



Exceptions Report

For the month of June 2022

Financial Report

Procurement

Building and Resource Consents

Customer Services

Financial Report

Statement of Operating and Capital Performance

	This Month 30 June 2022				Year to 30 June 2022				Whole Year	
	Actual \$'000	Annual Plan \$'000	Variance \$'000	Indicator	Actual \$'000	Annual Plan \$'000	Variance \$'000	Indicator	Annual Plan \$'000	Forecast \$'000
All										
Rates	3,502	3,412	90	●	41,526	41,942	(415)	●	41,942	41,275
Activity Revenue and Other Income	687	673	14	●	8,984	7,437	1,547	●	7,437	8,375
Subsidies and Grants - Operational	589	426	163	●	7,554	5,259	2,295	●	5,259	6,312
Total Operating Income	4,777	4,510	267	●	58,065	54,638	3,427	●	54,638	55,962
Employee Benefits	1,206	1,275	69	●	14,942	15,520	578	●	15,520	14,996
Contractors	182	672	490	●	1,658	2,513	854	●	2,513	1,738
Professional Services	1,403	1,013	(389)	●	8,124	9,269	1,145	●	9,269	8,748
Repairs and Maintenance	1,306	679	(627)	●	11,095	7,051	(4,044)	●	7,051	11,294
Finance costs	160	214	54	●	1,926	2,568	642	●	2,568	2,217
Other Operating Costs	474	835	361	●	5,627	6,709	1,082	●	6,709	5,975
Total Operating Costs	4,732	4,689	(43)	●	43,372	43,630	257	●	43,630	44,968
Operating Surplus/(Deficit) (before Depreciation)	45	(178)	223	●	14,692	11,008	3,684	●	11,008	10,994
Capital Subsidies	1,319	9,665	(8,346)	●	24,426	33,001	(8,576)	●	33,001	32,323
Contributions	234	514	(279)	●	5,386	3,860	1,526	●	3,860	4,747
Other Capital Revenue	0	0	0	●	102	0	102	●	0	0
Total Capital Revenue	1,553	10,179	(8,626)	●	29,913	36,861	(6,948)	●	36,861	37,070
Capital Expenditure	3,812	9,786	5,974	●	33,639	51,604	17,965	●	51,604	46,837
Total Capital Payments	3,812	9,786	5,974	●	33,639	51,604	17,965	●	51,604	46,837
Subtotal Capital	(2,259)	393	(2,652)	●	(3,725)	(14,743)	11,017	●	(14,743)	(9,768)
Surplus/(Deficit) - before Loan Payments and Depreciation	(2,213)	215	(2,429)	●	10,967	(3,734)	14,701	●	(3,734)	1,226

Key: ● Under budget or within 5% of budget
 ● Over or under budget by 5 - 10%
 ● Over or under budget by more than 10%

Statement of Operating Performance

Comments on major variances

Operating Income:

Account	Rationale	YTD Variance \$000
Rates Revenue	<p>The variance in penalties is predominately because of changing the status of 19 whenua Maori blocks to non-rateable and writing off the arrears as required by the implementation of the Local Government (Rating of Whenua Maori) Amendment Act that came into force on 1 July 2021. The penalty write offs related to this amounted to \$660k. An additional \$307k statute barred penalties were written off in June.</p> <p>Targeted rates for wastewater are ahead of budget due to capital repayments for the Mangawhai scheme but recorded as revenue for accounting purposes.</p> <p>Water by meter revenue is ahead budget and forecast for the month due to scheduled actual water consumption billing in the Dargaville area.</p>	<p>(829)</p> <p>452</p> <p>133</p>
Activity Revenue and Other Income	<p>Activity revenue is well ahead budget and ahead of the forecast particularly in the following activities:</p> <ul style="list-style-type: none"> • Building Control – activity revenue is up by \$68k for the month and \$890k year to date. The increase also includes a prior year revenue recognition adjustment of \$245k being moved to FY22 • Resource Consenting – activity revenue is below budget by \$181k for the month but ahead of budget year to date by \$73k. The balance is impacted by prior year revenue recognition adjustment of \$452k being moved to FY22 • External recovery costs are now ahead of budget for the month and year to date. 	<p>890</p> <p>73</p> <p>488</p>
Operating Subsidies and Grants	<p>Operational subsidies from Waka Kotahi are up on budget for the year. This is due mainly to the change in the approved roading programme that moved some of the programme from capital works to operating costs.</p>	<p>2,295</p>

Operating Costs:

Account	Rationale	\$000
Employee Benefits	Employee benefits costs are below budget for the month. Year to date salaries are down as well due the time it is taking to fill vacancies in the current environment. The final number is in line with the forecast.	578
Contractors	The contractor's costs are below budget for the month and year to date. This is mainly in wastewater, with the under spend being used to offset higher repairs and maintenance costs in that activity.	854
Professional Services	Professional services costs are below budget for year to date. The majority of the full year difference is in the Transportation activity (\$2.103m) where the budget allocation for professional services is overstated and repairs and maintenance understated.	1,145
Repairs and Maintenance	Transportation: - Roading works maintenance programme on schedule. (Also see comment for Professionals Services). The increase in cost is due to NLTP been confirmed later then Councils LTP and subsequent changes made.	(3,018)
	Waters: Increase of cost due to Dargaville Wastewater Treatment plant desludging operations of \$420k but funded by a carryover from FY21. Increased costs for reticulation repairs across the network. Some of these increases have been offset by savings in contractor costs (\$416k).	(1,141)
Finance Costs	Below budget due to a fixed rate swap maturing earlier in the year reducing the over cost of borrowing, lower inter-period loan balances and the fact that there hasn't been a need for further borrowings during the year required to fund the capital programme.	642
Other Operating Costs	Overall other operating costs are lower than budget for the month and year to date due to savings in support costs with staff working from home for a large part of the year.	1,082

