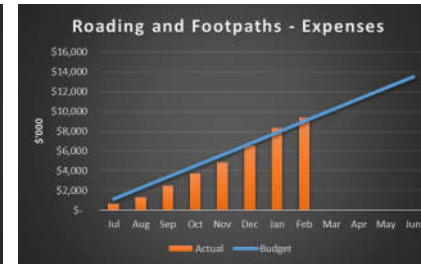
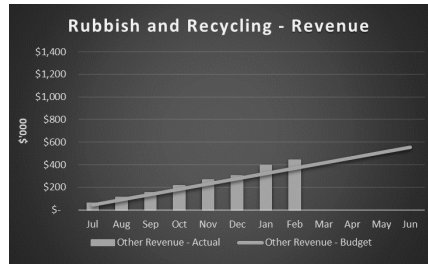
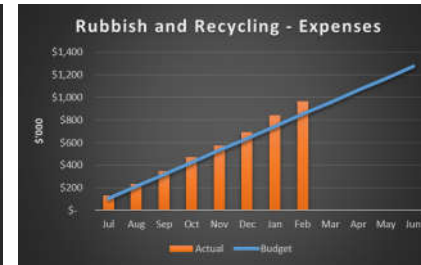
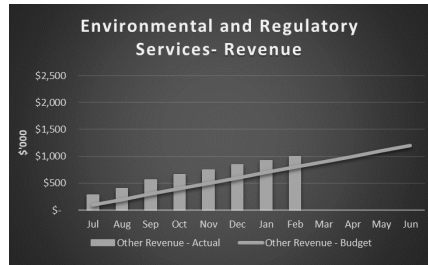
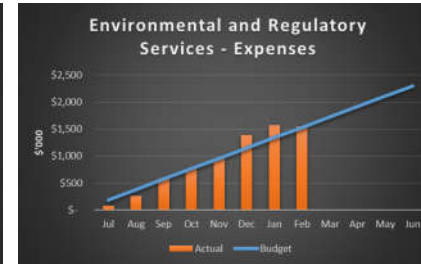
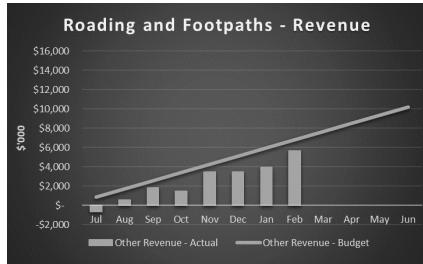
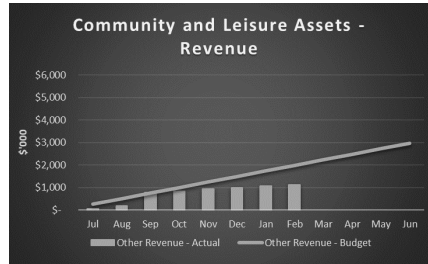
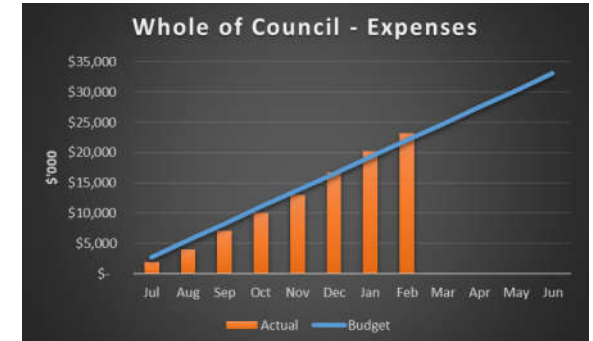
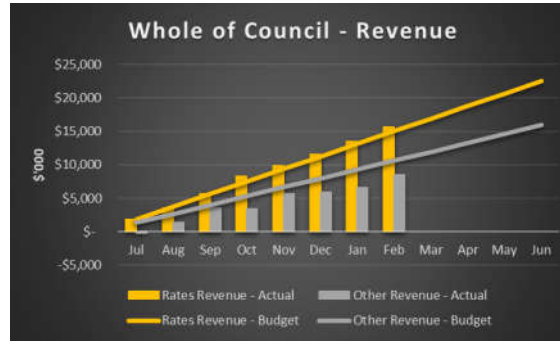
Jo Devine
Group Manager, Finance and Business Support

Appendix 1

Activity Performance Report for the 8 Months Ended 29 February 2020

Rangitikei District Council
Activity Performance Report
For the 8 months ended 29 February 2020

	2020		2020		Variance	Budget FY
	Budget YTD	Actual YTD	\$	%		
	\$000	\$000	\$000			
Revenue						
Rates Revenue	\$ 15,020,585	\$ 15,632,388	\$ 611,803	4%	\$ 22,530,877	
Subsidies & Grants	\$ 8,609,516	\$ 6,229,871	-\$ 2,379,645	-28%	\$ 12,914,274	
Other Revenue	\$ 2,020,158	\$ 2,321,119	\$ 300,961	15%	\$ 3,030,237	
Expenses						
Personnel Costs	\$ 2,944,963	\$ 3,283,038	-\$ 338,075	-11%	\$ 4,417,444	
Other Expenses	\$ 11,920,025	\$ 11,771,580	\$ 148,445	1%	\$ 17,880,037	
Depreciation & Amortisation	\$ 7,188,640	\$ 8,157,442	-\$ 968,802	-13%	\$ 10,782,960	
Net Surplus	\$ 3,596,631	\$ 971,318	-\$ 2,625,313	-73%	\$ 5,394,947	



Capital Expenditure Report for the 8 Months Ended 29 February 2020

Rangitikei District Council
Capital Expenditure
For the 8 months ended 29 February 2020

	2020	2020	Variance	
	Budget YTD \$'000	Actual YTD \$'000	\$ \$'000	%
Roading and Footpaths	\$ 6,859,504	\$2,805,895	-\$ 4,053,609	-59%
Water Supply	\$ 4,203,744	\$1,537,125	-\$ 2,666,619	-63%
Halls	\$ 2,543,896	\$2,633,481	\$ 89,585	4%
Sewerage	\$ 2,538,000	\$ 279,841	-\$ 2,258,159	-89%
Domains	\$ 1,042,136	\$ 107,148	-\$ 934,988	-90%
Stormwater	\$ 700,000	\$ 283,853	-\$ 416,147	-59%
Swim Centres	\$ 413,336	\$ 35,483	-\$ 377,853	-91%
Waste Transfer	\$ 326,800	\$ -	-\$ 326,800	-100%
Public Toilets	\$ 320,360	\$ 219	-\$ 320,579	-100%
Libraries	\$ 243,336	\$ 281,589	\$ 38,253	16%
Fleet Management	\$ 283,080	\$ 75,095	-\$ 207,985	-73%
Cemeteries	\$ 145,336	\$ 7,952	-\$ 137,384	-95%
Business Groups	\$ 100,000	\$ 35,205	-\$ 64,795	-65%
Community Housing	\$ 66,664	\$ 35,716	-\$ 30,948	-46%
Total	\$ 19,786,192	\$ 8,118,164	-\$ 11,668,028	-59%

