



**Notice of the ordinary meeting of the
Governance and Finance Committee
*Kōmiti Mana Ārahi, Ahumoni Hoki***

Date:	Thursday 27 February 2020
Time:	10.00a.m.
Location:	Council Chamber, Civic House 110 Trafalgar Street Nelson

Agenda

Rārangi take

Chair	Cr Rachel Sanson
Deputy Chair	Cr Gaile Noonan
Members	Her Worship the Mayor Rachel Reese Cr Yvonne Bowater Cr Trudie Brand Cr Mel Courtney Cr Kate Fulton Cr Judene Edgar Cr Matt Lawrey Cr Brian McGurk Cr Rohan O'Neill-Stevens Cr Pete Rainey Cr Tim Skinner John Murray John Peters

**Pat Dougherty
Chief Executive**

Quorum: 8

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee Agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision.

Governance and Finance Committee - Delegations

Areas of Responsibility:

- Business, economic development and tourism in Nelson
- Bylaws, within the areas of responsibility
- Communications and Engagement Strategy
- Events Strategy
- Oversight of Forestry matters
- Governance of Nelson City Council Controlled Organisations, Nelson City Council Controlled Trading Organisations, and Council Organisations
- Council's financial performance
- Oversight of Audit and Risk Subcommittee matters
- Property matters, including the management, monitoring of and maximisation of Council's property portfolio
- Rating systems and policies
- Residents' Survey

Delegations:

The committee has all of the responsibilities, powers, functions and duties of Council in relation to governance matters within its areas of responsibility, except where they have been retained by Council, or have been referred to other committees, subcommittees or subordinate decision-making bodies.

The exercise of Council's responsibilities, powers, functions and duties in relation to governance matters includes (but is not limited to):

- Monitoring Council's performance for the committee's areas of responsibility, including legislative responsibilities and compliance requirements
- Developing, approving, monitoring and reviewing policies and plans, including activity management plans and the Financial Strategy
- Reviewing and determining whether a bylaw or amendment, revocation or replacement of a bylaw is appropriate
- Undertaking community engagement, including all steps relating to Special Consultative Procedures or other formal consultation processes
- Approving submissions to external bodies or organisations, and on legislation and regulatory proposals

Powers to Recommend to Council:

In the following situations the committee may consider matters within the areas of responsibility but make recommendations to Council only (in accordance with sections 5.1.3 - 5.1.5 of the Delegations Register):

- Matters that, under the Local Government Act 2002, the operation of law or other legislation, Council is unable to delegate
- The purchase or disposal of land or property relating to the areas of responsibility, other than in accordance with the Long Term Plan or Annual Plan
- Unbudgeted expenditure relating to the areas of responsibility, not included in the Long Term Plan or Annual Plan
- Decisions regarding significant assets

1. Apologies

Nil

2. Confirmation of Order of Business**3. Interests**

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

4. Public Forum**5. Confirmation of Minutes**

5.1 5 December 2019

6 - 14

Document number M6602

Recommendation

That the Governance and Finance Committee

- 1. Confirms the minutes of the meeting of the Governance and Finance Committee, held on 5 December 2019, as a true and correct record.***

6. Chairperson's Report**7. Nelson Centre of Musical Arts - Letter of Expectation 2020/21****15 - 21**

Document number R13712

Recommendation

That the Governance and Finance Committee

- 1. Receives the report Nelson Centre of Musical Arts - Letter of Expectation 2020/21 (R13712); and***

2. ***Approves the general matters to be included in the Nelson Centre of Musical Arts Letter of Expectation 2019/20 letter as those identified in paragraphs 4.3 to 4.16 of report R13712; and***
3. ***Approves the following specific matters to be included in the Nelson Centre of Musical Arts Letter of Expectation:***
 - a) ***Governance succession plan; and***
 - b) ***Resilience; and***
 - c) ***Good employer obligations; and***
 - d) ***Improving performance reporting by the inclusion of quantifiable performance measures and SMART targets.***

8. Quarterly Report to Governance and Finance Committee 1 October - 31 December 2019 22 - 51

Document number R13735

Recommendation

That the Governance and Finance Committee

1. ***Receives the report Quarterly Report to Governance and Finance Committee 1 October - 31 December 2019 (R13735) and its attachments (A2332426, A2334191, A2341521 and A2338769).***

CONFIDENTIAL BUSINESS

9. Exclusion of the Public

Recommendation

That the Governance and Finance Committee

1. ***Excludes the public from the following parts of the proceedings of this meeting.***
2. ***The general subject of each matter to be considered while the public is excluded, the***

reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Governance and Finance Committee Meeting - Public Excluded Minutes - 5 December 2019	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
2	Reappointment of Trustees to the City of Nelson Civic Trust	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person



Minutes of a meeting of the Governance and Finance Committee

Held in the Council Chamber, Civic House, 110 Trafalgar Street, Nelson

On Thursday 5 December 2019, commencing at 9.02a.m.

Present: Councillor R Sanson (Chairperson), Councillors Y Bowater, T Brand, M Courtney, J Edgar, K Fulton, M Lawrey, B McGurk, G Noonan, R O'Neill-Stevens, P Rainey, T Skinner, and Mr J Murray and Mr J Peters

In Attendance: Chief Executive (P Dougherty), Group Manager Community Services (R Ball), Group Manager Strategy and Communications (N McDonald), Team Leader Governance (R Byrne), Governance Adviser (E-J Ruthven), and Youth Councillor R Martyn

Apology: Her Worship the Mayor R Reese

1. Apologies

Resolved GF/2019/091

That the Governance and Finance Committee

1. Receives and accepts an apology from Her Worship the Mayor R Reese.

Brand/Fulton

Carried

2. Confirmation of Order of Business

The Chairperson advised that items may be taken in a different order, to accommodate presentations from representatives of external organisations.

3. Interests

There were no updates to the Interests Register.

Councillor Rainey noted that he had an interest in item 2 of the Confidential Agenda (Nelson Centre of Musical Arts – External Review of Business Model).

4. Public Forum

4.1 Nelson Tasman Business Trust - Annual Report 2019

Sarah Holmes, Manager, and Ian Kearney, Trust Chair, tabled a document (A2311552) and gave a power point presentation (A2311559).

Ms Holmes outlined the services provided by the Trust, including numbers of clients and attendees, and developments over the past 12 months. She emphasised the importance of collaboration and the business mentoring network, and identified additional sources of funding alongside support received from Nelson City and Tasman District Councils.

Ms Holmes and Mr Kearney answered questions regarding funding of and constraints on the Trust, and future opportunities relating to sustainable business opportunities and zero carbon organisations.

Attachments

- 1 A2311552 - Nelson Tasman Business Trust - Tabled document
- 2 A2311559 - Nelson Tasman Business Trust - Power Point presentation

4.2 Nelson Centre of Musical Arts - Celebration of the 2019 UNESCO Asia Pacific Cultural Heritage Conservation Award

James Donaldson, Director of the Nelson Centre of Musical Arts, gave a power point presentation (A2311618). He spoke about the Nelson Centre of Musical Arts redevelopment project, and noted it was one of three projects to win an award of distinction in the 2019 UNESCO Asia Pacific Cultural Heritage Conservation Awards.

Mr Donaldson outlined the intricacies of the project and noted feedback from the Awards judging panel. He answered questions regarding use of the facility and the ability of members of the public to tour the facility.

Attachments

- 1 A2311618 - Nelson Centre of Musical Arts - Power Point Presentation

5. Chairperson's Report

Document number R13604, agenda pages 8 - 9 refer.

Resolved GF/2019/092

That the Governance and Finance Committee

- 1. Receives the report Chairperson's Report (R13604); and***
- 2. Appoints the following Elected Member to a liaison role as follows:***

Organisation/Group	Liaison
Nelson Tasman Business Trust	Judene Edgar

O'Neill-Stevens/Brand

Carried

6 Bishop Suter Trust - strategic presentation

Director, Julie Catchpole, and Trustees, Craig Potton and Rebecca Mason, gave a power point presentation on the strategic direction of the Bishop Suter Trust (A2333926).

They answered questions regarding challenges relating to the expansion of education programmes, how activities aligned with relevant Council arts policies or strategies, the ability to track more detailed information regarding visitor numbers, further income-generating activities and the ability to draw further revenue from grants and sponsorship.

Attachments

- 1 A2333926 - Bishop Suter Trust - Power Point Presentation

7. Bishop Suter Trust - Statement of Expectation 2020/21

Document number R12557, agenda pages 10 - 49 refer.

Manager Community Partnerships, Mark Preston-Thomas presented the report. Along with Group manager Community Services, Roger Ball, he answered questions regarding incorporating SMART objectives into the Statement of Intent, measures relating to increasing Tasman District Council support, good employer relations, climate change and resilience, and the analysis of visitor numbers.

Resolved GF/2019/093

That the Governance and Finance Committee

1. ***Receives the report Bishop Suter Trust - Statement of Expectation 2020/21 (R12557) and its attachment (A2147853); and***
2. ***Approves the general matters to be included in the Bishop Suter Trust Statement of Expectation 2020/21 letter as those identified in paragraphs 4.1 to 4.14 of report R9824 and its attachment (A2147853); and***
3. ***Approves the following specific matters to be included in the Bishop Suter Trust Statement of Expectation letter:***
 - a) ***Governance succession plan; and***

b) Resilience; and

c) Good employer obligations; and

d) Climate Change responsiveness including risk resilience, mitigation and adaption; and

e) Continued development of the relationship with Tasman District Council with a view to increasing funding from that source; and

f) Improving performance reporting by the inclusion of quantifiable measures and SMART targets.

Fulton/Edgar

Carried

The meeting adjourned from 10.41a.m. to 10.57a.m.

8. Events Strategy - implementation update

Document number R10110, agenda pages 50 - 59 refer.

Manager Strategy, Mark Tregurtha, presented the report. He answered questions regarding the community and economic objectives for the fund, the return of post-event reports, the spread of community events across the community sector, the effect that the overdraft on the Events Fund had on the number of events able to be supported, the targeted economic outcome for economic events, and how Council could support events towards being zero waste.

Resolved GF/2019/094

That the Governance and Finance Committee

1. Receives the Events Strategy - implementation update (R10110) and its attachments (A2256992 and A2280154).

Noonan/Fulton

Carried

9. Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

Document number R12561, agenda pages 60 - 88 refer.

Manager Strategy, Mark Tregurtha, Management Accountant, Laura Papp, and Financial Accountant, Margie French, presented the report. Mr Tregurtha explained that the information from Infometrics, referred to in paragraph 4.44 of the report, had been received too late to present at the meeting.

Mr Tregurtha and Ms Papp answered questions regarding the budget in relation to staff costs for administration and meeting support, forestry income and expenditure, expenditure in relation to landfill gas, depreciation in relation to staff costs, programmed maintenance and depreciation, and capital spend on projects in this area to date.

Resolved GF/2019/095

That the Governance and Finance Committee

- 1. Receives the report Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019 (R12561) and its attachments (A2291818, A2294518, A2285110 and A1160658).***

Murray/Peters

Carried

9. Exclusion of the Public

A question was raised as to whether aspects of item 2 of the Confidential Agenda (Nelson Centre of Musical Arts – External Review of Business Model) should be considered in the confidential part of the meeting. Group Manager Community Services, Roger Ball, explained that initial discussions should take place during the confidential part of the meeting but it was envisaged that decisions would be released publically.

The Chairperson explained that, as representatives of Nelmac Limited would attend for item 1 of the confidential agenda (Nelmac Limited – Statement of Expectation 2020/21); and representatives of the Nelson Centre of Musical Arts, including Councillor Rainey in his personal capacity as a trustee of the Nelson Centre of Musical Arts, would remain for item 2 of the confidential agenda (Nelson Centre of Musical Arts – External Review of Business Model), a procedural resolution to allow them to remain in the meeting after the public had been excluded was required.

