



**Notice of the Ordinary meeting of**

## **Audit, Risk and Finance Committee**

### ***Te Kōmiti Kaute / Tūraru / Pūtea***

Date:	Friday 24 November 2023
Time:	9.00a.m.
Location:	Council Chamber Floor 2A, Civic House 110 Trafalgar Street, Nelson

## **Agenda**

### ***Rārangi take***

**Chairperson**

Ms Catherine Taylor

**Members**

His Worship the Mayor Nick Smith

Cr Rohan O'Neill-Stevens

Cr Mel Courtney

Cr Rachel Sanson

Mr Lindsay McKenzie

**Quorum 3**

**Nigel Philpott  
Chief Executive**

**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. For enquiries call (03) 5460436.

## **Audit, Risk and Finance Committee**

This is a Committee of Council

### **Areas of Responsibility**

- Any matters raised by Audit New Zealand or the Office of the Auditor-General
- Audit processes and management of financial risk
- Chairperson's input into financial aspects of draft Statements of Expectation and draft Statements of Intent for Nelson City Council Controlled Organisations, Council Controlled Trading Organisations and Council Organisations
- Council's Annual Report
- Council's financial performance
- Council's Treasury policies
- Health and Safety
- Internal audit
- Monitoring organisational risks, including debtors and legal proceedings
- Procurement Policy

### **Powers to Decide**

- Appointment of a deputy Chair

### **Powers to Recommend to Council**

- Adoption of Council's Annual Report
- To write off outstanding accounts receivable or remit fees and charges of amounts over the Chief Executive's delegated authority.
- All other matters within the areas of responsibility or any other matters referred to it by the Council

For the Terms of Reference for the Audit, Risk and Finance Committee please refer to document NDOCS-1974015928-887.

**Karakia and Mihi Timatanga**

**1. Apologies**

An apology has been received from Mr L McKenzie

**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 15 September 2023 **7 - 16**

Document number M20285

Recommendation

***That the Audit, Risk and Finance Committee***

- 1. Confirms the minutes of the meeting of the Audit, Risk and Finance Committee, held on 15 September 2023, as a true and correct record.***

**6. Audit NZ - Audit Engagement Letter for the Long Term Plan 2024-2034**

**17 - 18**

Document number R28035

Recommendation

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Audit NZ - Audit Engagement Letter for the Long Term Plan 2024-2034 (R28035) and its Attachment (to be tabled); and***

2. ***Notes the Audit, Risk and Finance Committee can provide feedback on the Audit Engagement Letter to Audit NZ if required and that the Mayor will sign the letter once the Committee's feedback (if any) has been incorporated.***

**7. Quarterly Internal Audit Report - 30 Sept 2023 19 - 20**

Document number R28053

Recommendation

***That the Audit, Risk and Finance Committee***

1. ***Receives the report Quarterly Internal Audit Report - 30 Sept 2023 (R28053).***

**8. Quarterly Risk Report - 30 Sept 2023 21 - 46**

Document number R28049

Recommendation

***That the Audit, Risk and Finance Committee***

1. ***Receives the report Quarterly Risk Report - 30 Sept 2023 (R28049) and its attachment (1759736513).***

**9. Privacy Act 2020 - Reporting 47 - 48**

Document number R28111

Recommendation

***That the Audit, Risk and Finance Committee***

1. ***Receives the report Privacy Act 2020 - Reporting (R28111).***

**10. Quarterly Finance Report to 30 September 2023 49 - 71**

Document number R28129

Recommendation

***That the Audit, Risk and Finance Committee***



1. ***Receives the report Quarterly Finance Report to 30 September 2023 (R28129) and its Attachments (1857728953-1257, 839498445-17924 and 839498445-17948).***

## **CONFIDENTIAL BUSINESS**

### **11. Exclusion of the Public**

Recommendation

***That the Audit, Risk 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:***

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Audit, Risk and Finance Committee Meeting - Confidential Minutes - 15 September 2023</b>	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"> <li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> <li>• Section 7(2)(c)(ii) To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</li> </ul>

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
			<ul style="list-style-type: none"> <li>Section 7(2)(g) To maintain legal professional privilege</li> </ul>
<b>2</b>	<b>Health, Safety and Wellbeing Report to 30 September 2023</b>	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	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> <li>Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> </ul>
<b>3</b>	<b>Quarterly Report on Legal Proceedings</b>	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	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> <li>Section 7(2)(g) To maintain legal professional privilege</li> </ul>
<b>4</b>	<b>Quarterly Update on Debts - 30 September 2023</b>	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	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> <li>Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> </ul>
<b>5</b>	<b>Organisational Risk - Deep Dives</b>	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	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> <li>Section 7(2)(j) To prevent the disclosure or use of official information for improper gain or improper advantage</li> </ul>

## **Karakia Whakamutanga**



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**Minutes of a meeting of the  
Audit, Risk and Finance Committee  
*Te Kōmiti Kaute / Tūraru / Pūtea***

**Held in the Council Chamber, Floor 2A, Civic House, 110 Trafalgar Street, Nelson on Friday 15 September 2023, commencing at 9.06a.m.**

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Present: Ms C Taylor (Chairperson), His Worship the Mayor N Smith, Councillors R O'Neill-Stevens and M Courtney and Independent Member L McKenzie

In Attendance: Chief Executive (N Philpott), Group Manager Corporate Services (N Harrison), Deputy Chief Executive/Group Manager Infrastructure (A Louverdis), Group Manager Strategy and Communications (N McDonald), Group Manager Environmental Management (M Bishop), Governance Adviser (K Libeau) and Assistant Governance Adviser (M Taylor).

Apology: An apology has been received from Councillor R Sanson

**Karakia and Mihi Timatanga**

**1. Apologies**

Resolved ARF/2023/028

***That the Audit, Risk and Finance Committee***

***1. Receives and accepts an apology from Councillor R Sanson.***

His Worship the Mayor/Courtney

Carried

**2. Confirmation of Order of Business**

There were no changes to the order of business.

**3. Interests**

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

#### 4. Public Forum

There was no public forum.

#### 5. Confirmation of Minutes

5.1 1 June 2023

Document number M20175, agenda pages 9 - 17 refer.

Resolved ARF/2023/029

***That the Audit, Risk and Finance Committee***

- 1. Confirms the minutes of the meeting of the Audit, Risk and Finance Committee, held on 1 June 2023, as a true and correct record.***

His Worship the Mayor/O'Neill-Stevens

Carried

#### 6. Audit New Zealand: Audit Letters

Document number R27895, agenda pages 18 - 68 refer.

John Mackey, from Audit New Zealand, briefed the Committee on Audit New Zealand's engagement letter and the Audit Plan. He advised that technical issues that arose regarding the Elma Turner Library, Civic House and the Tāhunanui beach clean-up were being considered.

Concerns were raised about the level of costs associated with the audit and a letter would be sent to Audit New Zealand on behalf of the Council, advising of the concerns with the increase in fees.

Resolved ARF/2023/030

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Audit New Zealand: Audit Letters (R27895) and its attachments (2126778665-306, 2126778665-305 and 2126778665-312); and***
- 2. Notes that following feedback from the Audit, Risk and Finance Committee, His Worship the Mayor Hon Dr Smith will sign the Audit Engagement Letter to Audit NZ; and***
- 3. Notes the Committee can provide feedback on the Audit Proposal Letter to Audit New Zealand if required, noting His Worship the Mayor Hon Dr Smith will sign the letter once the Committee's feedback has been incorporated.***

Courtney/McKenzie

Carried

## 7. Quarterly Finance Report to 30 June 2023

Document number R27698, agenda pages 69 - 90 refer.

Manager Finance, Prabath Jayawardana, took the report as read and answered questions on the lives of assets and the residual values, the treasury summary and the net debt figures. Group Manager Strategy and Communications, Nicky McDonald and Group Manager Infrastructure, Alec Louverdis, answered questions on the performance measures used to measure achievement across the organisation. Group Manager Environmental Management, Mandy Bishop, advised that a new metric of "substantially achieved" had been added in the regulatory space in the next Long Term Plan.

Resolved ARF/2023/031

### ***That the Audit, Risk and Finance Committee***

- 1. Receives the report Quarterly Finance Report to 30 June 2023 (R27698) and its attachments (1857728953-1036, 839498445-17283, and 839498445-17269).***

O'Neill-Stevens/Courtney

Carried

## 8. Quarterly Internal Audit Report - 30 June 2023

Document number R27678, agenda pages 91 - 96 refer.

Audit and Risk Analyst, Chris Logan, took the report as read noting that at the Council meeting a day prior, Council had adopted a range of policies in the harbour safety management system and was now compliant with the code.

Mr Logan also noted that there were some recommendations regarding the International Accreditation New Zealand (IANZ) audit and advised there were non-compliant findings in the Building Consent Authority (BCA) that would be remedied. Mr Logan advised the Building Team were confident 18 out of the 19 IANZ recommendations would be resolved by the 9 October deadline and one would be remaining for which they would likely request an extension in order to complete the work.

Mr Logan answered a question on the audit of workplace stress, advising that whilst the internal audit touched on councillors' workplace stress as well as Council employee workplace stress, due to the relationship between councillors and the workplace the audit recommendations were not enforceable and were only suggestions. Mr Logan advised that paragraph three of the workplace stress findings would be re-worded to ensure it was clear the recommendations being un-enforceable only applied to the recommendations pertaining to councillors and not those pertaining to staff.

Resolved ARF/2023/032

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Quarterly Internal Audit Report - 30 June 2023 (R27678) and its attachment (1194974384-3470).***

McKenzie/His Worship the Mayor

Carried

## **9. Quarterly Risk Report - 30 June 2023**

Document number R27679, agenda pages 97 - 124 refer.

Audit and Risk Analyst, Chris Logan, took the report as read.

Chief Executive, Nigel Philpott, answered questions on workplace stress and the current workloads on staff. He also answered questions on members of the community that were reluctant to engage with Council and follow Council processes.

Group Manager Corporate Services, Nikki Harrison, answered questions on IT security within Council, the Beecard system and other Council systems that sit outside the organisation and how risks were evaluated for these systems.

Health Safety and Wellness Adviser, Malcolm Hughes, answered questions about Chamber security and the processes and the risks associated with Council meetings along with future management of risks.

Resolved ARF/2023/033

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Quarterly Risk Report - 30 June 2023 (R27679) and its attachment (1759736513).***

His Worship the Mayor/O'Neill-Stevens

Carried

## **10. Annual Tax Update**

Document number R27574, agenda pages 125 - 139 refer.

Manager Finance, Prabath Jayawardana, presented the report and it was taken as read.

Resolved ARF/2023/034

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Annual Tax Update (R27574) and its attachment (2130083480-450).**

His Worship the Mayor/Courtney

Carried

## **11. Carry Forwards 2022/23**

Document number R27806, agenda pages 140 - 149 refer.

Management Accountant, Alistair Roper, and Group Manager Corporate Services, Nikki Harrison, took the report as read and answered questions on the impact of the August 2022 flood event on the carry forward figures, the split between OPEX and CAPEX in the flood recovery work costs and the budget review process as part of the 2023/24 Annual Plan.

Group Manager Infrastructure, Alec Louverdis, answered questions on monitoring and reporting mechanisms for projects.

Resolved ARF/2023/035

### ***That the Audit, Risk and Finance Committee***

- 1. Receives the report Carry Forwards 2022/23 (R27806) and its attachments (332184083-4933 and 332184083-4932).**

McKenzie/O'Neill-Stevens

Carried

Recommendation to Council ARF/2023/036

### ***That the Council***

- 1. Approves the carry forward of \$8.2 million–\$8.1 million to 2023/24 and \$143,000 to 2024/25; and**
- 2. Notes that this is in addition to the carry forward of \$21.9 million approved during the Annual Plan 2023/24 process, taking the total carry forward to \$30.1 million of which \$27 million is for the 2023/24 year and \$3.1 million is for the 2024/25 year; and**
- 3. Notes the total savings and reallocations in 2022/23 capital expenditure of \$2.6 million; and**
- 4. Notes that the total 2023/24 capital budget (including staff costs and work on attending to the slips originating on Council land and excluding consolidations, vested assets, scope adjustment and other August 2022 flood recovery budgets) will be adjusted by these resolutions from a total of \$85.7 million to a total of \$93.7 million; and**

**5. Approves the carry forward of \$447,000 unspent operating budget to 2023/24.**

McKenzie/O'Neill-Stevens

Carried

The meeting adjourned from 10:53a.m. until 11:04a.m.

**12. Draft Annual Report 2022/23**

Document number R27872, agenda pages 150 - 342 refer.

Group Manager Strategy and Communications, Nicky McDonald, took the report as read and noted corrections to the report, confirming that in 5.20 of the report it should have stated seven measures were not achieved and five were not measured.

Ms McDonald answered questions on the order of items within the Annual Report 2022/23 and on how the Affordable Waters Reform was presented.

The officer's recommendation was amended to confirm support of the draft Annual Report to be presented to Council.

Resolved ARF/2023/037

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Draft Annual Report 2022/23 (R27872) and its attachment (839498445-17289); and***
- 2. Notes the draft Annual Report 2022/23 has been prepared and will be audited before being presented to Council for adoption following audit, prior to the 31 October 2023 statutory deadline.***
- 3. Confirms to Council that the Audit, Risk and Finance Committee has reviewed the Draft Annual Report 2022/23 (839498445-17289) and the audit process and is satisfied that the Annual Report is on track for Council adoption prior to 31 October 2023.***

His Worship the Mayor/Courtney

Carried

**13. Review of Health and Safety Governance Charter**

Document number R27905, agenda pages 343 - 354 refer.

Health Safety and Wellness Adviser, Malcolm Hughes, took the report as read and answered questions on risks and incidents pertaining to contractors, identification of negative Health and Safety trends, and the



regular Health, Safety and Wellness reporting within the organisation, including monthly reporting directly to the Senior Leadership Team.

Resolved ARF/2023/038

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Review of Health and Safety Governance Charter (R27905) and its attachment (855153265-4133).***

Courtney/O'Neill-Stevens

Carried

Recommendation to Council ARF/2023/039

***That the Council***

- 1. Approves the revised Health and Safety Governance Charter (855153265-4133).***

Courtney/O'Neill-Stevens

Carried

#### **14. Organisational Risk - Deep Dive**

Document number R27837, agenda pages 355 - 355 refer.

Group Manager Infrastructure, Alec Louverdis, presented on the loss of service performance from ineffective contracts and contract management. He answered questions on vacancies and recruitment processes within the infrastructure team and management of the risks of project delivery generally.

Resolved ARF/2023/040

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Organisational Risk - Deep Dive (R27837).***

Taylor/O'Neill-Stevens

Carried

#### **15. Exclusion of the Public**

Resolved ARF/2023/041

***That the Audit, Risk 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:**

His Worship the Mayor/Courtney

Carried

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Audit, Risk and Finance Committee Meeting - Confidential Minutes - 1 June 2023</b>	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"> <li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> <li>• Section 7(2)(j) To prevent the disclosure or use of official information for improper gain or improper advantage</li> <li>• Section 7(2)(g) To maintain legal professional privilege</li> </ul>
<b>2</b>	<b>Health, Safety and Wellbeing Report to 30 June 2023</b>	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"> <li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> </ul>
<b>3</b>	<b>Quarterly Report on Legal Proceedings</b>	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"> <li>• Section 7(2)(c)(ii) To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide</li> </ul>

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			<p>under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <ul style="list-style-type: none"> <li>Section 7(2)(g) To maintain legal professional privilege</li> </ul>
4	<b>Quarterly Update on Debts - 30 June 2023</b>	<p>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</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> <li>Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> </ul>
5	<b>Bad Debts Write-Off - Year ending 30 June 2023</b>	<p>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</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> <li>Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> </ul>

The meeting went into confidential session at 12:04p.m. and resumed in public session at 12:19p.m.

## Karakia Whakamutanga

### 16. Restatements

It was resolved while the public was excluded:

#### 1 Health, Safety and Wellbeing Report to 30 June 2023

2. Agrees that the report (R27904) and attachment (855153265-3535) remain confidential at this time.

**2 Quarterly Report on Legal Proceedings**

2. Agrees that report (R27874) and its attachment (142319133-460) remain confidential at this time.

**3 Quarterly Update on Debts - 30 June 2023**

2. Agrees that the Report and its attachment (1857728953-1032) remain confidential at this time.

**4 Bad Debts Write-Off - Year ending 30 June 2023**

2. Agrees that the Report remain confidential at this time.

There being no further business the meeting ended at 12:20p.m.

Confirmed as a correct record of proceedings by resolution on (date)

Resolved

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**Report Title:**           **Audit NZ - Audit Engagement Letter for the Long Term Plan 2024-2034**

**Report Author:**       **Susan Coleman - Acting Manager Strategy**

**Report Authoriser:**   **Nikki Harrison - Group Manager Corporate Services**

**Report Number:**       **R28035**

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## **1. Purpose of Report**

- 1.1 To provide the Committee with the Audit Engagement Letter for the audit of the consultation document and the Long Term Plan 2024-2034 and ask for any feedback before the letter is signed by the Mayor.
- 1.2 The letter will be tabled at the meeting.