Capital Revenue

Account	Rationale	\$000
Capital Subsidies	Capital subsidies are below budget for the month and year to date below due to delays in some parts of the capital works projects. Most of this relates to the stop bank improvement subsidized work that will be carried forward to 2023 financial year.	(8,576)
Contributions	The contributions are ahead of budget for the year to date:	
	<ul style="list-style-type: none"> Development contributions are ahead of budget for the year to date due to prior year adjustment of revenue being moved to FY22 for accounting purposes (\$455k). Financial contributions are ahead of budget for the year to date due to continued growth in subdivision developments. 	132
		1,394

Note:

The above results are preliminary and may change as further accounting related adjustments are made as part of the preparation of the Annual Report. Adjustments may include changes in which year costs and revenue are recognised, changes to provisions and accruals, revaluation adjustments or adjustments as required by the auditors.

Public Debt:

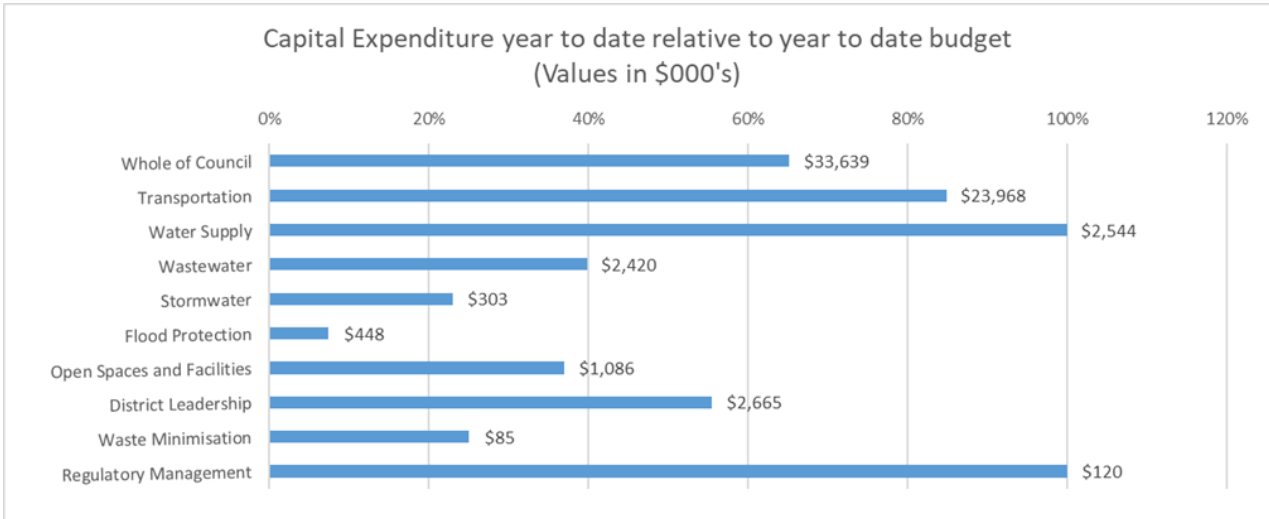
The public debt position as at 30 June 2022 is \$44 million and the net debt position (debt less cash) is \$22.2 million.

Public Debt and Requirements	Actual	Actual	Budget
	June 2021	June 2022	June 2022
	\$000's	\$000's	\$000's
Debt			
Public Debt	44,000	44,000	45,702
Cash in bank (including term deposits)	(12,194)	(21,802)	(526)
Net Debt	31,806	22,198	45,176
Reserves (future obligations)			
Development Contribution Reserve	(27,209)	(27,209)	(28,589)
Other Reserves	21,670	21,670	17,281
Total reserves (future obligations)	(5,539)	(5,539)	(11,308)
Debt Requirements			
Public Debt	44,000	44,000	45,702
Future obligations	21,670	21,670	17,281
Gross Debt Requirement	65,670	65,670	62,983
Less cash in bank	(12,194)	(21,802)	(526)
Net Debt Requirements	53,477	43,868	62,457

Note: Reserves balances are only recalculated at end of year.

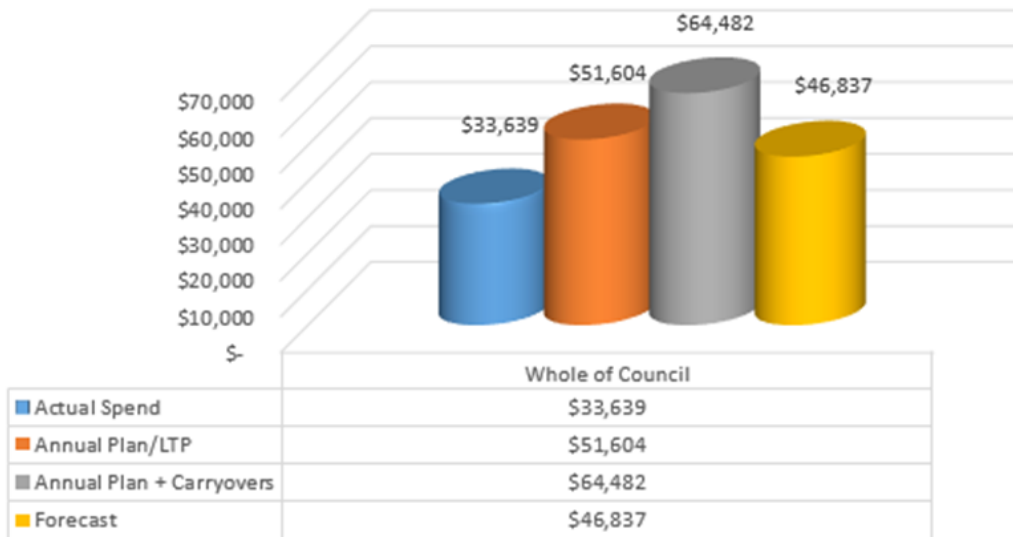
Capital Expenditure for the period ended 30 June 2022