Resolved GF/2019/096

That the Governance and Finance Committee

- 1. Confirms, in accordance with sections 48(5) and 48(6) of the Local Government Official Information and Meetings Act 1987, that:***
 - Rob Gunn, Jane Sheard and Lindsay Coll remain after the public has been excluded, for Item 1 of the Public Excluded agenda (Nelmac Limited – Statement of Expectation 2020/21), as they have knowledge relating to Nelmac Limited that will assist the meeting; and***

- ***Roger Taylor, James Donaldson, Mark Christiansen, Jan Trayes and Pete Rainey remain after the public has been excluded, for Item 2 of the Public Excluded agenda (Nelson Centre of Musical Arts – External Review of Business Model), as they have knowledge relating to the Nelson Centre of Musical Arts that will assist the meeting.***

Fulton/McGurk

Carried

Resolved GF/2019/097

That the Governance and Finance Committee

- 1. Excludes the public from the following parts of the proceedings of this meeting.***
- 2. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

Fulton/McGurk

Carried

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Nelmac Limited - Statement of Expectation 2020/21	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
2	Nelson Centre of Musical Arts - External Review of Business Model	Section 48(1)(a) The public conduct of this matter would be	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(i)

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
		likely to result in disclosure of information for which good reason exists under section 7	To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
3	Nelson Municipal Band Trust: Reappointment of Trustee	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
4	i-SITE Lease at Millers Acre	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
5	Governance and Finance Committee Confidential Status Report	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

The meeting went into public excluded session at 11.36a.m. and resumed in public session at 4.48p.m.

RESTATEMENTS

It was resolved while the public was excluded:

1	PUBLIC EXCLUDED: Nelmac Limited - Statement of Expectation 2020/21
	<p><i>That the Governance and Finance Committee</i></p> <p><i>4. <u>Agrees</u> that Report (R12567) and the decision be made publicly available once the completed Statement of Expectations is made available on the Nelson City Council website approximately 30 days after they are received by the CCTO.</i></p>
2	PUBLIC EXCLUDED: Nelson Centre of Musical Arts - External Review of Business Model
	<p><i>That the Governance and Finance Committee</i></p> <p><i>7. <u>Agrees</u> that the decision be released from public excluded business following the related Council decisions.</i></p>
3	PUBLIC EXCLUDED: Nelson Municipal Band Trust: Reappointment of Trustee
	<p><i>That the Governance and Finance Committee</i></p> <p><i>3. <u>Agrees</u> that the decision only be released from public excluded business, once the appointment is finalised.</i></p>
4	PUBLIC EXCLUDED: i-SITE Lease at Millers Acre
	<p><i>That the Governance and Finance Committee</i></p> <p><i>4. <u>Agrees</u> that Report (R10344), Attachments (R10344, A2307707 and A2297401) and the decision be excluded from public release at this time.</i></p>
5	PUBLIC EXCLUDED: Governance and Finance Committee Confidential Status Report

	<i>That the Governance and Finance Committee</i>
	<i>2. <u>Agrees</u> that the Report (R3646) and its attachment (A1401390) be excluded from public release at this time.</i>

There being no further business the meeting ended at 4.48p.m.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

Nelson Centre of Musical Arts - Letter of Expectation 2020/21

1. Purpose of Report

- 1.1 To confirm Council's expectations for the Nelson Centre of Musical Arts (NCMA) 2020/21 Letter of Expectation (LOE).

2. Recommendation

That the Governance and Finance Committee

- 1. Receives the report Nelson Centre of Musical Arts - Letter of Expectation 2020/21 (R13712); and***
- 2. Approves the general matters to be included in the Nelson Centre of Musical Arts Letter of Expectation 2019/20 letter as those identified in paragraphs 4.3 to 4.16 of report R13712; and***
- 3. Approves the following specific matters to be included in the Nelson Centre of Musical Arts Letter of Expectation:***
 - a) Governance succession plan; and***
 - b) Resilience; and***
 - c) Good employer obligations; and***
 - d) Improving performance reporting by the inclusion of quantifiable performance measures and SMART targets.***

3. Background

- 3.1 Council commissioned RB Robertson Ltd (Bruce Robertson) to undertake an independent review of the NCMA's business model at the end of last year.
- 3.2 The review was reported to the Governance and Finance Committee on 5 December 2019 (R13615). The review recommended two core issues to address:
- 3.2.1 The relationship between Council and the NCMA. The review suggested that there would be benefit in strengthening the relationship between Council and the NCMA Trust Board.
- 3.2.2 The financial position of the Trust Board and the need for certainty over the level of funding.
- 3.3 Although the NCMA is not a Council Controlled Organisation (CCO), the review proposed that the disciplines in the CCO model provide a good model for clarifying expectations and improving the relationship. One of the recommendations was to adopt a Letter of Expectation on an annual basis, setting out mutually agreed expectations.
- 3.4 Previous funding to NCMA was via a grant agreement that specified a range of performance expectations and reporting via an annual accountability report. This arrangement did not facilitate a direct relationship with the Community Services Committee.
- 3.5 At the Governance and Finance Committee on 5 December 2019, it was resolved that the Committee:
- Endorses the review recommendation to establish a closer relationship with Nelson Centre of Musical Arts including a Statement of Expectation.*
- 3.6 Officers have met with the Chair of the NCMA Board, Roger Taylor, and the NCMA's Director, James Donaldson, to follow up the decisions of the Committee and Council regarding the outcomes of the independent review. This was a positive meeting, and NCMA confirmed its readiness to work with Council towards a SOI to replace the current grant agreement. Other actions falling out of Council's decisions on the review are also underway.
- 3.7 Separately, and in order to keep the Committee informed, a process to recruit two new Trustees for the NCMA, representing Council, has commenced. Council is currently represented on the NCMA Board by Roger Taylor and Mark Christiansen. The aim is to have appointees in place for the NCMA's Annual General Meeting in June.

4. Discussion

- 4.1 The former grant agreement arrangement does not easily facilitate the building of a strong and robust relationship between Council and the Trust Board as recommended in the Robertson review. A Letter of Expectation

(LOE) / Statement of Intent (SOI) process is welcomed by the Trust Board and will support the strengthening of the governance relationship.

- 4.2 Although NCMA does not have the CCO / CCTO requirements regarding compliance with the Local Government Act the expectations and process will largely mirror that of a CCO / CCTO. This will include alignment with recent changes to the Local Government Act reflecting CCOs, such as placing the LOE on the Council website.

General expectations to be included in the LOE

- 4.3 SOIs must include a complete set of summary prospective financial statements for at least three years (preferably five years) i.e. Statement of Comprehensive Income, Statement of Financial Position and cash flow statement.
- 4.4 SOIs should disclose measures like earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortisation (EBITDA) and balance sheet ratios where applicable, i.e. Council Controlled Trading Organisations (CCTOs).
- 4.5 Compliance with legislation and reporting on Health and Safety matters must be given due emphasis.
- 4.6 Where the Council makes a financial contribution to the operational costs of the organisation, the NCMA should show how it intends to increase non-council revenue streams.
- 4.7 Capital expenditure and asset management intentions should be included.
- 4.8 The NCMA should use the same information for both managing the business and reporting through to the Council, i.e. the information used for setting targets and reporting against them for the SOI should overlap and be a subset of the information used for internal reporting.
- 4.9 SOIs and other reports should be in a plain style, concise, relevant, accessible and focused on meeting the needs of the Council and the public they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current and future numbers).
- 4.10 To be effective, the SOI must disclose the performance story for the NCMA, providing a clear and succinct understanding of its purpose, the goods and services it delivers and what success looks like. Providing a clear message to the Board on these requirements and other expectations will assist in ongoing improvements in the SOI and reporting.
- 4.11 The main aspects of the SOI performance story are:
- Strategic context
 - Specifying and presentation of the outcomes framework

- Main measures and targets, outcomes and objectives
 - Linking the strategy outputs performance together
- 4.12 Risk management: The SOI should set out clearly how the Board is considering and managing risks, including natural hazards and cyberattacks.
- 4.13 Climate change responsiveness including risk resilience, mitigation and adaption. Describe in the SOI how the Trustees intend reducing emissions, waste and responding to climate change events.
- 4.14 Health and Safety: Given the requirements of the Health and Safety at Work Act 2015 (the Act), it is appropriate for Council to set out its expectations in relation to Health and Safety at the NCMA.
- 4.14.1 The Council expects the Board to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed and review Health and Safety systems and performance.
- 4.15 Governance performance: The Board should undertake regular evaluation of its own performance.
- 4.15.1 Council expects this review to be carried out at least once every eighteen months.
- 4.15.2 The Chair of the Board should reference this evaluation when making recommendations on the re-appointment or recruitment of board members. In addition, Trustee recruitment should ensure that when identifying the skills, knowledge and experience required of Trustees consideration is given to whether knowledge of tikanga Māori may be relevant.

Specific expectations to be included in the Letter of Expectation

- 4.16 It is proposed that the following specific expectations be set out in the Letter of Expectation to the Trust Board.
- 4.16.1 Governance: Include in the SOI a governance succession plan that details how the board will identify and mentor a future chair of the trust.
- 4.16.2 Resilience: Include in the SOI a risk management plan that details risks / hazards, mitigation strategies, response and recovery plans in relation to cyber attacks and natural hazards.
- 4.16.3 Good employer obligations: Detail in the SOI how the Trust meets its good employer obligations particularly in relation to fair pay and equal employment opportunities.

- 4.16.4 Quantifiable performance measures and SMART targets: Identify annual performance measures and targets to include levels of attendance, participation and leadership.

5. Options

Option 1: Accept the matters to be included in the Letter of Expectation	
Advantages	<ul style="list-style-type: none">• Provides clear and early direction to the Trust Board to assist with the preparation of the 2020/21 Statement of Intent.• Consistency with other LOEs.
Risks and Disadvantages	<ul style="list-style-type: none">• None
Option 2: Amend the matters to be included in the Letter of Expectation	
Advantages	<ul style="list-style-type: none">• Provides clear direction to the Trust Board to assist with the preparation of the 2020/21 Statement of Intent.• The LOE reflects the views expressed by Councillors.
Risks and Disadvantages	<ul style="list-style-type: none">• Potential for LOE to be delayed which could delay implementation of the SOI.• Could be significantly different from other LOEs.

6. Conclusion

- 6.1 Although the NCMA is not a CCO or CCTO, transitioning from a grant agreement to an LOE / SOI arrangement provides an opportunity to strengthen the relationship between the Trust Board and Council.

Author: Mark Preston-Thomas, Manager Community Partnerships

Attachments

Nil

Important considerations for decision making	
1. Fit with Purpose of Local Government	This report discusses matters which seek to promote the social, economic and cultural well-being of the community in the present and in the future.
2. Consistency with Community Outcomes and Council Policy	The decisions on this report support our Community Outcomes as follows: "Our communities have opportunities to celebrate and explore their heritage, identity and creativity"; and "Our communities to have access to a range of social, educational and recreational facilities and activities".
3. Risk	Providing a Letter of Expectation mitigates the low risk that the NCMA develops a Statement of Intent which is not aligned with Council's expectations.
4. Financial impact	None.
5. Degree of significance and level of engagement	This matter is of low significance because this decision is about setting expectations early in the SOI process and there are other decision points along the way. Engagement will occur with the Board but is not required with the wider community.
6. Climate Impact	Climate change responsiveness has been identified by Council as a specific matter of interest in the Letter of Expectation.
7. Inclusion of Māori in the decision making process	No engagement with Māori has been undertaken in preparing this report.
8. Delegations	The Governance and Finance Committee has the following delegations to consider the content of the Statement of Expectation: <i>Area of Responsibility:</i>

- *Governance of Nelson City Council Controlled Organisations, Nelson City Council Controlled Trading Organisations, and Council Organisations*

Delegations:

- *The committee has all of the responsibilities, powers, functions and duties of Council in relation to governance matters within its areas of responsibility, except where they have been retained by Council, or have been referred to other committees, subcommittees or subordinate decision-making bodies.*

Quarterly Report to Governance and Finance Committee 1 October - 31 December 2019

1. Purpose of Report

- 1.1 To inform the Committee of the financial and non-financial results for the second quarter for the activities under its delegated authority.
- 1.2 To highlight any material variations.