## **2. Recommendation**

### ***That the Audit, Risk and Finance Committee***

- 1. Receives the report Audit NZ - Audit Engagement Letter for the Long Term Plan 2024-2034 (R28035) and its Attachment (to be tabled); and***
- 2. Notes the Audit, Risk and Finance Committee can provide feedback on the Audit Engagement Letter to Audit NZ if required and that the Mayor will sign the letter once the Committee's feedback (if any) has been incorporated.***

## **3. Background**

- 3.1 The Audit Engagement Letter relates to the audit of the Long Term Plan (LTP) 2024-2034 and the consultation document.
- 3.2 The letter sets out the terms of the audit engagement and the respective responsibilities of Council and Audit New Zealand. The letter also outlines the audit scope and objectives, the approach taken to complete the audit, the areas of audit emphasis, the audit logistics and the professional fees.

## Item 6: Audit NZ - Audit Engagement Letter for the Long Term Plan 2024-2034

- 3.3 Audit NZ has advised that during the LTP audit there will be a particular focus on:
  - 3.3.1 The impact of legislated and planned sector changes on Council's forecasts
  - 3.3.2 Financial and Infrastructure strategies
  - 3.3.3 Significant forecasting assumptions
  - 3.3.4 Climate change assumptions
  - 3.3.5 The quality of asset-related forecasting information.
- 3.4 The letter is to be signed by the Mayor to confirm the details of the audit match Council's understanding of the arrangements.
- 3.5 Committee members have the opportunity to provide feedback for Audit NZ prior to the letter being signed.

### **4. Conclusion**

- 4.1 The Audit Engagement Letter sets out the terms of the audit for the Long Term Plan 2024-2034. Committee members can provide feedback for Audit NZ prior to the letter being signed.

### **Attachments**

Nil

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<b>Report Title:</b>	<b>Quarterly Internal Audit Report - 30 Sept 2023</b>
<b>Report Author:</b>	<b>Chris Logan - Audit and Risk Analyst</b>
<b>Report Authoriser:</b>	<b>Nikki Harrison - Group Manager Corporate Services</b>
<b>Report Number:</b>	<b>R28053</b>

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## **1. Purpose of Report**

- 1.1 To update the Audit, Risk and Finance Committee on the internal audit activity through to the end of the first quarter of 2023/24.

## **2. Recommendation**

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Quarterly Internal Audit Report - 30 Sept 2023 (R28053).***

## **3. Background**

- 3.1 Under Council's Internal Audit Charter, the Audit, Risk and Finance Committee requires a periodic update on the progress of internal audit activities. The 2023-24 Internal Audit Plan (the Plan) was approved by the Council on 8 June 2022.

## **4. Overview of Progress on the 2023/24 Internal Audit Plan**

- 4.1 There has been no progress on the 2023/24 Internal Audit Plan:
- 4.1.1 **Implementation of Vertical Construction external review** deferred until significant Vertical Construction planned.
  - 4.1.2 **Annual fraud and conflict of interest testing** work will commence in earnest in November in order to fit with business unit availability.
  - 4.1.3 **Roading network maintenance & resurfacing contract management and Records Management compliance following NTEM IT improvement project** remain scheduled for 2H24

4.1.4 Two ad-hoc audit topics yet to be agreed upon.

**5. Significant external audits that are not reported separately to the Audit, Risk and Finance Committee**

- 5.1 The annual ALGIM audit/review of Council's cyber security commenced October 2023. A verbal update on the status of the audit will be provided at the meeting.
- 5.2 Taumata Arowai completed an on-site review of Council's updated Water Safety Plan. A verbal update on the status of the review will be provided at the meeting.
- 5.3 A verbal update on the status of the International Accreditation New Zealand's (IANZ's) Building Consent Authority (BCA) two-yearly audit will be provided at the meeting. Final clearance of General Non-Compliance's is 23rd October 2023 unless an extension is granted.

**6. Status of Outstanding Significant Risk Exposures and Control Issues Identified from Internal Audits**

- 6.1 **Staff cannot currently perform advanced searches** – NDocs Improvements Business Case approved. The majority of benefits, including advanced search, are expected by the end of 2023-24.
- 6.2 **Staff are finding it difficult to find NCC internal policies** – Work has commenced on implementing this recommendation.

**Attachments**

Nil



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**Report Title:** Quarterly Risk Report - 30 Sept 2023  
**Report Author:** Chris Logan - Audit and Risk Analyst  
**Report Authoriser:** Nikki Harrison - Group Manager Corporate Services  
**Report Number:** R28049

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**1. Purpose of Report**

- 1.1 To provide information to the Audit, Risk and Finance Committee on the organisational risks through to the end of the first quarter of 2023/24.

**2. Recommendation**

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Quarterly Risk Report - 30 Sept 2023 (R28049) and its Attachment (1759736513).***

**3. Background**

- 3.1 This report describes key risk areas, divided by risk theme organisational risks) and reporting Group.

**4. Key Risk Areas by Theme (Organisational Risks)**

- 4.1 Risks relating to Council and joint operations are monitored via Council's risk register. Approximately 30% of risk entries by count have been identified as having a common theme or cause which create risk concentrations that pose a threat at an organisational level. These organisational risks are described below.
- 4.2 There were no underlying changes in organisational risks. The risk matrix was recoloured during the quarter, to better reflect risk (see Appendix 1 of bottom of the attached). The recolouring resulted in *R5 - Compromise of Council service delivery from information technology failures*, being re-rated to Medium (previously Low).

## Item 8: Quarterly Risk Report - 30 Sept 2023

- 4.3 **R1 - Central-government-led-reforms** (Owner: Chief Executive). Whilst noting that project management is in place to manage organisational changes within the Affordable Waters transition programme both at the elected member and staff level, the risk rating remains at Very High.
- 4.4 **R2 - Lifeline services failure** (Owner: Group Manager Infrastructure). Flood-recovery work is ongoing, with consultancy capacity constraints, especially geotechnical engineers. No other new emerging risks to report at this time. The risk rating remains at Medium.
- 4.5 **R3 - Illness, injury or stress from higher hazard work situations** (Owner: Group Manager Corporate Services). No new emerging risks to report at this time. Minor changes in reporting format to improve alignment with the Health, Safety and Wellbeing Report. The risk rating remains at High.
- 4.6 **R4 - Loss of service performance from ineffective contracts and contract management** (Owner: Chief Executive). An internal review of organisational contract management is underway. The risk rating remains at Medium.
- 4.7 **R5 - Compromise of Council service delivery from information technology failures** (Owner: Group Manager Corporate Services). No new emerging risks to report. The risk rating remains at Low.
- 4.8 **R6 - Council work compromised by loss of and difficulties in replacing skilled staff** (Owner: Manager People and Capability). 'Hard-to-fill' roles remaining open despite repeated recruitment efforts, engaging recruitment consultants, and re-evaluating the job description. The situation is not expected to change soon with turnover at the Business Unit Manager level. The organisational risk rating remains at Medium.
- 4.9 **R7 - Legal Risk** (Owner: Group Manager Strategy and Communications). No emerging organisational risks to report at this time noting that any new legal proceedings or emerging areas of increased litigation risk are separately reported in the quarterly report on legal proceedings. The organisational risk rating remains at Medium.
- 4.10 **R8 - Reputation damage and loss of public trust in the organisation** (Group Manager Strategy and Communications). No new emerging risks to report at this time. The risk rating remains at Medium.

## 5. Key Risk Areas by Reporting Group

- 5.1 Council's risk register does not contain specific asset, activity, legal matter, or project risks. Instead, these are rolled up into more general asset, activity, legal or project risks. Any significant specific risks which are new or emerging are summarised below by reporting group.
- 5.2 **Office of the Chief Executive:** No new emerging risks to report at this time.

## Item 8: Quarterly Risk Report - 30 Sept 2023

- 5.3 **Infrastructure Group:** Risk is High due to recovery constraints and staff shortages. Target reduction in expenditure is expected to increase risks associated with work programmes.
- 5.4 **Community Services Group:**
- 5.4.1 Risks associated with Council-owned campgrounds (two operated and one leased) remain elevated whilst non-compliance remediation actions are being implemented. The risks previously monitored by elected members through the Strategic Development and Property Subcommittee have been monitored through the usual organisational processes since that subcommittee ceased at the end of the last triennium.
  - 5.4.2 Risks associated with wood processing waste deposited at Tāhunanui Beach in the 1960s/1970s are under investigation, with mitigation options to be brought to Council for consideration later in the year.
- 5.5 **Environmental Management Group:** Risk is High due to senior vacancies. Risk relates to delivery, workload stress and ability to recruit.
- 5.6 **Strategy and Communications Group:** Retention and recruitment continue to be a challenge in certain teams.
- 5.7 **Corporate Services Group:** Project to optimise insurance is underway. The project may result in increased financial risk.

## Attachments

Attachment 1: 1759736513 - 1Q24 key organisational risks for ARF [↓](#)

## Council Risk Profile - Key Organisational Risks: Quarter One 2023-24

### Overview

#### **The purpose of this document**

This document provides a profile of the key risk themes (organisational risks) which the Council faces at the overall organisation level. Being a subset of the risk register, organisational risks cover relevant risks relating to council and joint operations. Relevant risks relating to subsidiaries and joint ventures are limited to ownership risks.

#### **Risks not in this report:**

Some risks, which are in the risk register but do not fit the list of risk themes, are not captured in this report. Further, this report does not provide an update on risks to the organisation's overall expenditure programme, as these are adequately reported on in other more detailed reports regularly provided to the Audit, Risk and Finance Sub-committee.

#### **Risk Profile**

The following pages (one for each key risk area) set out:

- A summary of the nature of each organisational risk including the relevant part of the Council's objectives, the underlying risks measured using the Council's risk criteria – the green box on each page. The risk rating is based on the highest underlying risk rating.
- The assigned risk owner and the last update to the information for the risk theme
- A diagrammatic representation of the current estimated level of residual risk (i.e., after considering controls), an indication of any risk movement over the reported quarter, and the intended effect of treatments or further actions to manage (usually reduce) risk levels - the pale blue box on the top right of each page
- A description of actions in place (controls – grey box) or proposed (treatments – yellow box) to manage the risk including the intended effects of, likely timeframe and accountabilities for each action.

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# Item 8: Quarterly Risk Report - 30 Sept 2023: Attachment 1

## 1. Central-government-led-reform

Assigned risk owner: Chief Executive

Last review: June 2023 – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map																																																
Council objectives:	Provide and maintain water supply, wastewater and stormwater management systems. Deliver effective, efficient and compliant regulatory services to manage environmental and built effects.	<table><tr><td rowspan="6">Likelihood</td><td>Almost Certain</td><td>M</td><td>M</td><td>H</td><td>Very H</td><td>Very H</td></tr><tr><td>Likely</td><td>L</td><td>M</td><td>H</td><td>H</td><td>Very H</td></tr><tr><td>Possible</td><td>L</td><td>M</td><td>M</td><td>H</td><td>H</td></tr><tr><td>Unlikely</td><td>Very L</td><td>M</td><td>M</td><td>M</td><td>H</td></tr><tr><td>Rare</td><td>Very L</td><td>L</td><td>M</td><td>M</td><td>M</td></tr><tr><td></td><td>Insignificant</td><td>Minor</td><td>Moderate</td><td>Major</td><td>Extreme</td></tr><tr><td colspan="6">Consequence</td></tr></table> <p>No change from prior quarter</p>						Likelihood	Almost Certain	M	M	H	Very H	Very H	Likely	L	M	H	H	Very H	Possible	L	M	M	H	H	Unlikely	Very L	M	M	M	H	Rare	Very L	L	M	M	M		Insignificant	Minor	Moderate	Major	Extreme	Consequence					
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	Likely	L	M	H	H	Very H																																												
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	Rare	Very L	L	M	M	M																																												
		Insignificant	Minor	Moderate	Major	Extreme																																												
Consequence																																																		
Uncertain events considered:	<ul style="list-style-type: none"><li>- Uncertainty around Affordable Waters reform (especially given upcoming general election) and impacts such as: employees, capital programme, CCOs, change in risk profile</li><li>- Uncertainty around the proposed repeal of the Resource Management Act (RMA) and replacement with three acts including the requirement for consolidation of resource management planning functions through Combined Plans and Joint Committees</li><li>- Review into the Future for Local Government including roles, functions and partnerships; representation and governance; and funding and financing.</li><li>- Various other contemporaneous reforms, such as Emergency Management, requiring significant engagement in aggregate</li></ul>																																																	
Treatments are intended: To reduce both likelihood and consequences																																																		
Consequences		Likelihood		Risk level																																														
Increased workplace stress and likelihood of errors due to inability to replace skilled staff ('lost' due to being seconded-out or anticipated elevated attrition)		Almost certain		Very High																																														
Financial impact from policy and plan development changes due to Central Government legislative changes		Almost certain		High																																														
Risks to the remaining organisation including dis-synergies, stranded costs, one-time separation costs net of one-time additional funding, capital structure impacts and transformation risks, increased shareholder & contractor performance risk relating to Nelmac		Possible		High																																														

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Increased communication – public zoom webinars, shape nelson page, quarterly updates to council, weekly senior leadership meetings, staff meetings and emails.	Chief Executive	Reduce likelihood of negative public reaction & staff departures.
Independent review of the central government three waters estimates of average householder cost per annum provided by Morrison Low, legal advice from Simpson Grierson	Chief Executive	Reduce likelihood of negative public reaction

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Description	Accountability	Effect of control
Participation in three waters initial stage, Tranche 1 of both transition and better-off funding , noting Tranche 2 funding is uncertain for transition (better-off ?)	Chief Executive	Funding to respond whilst maintaining delivery of existing services
Strategic pause of upgrade to the Whakamahere Whakatū Nelson Regional Management Plan (NRMP)	GM Environmental Management	Minimise financial loss from duplicated rework of NRMP
Supplementary submission to the Finance and Expenditure Committee regarding Nelmac and officers exploring all legal options including potential court challenges to protect Nelmac's staff and assets from transfer	Chief Executive	Reduce likelihood that Nelmac's staff and assets from transfer

### MANAGING THE RISK - Treatments – what we are planning

Description	Expected effect	Timetable	Next review
Ongoing consultation with the Department of Internal Affairs and working closely with neighbouring councils on the three waters proposal.	Reduce uncertainty and improved planning	Ongoing	Dec 2023
Define programme of works	Programme of work will provide structure to manage three waters transition to entity three and resolve impact on remaining organisation	- Project stages for managing organisational change have been defined. Project in staff engagement phase.	Dec 2023
Staff training to enhance resilience for those likely to be impacted by 3-waters changes	Increased retention compared to counter-factual	- "Managing people through change" and "Coping with Change" offered training, rolled out in quarter three of 2021-22. - "Change Resilience" and "Change Leadership" offered training, rolled out in quarter three of 2022-23.	Dec 2023 (was Sept 2023)
Monitor and respond to Central Government legislative requirements and legislation changes	Implementation and response to legislative requirements across the Environmental Management Group. Respond by determining the process required for the NRMP and then deliver that process noting surge requirements	Legislation that exists will be given effect to. - Government changes are still being developed e.g., RMA Reform	Dec 2023

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## Item 8: Quarterly Risk Report - 30 Sept 2023: Attachment 1

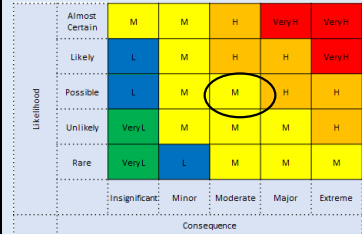
Description	Expected effect	Timetable	Next review
'Housing plan change' (hazards, heritage, housing)	Compliance with National Policy Statement on Urban Development and Council objective to address the housing crisis / improve housing supply and choice	<ul style="list-style-type: none"> <li>- Seeking council approval to publicly notify in July 2023 – <b>completed</b></li> <li>- <b>Consultation in progress</b></li> </ul>	<b>Dec (was Sept 2023)</b>
Include “retain three waters” scenario for 2024-2034 Long Term Plan	Greater understanding of likely financial budgets should three water reform be rolled back	Base case separation date of 1 July 2025 yet to be confirmed	Dec 2023



## 2. Lifeline services failure

Assigned risk owner: Group Manager Infrastructure

Last review: June – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map					
Council objectives:	Provide and maintain water supply, wastewater and stormwater management systems, and roading infrastructure.						
Uncertain events considered:	<ul style="list-style-type: none"><li>- Prolonged lifeline services outage due to natural catastrophe or utility supplier failures</li><li>- Contamination of water supply and distribution network</li><li>- Critical asset failure from the failure to carry out and prioritise planned maintenance and renewals of critical asset due to any of the following reasons: inadequate funding/budgeting, poor or incomplete asset data, scheduling and procurement delays</li><li>- Critical asset failure from the failure to safeguard critical assets from sabotage / cyber attacks</li></ul>						
Treatments are intended: To reduce consequences							
Consequences		Likelihood		Risk level			
Major loss of services to the nelson community		Unlikely		Medium			
Moderate level health impact		Possible		Medium			
Moderate level impact on council reputation		Possible		Medium			

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Civil defence planning and management	Manager Emergency Management	Improves response systems reducing consequence
Retrofitting to improve earthquake resilience of buildings and structures (e.g., bridge strengthening, seismic valves on all major reservoirs)	GM Infrastructure	Improves resilience of structures reducing consequences
Standby generators and temporary chlorination plant.	GM Infrastructure	Reduce consequence of a power failure event / failure of the Water Treatment Plant
Raw water source catchments each have permanent caretakers, source protection zones established in latest bylaw, water treated via ultra-filtration WTP, and distribution network is chlorinated. Backflow prevention devices installed on	Business Unit Managers	Ensures the water supply is protected from contamination.