Activity - Capital Expenditure	Actual as at 30 June 2022				Whole Year		
	Actual YTD \$000's	Long Term Plan \$000's	Variance \$000's	Indicator	Long Term Plan \$000's	Long Term Plan + Carryovers \$000's	Forecast \$000's
District Leadership, Finance and Internal Services	2,757	4,801	2,044	●	4,801	5,856	6,298
Flood Protection and Land Drainage	447	6,060	5,613	●	6,060	6,185	1,485
Open Spaces and Facilities	1,086	2,938	1,852	●	2,938	3,804	1,993
Resource Consents, Building Control and Compliance	120	100	(20)	●	100	100	130
Stormwater	303	1,319	1,016	●	1,319	1,319	649
Transportation	23,876	28,236	4,360	●	28,236	35,544	28,583
Waste Minimisation	85	340	255	●	340	385	81
Wastewater	2,421	6,076	3,655	●	6,076	6,924	4,586
Water Supply	2,544	1,734	(810)	●	1,734	4,365	3,032
	33,639	51,604	17,965		51,604	64,482	46,837



The capital expenditure completed this month for the whole of Council is 52.2% against the Long Term Plan budget plus carryovers and 71.8% against forecast budget for 2022 financial year.

Whole of Council - Total Capital Expenditure vs Total Budgets



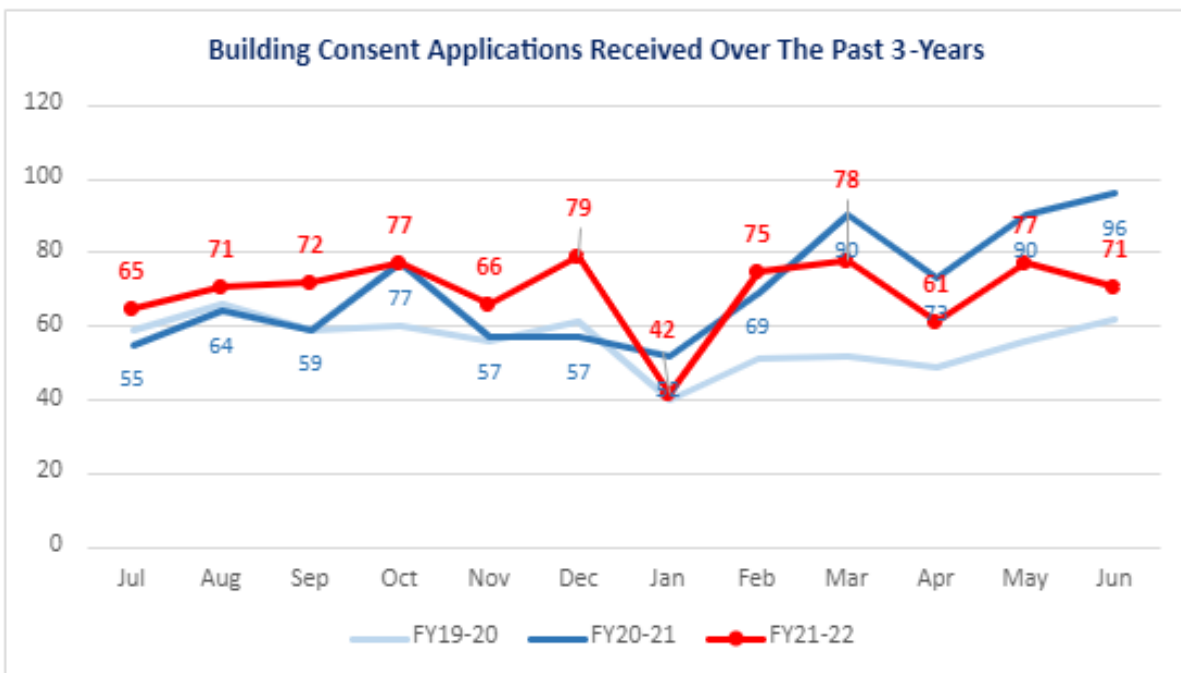
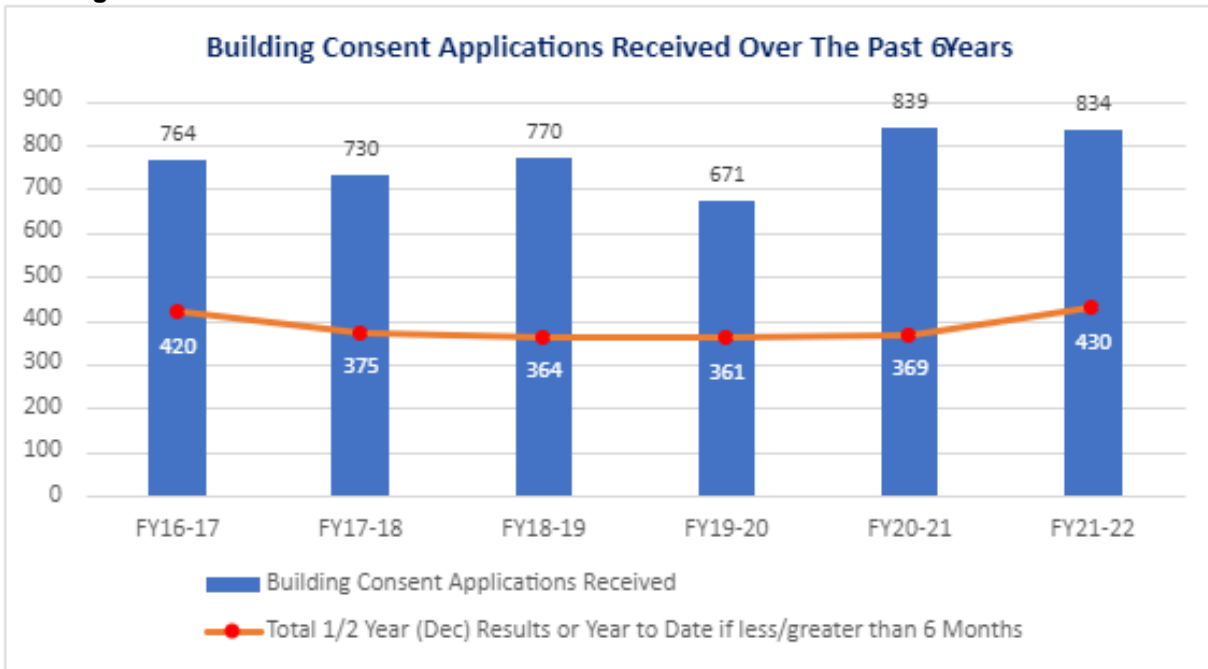
Procurement