2. Recommendation

That the Governance and Finance Committee

- 1. Receives the report Quarterly Report to Governance and Finance Committee 1 October - 31 December 2019 (R13735) and its attachments (A2332426, A2334191, A2341521 and A2338769).***

3. Background

- 3.1 Quarterly reports on performance are being provided to each Committee on the performance and delivery of projects and areas within their responsibility.
- 3.2 The financial reporting focuses on the six month performance to 31 December 2019 compared with the year-to-date (YTD) approved capital and operating budgets.
- 3.3 Unless otherwise indicated, all information is against approved operating budgets, which is 2019/20 Annual Plan, plus any carry forwards, plus or minus any other additions or changes as approved by the Committee or Council.
- 3.4 This Committee is responsible for the majority of the financial delegation of the former Audit Risk and Finance Subcommittee.

Item 8: Quarterly Report to Governance and Finance Committee 1 October - 31 December 2019

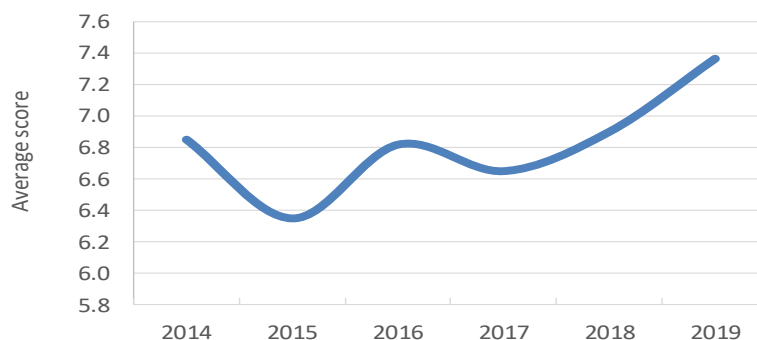
- 3.5 The body of this report is split into two sections to reflect this. The first section (section 4) will report on Council activities within the Committee's delegations for the quarter, and the second section (section 5) covers Council's overall financial performance. The whole of Council project health summary reporting falls under the 'risk' category and goes to the Audit and Risk Sub-committee.

4. Governance Activities

Key Developments

- 4.1 Council's results from the New Zealand Institute of Economic Research (NZIER)'s Assessment of Council Reports 2019 were received in this quarter, and were very positive. As part of its focus on improving Council performance, staff annually send a selection of Council reports to be independently assessed. Results showed that the average report score has risen from 6.9 in 2018 to 7.36 in 2019, (see Council's progress in graph 4.2.1). Of note, 91% of the 11 reports submitted scored a 7 or above, meeting the NZIER quality standard. The 2019 benchmarking against other councils is not available until early 2020, however NZIER has indicated that Council is at an equivalent level to the best of the other councils they review. Three focus areas were recommended to improve reports, which will be incorporated into future report writer training.

4.1.1 An average of Council's NZIER report scores 2014-2019



- 4.2 The Anchor Building veranda renewal was completed in November 2019.

Tenders Awarded

- 4.3 Tenders awarded under delegated authority in this quarter are listed below:

Tender	Awarded to	Tender Price
Electricity supply for Council and joint business units (NRSBU and NTRLBU)	Genesis Energy	\$2.5m p.a (two year contract)

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Financial Results

4.4 Financial information is shown in the charts below, with an explanation following.

4.5 Profit and Loss by Activity

Economic	YTD Actuals	YTD Operating Budget 2019/20	YTD Variance	Total Operating Budget 2019/20	Total Annual Plan Budget 2019/20	Latest forecast
Income						
Rates Income	(878)	(878)	0	(1,755)	(1,755)	(1,755)
Other Income	(300)	(150)	(150)	(300)	0	(300)
	(1,178)	(1,028)	(150)	(2,055)	(1,755)	(2,055)
Expenses						
Staff Operating Expenditure	88	3	85	7	7	7
Base Expenditure	691	654	37	1,243	897	1,223
Unprogrammed Expenses	1	0	1	0	0	0
Programmed Expenses	356	458	(102)	826	826	826
Finance Expenses	8	13	(5)	25	25	25
Depreciation	0	0	0	0	0	0
	1,144	1,128	16	2,101	1,755	2,081
(Surplus)/Deficit	(34)	100	(134)	46	0	26

Corporate	YTD Actuals	YTD Operating Budget 2019/20	YTD Variance	Total Operating Budget 2019/20	Total Annual Plan Budget 2019/20	Latest forecast
Income						
Rates Income	(1,219)	(1,215)	(4)	(2,430)	(2,430)	(2,430)
Other Income	(6,331)	(5,599)	(732)	(16,465)	(16,464)	(14,285)
Total Income	(7,550)	(6,814)	(736)	(18,895)	(18,894)	(16,715)
Expenses						
Staff Operating Expenditure	3,318	3,394	(76)	6,794	6,793	6,825
Base Expenditure	1,930	1,707	223	4,140	4,111	2,508
Unprogrammed Expenses	80	39	41	578	578	593
Programmed Expenses	82	127	(45)	328	246	303
Finance Expenses	2,567	2,442	125	4,756	4,756	4,756
Depreciation	752	939	(187)	1,879	1,879	1,879
Total Expenses	8,729	8,648	81	18,475	18,363	16,864
(Surplus)/Deficit	1,179	1,834	(655)	(420)	(531)	149

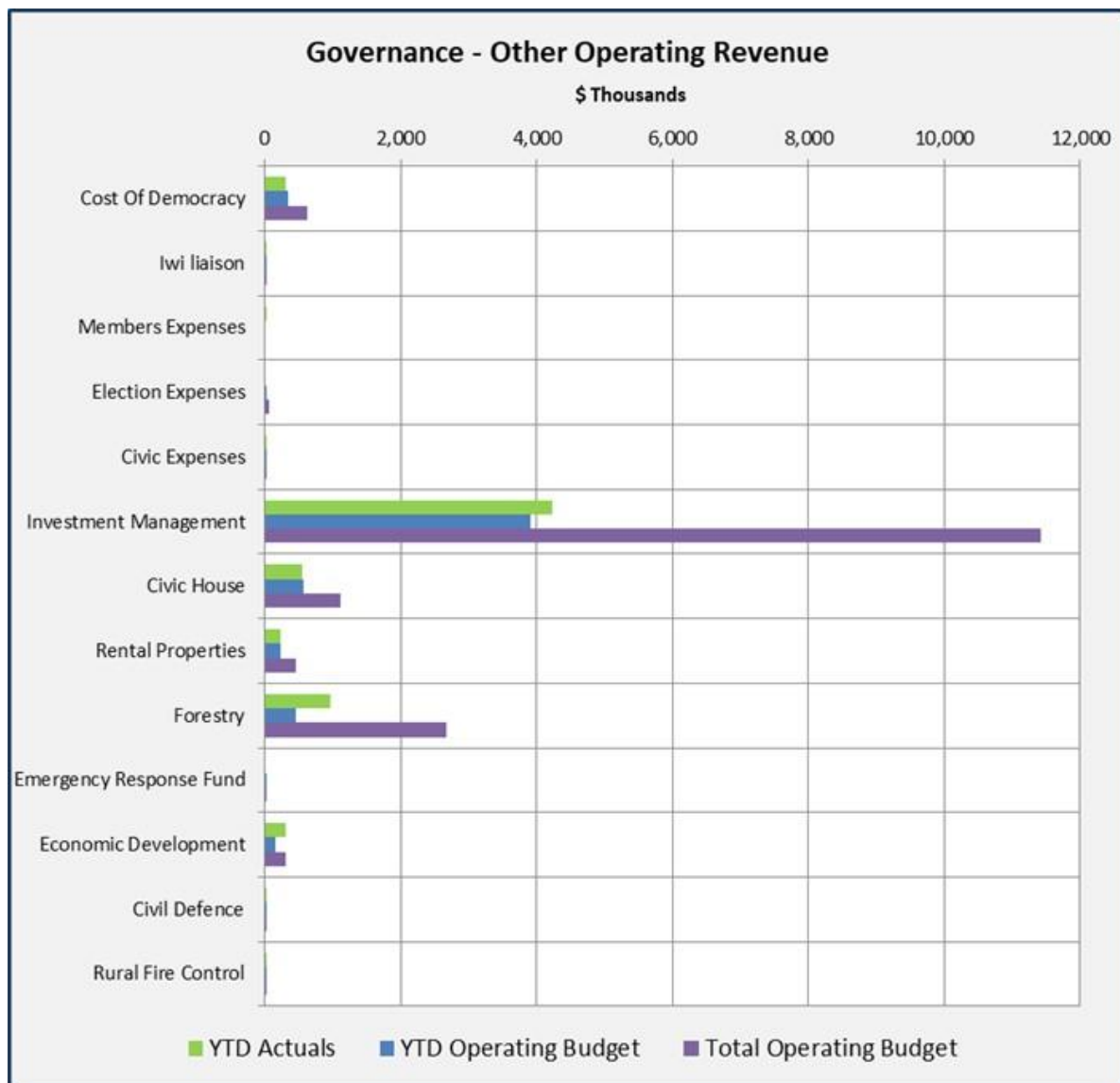
4.5.1 Notes to Profit and Loss by Activity:

- The "Total Operating Budget" differs from the "Total Annual Plan Budget" in that it includes carry forwards and reallocations made after the final approval of the Annual Plan.