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Description	Accountability	Effect of control
commercial properties/high risk sites and tested annually. Water quality at both the WTP and the network regularly tested for compliance purposes.		
Business unit disruption response objectives and plans (reviewed 6 monthly)	Business Unit Managers	Increased speed of response to event reducing consequences
Lifeline improvements in AMPs	GM Infrastructure	Improved resilience in networks (e.g., stormwater system, backflow prevention program, duplicate raw water delivery lines from the Maitai intakes etc)
Two “tabletop” business continuity exercises per year for the immediate IMT	Manager Business Improvement	Improves organisational responsiveness and continuous improvement of related systems and processes
Infrastructure planning including 30-year infrastructure strategy	Group Manager (GM) Infrastructure	Improves resilience of infrastructure components reducing consequences.
Asset renewal plans for each network	GM Infrastructure	Planned asset upgrading or replacement, reduces likelihood of component failure. Includes early procurement of materials to mitigate Covid-19 supply chain delays.
Asset management information systems to track infrastructure item status	GM Infrastructure	Provides data for decisions about infrastructure asset renewal, replacement etc.
Condition assessment programme	GM Infrastructure	Identifies areas of service for upgrade, repair etc., to be executed; reduces likelihood of component failure.
Insurance/risk sharing	GM Corporate Services	Provides resources by funding recovery

**MANAGING THE RISK - Controls – what we are planning:**

Description	Expected effect	Timetable	Next review
Climate Change considered in the LTP/ draft AMPs Climate Change Vulnerability Assessments and implementation on the water supply and wastewater activity.	Greater understanding on the impacts Climate change (sea level rise, drought, temperate increase, flooding etc) will have on the water supply and wastewater activity.	LTP/ draft AMPs allows for these assessments in the first 3 years. Implementation of solutions allowed for in the thirty-year plan.	Dec 2023
Renewing the Atawhai Wastewater Rising Main	Improves resilience to natural hazards	Early planning starts July 2021, with construction plan for in 6 years' time.	Dec 2023
Natural Hazards Risk Assessments for the three waters	Developing strategies and implementing a programme to make three water assets more resilient to natural hazards such as earthquakes, landslides, flooding, Tsunamis etc.	Currently underway. Placeholder funding for implementation allowed for the 2021-31 AMPs	Dec 2023
<p>Actions from regional lifeline review – ongoing programme of stream flood protection work, wastewater pump station upgrades and water supply network enhancements/replacements</p> <p>Reduced inflow and infiltration to wastewater system</p>	<ul style="list-style-type: none"> <li>- Increased flood protection (modelling, design and construction)</li> <li>- Increased resilience of supply for water</li> <li>- Ongoing reduction of wastewater system overflows</li> <li>- Increased pump station capacity/resilience</li> </ul>	<ul style="list-style-type: none"> <li>- Flood protection modelling work completed and takes into account climate change data around rainfall (NIWA's <u>High Intensity Rainfall Design System v4</u>) and sea level rise (Ministry for the Environment '<u>Coastal Hazards and Climate Change Guidance</u>'). Peer reviews have been completed. Projects for adaptation have been included within the LTP.</li> <li>- Water supply pipeline replacements continued throughout 2021-22. The LTP has increased the rate of renewals to \$20m over 10 years.</li> <li>- Natural Hazards Assessments continued throughout 2021-22 and the LTP for all three waters.</li> <li>- Investigations regarding I&amp;I continue throughout 2021-22 and the LTP. The LTP includes an increased rate of pipeline renewals to \$20m over 10 years.</li> <li>- Pump station upgrades: <ul style="list-style-type: none"> <li>- Construction of Beach Road Storage completed. This provides added resilience to wastewater overflows.</li> </ul> </li> </ul>	Dec 2023

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		<ul style="list-style-type: none"> <li>- Awatea Pump Station construction is underway and scheduled for completion in 2022-23.</li> <li>- Corder Park PS and Neale Park PS upgraded within the last 4 years.</li> <li>- Further PS upgrades allowed for in the LTP.</li> <li>- The 2021-31 Water Supply, Wastewater, Stormwater &amp; Flood Protection Activity Management Plans have been approved by Council and inform the 2021-31 LTP.</li> <li>- The LTP allows for significant investment within the Infrastructure Group, with the programme increasing to \$460m vs 2018 LTP of \$360m.</li> </ul>	
Identify and provide protection for strategic routes from hazards posed by earthquake prone buildings. Required by Building Act 2004 subpart 6A.	Identification and enhanced protection of most significant transport routes from hazards posed by earthquake prone buildings	<ul style="list-style-type: none"> <li>- Identification of strategic routes approved (completed) by Environment Committee on 5 March 2020.</li> <li>- All priority earthquake prone buildings identified by 30 June 2022. Building owners have up to two years to provide an engineering assessment from date of notification and 12.5 years from the date on earthquake prone building (EPB) notice to complete seismic work.</li> </ul>	Dec 2034

## 3. Illness, injury or stress from higher hazard work situations

Assigned risk owner: Group Manager Corporate Services Last review: June – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map																																																		
Council objectives:	Those at Council workplaces, whether staff, contractors, Council members or visitors to remain safe (including retaining good health) while working on Council duties or on Council premises.	<table><tr><td rowspan="5">Likelihood</td><td>Almost Certain</td><td>M</td><td>M</td><td>H</td><td>Very H</td><td>Very H</td></tr><tr><td>Likely</td><td>L</td><td>M</td><td>H</td><td>H</td><td>Very H</td></tr><tr><td>Possible</td><td>L</td><td>M</td><td>M</td><td>H</td><td>H</td></tr><tr><td>Unlikely</td><td>Very L</td><td>M</td><td>M</td><td>M</td><td>H</td></tr><tr><td>Rare</td><td>Very L</td><td>L</td><td>M</td><td>M</td><td>M</td></tr><tr><td></td><td>Insignificant</td><td>Minor</td><td>Moderate</td><td>Major</td><td>Extreme</td></tr><tr><td colspan="7">Consequence</td></tr></table> No change from prior quarter							Likelihood	Almost Certain	M	M	H	Very H	Very H	Likely	L	M	H	H	Very H	Possible	L	M	M	H	H	Unlikely	Very L	M	M	M	H	Rare	Very L	L	M	M	M		Insignificant	Minor	Moderate	Major	Extreme	Consequence						
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	Rare	Very L	L	M	M	M																																														
	Insignificant	Minor	Moderate	Major	Extreme																																															
Consequence																																																				
Uncertain events considered:	Work related accidents and incidents Work pressures leading to health effects including stress related impacts Violence and offensive behaviour by Council customers and members of the public																																																			
Treatments are intended: To reduce both likelihood and consequences																																																				
Consequences		Likelihood		Risk level																																																
1. Contract H&S Management – Insufficient oversight of contractors to meet Council’s duties as a Person Conducting a Business or Undertaking (PCBU) that has influence and control over the work		Unlikely		Medium																																																
2. Customer Aggression – Threats to the health and safety of those who work for and with Council by customers who become abusive or violent		Possible		Medium																																																
3. Workplace stress – Staff becoming unwell due to workplace stress		Likely		High																																																
4. Specific High Consequence Activity Risks – That staff or others are seriously injured because of hazardous work		Unlikely		Medium																																																

**MANAGING THE RISK - Controls:**

This is separately reported in the quarterly report on Health, Safety and Wellbeing Report.

## 4. Loss of service performance from ineffective contracts and contract management

Assigned risk owner: Chief Executive

Last review: June – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map																																																
Council objectives:	Provide the expected service to the Nelson community through effective and efficient contracting (including contract supervision) for services, works, consultancy advice and other specialist services	<div><table><tr><td rowspan="6">Likelihood</td><td>Almost Certain</td><td>M</td><td>M</td><td>H</td><td>Very H</td><td>Very H</td></tr><tr><td>Likely</td><td>L</td><td>M</td><td>H</td><td>H</td><td>Very H</td></tr><tr><td>Possible</td><td>L</td><td>M</td><td>M</td><td>H</td><td>H</td></tr><tr><td>Unlikely</td><td>Very L</td><td>M</td><td>M</td><td>M</td><td>H</td></tr><tr><td>Rare</td><td>Very L</td><td>L</td><td>M</td><td>M</td><td>M</td></tr><tr><td></td><td>Insignificant</td><td>Minor</td><td>Moderate</td><td>Major</td><td>Extreme</td></tr><tr><td colspan="6">Consequence</td></tr></table><p>No change from prior quarter</p></div>						Likelihood	Almost Certain	M	M	H	Very H	Very H	Likely	L	M	H	H	Very H	Possible	L	M	M	H	H	Unlikely	Very L	M	M	M	H	Rare	Very L	L	M	M	M		Insignificant	Minor	Moderate	Major	Extreme	Consequence					
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	Rare	Very L	L	M	M	M																																												
		Insignificant	Minor	Moderate	Major	Extreme																																												
Consequence																																																		
Uncertain events considered:	Incomplete or inadequate specification of services required Contracting which does not assign liability to the party which manages the risk Insufficient supervision of contractors to reasonably assure services are delivered to the specified standard Lack of information about contract requirements																																																	
Treatments are intended: To reduce both likelihood and consequences																																																		
Consequences		Likelihood		Risk level																																														
Moderate loss of Council services		Unlikely		Medium																																														
Minor level overspend on contract		Possible		Medium																																														
Local level loss of trust and confidence (negative reaction and comment)		Possible		Medium																																														
Civil action against Council taken but not successful		Possible		Medium																																														

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Use of standardised templates for procurement and service provision agreements	All contract writers	Contract risks allocated to the party able to manage them
Procurement training for all contract writers plus support & coaching	Manager Business Improvement	Clear specification of contract requirements, legally defensible process for procurement
Reviews of contractor performance	Business Unit Managers	Improved surety that contractor delivers what is required
Obligation to follow Council procedures built in to contracts where required	All contract writers	Contractors meet Council standards including health and safety, interactions with the public etc.
Continuous improvement of contract specification	Manager Business Improvement	Improved contract letting performance

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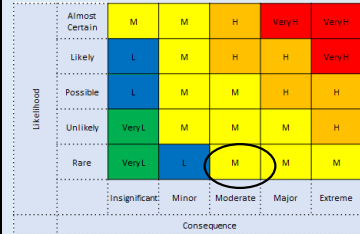
Description	Accountability	Effect of control
Ongoing improvement of contract supervision procedures and practice	Business Unit Managers	Reduction of contractor substandard delivery, cost overruns and delays
Single contract information repository	Manager Business Improvement	Enables organisational-level monitoring of contract review dates. Provides the ability to more easily identify where to prioritise contractual effort, and to identify if contractual gaps exist

**MANAGING THE RISK - Controls – what we are planning:**

Description	Expected effect	Timetable	Next review
Plan improvements in contract management and contractor performance management	Ensures that contractual arrangements provide services to the community, efficiently and effectively	<ul style="list-style-type: none"> <li>- Draft <i>Review of contract management</i> completed October 2023</li> <li>- Agreement to implement and timeline yet to be confirmed for the two recommendations and four suggestions</li> <li>- <del>Procedure for contract monitoring and performance management drafted</del></li> <li>- <del>Project to improve contractor management timing and project resourcing scoped. Project commencement is subject to successful recruitment into vacancies.</del></li> </ul>	Dec 2023

## 5. Compromise of Council service delivery from information technology failures

Assigned risk owner: Group Manager Corporate Services Last review: June – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map					
Council objectives:	Maintain the organisation’s information technology systems (including computer services and telecommunications) operating continuously and securely						
Uncertain events considered:	Equipment and software failures Electricity supply interruptions Cyber attacks Human errors						
No change from prior quarter							
Treatments are intended: To reduce both likelihood and consequences							
Consequences		Likelihood		Risk level			
Moderate loss of Council services to the Nelson Community		Rare		Medium			
Moderate Local level negative reaction or comment		Rare		Medium			

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Replacement of hardware and operating systems	Manager Technology and Customer Experience	Maintain currency of systems to enable security and computer system performance
Full offsite data backup at secure location	Manager Technology and Customer Experience	Council information copied against local system failure
Redundant components in IT system	Manager Technology and Customer Experience	Allows continued operation in the event of component failure
Annual recovery testing	Manager Technology and Customer Experience	Assurance that offsite back-ups function as intended
Least number of vendors/ systems to meet Council needs	Manager Technology and Customer Experience	Simplicity of systems to decreases maintenance effort
Multiple telephone service providers	Manager Technology and Customer Experience	Redundancy in the event of failures
Multiple back-ups of electricity supply (UPS, and on-site generator)	Manager Technology and Customer Experience	Operating security in the event of electricity supply failure

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Description	Accountability	Effect of control
Ability to work off-site, for most staff	Manager Technology and Customer Experience	IT systems and services largely available in the event Civic House unusable
Annual testing of “switch over” to an alternate site, and defences from cyber-attack	Manager Technology and Customer Experience	Continued provision and operation of IT systems
Two factor authentication login implemented for system administrators	Manager Technology and Customer Experience	Improved security against system access by unauthorised persons
Regular staff level cyber security and phishing testing	Manager Technology and Customer Experience	Eliminate, or minimise, “human” vulnerabilities
Regular cyber security awareness and training for staff (including email notation)	Manager Technology and Customer Experience	Eliminate, or minimise, “human” vulnerabilities

**MANAGING THE RISK - Controls – what we are planning:**

Description	Expected effect	Timetable	Next review
Participation in local government cyber security continuous improvement programme	Identify areas of weakness / strength to inform cyber security improvements	<ul style="list-style-type: none"> <li>- External assessment completed in first quarter of 2021-22.</li> <li>- Implementation of increased controls on-track.</li> <li>- <b>Annual ALGIM audit/review to commence Oct 2023</b></li> </ul>	<b>Dec 2023 (was Sept 2023)</b>

## 6. Council work compromised by loss of and difficulties in replacing skilled staff

Assigned risk owner: Manager People and Capability

Last review: June – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map					
Council objectives:	Maintain sufficient staff expertise and numbers to enable the organisation to carry out all its functions efficiently and effectively						
Uncertain events considered:	Loss of experienced staff to other employers or leaving the workforce Market shortage of staff with the required knowledge and skills Training required to make new staff productive in the Council’s environment Eroding location advantage from non-local employers offering full-time work-from-home and unavailability of affordable housing						
Treatments are intended: To reduce both likelihood and consequences							
Consequences		Likelihood		Risk level			
Moderate loss of Council services to the Nelson community		Possible		Medium			
Minor locally focussed criticism of Council actions		Unlikely		Low			

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Council procedures documented in procedure library	Manager Business Improvement	Enables new staff or staff working in new area to execute work consistent with Council needs quickly
Improved file management structure	Manager Governance and Support Services	Enables staff to access correct up to date information to undertake Council business
Notice periods for staff leaving and handover procedures	Manager People and Capability	Reduces loss of knowledge during staff transitions
Succession planning / workforce development	Business Unit Managers	Provides capability for staff to step up when senior staff leave e.g., graduate roles, summer student and cadet programmes
Staff climate surveying	Manager People and Capability	Up to date information about workplace culture to help inform workplace improvements
Wellbeing framework	Manager People and Capability	Enhanced ability to attract and retain staff – maintain risk likelihood at Unlikely

[NDOCS-1759736513](#) - Key organisational risks - quarterly report attachment for Audit, Risk and Finance Subcommittee  
 Risk Area 6, Page 15

Description	Accountability	Effect of control
Use of contractors with an understanding of Council business	Business Unit Managers	Capacity to fill gaps temporarily when staff leave
Business plans to estimate capacity demands on staff	Business Unit Managers	Matching of staff to workload
Standard templates in place for project definition, planning, tracking	Manager Business Improvement	Project execution less dependent on current staff knowledge
Networking opportunities for staff	Business Unit Managers	Develop skills and knowledge of existing staff
Adequate staff resourcing of Council operations	Manager People and Capability	Minimise stress and employee dissatisfaction; balanced workloads for staff
Implementation of leadership capability framework	Manager People and Capability	Reduce staff turnover by improving the organisation's working environment
Targeted training to aid retention of older workers	Manager People and Capability	Improved retention of older (more experienced) workers
Implementation of Diversity and inclusion program	Manager People and Capability	Attract and retain more diverse staff