Procurement in progress/ recently awarded

Project	Original cost estimate	Procurement Method	Status
Maungaturoto water truck filler	~\$100k	3 Waters panel	Recently awarded
WTP and reservoir Ruawai	~\$100k	No less than three competitive quotes	Under negotiation
Pouto Wharf (Sept. Portion 2, Physical works)	~\$2M	Direct appointment	Under negotiation
Spring Street Reticulation	~\$600k	No less than three competitive quotes	Procurement in progress
Mangawhai SW Renewals	~\$140k	Direct appointment	Under negotiation
Dargaville SW Renewals	~\$80k	Direct appointment	Under negotiation

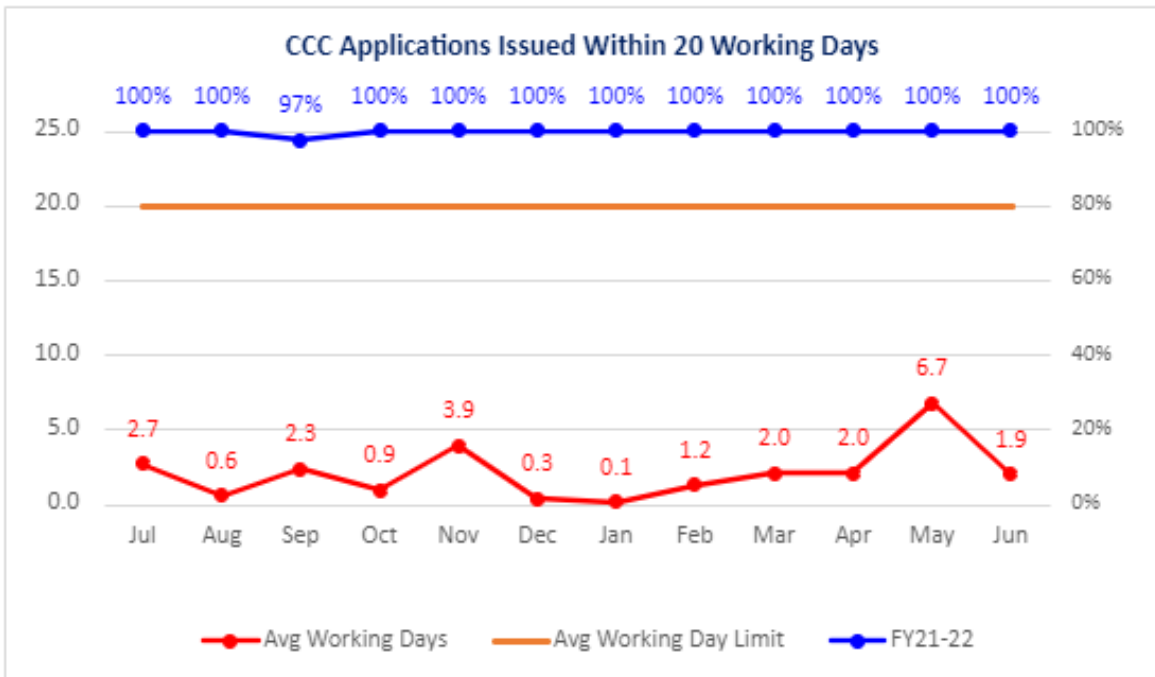
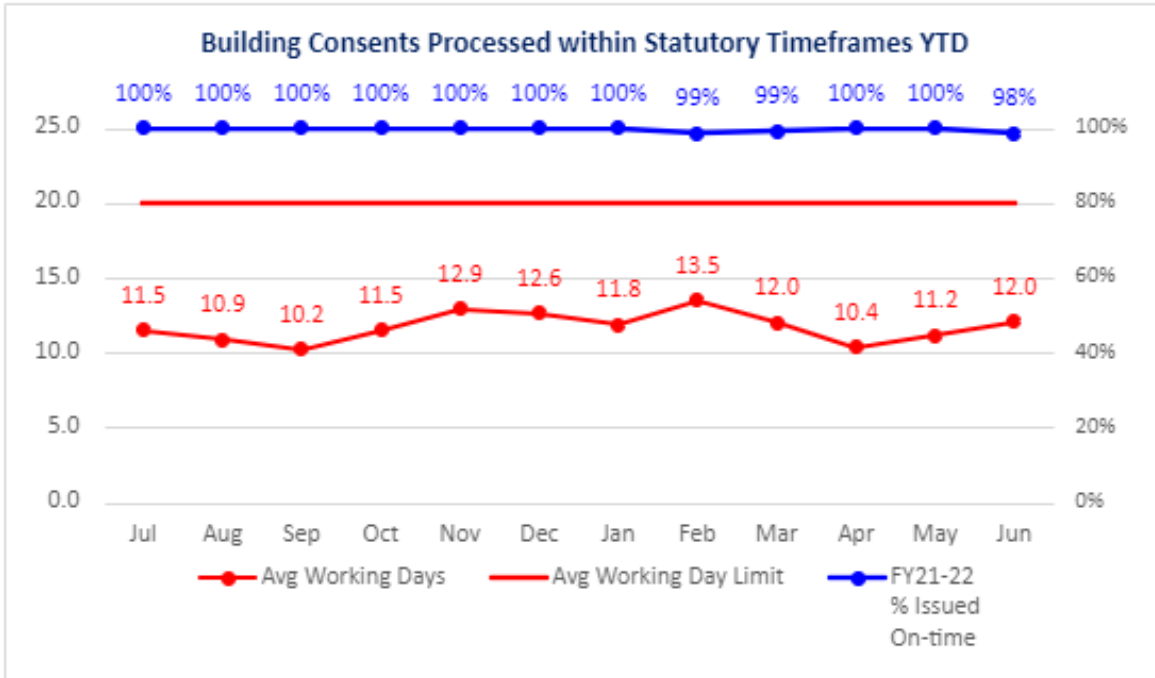
Building and Resource Consents