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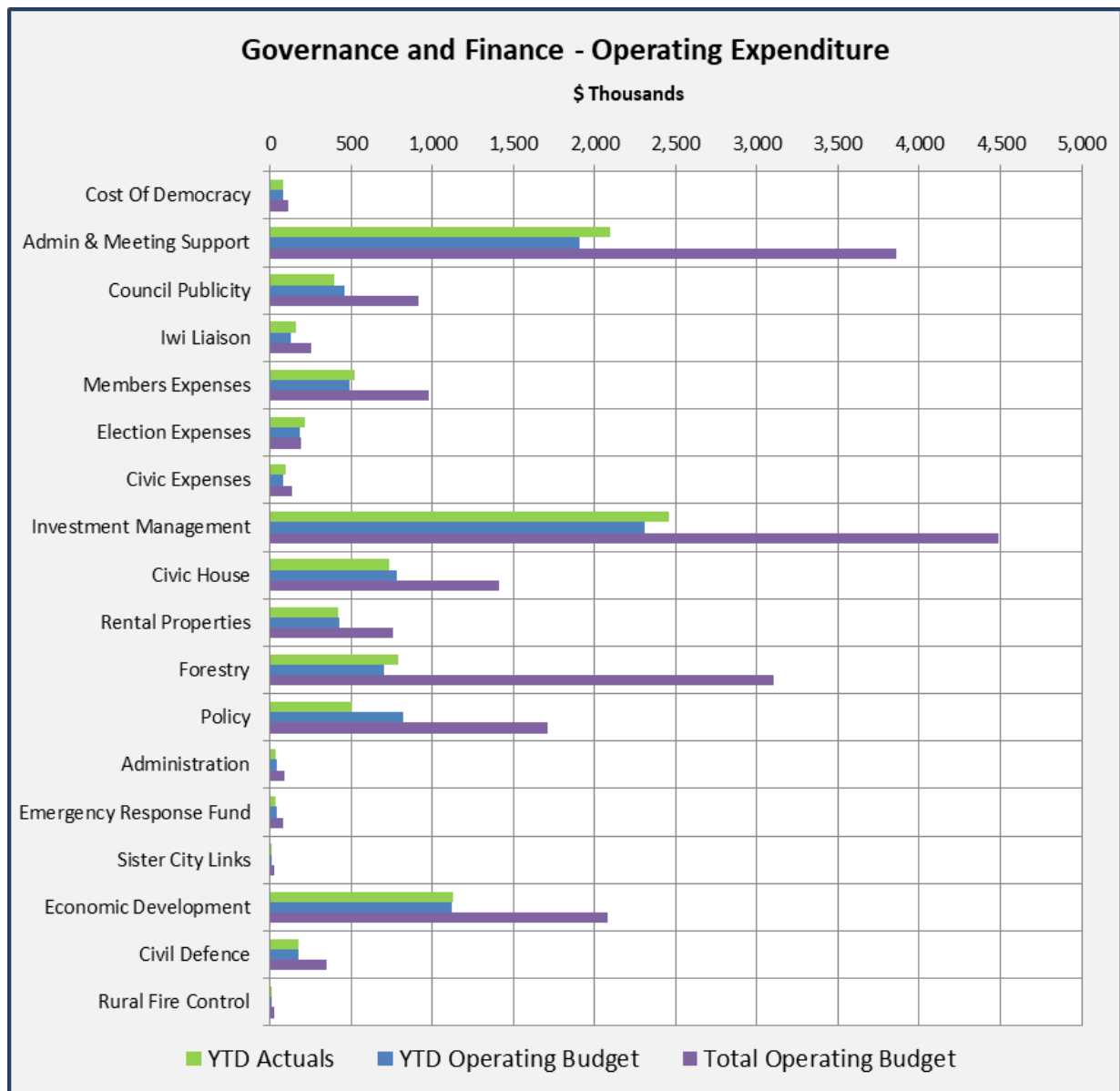
- Base Expenditure is expenditure that happens year after year, for example yearly contracts or operating expenses.
- Programmed Expenditure is planned, or there is a specific programme of works. For example, painting a building.
- Unprogrammed Expenditure is reactive or unplanned in nature, for example responding to a weather event. Budgets are included as provisions for these expenses which are unknown.

4.6 Other Operating Revenue (excluding rates income)



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4.7 Operating Expenditure



Staff Costs

- 4.8 Staff costs are overall behind of budget by \$2,000 across Governance. Staff costs include all expenditure relating directly to the employment of staff, as well as some overheads which are allocated to cost centres on the same basis as staff time.
- 4.9 The staff cost variance in Governance is not consistent with the trend across council for the second quarter, in which staff costs are to date ahead of budget by \$84,000, a reduction from \$353,000 in the first quarter. This mismatch is a result of a difference between where staff costs were budgeted and where the actuals are recorded.
- 4.10 Major variances in staff expenditure across council include wages (\$55,000 under budget), temporary staff (\$45,000 over budget),

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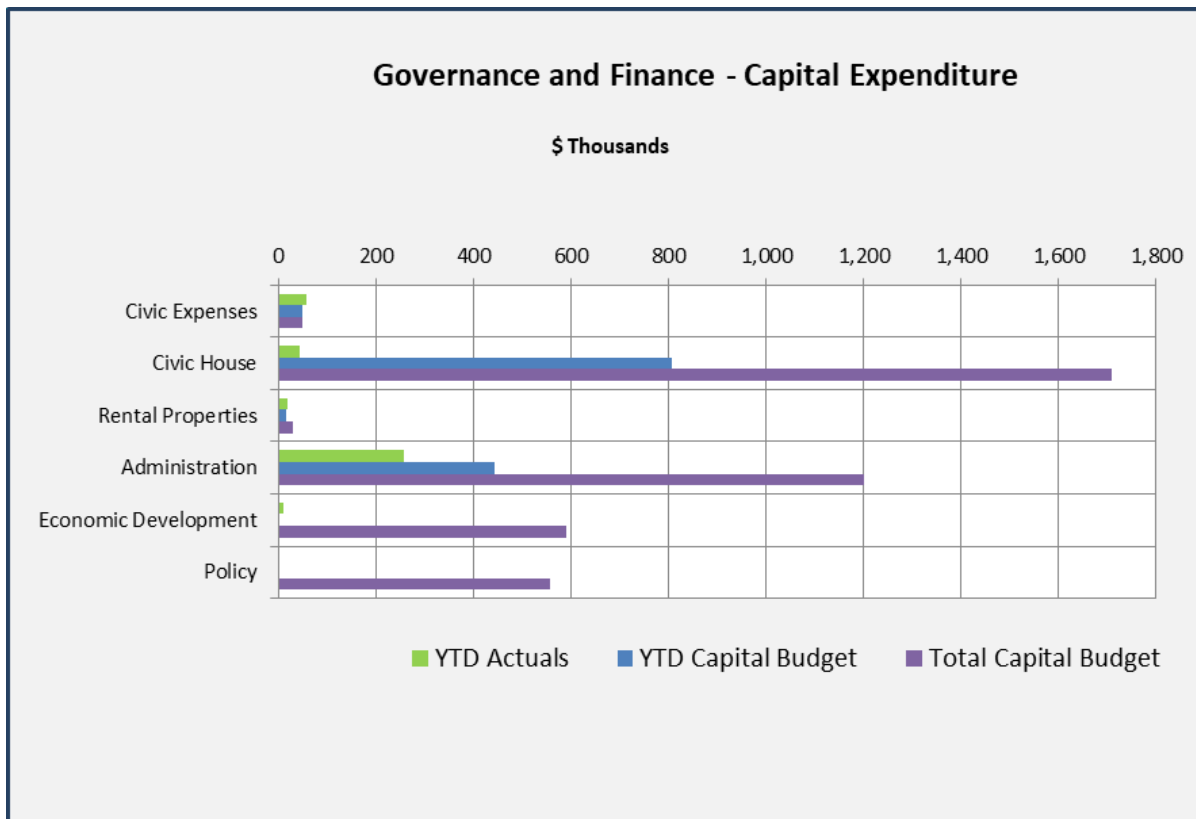
contractors (\$117,000 over budget), and depreciation (\$78,000 under budget). These under and overspends total \$29,000 over budget for the quarter.

- 4.11 Individual variances in the cost centres are noted below where significant. In each case, these variances may be the result of actuals occurring in a different cost centre than budgeted, timing, or cost variances (overspends or underspends).
- 4.12 **Administration and Meeting Support expenditure is greater than budget by \$188,000.** Staff costs are ahead of budget by \$197,000, this is a reduction from \$546,000 in Quarter 1 after the review of the staff cost allocation model. Staff costs are discussed in detail above.
- 4.13 **Council Publicity expenditure is less than budget by \$66,000.** Staff costs are behind budget by \$55,000. Website support is behind budget by \$11,000.
- 4.14 **Investment Management income is greater than budget by \$316,000.** A special dividend of \$400,000 was received in September 2019 from Port Nelson. External interest is ahead of budget by \$76,000 and is offset by expenditure. **Investment Management expenditure is greater than budget by \$152,000.** External interest expense is ahead of budget due to the pre-funding of debt, and is partially offset by income.
- 4.15 **Forestry income is greater than budget by \$508,000.** This variance relates to timing of the Maitai Forest harvest and is partially offset in expenditure. **Forestry expenditure is greater than budget by \$88,000.** Maitai Forest harvest costs are ahead of budget by \$133,000 due to timing. Forestry management for the Maitai is \$49,000 behind budget, general forestry management \$37,000 behind budget and Roding forestry management is \$32,000 ahead of budget.
- 4.16 **Policy expenditure is less than budget by \$317,000.** Staff costs are behind budget by \$298,000. This provides an offset to staff costs recorded in Admin and Meeting Support.
- 4.17 **Economic Development income is greater than budget by \$150,000.** This is a timing variance relating to Tasman District Council's contribution for the Nelson Regional Development Agency. Economic Development expenditure is **greater than budget by \$14,000.** Staff costs are ahead of budget by \$85,000, this relates to staff time for the Bay Dreams festival. Various items are behind budget due to timing, including regional promotion (\$51,000), events contestable fund (\$46,000), and special economic projects (\$27,000). The beach bus subsidy is ahead of budget by \$15,000 due to timing. Items over budget include \$30,000 for the Vodafone NZ – Smart Little City contract, and \$27,000 for the Nelson Regional Development Agency Review.
- 4.18 **Terms used: Ahead/behind** – this indicates that the variance is due to timing, or that it is not yet known whether the variance will continue for

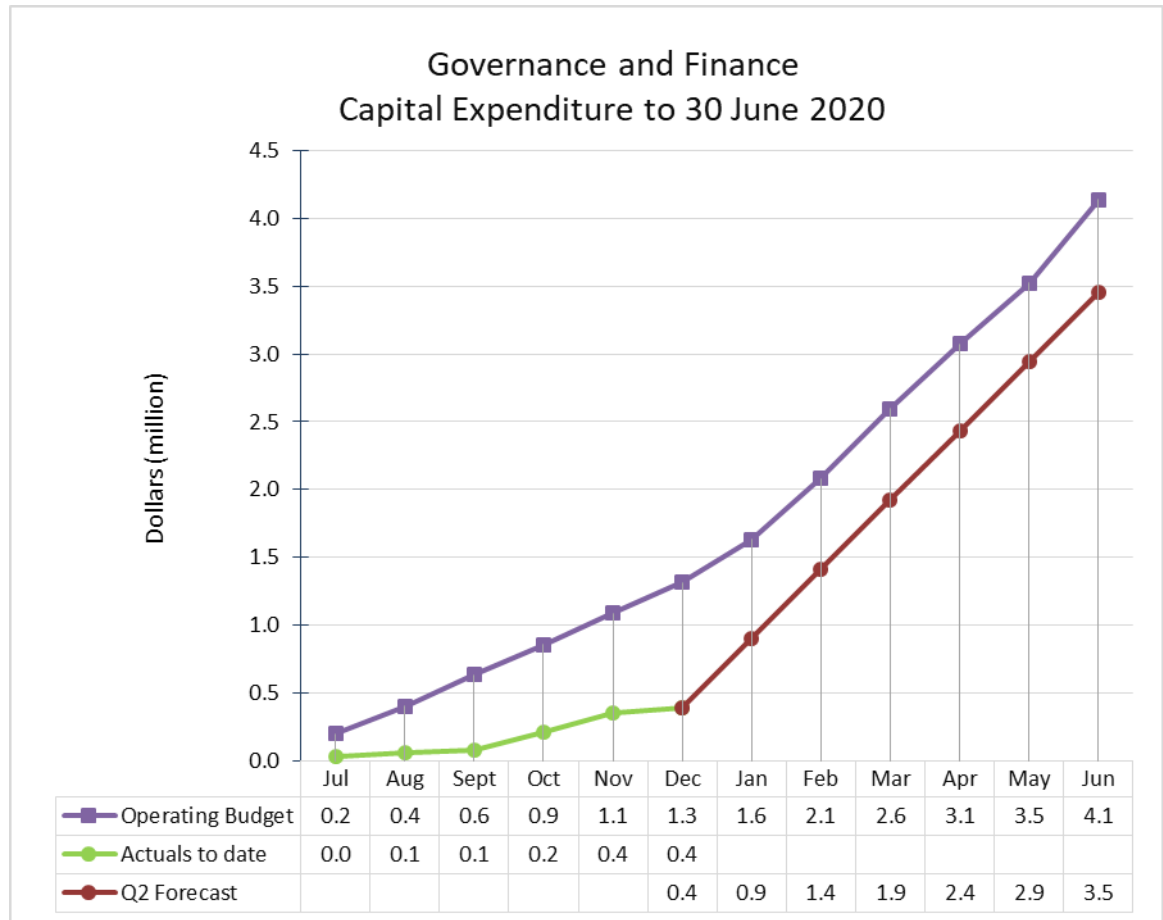
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the full year. *Over/under* – this indicates that a budget has been overspent or underspent, and that it is likely there is an actual cost saving or overrun. These should be made clear by the commentary. *Less/greater* – these header terms are used to describe the total variance to budget for a cost centre and account type.