**MANAGING THE RISK - Controls – what we are planning:**

# Item 8: Quarterly Risk Report - 30 Sept 2023: Attachment 1

Description	Expected effect	Timetable	Next review
"Right resources in right areas"	Improved delivery on service level targets, reduce stress and employee dissatisfaction; increase ability to balance workloads	<ul style="list-style-type: none"> <li>- Appointed Transformation Lead in Nov 2023</li> <li>- Redefined approval process for vacancies has been actioned</li> <li>- Project to review resourcing needs to commence in the second quarter of 2023-2024</li> </ul>	March 2024
"The way we work" cultural and policy shift in response to changing expectations and competitor offerings	Integrate hybrid working to improve attraction, recruitment and organisational effectiveness	<ul style="list-style-type: none"> <li>- Program of works has commenced including staff engagement and training for leading hybrid teams, minor improvements to physical workspaces</li> <li>- Longer term planning for physical workspace as part of AMP</li> </ul>	Dec 2023
Review Employee Value Proposition (EVP)	Remain competitive (improve attraction and retention)	<ul style="list-style-type: none"> <li>- Recommendations to Senior Leadership Team due June 2023</li> <li>- Formalise EVP &amp; communicate internally &amp; externally</li> <li>- Ongoing improvements to EVP throughout the year</li> </ul>	June 2024 (was Sept 2023)

## 7. Legal risk

Assigned risk owner: Group Manager Strategy and Communications Last review: June

Residual risk identification and assessment		Residual risk rating map																																																
Council objectives:	Make all decisions and exercise all its functions in compliance with the law, including legislation, regulation and common law	<table><tr><td rowspan="5">Likelihood</td><td>Almost Certain</td><td>M</td><td>M</td><td>H</td><td>Very H</td><td>Very H</td></tr><tr><td>Likely</td><td>L</td><td>M</td><td>H</td><td>H</td><td>Very H</td></tr><tr><td>Possible</td><td>L</td><td>M</td><td>M</td><td>H</td><td>H</td></tr><tr><td>Unlikely</td><td>Very L</td><td>M</td><td>M</td><td>M</td><td>H</td></tr><tr><td>Rare</td><td>Very L</td><td>L</td><td>M</td><td>M</td><td>M</td></tr><tr><td></td><td>Insignificant</td><td>Minor</td><td>Moderate</td><td>Major</td><td>Extreme</td></tr><tr><td colspan="6">Consequence</td></tr></table>						Likelihood	Almost Certain	M	M	H	Very H	Very H	Likely	L	M	H	H	Very H	Possible	L	M	M	H	H	Unlikely	Very L	M	M	M	H	Rare	Very L	L	M	M	M		Insignificant	Minor	Moderate	Major	Extreme	Consequence					
Likelihood	Almost Certain								M	M	H	Very H	Very H																																					
	Likely								L	M	H	H	Very H																																					
	Possible								L	M	M	H	H																																					
	Unlikely	Very L	M	M	M	H																																												
	Rare	Very L	L	M	M	M																																												
	Insignificant	Minor	Moderate	Major	Extreme																																													
Consequence																																																		
Uncertain events considered:	Insufficient knowledge of the applicable law when making or advising a decision Legal agreements made without (adequate) consideration of the parties’ ability to control risks to the objectives sought Inadequate consideration of legal risk relative to Council’s other risk criteria when deciding what action is required to treat risks																																																	
Treatments are intended: To reduce both likelihood and consequences		No change from prior quarter																																																
Consequences		Likelihood		Risk level																																														
Ambiguous or incomplete information base for decision		Unlikely		Medium																																														
Moderate reputational loss including public criticism of Council actions and/or unfavourable findings by the Ombudsman		Possible		Medium																																														
Successful legal action against Council		Rare		Medium																																														
Moderate level of financial loss to Council (e.g. contract failure)		Rare		Low																																														

## 11.2 MANAGING THE RISK - Controls – what we have in place:

<b>Description</b>	<b>Accountability</b>	<b>Effect of control</b>
Requirement for legal review of bylaw and Special Consultative Procedure reports and consultation material	Senior Leadership Team	Legally sound decision-making processes, including consultation, for these matters of high significance
Induction of all staff includes basics of key legal obligations	Manager People and Capability	General awareness of Council's legal operating environment
Use local government wide good practice guidelines, such as Taituarā (SOLGM) Legal Compliance Modules	Business Unit Managers	Council follows local government standardised good practice
Procedures in place for operational tasks that require specific legal compliance	Business Unit Managers	Improved compliance for these Council activities; mitigation of legal risk

[NDOCS-1759736513](#) - Key organisational risks - quarterly report attachment for Audit, Risk and Finance Subcommittee  
Risk Area 7, Page 18

# Item 8: Quarterly Risk Report - 30 Sept 2023: Attachment 1

Description	Accountability	Effect of control
Previous legal advice available to all officers through maintaining a Legal Opinions database and using Council's current document management system to save and access legal advice.	General Counsel	Ability to learn from the Council's past actions
Required minimum levels of knowledge for inspection/enforcement contractors	Manager Consents and Compliance	Compliance actions, where taken, are legally compliant
In-house legal capacity – internal legal team, and weekly drop-in clinic for officers	GM Strategy and Communications	Access to legal advice assists managers with identification, assessment and management of legal risk
Use of "LawVu" system for managing and reporting on provision of legal advice	General Counsel	Effective and efficient response to requests for legal advice and identification of any emerging legal risk trends
Structured training programme for staff on local government specific legal requirements	General Counsel	Improved staff knowledge of legal requirements for the Council's work
Use of external legal advice on specialist / high risk topics.	General Counsel	Added layer of control for mitigation of legal risk for specialist/high risk topics.
Legal Operations Framework (moved from 'what we are planning')	General Counsel	Guidance to enhance legal risk management throughout the organisation
Process controls implemented as part of the FY23 Land Information Memo improvement project (moved from 'what we are planning')	GM Environmental Planning	Reduce potential non-compliance and litigation

## MANAGING THE RISK - Controls – what we are planning:

Description	Expected effect	Timetable	Next review

## 8. Reputation damage and loss of public trust in the organisation

Assigned risk owner: Group Manager Strategy and Communications Last review: June – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map																																																		
Council objectives:	Maintain trust and confidence in the Council by providing accurate information about the state of Council work and service delivery	<table><tr><td rowspan="5">Likelihood</td><td>Almost Certain</td><td>M</td><td>M</td><td>H</td><td>Very H</td><td>Very H</td></tr><tr><td>Likely</td><td>M</td><td>M</td><td>H</td><td>H</td><td>Very H</td></tr><tr><td>Possible</td><td>L</td><td>M</td><td>M</td><td>H</td><td>H</td></tr><tr><td>Unlikely</td><td>Very L</td><td>L</td><td>M</td><td>M</td><td>H</td></tr><tr><td>Rare</td><td>Very L</td><td>Very L</td><td>L</td><td>M</td><td>M</td></tr><tr><td colspan="2"></td><td>Insignificant</td><td>Minor</td><td>Moderate</td><td>Major</td><td>Extreme</td></tr><tr><td colspan="2"></td><td colspan="5">Consequence</td></tr></table> <p>No change from prior quarter</p>						Likelihood	Almost Certain	M	M	H	Very H	Very H	Likely	M	M	H	H	Very H	Possible	L	M	M	H	H	Unlikely	Very L	L	M	M	H	Rare	Very L	Very L	L	M	M			Insignificant	Minor	Moderate	Major	Extreme			Consequence				
Likelihood	Almost Certain								M	M	H	Very H	Very H																																							
	Likely								M	M	H	H	Very H																																							
	Possible	L	M	M	H	H																																														
	Unlikely	Very L	L	M	M	H																																														
	Rare	Very L	Very L	L	M	M																																														
		Insignificant	Minor	Moderate	Major	Extreme																																														
		Consequence																																																		
Uncertain events considered:	Promulgation of incorrect information about Council activities through both traditional and social media channels Unbalanced comment by opinion leaders																																																			
Treatments are intended: To reduce both likelihood and consequences																																																				
Consequences		Likelihood		Risk level																																																
Local level negative comment and reaction to Council decisions or actions		Possible		Medium																																																
National level negative comment and reaction to Council decisions or actions		Unlikely		Medium																																																

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Monitor media and provide information to staff and public including managing relationships with media outlets	Manager Communications	Provides accurate information and enables rapid response to misinformation Ensures staff have correct information about Council actions
Communications and engagement plans for all significant projects	Business Unit Managers, with support from Manager Communications	Provides early accurate information about Council actions
Customer surveys	Business Unit Managers	Monitoring of customer perceptions of Council actions
Staff induction training	Manager People and Capability	Staff understand the importance of clear communication
Social media presence to reduce spread of incorrect information	Manager Communications	Reduces criticism based on incorrect information
Code of Conduct and Council Standing Orders	The Council	Sets clear expectations of Council and Members conduct

[NDOCS-1759736513](#) - Key organisational risks - quarterly report attachment for Audit, Risk and Finance Subcommittee  
Risk Area 8, Page 20

# Item 8: Quarterly Risk Report - 30 Sept 2023: Attachment 1

Description	Accountability	Effect of control
Members Interests Register	The Council (Manager Governance to maintain)	Clarity on non-Council interests of Elected and Appointed Members
Media Policy	Manager Communications	Sets requirements and expectations for staff
Conflict of Interest policy	Manager People and Capability	Sets requirements and expectations for staff
Contracts post-October 2016 require contractors to direct media inquiries to Council	Business Unit Managers	Prevents contractors speaking on behalf of Council without permission
Community Engagement Manager role in Infrastructure Group	GM Infrastructure	Anticipate public information and community engagement needs, plan and deliver community engagement
"Shape Nelson" online community engagement tool	Manager Communications	Increased opportunity for the community to give views to Council Improved public accessibility to information on current and upcoming Council initiatives
Communications and Engagement Strategy	Group Manager Strategy and Communications	Metrics for communications and engagement (test of effectiveness) to identify gaps in communication and enable improved public understanding and perception
Rolling averages of residents' perceptions of Council performance.	Group Manager Strategy and Communications	Earlier information on residents' perceptions of Council performance (compared to annual survey). Information can be used to update communication plans.

## MANAGING THE RISK - Controls – what we are planning:

Description	Expected effect	Timetable	Next review



Appendix 1: Risk Matrix – Consequences<sup>2</sup> x Likelihood

CONSEQUENCES					LIKELIHOOD of the given consequence occurring			
Insignificant (1)	Minor (2 <sup>2</sup> )	Moderate (3 <sup>2</sup> )	Major (4 <sup>2</sup> )	Extreme (5 <sup>2</sup> )	Descriptor	Qualitative guidance statement	Indicative Probability range %	Indicative frequency range (years)
Medium (5)	Medium (20)	High (45)	Very High (80)	Very High (125)	Almost certain (5)	The consequence can be expected in most circumstances OR <i>A very low level of confidence/information</i>	>90%	>1 occurrence per year
Low (was Medium) (4)	Medium (16)	High (36)	High (64)	Very High (100)	Likely (4)	The consequence will quite commonly occur OR <i>A low level of confidence/information</i>	20% - 90%	Once per 1-5 years
Low (3)	Medium (12)	Medium (27)	High (48)	High (75)	Possible (3)	The consequence may occur occasionally <i>A moderate level of confidence/information</i>	10% - 20%	Once per 5- 10 years
Very Low (2)	Medium (was Low) (8)	Medium (18)	Medium (32)	High (50)	Unlikely (2)	The consequence may occur only infrequently <i>A high level of confidence/information</i>	2% - 10%	Once per 10 - 50 years
Very Low (1)	Low (was Very Low) (4)	Medium (was Low) (9)	Medium (16)	Medium (25)	Rare (1)	The consequence may occur only in exceptional circumstances <i>A very high level of confidence/information</i>	<2%	Less than once per 50 years

## Appendix 2: Residual Risk Tolerance

<b>Risk Level</b>	<b>Description and Action</b>	<b>Authority for continued tolerance</b>	<b>Timing for implementing action</b>	<b>Obligation to promptly advise including advising treatments</b>
<b>Very High</b>	Not normally tolerable, immediate intervention to reduce risk	Full Council on advice from CE	Immediate if possible but no more than one month	Full Council using best practicable means
<b>High</b>	Not normally tolerable, initiate action as soon as practicable to reduce risk below High	SLT or Group Manager (Council at CE discretion)	As soon as practicable but no more than 2 months	SLT or accountable Group Manager (Council at CE discretion)
<b>Medium</b>	Normally tolerable, frequently review to look for opportunities to further reduce risk where practicable	Business Unit Manager	At least within one quarter	Accountable Group Manager
<b>Low</b>	Acceptable risk, routine review for low-cost actions to reduce risk further	No specific authority required	Routine review period (e.g., 3- 6 monthly)	None
<b>Very Low</b>	Acceptable risk, no specific actions to reduce further	No specific authority required	Only if incidental to another action	None

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<b>Report Title:</b>	<b>Privacy Act 2020 - Reporting</b>
<b>Report Author:</b>	<b>Devorah Nicuarta-Smith - Manager Governance and Support Services</b>
<b>Report Authoriser:</b>	<b>Nicky McDonald - Group Manager Strategy and Communications</b>
<b>Report Number:</b>	<b>R28111</b>

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**1. Purpose of Report**

- 1.1 To provide a 6 monthly update on actions underway to monitor and manage privacy related matters following the coming into force of the Privacy Act 2020.

**2. Recommendation**

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Privacy Act 2020 - Reporting (R28111).***

**3. Systems and Controls**

***Privacy Policy and breach management planning***

- 3.1 Council's Privacy Policy and breach management plan has been circulated for awareness following its adoption.
- 3.2 The associated compliance register has been updated with information on investigations from 2019 onwards and any actions or recommendations for future improvements.
- 3.3 Work is underway to include privacy related clauses in all Council contract templates, the first step in a larger project to ensure all contractors are clear on their responsibilities in relation to personal information held on behalf of Council, and requirements should any issues arise. Future agreements will also have the Privacy Policy and breach management plan attached as a schedule.

***Privacy Statements***

- 3.4 Further privacy statements have been updated and drafted to provide increased transparency to the public around Council's collection, use and storage of personal information. These include statements related to all stages of the resource consent process, largely with a focus on ensuring it is clear that all information provided in an application is public, will be provided on request and may be circulated to relevant parties if the consent is notified.

**4. Compliance investigations**

- 4.1 High level updates in relation to compliance matters and any ensuing recommendations are outlined in the attached compliance register.

**5. Training and advice**

- 5.1 Staff were provided the opportunity to attend a webinar on privacy fundamentals led by DLA Piper.

**6. Conclusion**

- 6.1 Both proactive and responsive actions continue within the privacy space.
- 6.2 The importance of the privacy work programme has been recognised with some provision for extra support being proposed in the draft LTP.

**Attachments**

Nil

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<b>Report Title:</b>	<b>Quarterly Finance Report to 30 September 2023</b>
<b>Report Author:</b>	<b>Prabath Jayawardana - Manager Finance</b>
<b>Report Authoriser:</b>	<b>Nikki Harrison - Group Manager Corporate Services</b>
<b>Report Number:</b>	<b>R28129</b>

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## **1. Purpose of Report**

- 1.1 To inform the Committee of the financial results for Council for three months ended 30 September 2023, and to highlight any material variations.

## **2. Recommendation**

***That the Audit, Risk and Finance Committee***

- 1. Receives the report Quarterly Finance Report to 30 September 2023 (R28129) and its Attachments (1857728953-1257, 839498445-17924 and 839498445-17948).***

## **3. Background**

- 3.1 The whole of Council financial reporting provided to this Committee focuses on the three-month performance (1 July 2023 to 30 September 2023) compared with the the year-to-date (YTD) approved capital and operating expenditure budgets. The quarterly report includes Nelson City Council performance only and does not include its subsidiaries, associates, and joint ventures.
- 3.2 Unless otherwise indicated, all information is against approved Operating budgets, which is Annual Plan 2023/24, plus any carry forwards, plus or minus any other additions or changes as approved by the Council.
- 3.3 Commentary is provided below for significant variances of +/- \$500,000.

## Item 10: Quarterly Finance Report to 30 September 2023

### 4. Financial Performance

4.1 For the three months ending 30 September 2023, the Council's draft deficit is \$8.1m against a budgeted deficit of \$5.0m (\$3.1m unfavourable to budget), mainly due to reasons explained below.