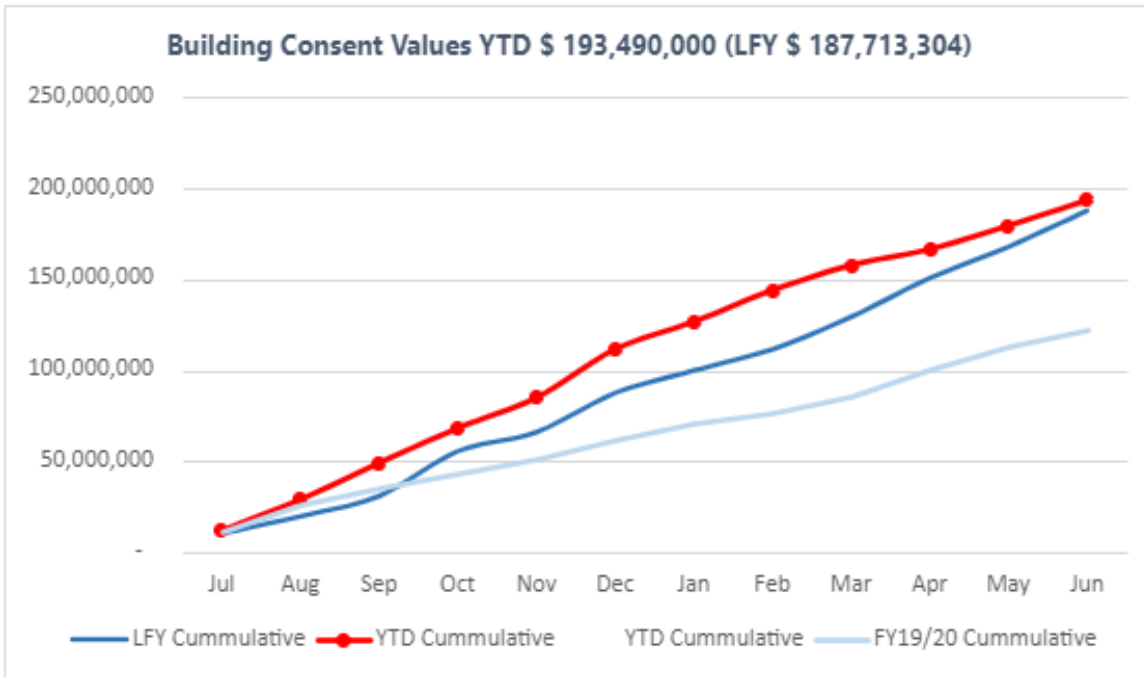
Building Consents



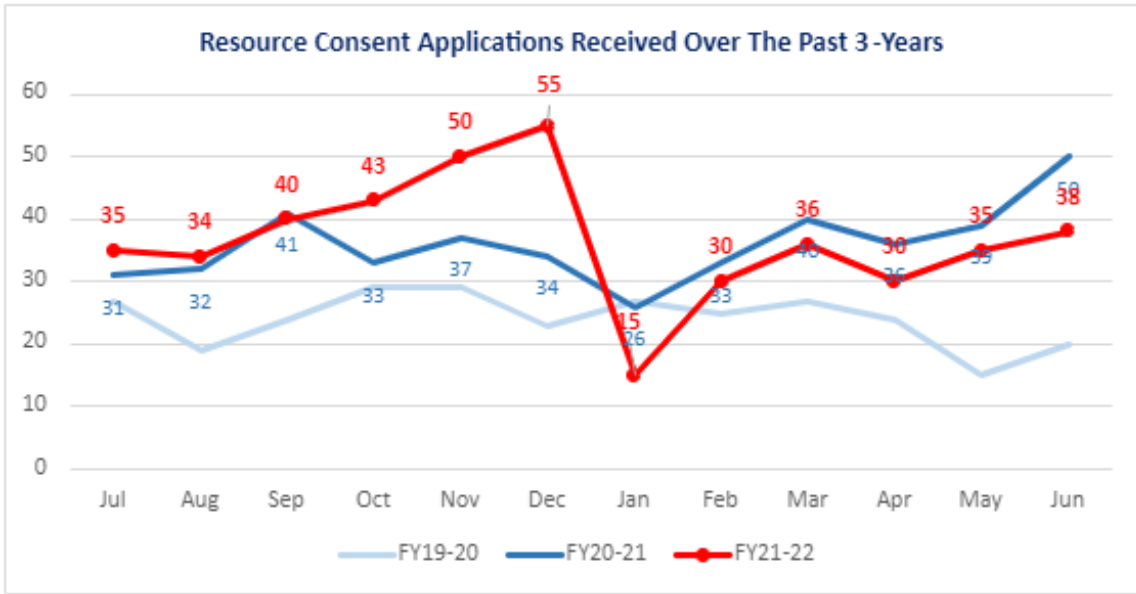
Building consents processed in June is 98%. One consent went over 20 days, due to an oversight.

Code Compliance Certificates (CCC) issued in June are all at 100%.