4.19 Capital Expenditure (including staff time, excluding vested assets)



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- 4.20 All capital projects, within the Governance delegation, with a budget greater than \$250,000 in this financial year have a project sheet in Attachment 1 of this report.

Commentary on Capital Projects

- 4.21 There are seven capital projects within the Governance delegation, which have been included as part of the quarterly reporting. All have a budget over \$250,000 for 2019/20. They are the Haven Precinct, CBD Enhancements, and four projects relating to Civic House. Summaries are included in Attachment One.
- 4.22 An additional project 'Christmas Decorations CBD' is under \$250,000, but has been included due to interest in the project. Approximately 71% of actual spend to date on 'Christmas Decorations CBD' has been capex.
- 4.23 Project status is analysed based on three factors; quality, time, and budget. From the consideration of these three factors the project is summarised as being on track (green), some issues/risks (yellow), or major issues/risks (red). Projects that are within 5% of their budget are considered to be on track in regards to the budget factor.

Project Reports – Operational

- 4.24 There is one non-capital project within the Governance delegation that is included as part of the quarterly reporting. This project, the 2020/21 Annual Plan, has been selected for quarterly reporting as it makes an important contribution to Council's work programme. The summary is included in Attachment 1.

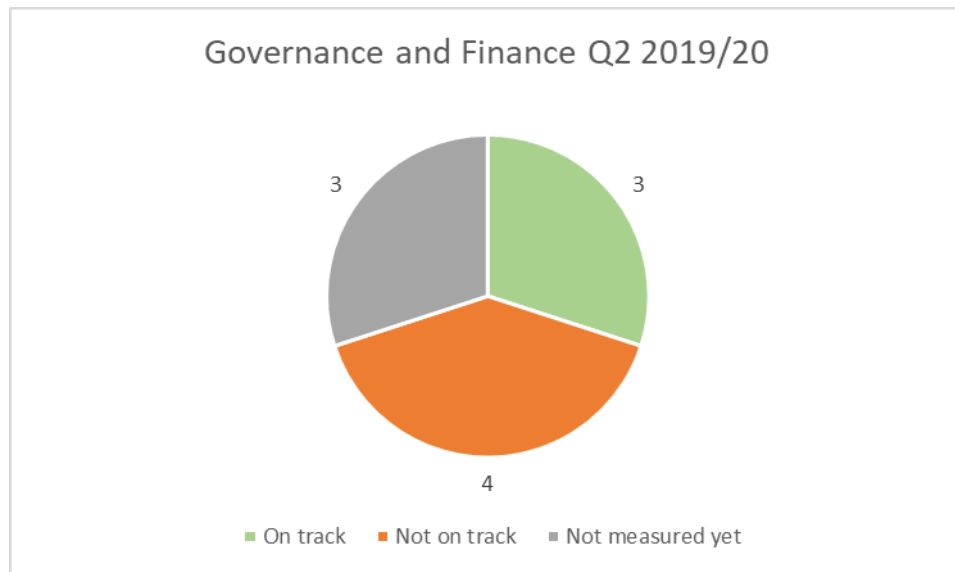
Key Performance Measures

- 4.25 As part of the development of the Long Term Plan 2018-28, Council approved levels of service, performance measures and targets for each activity. There are ten performance measures within the Governance Committee's delegations.
- 4.26 Final results for each measure will be reported on through the Annual Report 2019/20, however this report includes an indication of progress for those measures where an assessment of current performance is available at this stage.
- 4.27 A number of performance measures cannot be reported on until the end of the financial year, accordingly the scale to report on the performance measures is as follows:
- On track
 - Not on track
 - Achieved
 - Not achieved
 - Not measured yet
- 4.28 Attachment 2 lists all performance measures within the Governance delegation, their status, and commentary for the quarter.

Quarterly Review of Performance Measures

Status of Governance Performance measures, quarter two 2019/20

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- 4.29 Of the ten Governance performance measures, three measures cannot yet be reported on and the results are listed as 'not measured yet'. Two Economic measures concern the return on our events investment based on the number of out of town visitors attending major events, and the distribution of these visits throughout the year – this data is calculated annually so is not yet available. Corporate measure 'Council satisfaction with attainment of six monthly Council Controlled Organisation (CCO) targets for all Statements of Intent' cannot yet be reported on, as the six-monthly reports for CCOs are due at the end of February.
- 4.30 Three measures are 'on track' to achieve: annual improvement in resident satisfaction with opportunities to provide feedback to Council, the establishment and operation of the iwi-Council strategic framework, and the Emergency Operations Centre meeting its monitoring and evaluation requirements.
- 4.31 Four measures are 'not on track' to achieve for the year. Three measures are in the Economic activity area, based on newly acquired data from quarter one (this information was not available for quarter one reporting). They concern Nelson's GDP increase, tourism spend, and retail spend in the city centre – see Attachment Two for details. Council's actions to significantly change the results of these measures is limited, and accordingly it is unlikely that these measures will be included in the next LTP. However, they may be included as part of any reporting on community outcomes.

5. Status Report Updates

- 5.1 Haven Precinct Project Progress Report - An update on this project will be provided in a report to Council on 26 March 2020.
- 5.2 Revised International Relationships Policy - Officers are currently in the process of undertaking consultation with iwi. The responsibility for this

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under the new delegations register is with Community Services and this action will be transferred to that committee's report.

6. Financial Performance – Whole of Council

6.1 Profit and Loss

Nelson City Council Total	YTD Actuals	YTD Operating Budget 2019/20	YTD Variance	Total Operating Budget 2019/20	Total Annual Plan Budget 2019/20	Latest forecast
Income						
Rates Income	(34,535)	(34,500)	(35)	(68,996)	(68,996)	(69,324)
Other Income	(23,520)	(23,058)	(462)	(52,151)	(52,081)	(49,480)
	(58,055)	(57,558)	(497)	(121,147)	(121,077)	(118,804)
Expenses						
Staff Operating Expenditure	13,750	13,467	283	27,147	26,892	26,924
Base Expenditure	22,271	22,410	(139)	43,564	42,702	42,623
Unprogrammed Expenses	2,658	2,243	415	4,915	4,790	5,444
Programmed Expenses	4,631	6,193	(1,562)	12,262	12,601	12,065
Finance Expenses	5,996	5,971	25	11,815	11,815	11,815
Depreciation	12,507	12,942	(435)	25,789	25,789	25,789
	61,813	63,226	(1,413)	125,492	124,589	124,660
(Surplus)/Deficit	3,758	5,668	(1,910)	4,345	3,512	5,856

6.2 For the six months ending 31 December 2019, the activity surplus/deficits are \$1.9m favourable to budget.

6.3 The most significant variances to budget are set out below. These will be reported to the relevant Committees.

6.4 Income

6.4.1 Forestry harvesting income ahead of budget \$508,000 due to timing of the Maitai Forest harvest.

6.4.2 Dividends are ahead of budget by \$410,000 reflecting the unbudgeted special dividend of \$400,000 declared by Port Nelson Limited in September 2019.

6.4.3 Grant income from the Ministry for Primary Industries is \$310,000 behind budget due to the timing of completing milestones, income now not expected until June 2020.

6.4.4 NZTA income is \$165,000 behind budget within the subsidised roading activity. Income is linked to expenditure which is also behind budget year to date.

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6.4.5 Tasman District Council's contribution to economic development is \$150,000 ahead of budget due to timing.

6.5 Expenses

6.5.1 There are numerous variances in **staff operating expenditure** in the activities:

- Total staff operating costs are over budget by \$84,000, Opex staff and overhead costs are over budget by \$283,000 and capex staff and overheads are under budget by \$199,000.

6.5.2 **Unprogrammed expenditure** is greater than budget by \$417,000. Items include:

- Wastewater reticulation reactive maintenance is over budget by \$112,000 due to the cost of reactive maintenance including; Paru Paru failures, Nile Street gravity system blockages, and Atawhai Rising Main break in September.
- Venue hire expenditure of \$92,000 against a nil budget recovered through income.
- Water reticulation reactive maintenance ahead of budget \$62,000 due phasing of the budget (47% of budget phased in first 6 months of the year, however 50% spent), expenditure is expected to stay within full year budget.

6.5.3 **Programmed expenditure** is behind budget \$1.6 million, items include:

- Grant expenditure for Nelson City Council's contribution to the Champion Road roundabout is behind budget \$235,000. This is not expected to be paid this financial year, and anticipated to be at the reduced amount of \$150,000 in 2020/21.
- Grant funding towards the Maitai area mountain bike trail \$187,000 behind budget. Funding will be paid on completion of outcomes.

6.5.4 Council's overall **depreciation** is behind budget \$432,000. Administration depreciation is \$135,000 under budget and this will continue to increase for the remainder of the financial year. Community Housing depreciation is \$87,000 behind budget and relates to the status of being 'held for sale'.

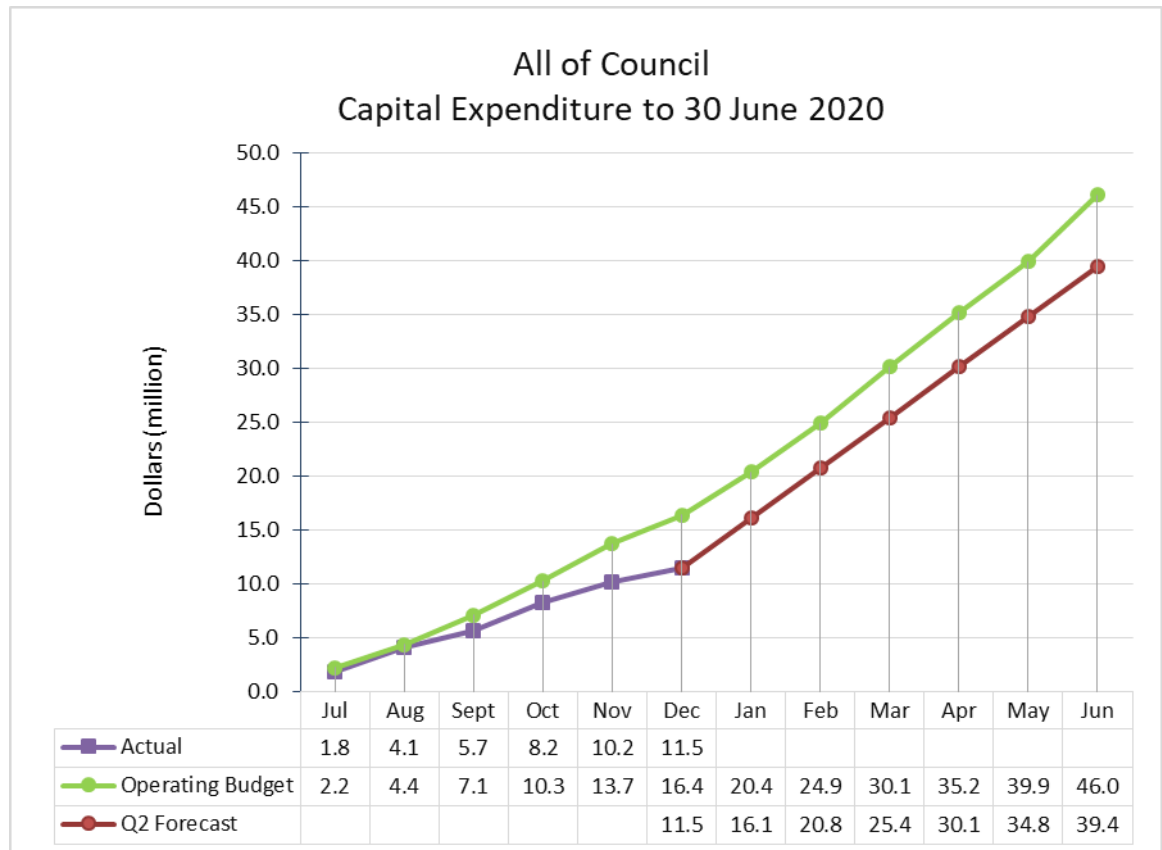
6.6 Latest forecast

6.7 Other Income \$2.7m less than operating budget - Estimated forestry income is now forecast to be \$560,000, this is a reduction of \$2.1 million.