#### 4.2 Profit and Loss

NELSON CITY COUNCIL EXTERNAL FINANCIAL REPORTING FOR 2023/24 - Sep 2023							
Figures are shown in thousands (\$'000)							
	Year to Date Sep 2023				Full Year		
	Actuals	Operating Budget	Variance \$	Variance %	Operating Budget	Annual Plan	Op Budget vs. AP
<b>Revenue</b>							
Rates other than metered water, net of remissions	20,849	20,896	(47)	0%	84,383	84,383	0
Subsidies and grants	5,808	5,879	(71)	-1%	30,413	33,674	(3,261)
Fees and charges including metered water	5,341	6,164	(823)	-13%	29,239	29,239	0
Other revenue	1,550	1,547	4	0%	17,845	17,845	0
Development/financial contributions	575	1,342	(768)	-57%	3,828	3,828	0
Interest received	445	239	146	49%	1,195	1,195	0
Other gains/losses	- 34	410	- 444	-108%	- 1,511	- 1,511	(0)
<b>Total revenue</b>	<b>34,533</b>	<b>36,536</b>	<b>(2,003)</b>	<b>-5%</b>	<b>165,453</b>	<b>168,713</b>	<b>(3,261)</b>
<b>Expenses</b>							
Personnel costs	8,550	8,678	128	1%	34,712	34,588	124
Finance Costs	2,319	1,870	(449)	-24%	7,480	7,480	0
Depreciation and amortisation	9,997	9,597	(400)	-4%	38,390	38,390	0
Weather Event	1,353	844	(509)	-60%	2,832	2,832	0
Other expenses	20,457	20,570	113	1%	79,316	79,205	111
<b>Total expenses</b>	<b>42,676</b>	<b>41,560</b>	<b>(1,116)</b>	<b>-3%</b>	<b>162,730</b>	<b>162,495</b>	<b>235</b>
<b>Net surplus/(deficit)</b>	<b>(8,142)</b>	<b>(5,024)</b>	<b>3,119</b>	<b>-62%</b>	<b>2,722</b>	<b>6,219</b>	<b>(3,496)</b>
<b>Capital Expenditure - excluding vested</b>	<b>19,745</b>	<b>17,640</b>	<b>2,104</b>	<b>12%</b>	<b>76,807</b>	<b>69,508</b>	<b>7,298</b>

#### 4.3 Operating Budget vs. Annual Plan Budget

4.4 **The Full Year Operating Budget is less than the Annual Plan Budget by \$3,500,000.** This is mainly due to a \$3.6m reduction in Transport Choices Revenue (under subsidies and grants), due to a reduction in the government grant. This has not impacted operating expenses above, as this grant income is capital in nature.

#### 4.5 Revenue

4.6 **Rates income is in-line with budget.**

4.7 **Fees and Charges income is less than budget by \$823,000.** There are large number of revenue sources that made up this variance but none of them has a variance greater than \$0.5m.

4.8 **Other revenue is in line with budget.** There are no significant variances greater than \$0.5m.

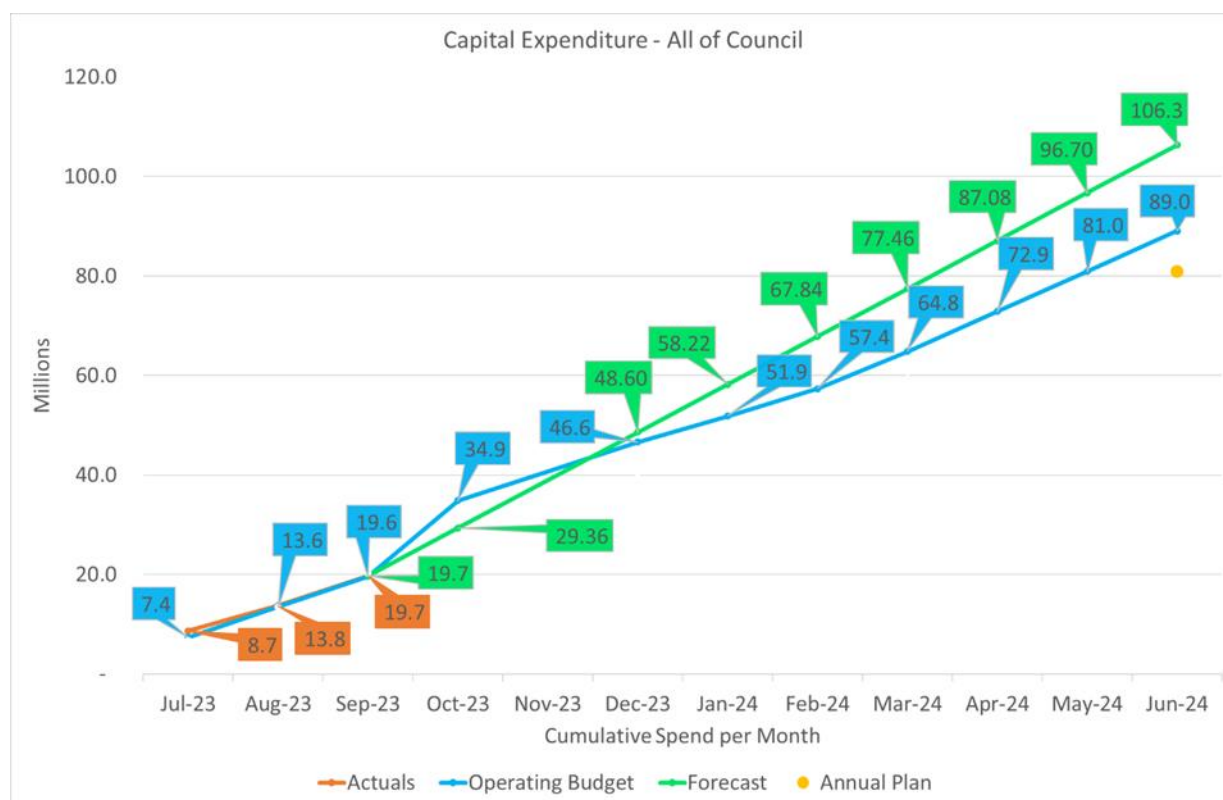
4.9 **Development Contributions is less than budget by \$768,000.** This is due to less development activity than budgeted for.

## Item 10: Quarterly Finance Report to 30 September 2023

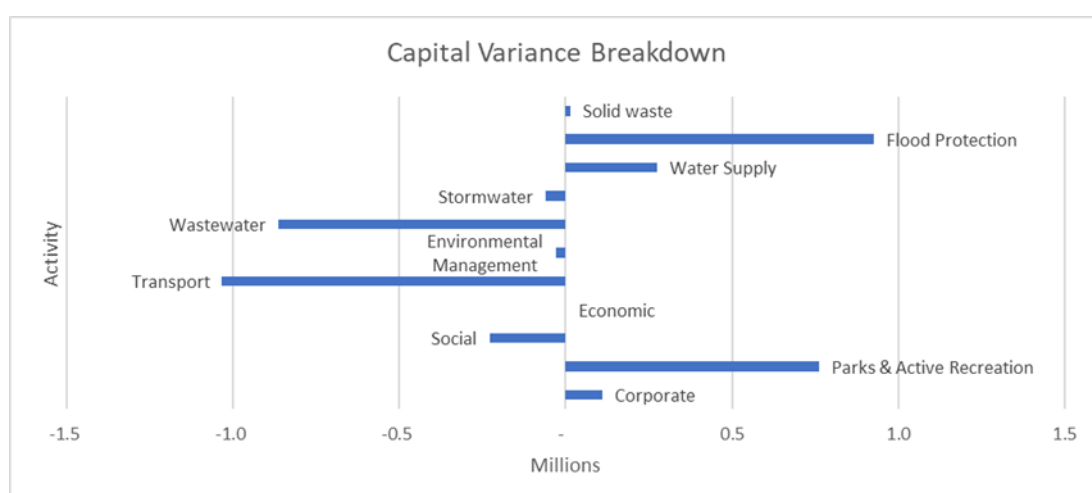
- 4.10 **Finance Revenue is greater than budget by \$146,000.** This is due to more funds being invested than planned because of pre-funding of debt.
- 4.11 **Other gains/(losses) is less than budget by \$444,000.** This relates to the forestry activity, with net income being less than budget due to delays in harvesting at Marsden Forest.
- 4.12 **Expenses**
- 4.13 **Personnel costs are less than budget by \$128,000.**
- 4.14 **Depreciation and amortisation costs are greater than budget by \$400,000.** Depreciation has been based on the 2022/23 asset valuations, in which we saw large increases. This resulted in a higher depreciation expense than planned. It is noted that the depreciation in this report is based on draft infrastructure valuations and a more accurate depreciation figure will be available in the second quarter finance reports.
- 4.15 **Finance costs are greater than budget by \$449,000.** This increase in interest costs is due to a) additional pre-funding of debt (which is offset by the \$0.1m over variance in finance revenue), and b) \$0.3m increase in interest costs due to both higher interest rates and borrowings than planned for the 3-months ended 30 September 2023.
- 4.16 **Weather Event costs are greater than budget by \$509,000.** This is mainly due to unprogrammed works done on Walkways and subsidized roading which is a phasing issue.
- 4.17 **Other expenses are less than budget by \$113,000.** Significant variances are as follows:
- 4.17.1 **Insurance is greater than budget by \$0.7m.** This is because of increases in premiums due to a) increases in asset values, and b) higher premium rates.
- 4.17.2 **Public Transport Minor Improvements is less than budget by \$0.5m** due to delays in the timings of this expenditure.
- 4.17.3 All other variances in other expenses are below \$0.5m.

## 5. Capital Expenditure

### 5.1 Capital Expenditure (including staff time, excluding vested assets and joint operations)



5.2 As at 30 September 2023, capital expenditure was \$19.7m which is \$0.1m over the YTD Operating Budget of \$19.6m. The main contributors to the variance were Transport (\$1.0m), and Wastewater (\$0.9m), which was offset by Flood Protection (\$0.9m) and Parks & Recreation (\$0.8m).





## 6. Cash Flow Management

### 6.1 Net Debt

	Dec Quarter Actuals	Mar Quarter Actuals	Jun Quarter Actuals	Sep Quarter Actuals
Opening Net Debt	(125,601,278)	(144,260,841)	(150,958,067)	(168,845,364)
Cash Movement	845,060	2,328,766	(13,397,297)	(1,126,957)
Debt Movement	(19,504,623)	(9,025,991)	(4,490,000)	(24,224,842)
Closing Net Debt	(144,260,841)	(150,958,067)	(168,845,364)	(194,197,163)
Debt/Revenue Ratio	95%	104%	122%	135%
Borrowing Compliance with Covenants (<150%)	Yes	Yes	Yes	Yes

6.2 As at 30 September 2023, there was a net debt of \$194.2m. This has increased from 30 June 2023 by \$25.4m. The full-year Annual Plan budget is \$207.9m. This leaves \$13.7m of headroom as at 30 September 2023.

6.3 This \$25.4m increase in net debt from 30 June 2023 is due to: a) to fund the August 2022 weather event (\$1.4m expenditure), b) to fund capital expenditure during the year (\$10.1m net of funded depreciation), c) to fund \$1.0m advance to Nelson Tasman Regional Landfill Business Unit (NTRLBU), and e) drawdown of Housing NZ funds of \$2.5m. The balance is due to timing of cash inflows and outflows being different than planned.

6.4 Attachment 1 (1857728953-1257) includes the statement of financial position (Balance sheet), Debtors graph and compliance with the Treasury policy as at 30 September 2023.

6.5 The net debt figure in the treasury compliance report (Attachment 1) is different from above 6.2 mainly due to LGFA borrowing notes not being included in the PWC tool.

## 7. Rates Aging

7.1 Over the last twelve months officers have seen outstanding rates balances increasing slightly which highlights the cost of living and interest rate increases impacting on the community. Officers are working hard to get ratepayers on to payment plans.

7.2 Total rates outstanding as at 30 September 2023 were \$969,855. Below are the rates outstanding at the end of each rating quarter.

### Total Rates Outstanding

Month	2023/24	2022/23	2021/22	2019/20	2018/19
Sep-23	969,855	997,122	665,090	660,983	646,839
Dec-23		815,028	637,611	550,873	510,313
Mar-24		858,820	728,270	548,763	572,137
Jun-24		689,021	732,112	513,157	504,423

## 8. Insurance Renewal

8.1 Nelson City Council primary insurance broker is Marsh Limited, which places the following insurance policies:

- Material Damage – commercial, residential and collections
- Business Interruption – primarily Marina revenue
- Public and Professional Indemnity
- Motor Vehicle
- Crime, Statutory, Environmental and Employers Liability
- Harbour Masters and Wreck Removal Liability
- Hall Hirers Liability
- Personal Accident

8.2 Highlights of the 1 July 2023 Marsh placed insurance include:

- Nelson City Council's premium increased from \$1.6M to \$2.3M primarily due to increased asset values and higher premium rates.
- Harbour Masters and Wreck Removal Liability limits were increased to \$50M (previously \$25M and \$30M respectively).
- Material Damage & Business Interruption limit was capped at \$1 billion and the basic and flood excess increased to \$100K and \$500K respectively (previously \$10K).

8.3 Nelson City Council secondary insurance broker is Aon New Zealand Limited which places insurance for below ground essential infrastructure assets include sewerage, water supply, storm water and landfill gas.

8.4 Nelson City Council's premium, from Aon placed insurance, is yet to be confirmed but is expected to increase from \$1.2M to \$1.7M primarily due to increased asset values and higher premium rates

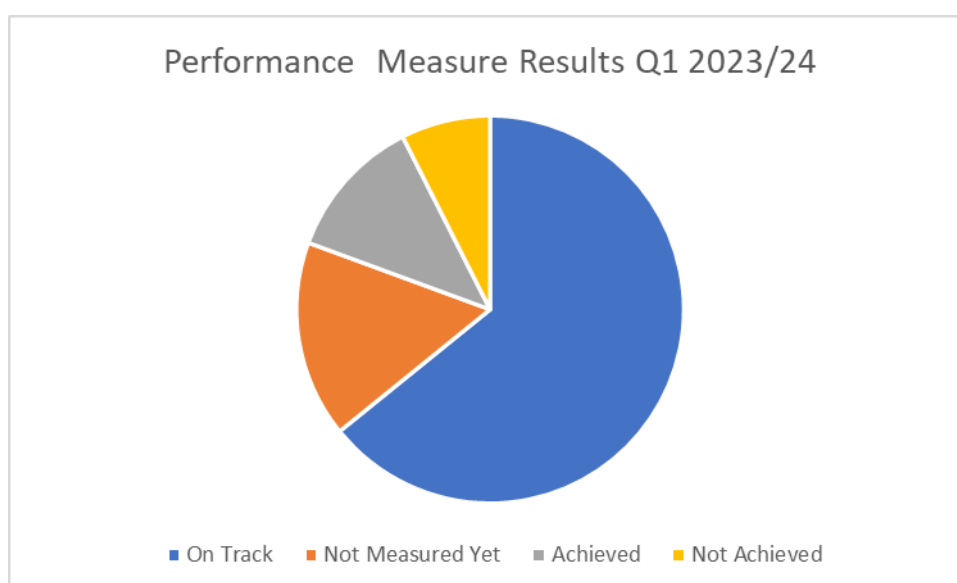
8.5 Further information of how Council officers are responding to these plus upcoming insurance headwinds will be described in the Risk Deep Dive report.

## 9. Project Health

- 9.1 A table summarising the health of projects across Council has been generated and is included as attachment 2 (839498445 – 17924). It gives a red, amber or green rating for quality, time and budget factors.
- 9.2 The majority of the orange and red are as a result of delays due to weather events in August 2022 and May 2023, the impact of COVID 19 and supply chain delays in material and equipment from overseas.
- 9.3 Projects on hold indicate projects that require further workshops or discussion.

## 10. Performance Measures

- 10.1 Council reports on 67 non-financial performance measures across its activity areas, as set out in the Long Term Plan 2021-31. These are evaluated as 'on track/not on track/not measured yet/achieved/not achieved'.
- 10.2 Of the 67 measures, 43 are currently on track, 11 are not measured yet, 8 are achieved, 5 are not achieved.



- 10.3 Attachment 3 (839498445-17948) details Council's performance measure results so far across all its activities.

