



**Far North  
District Council**



**Te Kaunihera o Tai Tokerau ki te Raki**

# **AGENDA**


## **Assurance, Risk and Finance Committee Meeting**

**Wednesday, 24 March 2021**

**Time: 1.00 pm**  
**Location: Council Chamber**  
**Memorial Avenue**  
**Kaikohe**

**Membership:**

Cr John Vujcich - Chairperson  
Bruce Robertson – Deputy Chairperson  
Mayor John Carter  
Deputy Mayor Ann Court  
Cr Mate Radich  
Cr Rachel Smith  
Cr Kelly Stratford  
Cr Moko Tepania  
Kaikohe-Hokianga Community Board Chairperson Mike Edmonds

	<b>Authorising Body</b>	Mayor/Council
	<b>Status</b>	Standing Committee
<b>COUNCIL COMMITTEE</b>	<b>Title</b>	Assurance, Risk and Finance Committee Terms of Reference
	<b>Approval Date</b>	19 December 2019
	<b>Responsible Officer</b>	Chief Executive

## Purpose

The purpose of the Assurance, Risk and Finance Committee (the Committee) is to assist and advise the Governing Body in discharging its responsibility and ownership of finance, risk and internal control.

The Committee will review the effectiveness of the following aspects:

- The robustness of financial management practices;
- The integrity and appropriateness of internal and external reports and accountability arrangements;
- The robustness of the risk management framework;
- The robustness of internal controls and the internal audit framework;
- Compliance with applicable laws, regulations, standards and best practice guidelines;
- The establishment and maintenance of controls to safeguard the Council's financial and non-financial assets;
- Data governance framework

To perform his or her role effectively, each Committee member must develop and maintain

his or her skills and knowledge, including an understanding of the Committee's responsibilities, and of the Council's business, operations and risks.

## Membership

The Council will determine the membership of the Assurance, Risk and Finance Committee including at least one independent appointment with suitable financial and risk management knowledge and experience.

The Assurance, Risk and Finance Committee will comprise of at least five elected members (one of which will be the chairperson), and one independent appointed member.

Mayor Carter

John Vujcich – Chairperson

Bruce Robertson – Deputy Chairperson and Independent Member of the Committee

Moko Tepania

Mate Radich

Rachel Smith

Kelly Stratford

Ann Court

Mike Edmonds

Adele Gardner

Non-appointed councillors may attend meetings with speaking rights, but not voting rights.

## Quorum

The quorum at a meeting of the Assurance, Risk and Finance Committee is 4 members.

## **Frequency of Meetings**

The Assurance, Risk and Finance Committee shall meet every 6 weeks, but may be cancelled if there is no business.

## **Power to Delegate**

The Assurance, Risk and Finance Committee may not delegate any of its responsibilities, duties or powers.

## **Committees Responsibilities**

The Committees responsibilities are described below:

### **Financial systems and performance of the Council**

- Review the Council's financial and non-financial performance against the Long Term Plan and Annual Plan
- Review Council quarterly financial statements and draft Annual Report

### **Far North Holdings Limited (FNHL)**

- Recommend to Council the approval of statement of intent and Annual Report (s67 LGA)
- Receive 6 monthly report on operations (s66 LGA)
- Receive quarterly financial statements
- Recommend appointment of directors of FNHL

### **Risk Management**

- Review appropriateness of Council's risk management framework and associated procedures for effective risk identification, evaluation and treatment
- Receive and review risk management dashboard reports
- Provide input, annually, into the setting of the risk management programme of work
- Receive updates on current litigation and legal liabilities

### **Internal Audit and Controls**

- Review whether management has in place a current and comprehensive internal audit framework
- Receive and review the internal audit dashboard reports
- Provide input, annually, into the setting of the internal audit programme of work
- Review whether there are appropriate processes and systems in place to identify and investigate fraudulent behaviour

The Committee will manage Council's relationship with external auditor.

The Committee will approve applications to declare land abandoned and any other such matters under the Rating Act.

## **Rules and Procedures**

Council's Standing Orders and Code of Conduct apply to all the committee's meetings.

## **Annual reporting**

The Chair of the Committee will submit a written report to the Chief Executive on an annual basis. The review will summarise the activities of the Committee and how it has contributed to the Council's governance and strategic objectives. The Chief Executive will place the report on the next available agenda of the governing body.