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- 6.8 Base Expenditure \$941,000 less than operating budget - Estimated Forestry expenditure is now \$1.6 million less than operating budget. A full year overspend of \$250,000 is currently forecast for the Nelson Plan, due both to the use of consultants and to bringing the engagement phase forward to this financial year. Resource Consent consultant costs forecast to be \$40,000 more than budget, and external expert services \$150,000 more than budget.

6.9 Capital Expenditure (including staff time, excluding vested assets)



6.10 Financial information provided in Attachment 3 includes:

- 6.10.1 A financial measures dashboard with information on rates revenue, operating revenue and expenditure, and capital revenue and expenditure. The arrow icon in each applicable measure indicates whether the variance is increasing or decreasing, and whether that trend is favourable or unfavourable (green or red).
- 6.10.2 Operating income and expenditure displayed against budget by category.
- 6.10.3 A treasury measures dashboard with a compliance table (green signifying 'compliant'), a forecast of the debt/revenue ratio for the year where available, and a graph showing debt levels over a rolling 13 month period.

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- 6.10.4 High level balance sheet. The current year balance sheets do not include consolidations.
- 6.10.5 A debtor analysis graph over 13 months, showing outstanding debt levels and patterns for major debt types.
- 6.11 Capital expenditure is \$4.9 million under approved budget for the year to date.

Author: Mark Tregurtha, Manager Strategy

Attachments

- Attachment 1: A2332426 - Governance Project Sheets Quarter Two 2019/20 [↓](#)
- Attachment 2: A2334191 - Governance Performance Measure Summary Quarter Two 2019/20 [↓](#)
- Attachment 3: A2341521 - Finance Dashboards and Charts [↓](#)
- Attachment 4: A2338769 - All of Council project health summaries [↓](#)

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Civic House Renewal Programme					1199
2019/20: Renew Service lift at Civic House 2020/21: Ceiling tiles, roof and clocktower					
Overall Health			Quality	Time	Budget
Project Update (work completed, in progress, scheduled & budget change info)					
The lift shop drawings were received and reviewed prior to Christmas. The building consent application is currently being prepared for lodgement. Costs to undertake the builders' work required for the lift replacement will be confirmed by late January 2020. 2020/21 work includes design work for the roof renewal, clocktower renewal, and ceiling tile renewal - the latter commencing as a priority. Budget has been moved from Civic House Floor 1 upgrade to provide for funding required for renewal.					
Project Risks					
No immediate risks or issues that are impeding progress or cost at this stage.					
Project Issues					
No immediate risks or issues that are impeding progress or cost at this stage in relation to the service lift. Budget increases have been requested via the Annual Plan process for 2020/21 for ceiling tiles, roof and clock tower renewals.					

Civic House Renewal Programme (Lift Renewal)					1199
	Year 1	Year 2	Year 3	Years 4-10	Total
	2018/19	2019/20	2020/21	2021/28	2018/28
Long-term Plan Budget	17,000	162,498	5,222	302,910	487,630
Carry-forwards / Amendments	4,769 *	151,394	-	-	156,163
Total Budget	21,769 *	313,892	5,222	302,910	643,793
Actual Spend to Date	21,769 *	3,195			
Full Year Forecast	21,769 *	313,892	586,000	302,910	1,224,571

* Includes capital staff time

We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

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Civic House Floor 1 upgrade					1195
Civic House floor one refurbishment					
Overall Health			Quality	Time	Budget
Project Update (work completed, in progress, scheduled & budget change info)					
Project remains on hold while accommodation options are confirmed. The building consent has expired.					
Project Risks					
No concerning risks to report. Project remains on hold.					
Project Issues					
No concerning issues to report. Project remains on hold.					

Civic House Floor 1 upgrade					1195
2013/14 to 2017/18 Actuals					190,381
	Year 1	Year 2	Year 3	Years 4-10	Total
	2018/19	2019/20	2020/21	2021/28	2018/28
Long-term Plan Budget	588,000	-	-	-	588,000
Carry-forwards / Amendments	(476,000) *	669,937	-	-	193,937
Total Budget	112,000	* 669,937	-	-	781,937
Actual Spend to Date	112,442	* (1,947)			
Full Year Forecast	112,442	* 150,000	-	519,495	781,937

* Includes capital staff time

We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

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Aircon for Civic House					1197
Install aircon on 4th floor and Ventilation for all Civic House.					
Overall Health			Quality	Time	Budget
Project Update (work completed, in progress, scheduled & budget change info)					
Project remains on hold while accommodation options are confirmed. Some minor expenditure will occur.					
Project Risks					
No concerning risks to report.					
Project Issues					
No concerning issues to report					
Aircon for Civic House					1197
2013/14 to 2017/18 Actuals					167,334
	Year 1	Year 2	Year 3	Years 4-10	Total
	2018/19	2019/20	2020/21	2021/28	2018/28
Long-term Plan Budget	395,000	255,500	52,224	568,507	1,271,231
Carry-forwards / Amendments	(300,000) *	170,753	-		(129,247)
Total Budget	95,000	426,253	52,224	568,507	1,141,984
Actual Spend to Date	-	*	-		
Full Year Forecast	-	26,253	50,000	1,065,731	1,141,984

* Includes capital staff time

We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

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Civic House Capital Programme				1198
Miscellaneous renewals and upgrades - furniture, plant & equipment, minor modifications, etc - develop detailed plan annually				
Overall Health	Quality	Time	Budget	
Project Update (work completed, in progress, scheduled & budget change info)				
Project remains on hold while accommodation options are confirmed. Some minor expenditure will occur.				
Project Risks				
No concerning risks to report.				
Project Issues				
No concerning issues to report				

Civic House Capital Programme					1198
	Year 1	Year 2	Year 3	Years 4-10	Total
	2018/19	2019/20	2020/21	2021/28	2018/28
Long-term Plan Budget	252,000	1,371,524	1,405,871	1,300,557	4,329,952
Carry-forwards / Amendments	(117,325) *	(1,150,325)	-	1,267,650	-
Total Budget	134,675 *	221,199	1,405,871	2,568,207	4,329,952
Actual Spend to Date	76,235 *	37,701			
Full Year Forecast	76,235 *	182,526	190,445	3,880,746	4,329,952

* Includes capital staff time

We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

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Annual Plan 2020/21				1361
Overall Health		Quality	Time	Budget

Project Update (work completed, in progress, scheduled & budget change info)

Staff reviewed 2020/21 budgets. Council workshops on the Annual Plan 2020/21 were held in December 2019 and February 2020. Council is scheduled to approve the Consultation Document 12 March, with consultation scheduled between 17 March and 17 April.

Project Risks

No concerning risks to report.

Project Issues

No concerning issues to report.

Annual Plan 2020/21					1361
2013/14 to 2017/18 Actuals					190,593
	Year 1	Year 2	Year 3	Years 4-10	Total
	2018/19	2019/20	2020/21	2021/28	2018/28
Long-term Plan Budget	35,750	36,537	79,119	379,762	531,168
Carry-forwards / Amendments	(5,000)	-	-	-	(5,000)
Total Budget	30,750	36,537	79,119	379,762	526,168
Actual Spend to Date	22,125	7,466			
Full Year Forecast	22,125	36,537	79,119	379,762	517,543

Excludes capital staff time

We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

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Haven Precinct				3069
Early concept design				
Overall Health		Quality	Time	Budget

Project Update (work completed, in progress, scheduled & budget change info)
Initial analysis of each property has been completed. Now seeking to initiate works for part of the Precinct before the whole of Precinct plan is developed.
Project Risks
Reputational risk from non-delivery of expected outcomes.
Project Issues
No specific issues to report at this time

Haven Precinct					3069
2013/14 to 2017/18 Actuals					199,353
	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Years 4-10 2021/28	Total 2018/28
Long-term Plan Budget	-	30,000	225,500	-	255,500
Carry-forwards / Amendments	-	-	303,300	-	303,300
Total Budget	-	30,000	528,800	-	558,800
Actual Spend to Date	6,781	-			
Full Year Forecast	6,781	30,000	528,800	-	565,581

Excludes capital staff time

We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

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CBD Enhancements					3000
General CBD enhancement with priority to be decided by councillors.					
Overall Health			Quality	Time	Budget
Project Update (work completed, in progress, scheduled & budget change info)					
Work in progress (Tactical Urban Initiatives, Upper Traflagar Street, Riverside Pop Up Park)					
Project Risks					
Spend is allocated to the last 6 months of the financial year due to the need for project design and planning in the first 6 months, and to undertake construction at Upper Traflagar Street between the high and low tourist season.					
Project Issues					
No issues to report.					
CBD Enhancements					3000
2013/14 to 2017/18 Actuals					1,012
	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Years 4-10 2021/28	Total 2018/28
Long-term Plan Budget	200,000	204,400	208,896	1,605,606	2,218,902
Carry-forwards / Amendments	-	385,600	-	-	385,600
Total Budget	200,000	590,000	208,896	1,605,606	2,604,502
Actual Spend to Date	-	9,674			
Full Year Forecast	-	295,000	208,896	1,715,006	2,218,902

Excludes capital staff time

We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

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2019: Attachment 1

Christmas decorations CBD					3141
Decorations, permanent fixtures, lighting, signage, etc - scope to be determined. Business case with options to be developed by consultant.					
Overall Health			Quality	Time	Budget
Project Update (work completed, in progress, scheduled & budget change info)					
The CBD Christmas decorations were all installed by the first week of December. The disassembling process started right after Christmas and continued until the end of January.					
Project Risks					
No significant risks.					
Project Issues					
No issues to report.					