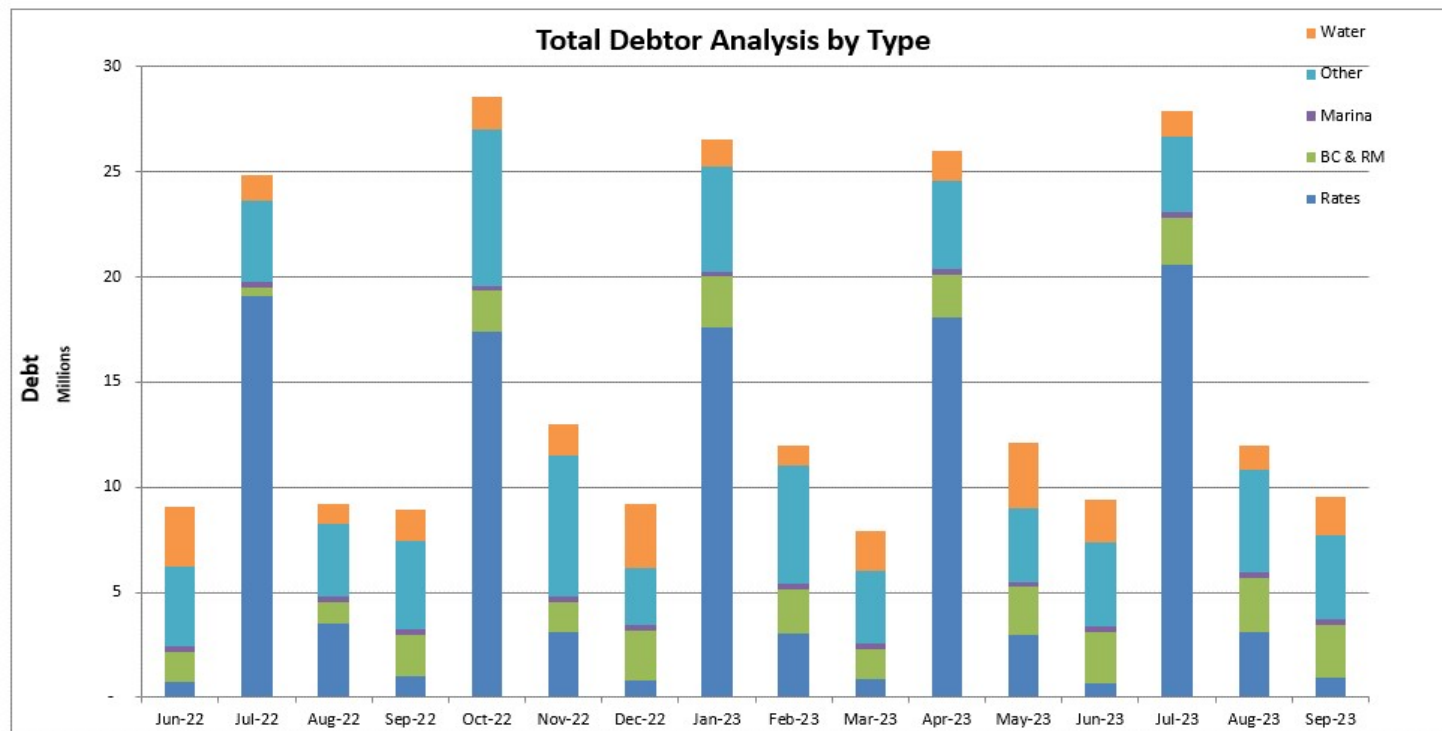
## Attachments

- Attachment 1: 1857728953-1257 - Finance Attachment Q1 Reporting September 2023 [↓](#)
- Attachment 2: 839498445-17924 - Health Summary - Quarterly Report [↓](#)
- Attachment 3: 839498445-17948 - Performance Measures 2023 2024 [↓](#)

# Item 10: Quarterly Finance Report to 30 September 2023: Attachment 1

BALANCE SHEET			
	September 2023	June 2023	Notes
<b>ASSETS</b>			
Current Assets			
Cash	6,412,679	12,539,636	Includes \$2.8m Community Housing Fund (down \$2.5m this month), and remaining in everyday account.
Receivables	21,165,880	25,133,012	Includes Accrued Revenue (\$6.2m), debtors Accrued (\$3.9m) and NRSBU/NTRLBU Loans (\$9.4m) and Gross Trade Debtors (\$2.0m).
Other Current Assets	1,183,850	1,271,940	Balance includes prepayments and current portion of loans to community organisations and related parties
Investments: Current	5,000,000	0	A term deposit was entered into in July-23.
<b>Total Current Assets</b>	<b>33,762,410</b>	<b>38,944,588</b>	
Non Current Assets			
Fixed Assets	2,217,896,588	2,214,170,147	
Investments	58,359,579	57,734,579	Shares in subsidiaries and associates, borrower notes, forestry assets and investment properties.
Other Non Current Assets	25,481,081	24,542,081	Non-current portion of loans to community organisations/related parties plus \$5.6m of derivative assets
<b>Total Non Current Assets</b>	<b>2,301,737,247</b>	<b>2,296,446,807</b>	
<b>LIABILITIES</b>			
Current Liabilities			
Payables	(17,668,088)	(30,334,489)	Includes trade creditors (\$11.0m) , Housing Reserve (\$2.8m), plus accrued expenses and GST.
Borrowings: Current	(5,499,842)	(5,650,000)	Term loans due within 12 months.
Other Current Liabilities	(3,496,300)	(2,657,852)	Current portion of employee benefits liabilities
<b>Total Current Liabilities</b>	<b>(26,664,230)</b>	<b>(38,642,341)</b>	
Non Current Liabilities			
Payables: Non Current	(1,055,435)	(1,053,790)	This is mainly the depreciation grant for the Suter
Borrowings: Non Current	(205,000,000)	(180,000,000)	Term Loans due after 12 months
Other Non Current Liabilities	(153,588)	(153,588)	Non-current portion of employee benefits and derivative revaluation
<b>Total Non Current Liabilities</b>	<b>(206,209,023)</b>	<b>(181,207,378)</b>	
<b>Net Assets</b>	<b>2,102,626,404</b>	<b>2,115,541,676</b>	
<b>EQUITY</b>			
Equity			
Accumulated Funds	(463,739,277)	(477,098,021)	
Reserves	(1,638,887,127)	(1,638,443,655)	
<b>Total Equity</b>	<b>(2,102,626,404)</b>	<b>(2,115,541,676)</b>	

1857728953-1257



1857728953-1257

Treasury summary - positions and compliance

Nelson City Council

Month

September 2023

Currency

NZD

1. LTP debt forecast

2. LTP debt forecast 80%

3. LTP forecast ex. water

Interest rate risk



Funding risk



Counterparty credit limits

Counterparty	Compliant?
ANZ	✓
BNZ	✓
Westpac	✓

Liquidity risk



Investments



Liquidity ratio

113%

\$205,650,000

Gross debt less prefunding

\$200,857,622

Net debt

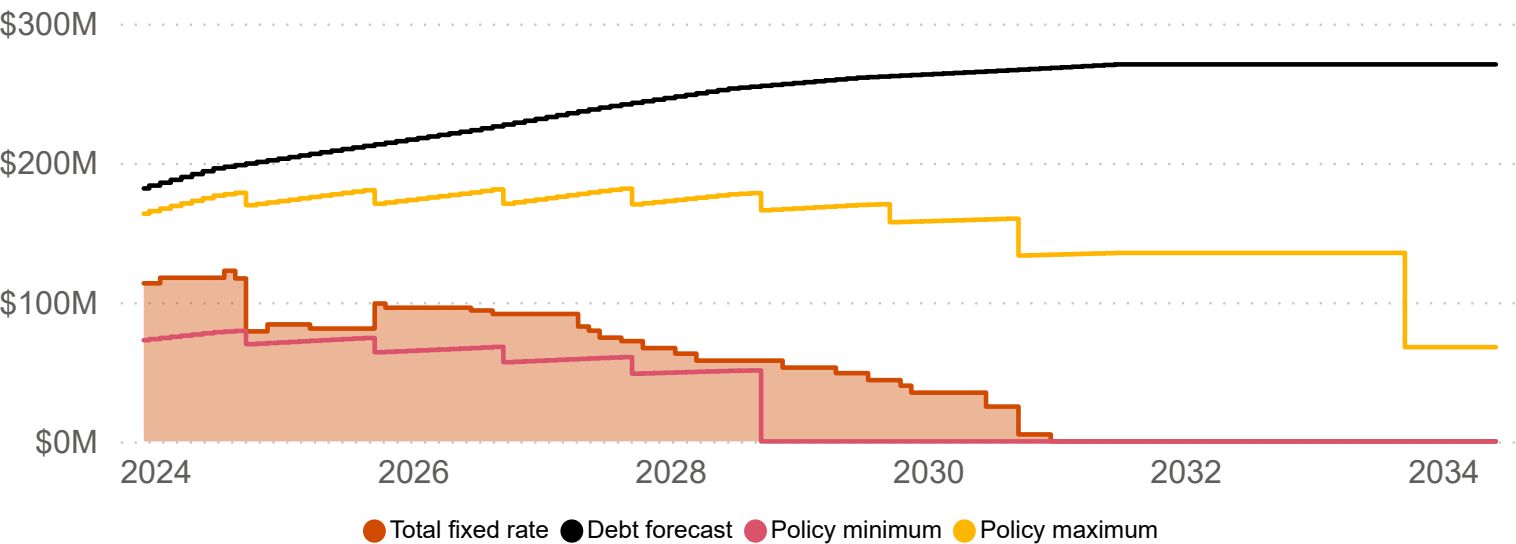
\$22,350,000

Undrawn and unlinked bank facilities

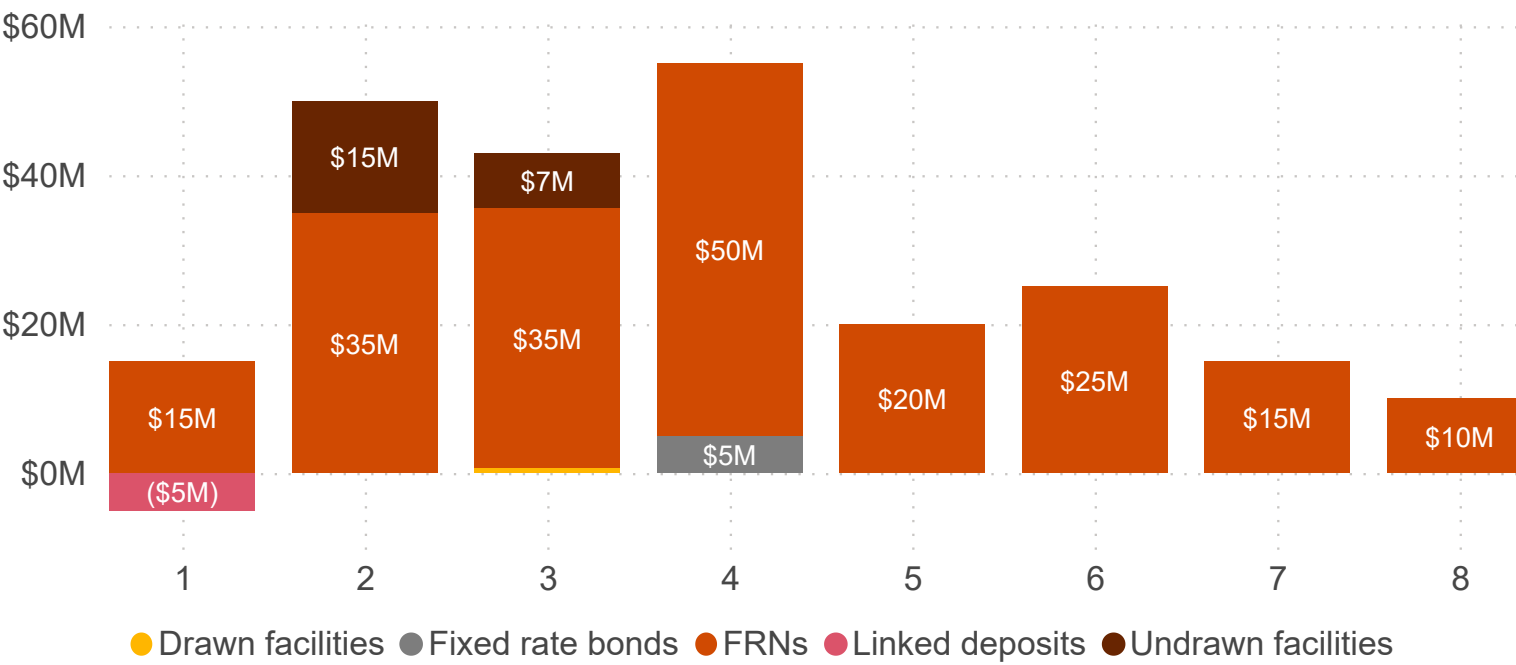
\$4,792,378

Liquid deposits

Interest rate risk profile



Funding and liquidity risk timeline



1857728953-1257



1857728953-1257

# Treasury summary - positions

Nelson City Council

Month  
September 2023

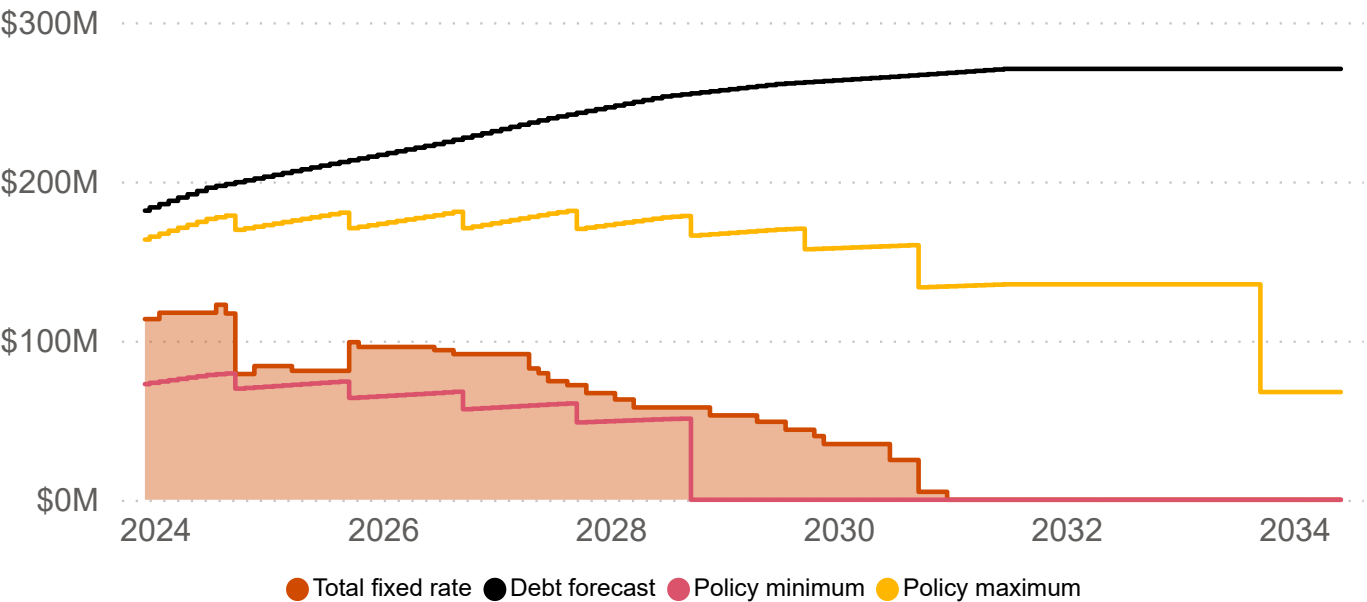
Currency  
NZD

1. LTP debt forecast

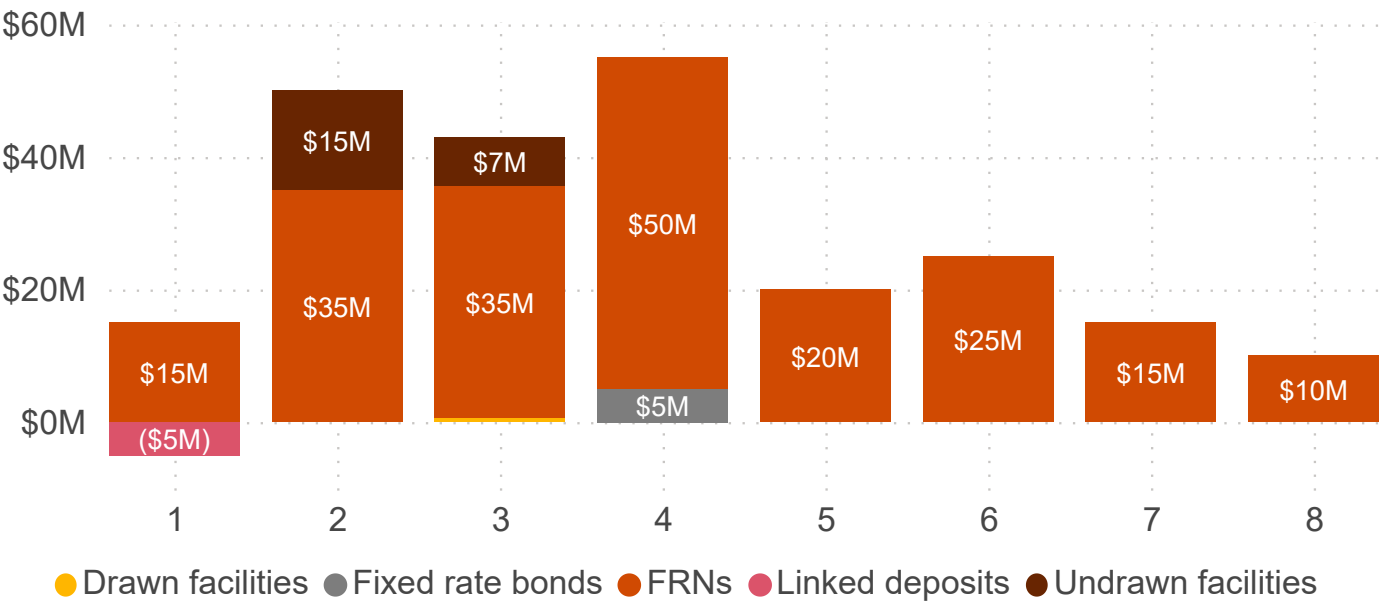
2. LTP debt forecast 80%

3. LTP forecast ex. water

## Interest rate risk profile



## Funding and liquidity risk timeline



## Interest rate summary

#	Bucket	Min	Max	Actual
1	0 - 12	40%	90%	62%
2	12 - 24	35%	85%	40%
3	24 - 36	30%	80%	44%
4	36 - 48	25%	75%	36%
5	48 - 60	20%	70%	25%
6	60 - 72	0%	65%	20%
7	72 - 84	0%	60%	13%
8	84 - 96	0%	50%	0%
9	96 - 108	0%	50%	0%
10	108 - 120	0%	50%	0%