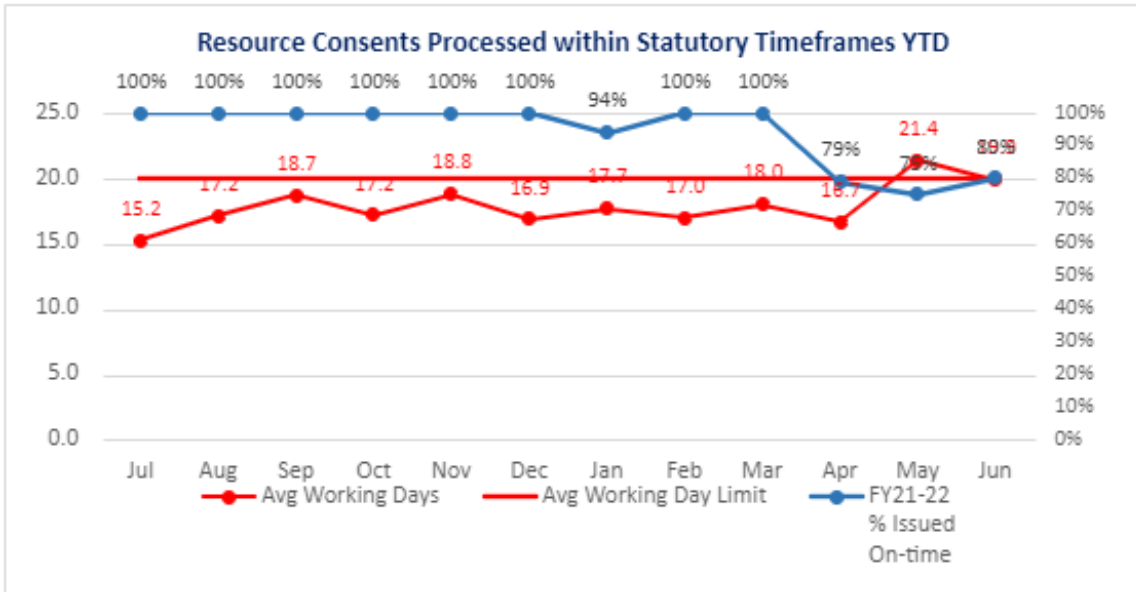




Resource Consents



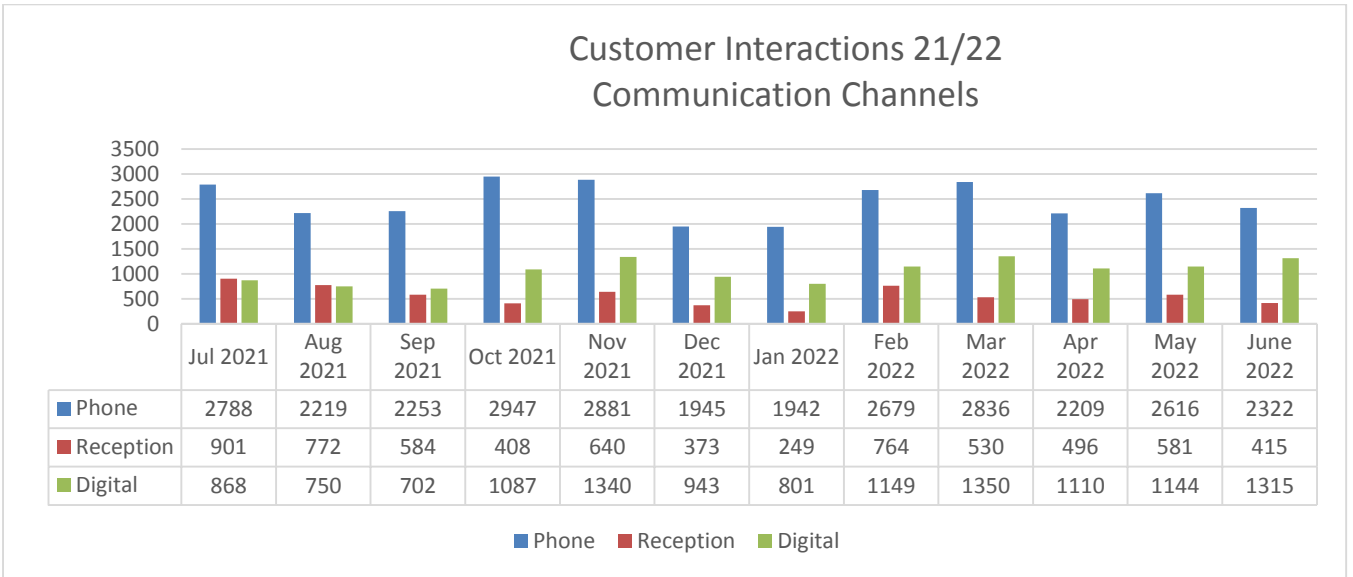
Resource Consents issued in June were 80% processed on time. Reduced senior resources has impacted on the team's ability to review and sign off consents within the statutory timeframes.