Christmas decorations CBD					3141
2013/14 to 2017/18 Actuals					127,387
	Year 1	Year 2	Year 3	Years 4-10	Total
	2018/19	2019/20	2020/21	2021/28	2018/28
Long-term Plan Budget	70,000	71,540	73,114	183,218	397,872
Carry-forwards / Amendments	- *	26,681	-	-	26,681
Total Budget	70,000	* 98,221	73,114	183,218	424,553
Actual Spend to Date	69,630	* 71,062			
Full Year Forecast	69,630	* 98,221	73,114	183,218	424,183

* Includes capital staff time

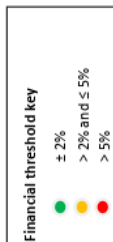
We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

Quarterly reporting 2019-20

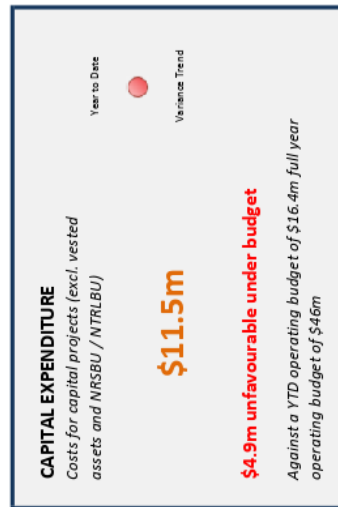
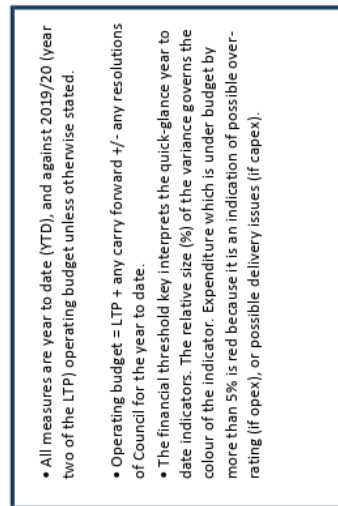
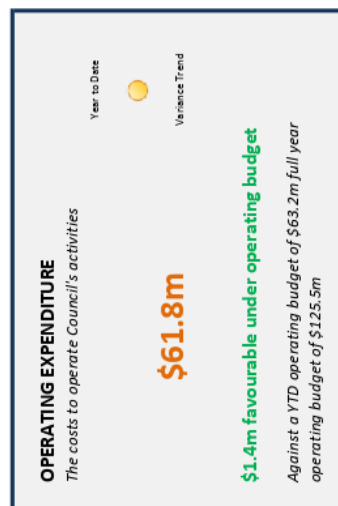
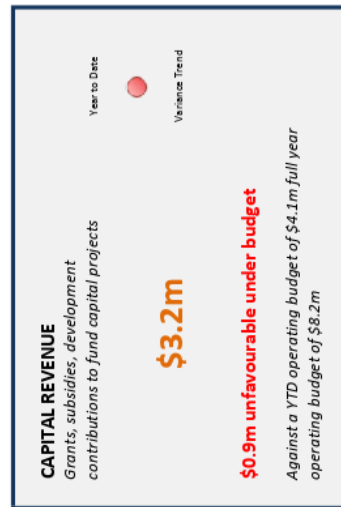
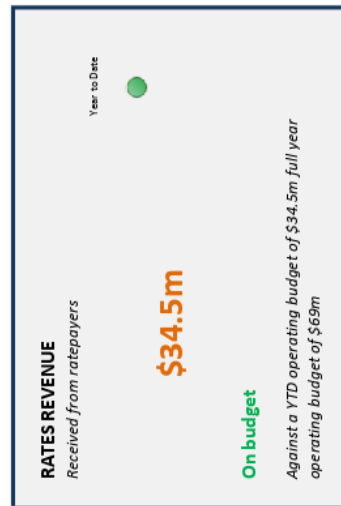
			Targets		
Activity	What Council will provide	Performance measures	Year 2 (2019/20)	Quarter 2 2019/20 comment	Quarter 2 2019/20 result
Economic	Overview of a healthy local economy	GDP measured as three year average	Percentage increase in GDP per annum at least equal to or better than the national average	Quarter 2 data is not yet available. The Nelson GDP increased by 1.3% in the first quarter of 2019/20 compared to the same period in the previous year. The NZ GDP increased by 2.4% for the same period.	Not on track
Economic	Strategic overview of economic development for the benefit of the community	Value of tourism (total spend) annually in Nelson city	Increase the annual value of tourism spend in Nelson from previous year	Quarter 2 data is not yet available. The Tourism spend in Nelson reduced by 0.3% in the year to end September 2019 compared with the previous year.	Not on track
Economic	Measures that contribute to the vitality and attractiveness of the Nelson CBD	Total annual spending in the Nelson CBD	Total annual spending in the Nelson CBD is greater than or equal to previous annual spend	The Annual retail spend in the Nelson City Centre for the year to the end of Dec 2019 was 3.3% less than the previous year.	Not on track
Economic	Events funding that provides a sound return on investment for Nelson	Return on investment measured by number of out of town visitors attending major events	Number of out of town visitors attending major events greater or equal to previous three year average	Calculated annually not quarterly.	Not measured yet
			At least 80% of those visits are in the months of March to November	Calculated annually not quarterly.	Not measured yet
Corporate	Effective engagement and consultation	% residents satisfied or very satisfied with opportunities to provide feedback, by survey	Annual improvement in the % of residents satisfied or very satisfied with opportunities to provide feedback	The Residents' Survey is completed annually in quarter four. The latest Residents' Survey (quarter four 2018/19) indicated that 44% of residents were satisfied or very satisfied with opportunities to provide feedback to Council. This was an increase of 10% from the 2017/18 result of 36%. Staff are not aware of any information that might result in this measure not being on track.	On track

Quarterly reporting 2019-20

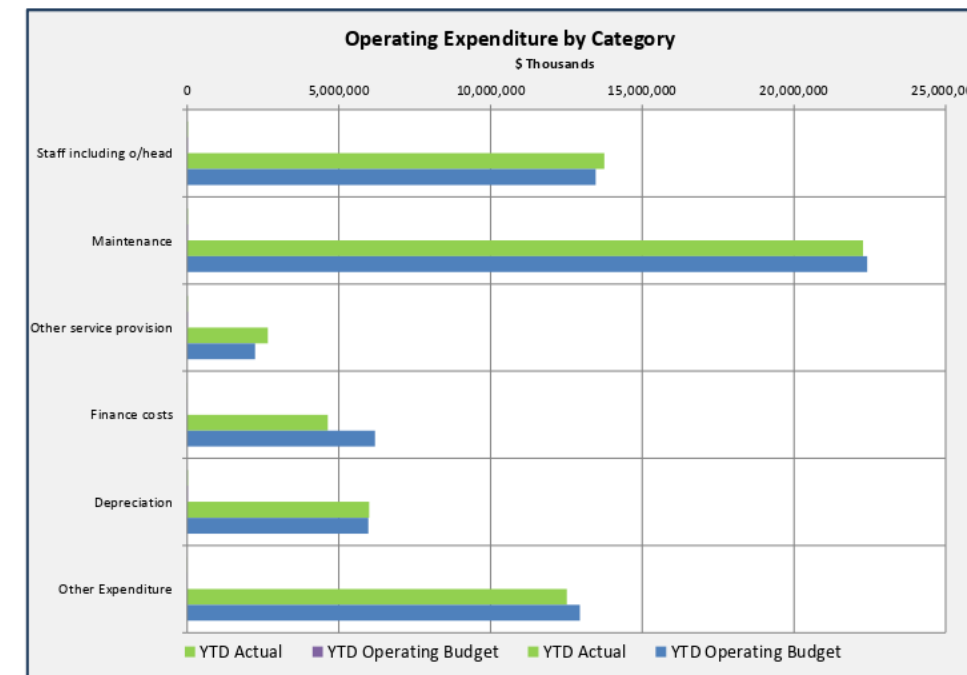
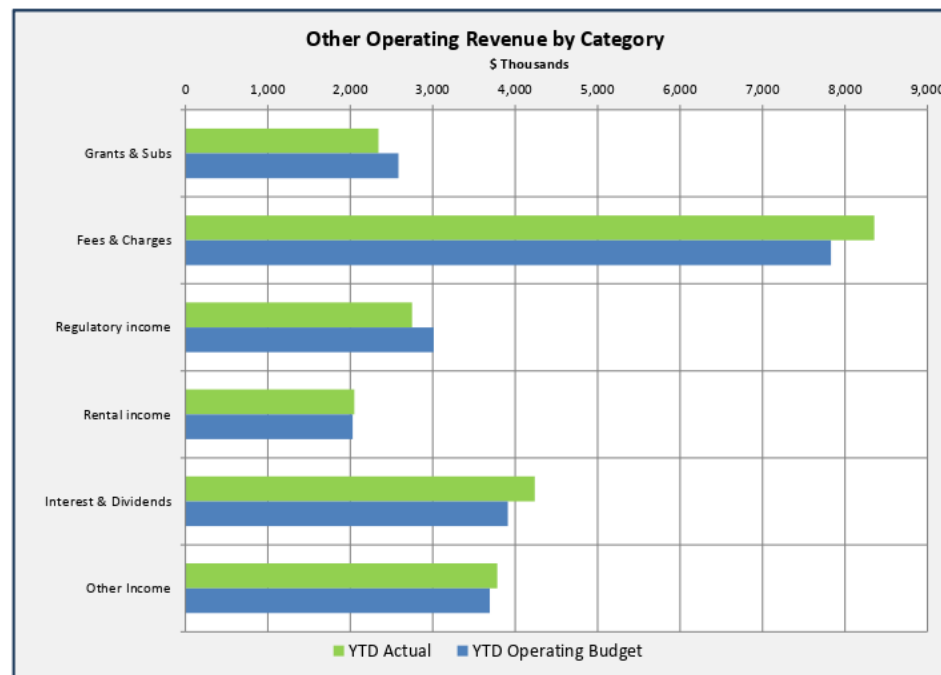
			Targets		
Activity	What Council will provide	Performance measures	Year 2 (2019/20)	Quarter 2 2019/20 comment	Quarter 2 2019/20 result
Corporate	Council Controlled Organisations (CCOs) that deliver net benefit to the community	Council satisfaction with attainment of six monthly CCO targets for all SOLs - refer to CCO section for measures for each CCO	Council receives six monthly reports from all CCOs and is satisfied with attainment of targets	Six-monthly reports for CCOs are due by the end of February 2020, and are therefore not available in time for this Quarter Two report.	Not measured yet
Corporate	Promotion of Te Tau Ihu Māori/iwi participation in decision-making processes	Strategic framework established for Chairs of Te Waka a Maui to work with mayors across Te Tau Ihu	Strategic framework established and operational	Council and Iwi have met quarterly through the Iwi-Council Partnership Group to discuss the Engagement and Partnering Strategy. The group continues to meet regularly. Iwi also have representatives on the NRSBU, NRLTBU, and the Planning and Regulatory Planning Group. The NRDA has appointed two representatives endorsed by iwi to its Board. Iwi have an integral role with the Te Taihu Intergenerational Strategy, focused on the wellbeing of our whānau (people), pūtea (economy) and taiao (environment) across the whole Te Taihu (Top of the South) region.	On track
Corporate	Effective Civil Defence Emergency Management (CDEM) response via regional Emergency Operations Centre (EOC)	Ability to operate an effective Emergency Operations Centre: % EOC roles staffed and EOC meets Ministry CDEM requirements	95% of EOC management and group roles staffed	55% of the EOC Management and group roles were sufficiently staffed as at 31 December 2019, no changes since last quarter. The next round of training commences in quarter four 2019/20 (April 2020), so there will be no significant changes to this figure until then.	Not on track
Corporate			EOC meets Ministry of CDEM monitoring and evaluation requirements	EOC met MCDEM requirements at previous review	On track



RESULTS - FINANCIAL MEASURES



OPERATING INCOME AND EXPENDITURE BY CATEGORY



More information on year to date income and expenditure variances are itemised in the quarterly reports to individual committees.