## Counterparty credit limits

Counterparty	Total exposure	Total limit	Compliant?
ANZ	\$5,301,027	\$30,000,000	✓
BNZ	\$6,096,345	\$30,000,000	✓
Westpac	\$16,262,152	\$30,000,000	✓

## Funding summary

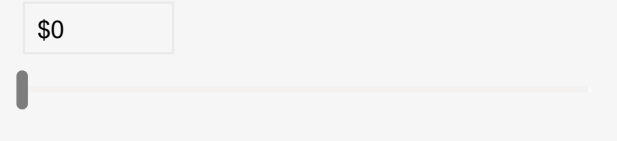
Bucket (years)	Policy	Actual
0 - 3	15% - 60%	45%
3 - 7	25% - 85%	50%
7 - 15	0% - 60%	4%
Total		100%



LGFA covenant overview

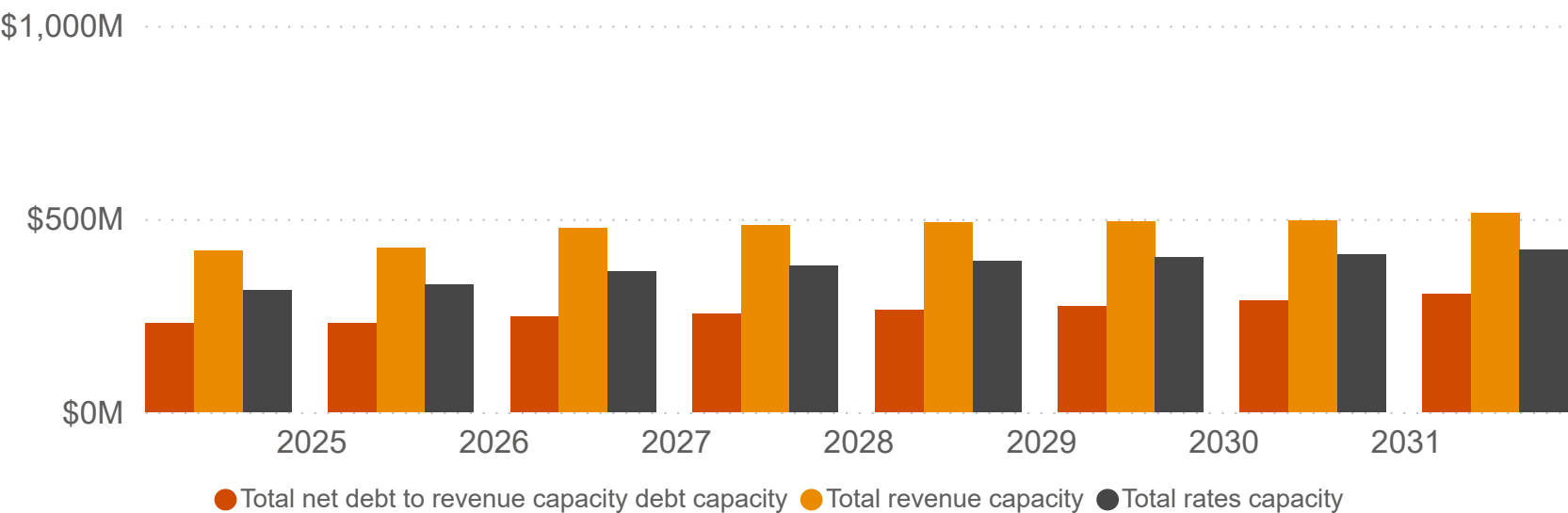
Nelson City Council

Total investments



- ☐ 1. LTP debt forecast
- ☒ 2. LTP debt forecast 80%
- ☐ 3. LTP forecast ex. water
- ☐ 2021 80% revenue
- ☐ 2021 LTP
- ☒ 2021 LTP less 3 waters
- ☐ 3. 2021 LTP less 3 waters

Total debt capacity (against policy limits)



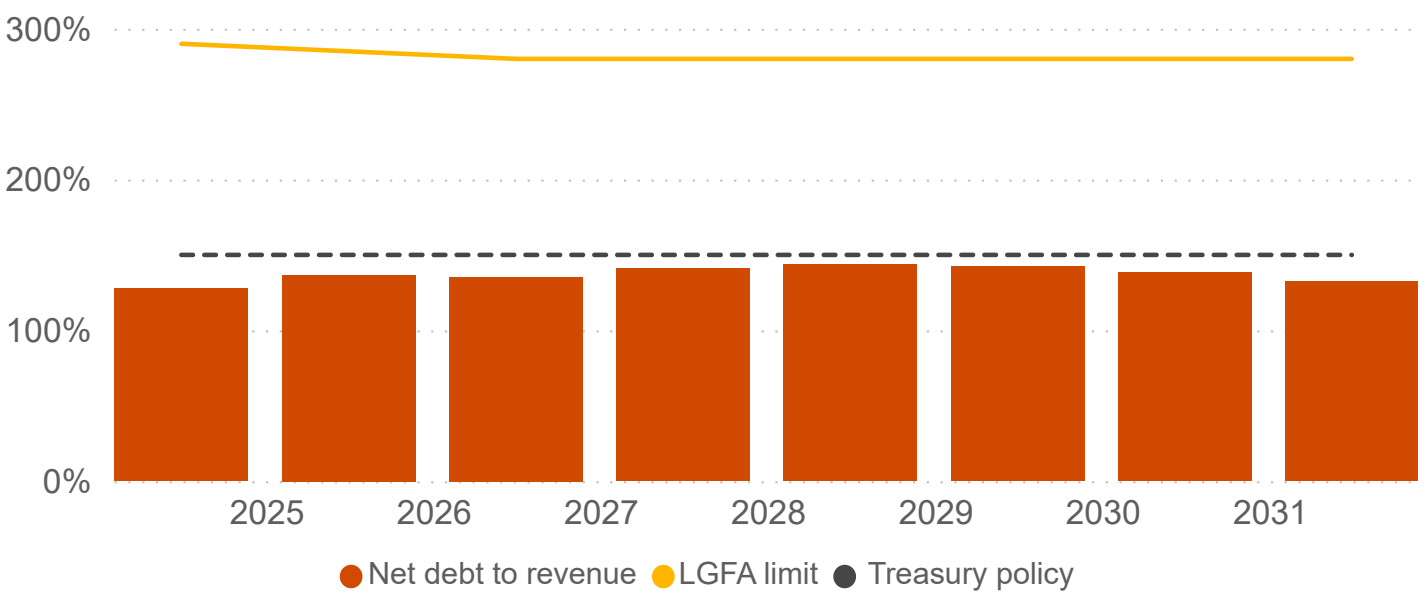
**\$153,670,284**  
Current revenue

**\$205,650,000**  
Current gross debt less prefunding

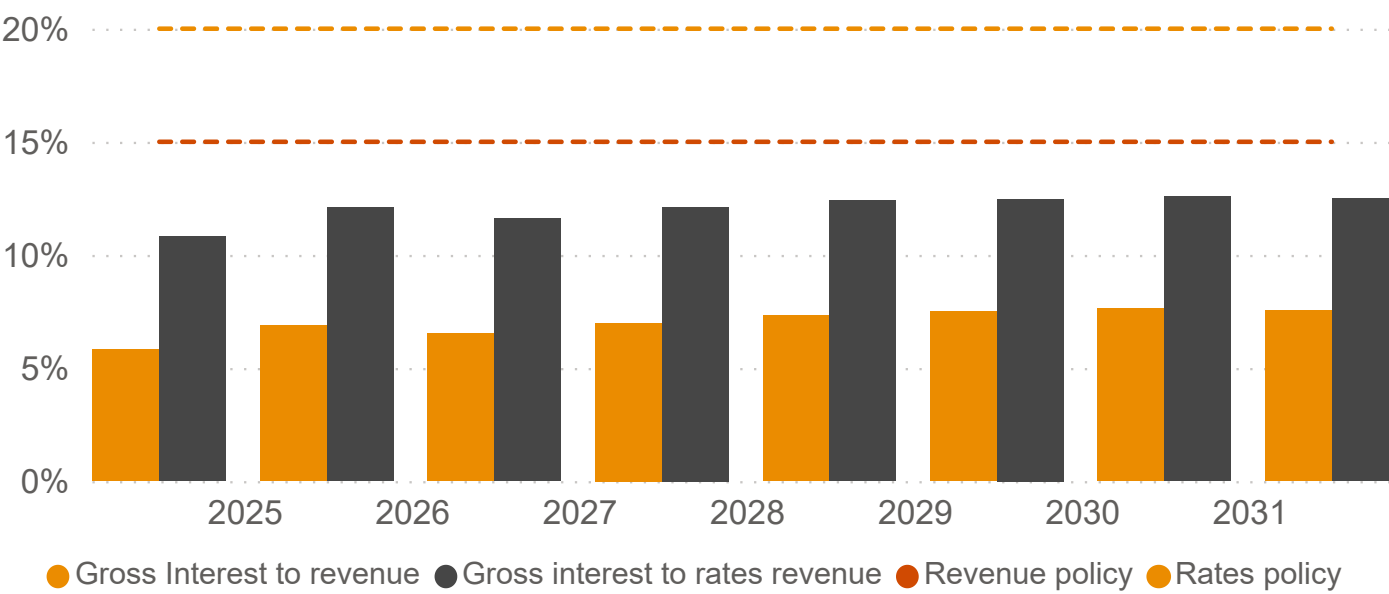
**\$200,857,622**  
Current net debt

**131%**  
Net debt to revenue

Net debt to total revenue, by year



Gross interest cost covenants, by year



Definitions & assumptions:

- Debt forecasts are calculated from gross debt less prefunding at each year end. The "Total investments" slider converts 'gross debt' into 'net debt' by subtracting off the slider amount from each year.
- The LGFA's interest covenants are measured on a 'net' basis but the interest covenant graph uses a conservative gross interest cost approach. Gross interest costs are calculated on the "Sensitivity analysis: Cost of funds" page and use the refinancing sliders including the BKBM sensitivity slider.



PROJECT HEALTH SUMMARY					
Quarter One 2023/24 (1 July 2023 - 30 September 2023)					
	Project Title	Quality	Time	Budget	Complete
Recovery	Slips from Council to Private Land (18)				No
	Devenish Place Road Rebuild				No
	Maitai Hub & Golf Course Recovery				No
	Cleveland Terrace Intake				No
	Maitai Valley Road Slip Repairs				No
	Brook Street – Glen Creek Culvert Repairs				No
	Riverside Swallow Main Realignment - Wastewater (Flood Recovery)				Yes
	Cable Bay Road Slip Repairs				No
Community Services	Brook Camp Building Renewals (New Toilets)				Yes
	Brook Camp Building Renewals (Service Hubs)				No
	Neale Park Sports Lighting Project				No
	Montgomery Square Toilet Renewal	Project on hold			No
	Stoke Hall Remediation	Project on hold			No
	Buxton Square Toilet Renewal				No
	Tāhunanui Beach Contaminated Sawdust				No
	Elma Turner Library Ceiling Strengthening				No
	Refinery Earthquake Strengthening	Project on hold			No
	Bayview Road Playground				Yes
Infrastructure	Maitai Flood Mitigation				No
	IAF   Bridge to Better				No
	Tāhunanui Hills Stormwater Catchment 3				No
	Inflow and Infiltration Reduction Programme (Opex)				No
	Nelson Waste Water Treatment Plant Consent Renewal				No
	41 Halifax Street Public Car Parking and Building Deconstruction				No
	Trafalgar Centre Foot Bridge				No
	Sealed Road Resurfacing Programme (Renewal)				No
	Quarantine Road Footbridge				No
	Domett Street Upgrade				No
	Awatea Place Sewer Pump station				No
	Atawhai No2 Reservoir				No
	Wastney Terrace Stormwater Upgrade				No
	Maitai Dam Aeration				No
	St Vincent Street Stormwater Upgrade				No
	Atawhai Rising Main Renewal				No
	Washington Valley Infrastructure Upgrade (Stage 1 Hastings Street)				No
	York Terrace SW Upgrade				No
	Bridge Street Interchange - Public Transport				No
	Saxton Creek Upgrade (Main Rd Culvert to Sea) Stage 4				No
Subsidised Roading	Street for People - Nelson				No
	Nile - Tasman Street Roundabout Raised Platform				No
	St Vincent St - Toi Toi Street Raised Roundabout				No
	Toi Toi Street- Vanguard Street Intersection Signals				No
	Waimea St Franklyn St Intersection Signals Package				No
	Murphy-Emano Street Upgrade				No
NRSBU	NRSBU Sewerline Duplication- Martin Point				No
	NRSBU Pipeline Upgrade Section 5-7				No

	Committee to receive quarterly reports	Activity	What Council will provide	Performance Measures	Target Year 3 (2023/24)	Quarter 1 2023/24 - 1 July 2023 - 30 Sept 2023	Achieved / Not achieved / Not measured / On Track
1	Infrastructure	Transport	A safe road network	Reduction in the number of death and serious injury crashes, per financial year on the local road network to achieve the Vision Zero target of 40% reduction in DSI by 2031	One fewer fatality and serious injury crashes on the local road network compared to previous year  Target to reduce risk from high to low in Waka Kotahi produced Communities at Risk Register by 2031	There were four serious injury crashes in the first quarter of this financial year which is at the higher end of what has been observed for the first quarter over the last ten years. Whether the target for the year is met will depend on the number of crashes that occur over the rest of the year, in particular during the summer holiday period.	On Track
2	Infrastructure	Transport	Smooth sealed road network	Average quality of ride on a sealed local road network, measured by smooth travel exposure by One Network Road Classification	More than 80% of all journeys are on smooth roads as measured by Smooth Travel Exposure in RAMM	This will be reported at the end of the financial year as it is not measured quarterly.	Not measured
3	Infrastructure	Transport	Maintenance of sealed local road network	Percentage of the sealed local road network resurfaced	Not less than 3% and not more than 8.5% of the network is resurfaced every year	This will be reported at the end of the financial year as it is not measured quarterly.	Not measured
4	Infrastructure	Transport	Good quality smooth footpath surface	Percentage of footpaths that fall within the level of service standard for condition of footpath, as in Asset Management Plan (i.e. has a condition rating of no greater than 3)	80% of the footpath network by length has a condition rating of no greater than 4	This will be reported at the end of the financial year as it is not measured quarterly.	Not measured
5	Infrastructure	Transport	<b>Accessibility</b> Providing transport choices via public transport and efficiency - maximise movement of people via public transport	Annual number of bus patrons	Target to be informed by the public transport review	There was a significant change in the public transport system with the introduction of new routes and increased frequency. The new system began on 1 August 2023 and 139,747 trips have been taken on the new buses in August and September. July was the last month of the old bus system when 37,881 trips were taken.  The RTPT projects patronage of 746,000 for the 2023/24 year. Based on the latest usage, this number is expected to be exceeded.	On Track
6	Infrastructure	Transport	<b>Efficiency</b> Maximise movement of people via walk and cycle modes	Percentage of walking and cycling to school and work  Count of pedestrians and cyclists between 7am-9am on a fine weather Tuesday in February and July at The Railway Reserve in Stoke and Bishopdale, Atawhai Cycleway, Rocks Road and Whakatu Cycleway.	2023/24 – 27%	2023 census results for travel to work and school have not been published by StatsNZ yet so the results are unable to be reported in this quarterly report.	Not measured

7	Infrastructure	Transport	Responsiveness to service requests	Percentage of customer service requests relating to roads and footpaths to which Council responds within five working days	80% of service requests responded to within five working days	67% of transport related service requests were completed on time in the first quarter of 2023/24.	Not achieved
8	Infrastructure	Water Supply	<b>Quality</b> ^Good quality water	The extent to which drinking water supply complies with: a)part 4 of the drinking water standards # (bacterial compliance criteria)*, and b)part 5 of the drinking water standards# (protozoal compliance criteria)* c)part 8 of the drinking water standards# (chemical compliance criteria) (1)		Assessed annually but year to date (YTD) there have been no transgressions that would lead to non-compliance.	On Track
9	Infrastructure	Water Supply	<b>Quality</b> ^Good quality water	Total number of complaints per 1000 connections about any of the following*:  ·drinking water clarity ·drinking water taste ·drinking water odour ·drinking water pressure or flow ·continuity of supply ·Council's response to the above issues expressed per 1,000 connections (2)		There has been a total of 4 valid complaints per 1,000 connections YTD in 2023/24.  There were 26 in the 2022/23 period.	On Track
10	Infrastructure	Water Supply	<b>Reliability</b> ^A reliable supply of water	Average drinking water standard consumption per day per resident*(3) NO BRACKETS IN NEW ANNUAL REPORT		Residential water meters read twice each year. Water use figures for the 2023 calendar year can be assessed early in 2024.	On Track
11	Infrastructure	Water Supply		% real water loss from the system*(4)		Residential water meters read twice each year. Loss figures for the 2023 calendar year can be assessed early in 2024.	On Track
12	Infrastructure	Water Supply	<b>Customer Service</b> ^Prompt response	When attending a call-out in response to a fault or unplanned interruption to the system, the following median response times will be measured*:  a)attendance for urgent call-outs: from the time notification is received to the time service personnel reach the site*		Median attendance time for urgent water call outs YTD is 21 minutes for 2023/24.  This was 22 minutes in 2022/23.	On Track
13	Infrastructure	Water Supply		b)resolution of urgent call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption*		Median resolution time for urgent water call outs YTD is 154 minutes for 2023/24.  This was 172 minutes in 2022/23.	On Track
14	Infrastructure	Water Supply		c)attendance for non- urgent call-outs: from the time notification is received to the time that service personnel reach the site*		Median attendance time for non-urgent water call outs YTD is 64 minutes for 2023/24.  This was 100 minutes in 2022/23.	On Track