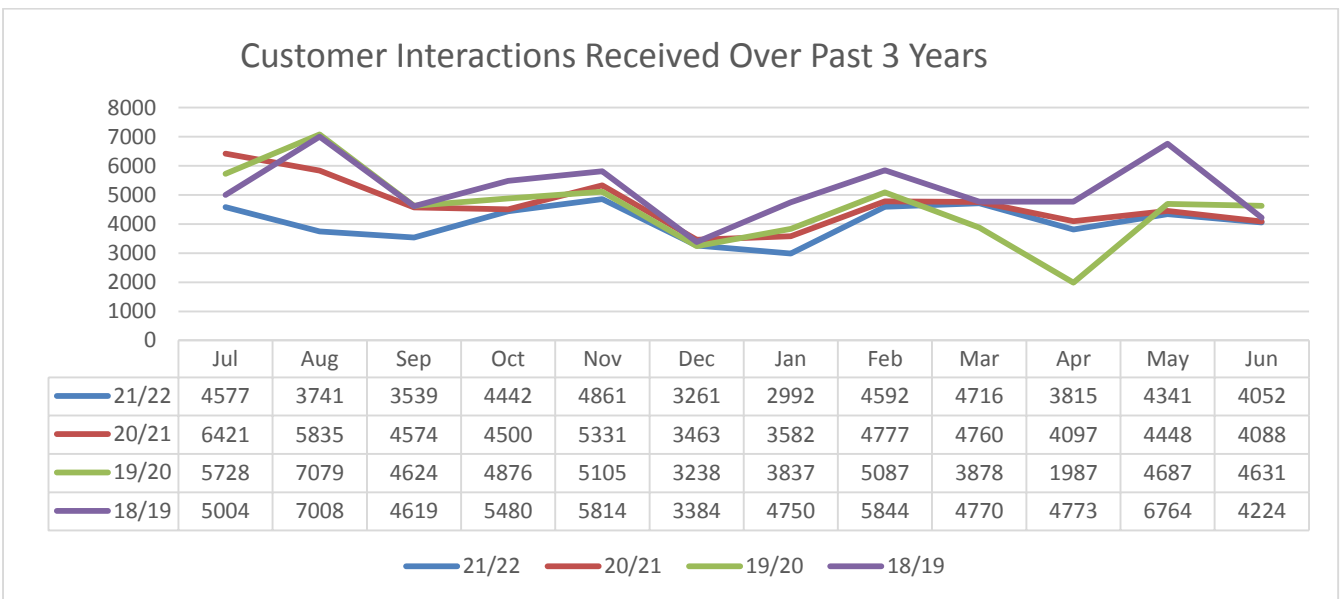
Customer Services

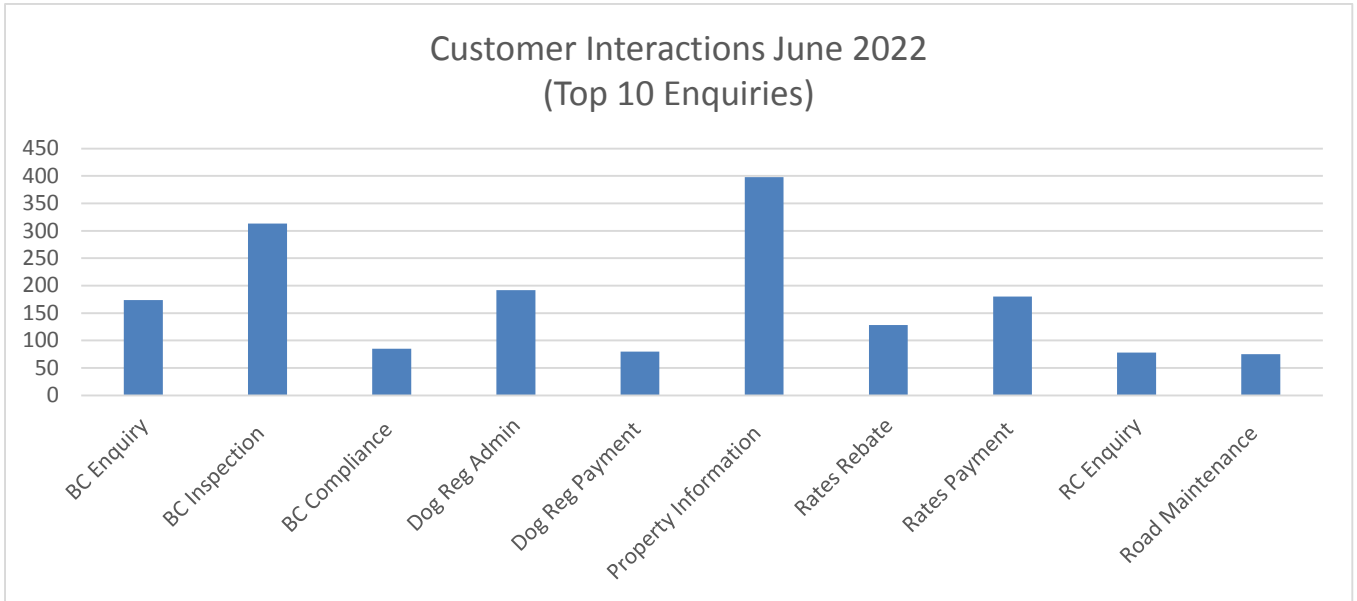
Month	Total Customer interactions	Digital	Reception	Total Calls	Average Speed Answer (sec)	Average call abandonment (%)	Calls FTE
June	4052	1315	415	2322	60	10	1.15