December 2019

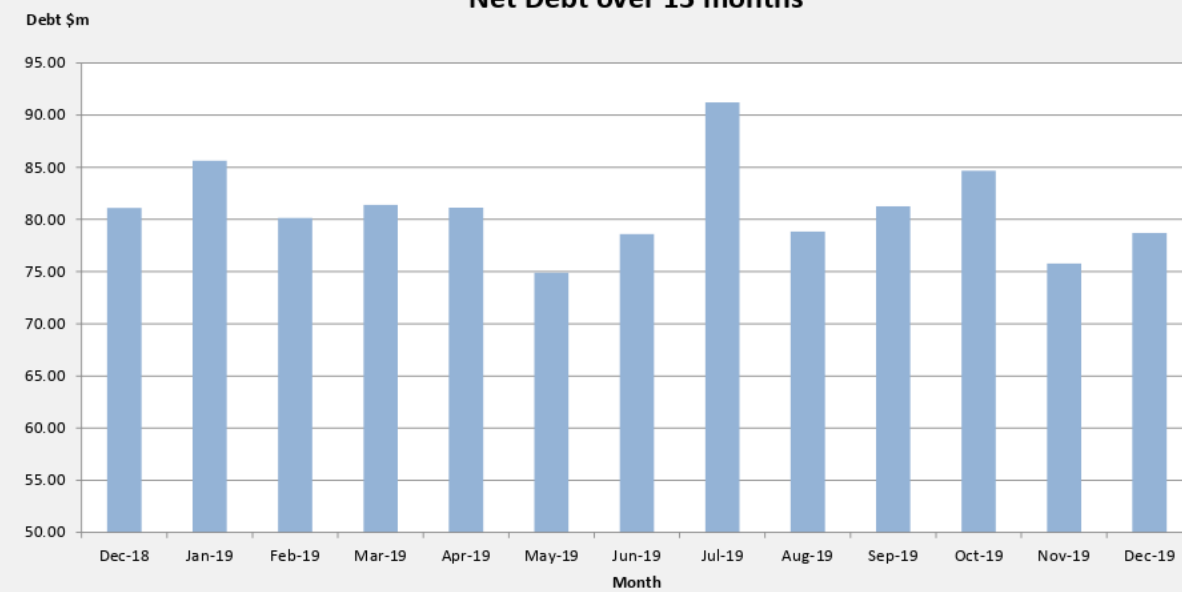
RESULTS - TREASURY MEASURES

DEBT/REVENUE RATIO*(Net external debt/operating revenue & rates at year end)***78.9%**

Full year outlook

*Against a full year expectation of 78.9% in the Annual Plan & a benchmark of 150%***Borrowing Compliance**

	Compliance	YTD Actual	Full Year Ann Plan	Minimum	Maximum
Net interest: total revenue	◆	3.6%	3.4%	0%	10%
Net interest: rates revenue	◆	5.5%	5.1%	0%	20%
External debt: budgeted revenue	◆	72.3%	79.0%	0%	150%
External debt: equity	◆	5.6%	5.9%	0%	20%

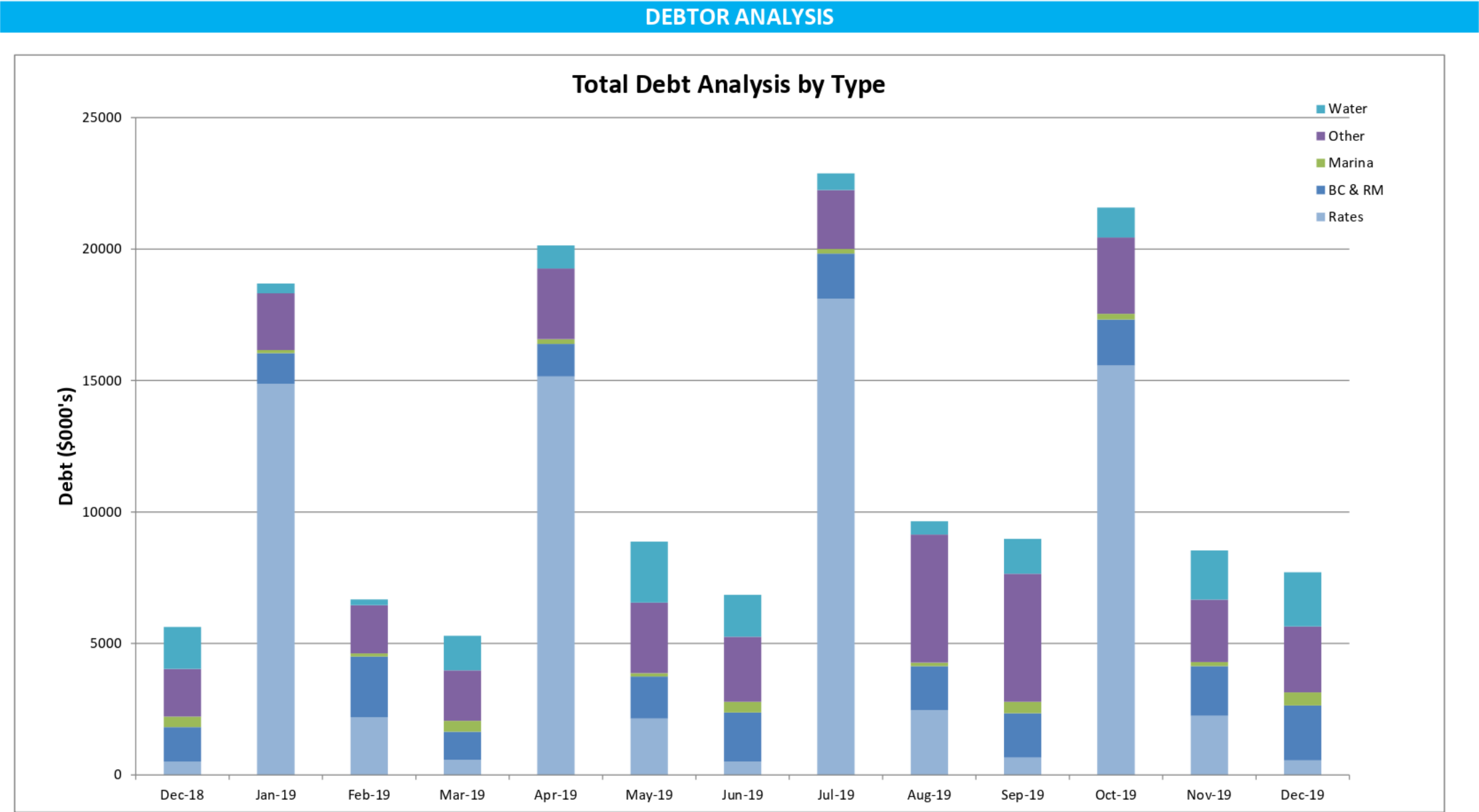
Net Debt over 13 months

December 2019

ABBREVIATED BALANCE SHEET

	December 2019 YTD	September 2019
Current Assets		
Cash	12,289,702	9,738,587
Receivables	8,554,649	9,508,613
Other Current Assets	13,368,738	12,679,361
Total Current Assets	34,213,090	31,926,562
Non Current Assets		
Fixed Assets	1,510,234,817	1,510,878,321
Investments	55,226,510	55,226,510
Other Non Current Assets	2,652,287	2,718,287
Total Non Current Assets	1,568,113,614	1,568,823,117
Current Liabilities		
Payables	(14,978,255)	(16,261,714)
Borrowings: Current	(850,000)	(1,000,000)
Other Current Liabilities	(2,329,636)	(2,436,789)
Total Current Liabilities	(18,157,892)	(19,698,503)
Non Current Liabilities		
Payables: Non Current	(1,389,652)	(1,331,743)
Provisions	(1,697,058)	(1,697,058)
Borrowings: Non Current	(83,000,000)	(83,000,000)
Other Non Current Liabilities	(10,463,997)	(10,463,997)
Total Non Current Liabilities	(96,550,707)	(96,492,798)
Net Assets	1,487,618,105	1,484,558,378
Equity		
Accumulated Funds	(438,812,402)	(438,344,644)
Reserves	(1,048,805,702)	(1,046,213,734)
Total Equity	(1,487,618,105)	(1,484,558,378)

- The balance sheet remains strong, with the slight increase in equity driven by a reduction in payables and increase in cash.
- The decrease in receivables represents movements within various debtor ledgers including water, accrued debtors and general debtors.
- The reduction in payables represents a decrease in trade and sundry creditors.



**ALL OF COUNCIL
PROJECT HEALTH
SUMMARIES Q2
2019/20
As At 18 February 2020**

More detail on the projects summarised below can be found in the quarterly report for the relevant committee

Committee	Project Name	Project ID	Quality	Time	Cost	Overall Project Health
Sports & Recreation	Riverside Pool water heating system renewal	3185	G	O	G	O
	Athletic Track renewal	2252	G	G	G	G
	Weed control programme land reserves	1758	G	G	G	G
	Reserve Development Programme	1063	G	G	G	G
	Artificial Playing Surface Study [OPEX]	3201	G	G	G	G
	Maitai area MTB Trail grade 2-3	3295	O	R	O	R
	Modellers Pond Solution	1379	O	R	R	R
	Poormans walkway (Main Rd to Neale Ave)	2894	O	O	R	R
	Maitai MTB Hub	3152	O	R	G	R
	Marina Hardstand	1769	G	R	R	R
	Water sports building at Marina	2142	G	O	O	O
	Marina boat trailer car park improvements	3204	G	G	G	G
	Paddy's Knob reserve development	3275	G	G	G	G
	General Reserves land purchase programme	1354	O	O	O	O
	Great Taste Trail	2899	O	O	G	O
	Montebello Village Walkway	2887	G	O	R	R
Community Services	Community Housing Renewals	1486	G	G	G	G
	Stoke Youth Park	1074	G	O	G	O
	Millers Acre Toilet upgrade	2002	G	G	O	O
	Elma Turner Library Re-development	2226	G	R	O	R
	Tahunanui Lions Toilet Upgrade	3180	G	G	O	O
	Marsden new burial area	3206	G	G	G	G
	Stoke Library structural Improvements	3302	G	G	G	G
	Art Works Programme	1143	G	G	G	G
Governance	Community Partnerships Fund		G	G	G	G
	Civic House Renewal Programme	1199	G	O	R	R
	Civic House Floor 1 upgrade	1195	G	R	O	R
	Aircon for Civic House	1197	G	R	G	R
	Civic House Capital Programme	1198	G	R	O	R
	Annual Plan 2020/21	1361	G	G	G	G
	Haven Precinct	3069	G	G	G	G
	CBD Enhancements	3000	R	R	R	R
Infrastructure	Christmas decorations CBD	3141	G	G	G	G
	Sealed road resurfacing programme (renewal)	1540	G	G	G	G
	On St Parking Meter renewals	1484	G	G	G	G
	Travel Demand Management Improvements	3299	G	G	G	G
	Bus terminal (CBD Interchange)	2997	G	O	G	O
	Champion Salisbury capacity and cycle crossing upgrade	3170	G	G	G	G
	Railway Res/Princes Dr Underpass	2172	G	R	O	R
	Integrated Bus Ticketing	2945	G	R	O	R
	Maitai shared path (Collingwood St to Nile St)	2173	G	O	G	O
	New Footpath Programme	2798	G	G	G	G
	Anzac park to Maitai Walkway Link	3151	G	G	R	R
	Upper Trafalgar St improvements/ closure	1319	G	G	G	G
	Seaford Terrace remediation	3291	G	O	O	O
	Tahunanui Cycle Network - SH6 Annesbrook Drive	3182	G	G	G	G
	Arapiki Road Upgrade - Retaining Wall	3215	G	G	R	R
	Mount St / Konini St stormwater upgrade	2079	G	G	R	R
	Residential Meters Renewals	2128	G	G	G	G
	Hardy Street (Trafalgar St - Collingwood St) Water Renewal	3118	G	G	G	G
	Annesbrook water renewal	3186	G	G	G	G
	Water Loss Reduction Programme	2803	G	G	G	G
	Tui Glen Road	3116	G	G	G	G
	NWWTP renewals	2768	G	G	G	G
	St Vincent street sewer renewal	3098	G	G	O	O
	Awatea Place sewer pump station	1716	G	O	R	R
	Gracefield Sewer Diversion	2884	G	G	G	G
	Wastewater Model Calibration	1648	G	G	O	O
	Inflow and Infiltration Reduction Programme [OPEX]	2311	G	G	G	G
	Saxton Creek Upgrade (Main Rd Culvert to Sea)	2964	G	R	G	R
	Washington Valley Stormwater Upgrade	2054	O	O	R	R
	Nayland Road / Galway	2840	G	G	G	G
	Rutherford Street stormwater stage 1: Girls College	2850	G	R	R	R
	Maitai Flood Mitigation	1178	G	O	G	O
	Whakatu Drive (Storage World) stormwater improvements	2866	G	R	G	R
	Orphanage Stream upgrade	3289	G	R	G	R
	Tahunanui Hills Stormwater- Moana Avenue to Rocks Road	2855	G	G	O	O
	Saxton Creek Upgrade	2689	G	O	O	O
	Wastney Terrace piping ditch (stormwater)	2473	G	O	G	O