15	Infrastructure	Water Supply		d)resolution of non- urgent call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption*2		Median resolution time for non-urgent water call outs is a 992 minutes for 2023/24.  This was 1113 minutes in 2022/23.	On Track
16	Infrastructure	Wastewater	<b>Reliability</b> A fully operational wastewater treatment system	Level of compliance of treatment plant with resource consent conditions		Full compliance YTD in 2023/24. This was also achieved in the 2022/23 period.	On Track
17	Infrastructure	Wastewater		Number of dry weather overflows from sewerage system, per 1000 connections		There has been one dry weather overflow per 1,000 connections YTD 2023/24.  There were three dry weather overflows per 1,000 connections in 2022/23.	On Track
18	Infrastructure	Wastewater	<b>Response</b> Appropriate response to reported network issues	Median response times are measured for overflows resulting from a blockage or other fault in the sewerage system: a) attendance time: from when notification is received to the time service staff reach the site		Median attendance time for wastewater call outs YTD is 20 minutes for 2023/24.  Median attendance time for wastewater call outs was 20 minutes for 2022/23.	On Track
19	Infrastructure	Wastewater		b) resolution time: from the time notification is received to the time service staff confirm resolution of the blockage or fault		Median resolution time for wastewater call outs is 213 minutes year to date for 2023/24  Median resolution time for wastewater call outs was 163 minutes in 2022/23.	On Track
20	Infrastructure	Wastewater	<b>Quality</b> Environmental protection	Compliance with territorial authority's resource consents for discharge from the sewerage system measured by number of: a)abatement notices b)infringement notices c)enforcement orders <del>d)convictions in relation to those resource consents</del>		Full compliance YTD in 2023/24. This was also achieved in the 2022/23 period.	On Track
21	Infrastructure	Wastewater		The total number of complaints received about any of the following: a)sewage odour b)sewerage system faults c)sewerage system blockages, and d)Council's response to issues with the sewerage system, expressed per 1000 connections to the sewerage system		Total number of valid complaints is 4 per 1,000 connections YTD for 2023/24.  This was 17 valid complaints per 1,000 connections in 2022/23.	On Track

22	Infrastructure	Stormwater	<b>Environmental protection</b>	Compliance with resource consents for discharge from the stormwater system, measured by number of: a)abatement notices b)infringement notices c)enforcement orders, and d)successful prosecutions received in relation to those resource consents		Full compliance YTD in 2023/24. This was also achieved in the 2022/23 period.	On Track
23	Infrastructure	Stormwater	<b>Customer Response</b> Minimise justifiable complaints	Number of complaints received about the performance of the stormwater system, per 1,000 properties connected to the stormwater network	No more than 20 complaints per 1000 connections per year	Total number of complaints is 4 per 1,000 connections YTD for 2023/24.  This were 20 complaints per 1,000 connections in 2022/23	On Track
24	Infrastructure	Stormwater	<b>Customer service</b> Protection from damage to property	a) The number of flooding events that occur b) For each flooding event the number of habitable floors affected per 1000 properties connected to the stormwater network	No more than 10 per 1000 properties with habitable floor damage in any one year	a) There have been no major flood events YTD for 2023/24  b) Total of habitable floors flooded is less than 1 per 1000 connections YTD for 2023/24.	On Track
25	Infrastructure	Stormwater	<b>Customer service</b> Response to stormwater system issues	Median response time to attend a flooding event, measured from the time that notification is received to the time service personnel reach the site	Median response time less than 60 minutes	Median response time to stormwater issues is 16 minutes YTD for 2023/24.  This was 10 minutes in 2022/23.	On Track
26	Infrastructure	Flood Protection	Environmental protection, damage to people and property minimised, and a reliable flood protection network	The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the Stormwater and Flood Protection Activity Management Plan	Network maintained to current service potential	Maitai River Bed Survey for 2023 is being initiated.	On Track
27	Infrastructure	Flood Protection			Flood event damage identified, prioritised and repair programme agreed between Council and the community	No flood events in Q1 - 2023/24	On Track
28	Infrastructure	Flood Protection				No flood events in Q1 - 2023/24	On Track

29	Infrastructure	Flood Protection				One major stream bank protection work site completed in Q1 - 2023/24 at Marsden Valley	On Track
30	Infrastructure	Flood Protection		Develop risk based Maitai flood response options	Year 3: Initiate Resource consent process	Target for 2023/24: Initiate Resource Consent Process  Project being initiated.	Not measured
31	Infrastructure	Flood Protection		Develop city wide flood protection strategies	Year 3: Develop concept designs for quick win projects	Target for 2023/24: Develop concept designs for quick win projects  Modelling of concept options has been initiated.	On Track
32	Infrastructure	Flood Protection	<b>Customer service</b> Protection from damage to property	a) The number of flooding events that occur b) For each flooding event, the number of habitable floors affected per 1000 properties		a) There have been no major flood events YTD for 2023/24  b) Total of habitable floors flooded is less than 1 per 1000 connections YTD for 2023/24.  In 2022/23 there was two localised flood event which did not cause significant urban stormwater catchment issues, and two habitable floors flooded per 1000 connections for 2022/23	On Track
33	Infrastructure	Solid Waste	Measures to encourage the community to reduce waste to landfill	Reduction of waste per capita by 10% by 2030	Year 3: Total waste less than 525kg/ capita	Q1 EOY projection is 551.31 Kg down 10% on baseline 2018-19 year	Not measured
34	Infrastructure	Solid Waste	Measures to encourage the community to increase composting of food and garden waste	Quantifiable diversion of general organic material from landfill	Year 3: Reduction of 5% from 2019 JWMMP organic	Can only be updated after the annual SWAP analysis so can only be reported on an annual basis.	Not measured
35	Infrastructure	Solid Waste	Support for the collection and recycling of e-waste	Increase in diverted tonnes through e-waste, reuse shops, etc.	Year 3: Increase of 3% above 2021 baseline	The 2021 baseline for tonnes of ewaste recycled is 7.63 tonnes. The actual Q1 recycled figure is 10.855t so a 29% increase above baseline.	On Track

36	Environment and Climate	Environment	Compliance with National Environmental Standards for Air Quality for PM10	Number of exceedances in any of the airsheds do not exceed one in a calendar year	Number of exceedances in any of the airsheds do not exceed one in a calendar year	No exceedances recorded in quarter one.	On Track
37	Environment and Climate	Environment	Information on safe recreational bathing sites, marine and freshwater	% of key bathing sites monitored and public advised if water quality standards are breached	100% of key bathing sites are monitored	On track. The recreation bathing and monitoring period commences on 30 Nov 2023. NCC science staff have had a meeting with Health Protection Officers, Tasman District Council and Marlborough District Council to discuss this year's programme and reporting.	On Track
38	Environment and Climate	Environment	Compliance with the Biosecurity Act 1993 (amended 2015)	Compliance with the Tasman Nelson Regional Pest Management Plan reporting requirements for operational plans	100% delivery of operational plan reported to Council each year	This will be reported at the end of the financial year as it is not measured quarterly.	On Track
39	Environment and Climate	Environment	Provision of easily accessible, accurate, up to date and fit for purpose state of the environment monitoring data for all environmental domains	Five yearly comprehensive State of the Environment (SOE) report is published to achieve compliance with section 35 of the Resource Management Act 1991	Five yearly report due by December 2023	SOE report will not be produced until December 2024 - the date provided in Draft LTP for December 2023 was incorrect as this would produce a four yearly report.	Not measured
40	Environment and Climate	Environment	Ensure Resource consent decision-making is robust and legally defensible	No decisions are over turned by the High Court upon judicial reviews	No decisions are overturned by the High Court upon judicial reviews	No judicial reviews to date.	Achieved
41	Environment and Climate	Environment	Food safety and public health comply with legislative requirements	Respond to food safety complaints within one working day	100%	One food safety complaint received - was responded to within one working day	Achieved

42	Environment and Climate	Environment	Resource consent processes that comply with statutory timeframes	All resource consents are processed within statutory timeframes. All resource consents requiring monitoring are monitored at least annually	100%	106 resource consents have been processed in the first quarter, with 54% on time. This is largely attributed to long standing consents being decided in this period and the ongoing impacts of the backlog from COVID and the August storm (including geotechnical review delays and availability of external consultants). Now the backlog has recently been cleared, we have new geotechnical suppliers, and external consultants have availability, it is anticipated that on time applications will steadily increase in the next quarter as the number of older applications is reduced. All required monitoring has been undertaken.	Not achieved
43	Environment and Climate	Environment	Provision of dog and animal control services	Respond to reports of dog attacks that have just occurred within 60 minutes	90%	Four urgent dog attacks during the period - all were responded to within one hour	Achieved
44	Environment and Climate	Environment	Navigation safety is delivered to meet all legislative requirements	Safety checks are conducted for recreational vessels (boats, kayaks, stand-up paddle boards etc)	At least 1,000 annually	Recreation boating season is Nov-March. Pre season briefings and talks with clubs have been completed. Regular on water patrols start Labour Weekend.	Not measured
45	Environment and Climate	Environment		Inspect navigation safety aids and maintain, replace or provide additional aids as required	At least annual inspection	Ongoing work- recent damage to PNL Aids to Navigation and working with PNL on schedule for replacement.	On Track
46	Environment and Climate	Environment	Sale of alcohol complies with legislative requirements	Inspect high risk premises at least two times each year	100%	Work is underway. Four of the fourteen high risk premises have been inspected at least once.	On Track
47	Environment and Climate	Environment	Provide building control services in a professional and timely manner, to ensure building work is safe and in accordance with the Building Code	% building consents and code compliance certificated issues within 20 working days	100%	There have been 196 Building Consents granted in the first quarter of 23/24, 11 breaches of the 20 day statutory timeframe - 94.6% compliance has been achieved. Delays with Geotech input has been the main cause of breaches but this situation is improving with the engagement of our new suppliers of this service. A total of 184 CCC decisions were made, 3 breaches of the 20 day statutory timeframe - 98.6% compliance has been achieved.	Not achieved



48	Environment and Climate	Environment	Maintain current and enforceable environmental bylaws for dogs, urban environments, city amenity and navigation safety	Bylaw reviews are completed within timeframes set out in the Local Government Act	Year 3: 100%	Work on the City Amenity Bylaw is underway; workshop with elected members held Sept 2023	On Track
49	Environment and Climate	Environment	Create and implement a city centre programme	Monitor performance every three years with a public life survey	Year 3: Monitoring completed and reported to Council	Monitoring is not yet due. Planned for 2023/24	On Track
50	Environment and Climate	Environment	Urban Development Capacity is sufficient to meet future demand	Report annually on Urban Development capacity and how the requirements of the NPS Urban Development are met	100%. Reported to Council each year	NPS-UD Monitoring report has been prepared and is being presented to Council on 9 November 2023	Achieved
51	Environment and Climate	Environment	The Compliance Strategy is reviewed for effectiveness	The effectiveness of the Compliance Strategy is reported to Council annually	Reported to Council each year	This will be reported at the end of the financial year as it is not measured quarterly.	On Track
52	Community and Recreation	Social	Community partnerships address community needs and issues	Community Investment Fund (CIF) agreements and grants are allocated as per advertised timeframes	One new project funded per year that achieves the outcomes of the funding agreement	CIF small fund round opened in August for November allocations.	Achieved
53	Community and Recreation	Social	Council provides support for the arts sector to provide arts advice, advocacy and promotion, to strengthen the sector	Creative Community Scheme funding is allocated successfully to community art projects	Creative Communities scheme funding fully allocated each year	Quarter 1 funding round was carried out successfully by the Arts Council Nelson in October. Money was allocated after being assessed by the grant panel.	On Track
54	Community and Recreation	Social	Council's heritage facilities provide heritage activities to experience, celebrate and learn about Nelson's history and stories	Number of visitors/users of the facility	Visitor numbers >100,000	23,741 visitors to Founders this quarter, a 9% increase on last year's total. Although it's 5% below first quarter target. Founders and Broadgreen House visitor total = 24,086.	On Track

55	Community and Recreation	Social	High quality, popular and accessible arts events	To deliver a diverse and accessible variety of events that are well attended and enjoyed by audiences	At least 12 events per annum are delivered celebrating our community's performing skills and creativity and support at least 10 free or low cost events.	The Council events team have delivered a total of 10 events. This included Winter Wonderland Ice Skating Rink, All Blacks Bench unveiling, My Time, My Life (Stoke), 5 Music Mix events (Victory), My Time, My Life (Saxton), Four Lanes Festival and Matariki Celebrations. All events were free or low cost.	On Track
56	Community and Recreation	Social			Event audience surveys indicate satisfaction of 70%.	Total combined satisfaction from events was 87%.	On Track
57	Community and Recreation	Parks and Active Recreation	Parks and recreation service that meets or exceeds residents' expectations	Residents (%) that are satisfied with Council provided parks and recreation	80%	The Residents survey is underway for 2023/23, with results expected in Q1 2024/25	Not measured
58	Community and Recreation	Parks and Active Recreation	Sufficient open space provided	Area in hectares of Neighbourhood Parks per 1,000 residents ( <i>Calculation excludes the five largest neighbourhood parks</i> )	1.0 – 1.2 ha	49.4 hectares / 55,600 / 1000 0.89 (Slight change, increase in Ha and population)	Not achieved
59	Community and Recreation	Parks and Active Recreation	Conveniently located open space i.e. neighbourhood park, public garden or sportsground	Urban residential properties (%) within 800m walking distance of publicly accessible open space	99%	232 outside / 18618 98.75% approximate are within 800m of open space - No change – No buildings update.	Not achieved
60	Community and Recreation	Parks and Active Recreation	Play facilities that are conveniently located	Urban residential properties (%) within 1000m walking distance of a playground	95%	822 outside / 18618 95.58% approximate are within 1km of playground - No change – No buildings update.	Achieved
61	Strategic Development and Property Subcommittee	Marina	Marina managed to meet demand	Occupation for marina berths (both permanent and visitors)	Greater than 95%	Total Marina Berth Occupancy is 96.4% for Q1 Total Visitor Berth Occupancy is 44.5% for Q1 Total Occupancy Q1 = 95.8% Occupancy for Q1 is down slightly as this is the winter/off-season for visitor vessels.	Achieved

62	Audit, Risk and Finance Subcommittee	Economic	Events funding that provides a sound return on investment for Nelson	Economic event attendees through events programme activities and percentage of out of town attendees	The closing of New Zealand's international borders and the risk COVID-19 alert levels being increased requires that 2021/22 be treated as the base year for this measure.	Funding for two economic events were approved by Council: the three matches as part of the International Cricket Series and Marchfest 2024. The economic events approved for funding are estimated to attract a total of 14,300 attendees, of which 5,200 (36%) are expected to be from out of town.	On Track
63	Audit, Risk and Finance Subcommittee	Economic		Return of NCC economic events fund	>20:1	Approved economic events for this quarter display an average estimated ROI of 1:52, noting that this is only three events at this stage of 2023/24 and is likely to pull back closer to the 1:20 target as the year progresses.	On Track
64	Audit, Risk and Finance	Corporate	Effective engagement and consultation	% of participants in Council engagements and consultations processes are satisfied with the information	Year 3: 3% increase in satisfaction level from year 1	On-track. Surveying of participants ongoing.	On Track
65	Audit, Risk and Finance	Corporate	Council Controlled Organisations (CCOs)	Council satisfied with CCO operations and reporting	Council receives six monthly reports from all CCOs and is	The six-monthly reports from CCOs are due in early 2023.	Not measured
66	Audit, Risk and Finance Subcommittee	Corporate	Opportunities for Iwi/Māori participation in decision-making processes.	Engagement with iwi and council is promoted and resourced.	Expert staff to provide advice and engage iwi leaders to support opportunities	Development of Te Puāwaitanga Cultural Competency Framework began in 2021/22. The framework was launched with staff, elected members and kaumātua at Whakatū marae in September 2023. The framework aims to enhance Council's aspirations of being an effective partner. Te Ohu Taiao (Environment) on 9 August 2023, Te Ohu Toi Ahurea (Arts and Heritage) on 26 July 2023, Te Ohu Whakahaere on 15 August 2023.	On Track
67	Audit, Risk and Finance Subcommittee	Corporate	Effective Civil Defence Emergency Management (CDEM) response via regional Emergency Operations Centre (EOC)	Ability to operate an effective Emergency Operations Centre and meets National Emergency Management Agency requirements	EOC meets the National Emergency Management Agency (NEMA) monitoring and evaluation requirements.	The EOC met NEMA requirements at its last review.	Achieved