**ASSURANCE, RISK AND FINANCE COMMITTEE - MEMBERS REGISTER OF INTERESTS**

<b>Name</b>	<b>Responsibility (i.e. Chairperson etc)</b>	<b>Declaration of Interests</b>	<b>Nature of Potential Interest</b>	<b>Member's Proposed Management Plan</b>
<b>Hon John Carter QSO</b>	Board Member of the Local Government Protection Programme	Board Member of the Local Government Protection Program		
	Carter Family Trust			
<b>John Vujcich (Chair)</b>	Board Member	Pioneer Village	Matters relating to funding and assets	Declare interest and abstain
	Director	Waitukupata Forest Ltd	Potential for council activity to directly affect its assets	Declare interest and abstain
	Director	Rural Service Solutions Ltd	Matters where council regulatory function impact of company services	Declare interest and abstain
	Director	Kaikohe (Rau Marama) Community Trust	Potential funder	Declare interest and abstain
	Partner	MJ & EMJ Vujcich	Matters where council regulatory function impacts on partnership owned assets	Declare interest and abstain
	Member	Kaikohe Rotary Club	Potential funder, or impact on Rotary projects	Declare interest and abstain
	Member	New Zealand Institute of Directors	Potential provider of training to Council	Declare a Conflict of Interest
	Member	Institute of IT Professionals	Unlikely, but possible provider of services to Council	Declare a Conflict of Interest
<b>Bruce Robertson (Deputy)</b>	Chair/Deputy Chair of a number of Audit and Risk Committees: Far North Auckland Bay of Plenty Regional Tauranga Thames Coromandel Hamilton Waipa Otorohanga Waitomo Environment Southland Invercargill Southland.		There is a low level of there being a potential interest conflict. An outside potential is water reform and 'discussion' of one north regional water company in loving North AKD with Watercare.	I remain aware of my roiled and will Raise any matter with the Mayor/CEO And chair of ARF should any matter potentially conflict.
	Currently None are North AKD. Previously I have Undertaken work on Okara Park with Whangarei DC.	Advisory Work.	Okara Park is a regional Stadium. Matter solely related Governance and role of DC. Low risk of conflict.	
<b>Deputy Mayor Ann Court</b>	Waipapa Business Association	Member		Case by case
	Warren Pattinson Limited	Shareholder	Building company. FNDC is a regulator and enforcer	Case by case

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Kerikeri Irrigation	Supplies my water		No
	Top Energy	Supplies my power		No other interest greater than the public's
	District Licensing	N/A	N/A	N/A
	Top Energy Consumer Trust	Trustee	Crossover in regulatory functions, consenting economic development and contracts such as street lighting.	Declare interest and abstain from voting.
	Ann Court Trust	Private	Private	N/A
	Waipapa Rotary	Honorary member	Potential community funding submitter	Declare interest and abstain from voting.
	Properties on Onekura Road, Waipapa	Owner Shareholder	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Property on Daroux Dr, Waipapa	Financial interest	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Flowers and gifts	Ratepayer 'Thankyou'	Bias/ Pre-determination?	Declare to Governance
	Coffee and food	Ratepayers sometimes 'shout' food and beverage	Bias or pre-determination	Case by case
	Staff	N/A	Suggestion of not being impartial or pre-determined!	Be professional, due diligence, weigh the evidence. Be thorough, thoughtful, considered impartial and balanced. Be fair.
	Warren Pattinson	My husband is a builder and may do work for Council staff		Case by case
	Warren Pattinson Limited	Director	Building Company. FNDC is a regulator	Remain at arm's length
<b>Ann Court - Partner</b>	Air NZ	Shareholder	None	None
	Warren Pattinson Limited	Builder	FNDC is the consent authority, regulator and enforcer.	Apply arm's length rules