*Calls FTE – average number of staff available at any given time to answer phone calls

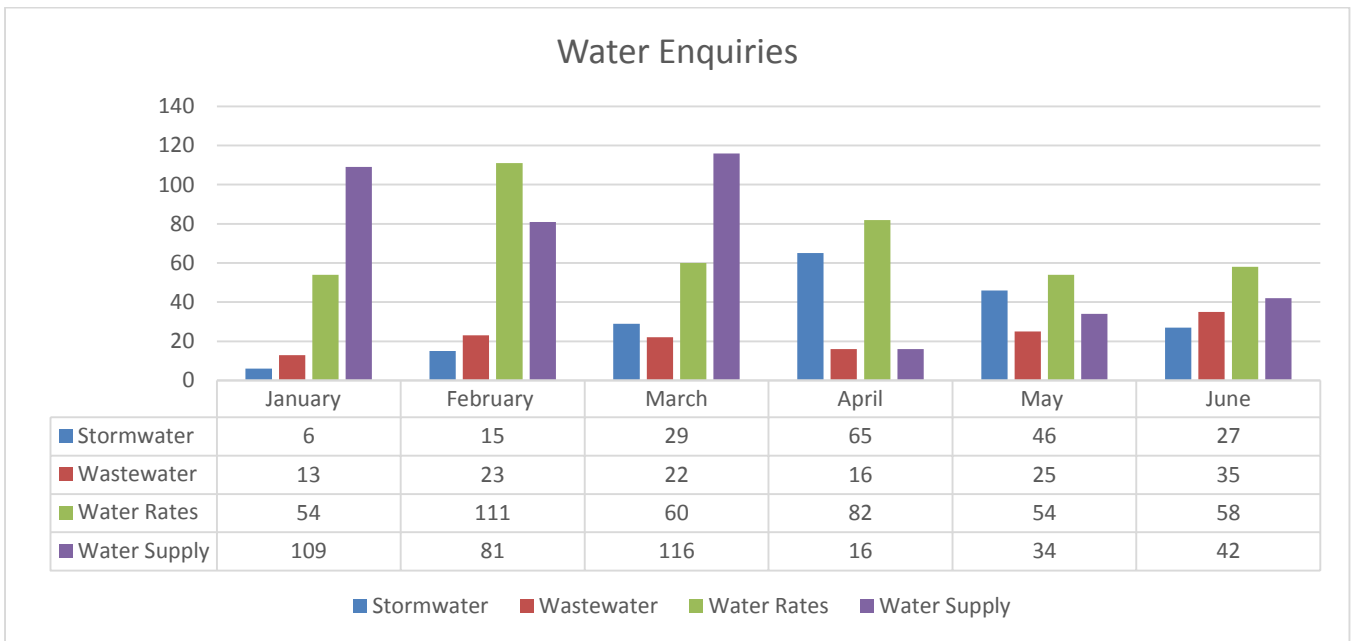


* Digital – Customer enquiries received via email, KDC Website, Antenno and Facebook





* Other – FENZ, NZTA, NRC, LINZ, CAB, Utility Companies



Narrative

Interactions are comparative to previous years, however more customers are choosing to interact with Council using our digital channels. This is an increasing trend since the beginning of the Covid-19 pandemic in 2020, and a global change in how people are choosing to do business.

Council has responded to feedback received in the Annual Residents Survey about how Council communicates. Residents said they want to know what is happening across the district. They want to receive information using multiple communication channels, with an emphasis on digital channels. They want the information regularly and they want to access the information when it suits them. This change in Council communication has provided the option for customers to access information when they want to, rather than having to contact Council.

Property information and building inspection enquiries continue to feature. To enable customers to access this service anytime, investigation into self-service technology has begun.

The Customer Support team continues to be affected by the covid illness and sickness. As per Ministry of Health advice, if you have contracted covid or are symptomatic, you are required to isolate. Additional advice states that if you are sick, it is recommended that you work from home. This also applies if our team members are required to keep children out of school or day-care due to illness. While covid continues to be active in Northland, our focus is to provide certainty to our customers, as well as consistent services. Reduced office hours enable us to maintain full services via phones and our various digital channels. By keeping this focus, we have had to close our offices for one day each (other than mandatory closures), since covid first appeared in 2020. With the move to 32 Hokianga Road, Dargaville complete, we have extended our opening hours (9am-4pm), in agreement with Northland Regional Council. In the event, that this situation changes we will advise our communities via our various communication channels. We are continuously reviewing our current opening hours and our ability to consistently be open for longer periods.