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Property on Onekura Road, Waipapa	Owner	Any proposed FNDC capital work in the vicinity or rural plan change. Maybe a link to policy development.	Would not submit. Rest on a case by case basis.
<b>Mate Radich</b>	No form received			
<b>Kelly Stratford</b>	KS Bookkeeping and Administration	Business Owner, provides book keeping, administration and development of environmental management plans	None perceived	Step aside from decisions that arise, that may have conflicts
	Waikare Marae Trustees	Trustee	Maybe perceived conflicts	Case by case basis
	Bay of Islands College	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Karetu School	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Māori title land – Moerewa and Waikare	Beneficiary and husband is a shareholder	None perceived	If there was a conflict, I will step aside from decision making
	Sister is employed by Far North District Council			Will not discuss work/governance matters that are confidential
	Gifts - food and beverages	Residents and ratepayers may 'shout' food and beverage	Perceived bias or predetermination	Case by case basis
	Taumarere Counselling Services	Advisory Board Member	May be perceived conflicts	Should conflict arise, step aside from voting
	Sport Northland	Board Member	May be perceived conflicts	Should conflict arise, step aside from voting
<b>Kelly Stratford - Partner</b>	Chef and Barista	Opua Store	None perceived	
	Māori title land – Moerewa	Shareholder	None perceived	If there was a conflict of interest, I would step aside from decision making
<b>Rachel Smith</b>	Friends of Rolands Wood Charitable Trust	Trustee		
	Mid North Family Support	Trustee		

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member		
<b>Rachel Smith (Partner)</b>	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member and Treasurer		
<b>Moko Tepania</b>	Teacher	Te Kura Kaupapa Māori o Kaikohe.	Potential Council funding that will benefit my place of employment.	Declare a perceived conflict
	Chairperson	Te Reo o Te Tai Tokerau Trust.	Potential Council funding for events that this trust runs.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Te Rarawa	As a descendent of Te Rarawa I could have a perceived conflict of interest in Te Rarawa Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Whaingaroa	As a descendent of Te Rūnanga o Whaingaroa I could have a perceived conflict of interest in Te Rūnanga o Whaingaroa Council relations.	Declare a perceived conflict
	Tribal Member	Kahukuraariki Trust Board	As a descendent of Kahukuraariki Trust Board I could have a perceived conflict of interest in Kahukuraariki Trust Board Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga ā-Iwi o Ngāpuhi	As a descendent of Te Rūnanga ā-Iwi o Ngāpuhi I could have a perceived conflict of interest in Te Rūnanga ā-Iwi o Ngāpuhi Council relations.	Declare a perceived conflict
<b>Mike Edmonds</b>	Chair	Kaikohe Mechanical and Historic Trust	Council Funding	Decide at the time
	Committee member	Kaikohe Rugby Football and Sports Club	Council Funding	Withdraw and abstain





**Far North District Council**  
**Assurance, Risk and Finance Committee Meeting**  
**will be held in the Council Chamber, Memorial Avenue, Kaikohe on:**  
**Wednesday 24 March 2021 at 1.00 pm**

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**Order Of Business / Te Paeroa Mahi**

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**1 KARAKIA TIMATANGA – OPENING PRAYER****2 APOLOGIES AND DECLARATIONS OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Committee and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive Officer or the Team Leader Democracy Support (preferably before the meeting).

It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

**3 DEPUTATION**

No requests for deputations were received at the time of the Agenda going to print.

## **4 CONFIRMATION OF PREVIOUS MINUTES**

### **4.1 CONFIRMATION OF PREVIOUS MINUTES**

**File Number:** A3110035

**Author:** Casey Gannon, Meetings Administrator

**Authoriser:** Aisha Huriwai, Team Leader Democracy Services

#### **TE TAKE PŪRONGO / PURPOSE OF THE REPORT**

The minutes are attached to allow the Committee to confirm that the minutes are a true and correct record of previous meetings.

#### **NGĀ TŪTOHUNGA / RECOMMENDATION**

**That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 10 February 2021 as a true and correct record.:**

#### **1) TE TĀHUHU KŌRERO / BACKGROUND**

Local Government Act 2002 Schedule 7 Section 28 states that a local authority must keep minutes of its proceedings. The minutes of these proceedings duly entered and authenticated as prescribed by a local authority are prima facie evidence of those meetings.

#### **2) TE MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS**

The minutes of the meetings are attached.

Far North District Council Standing Orders Section 27.3 states that no discussion shall arise on the substance of the minutes in any succeeding meeting, except as to their correctness.

#### **Te Take Tūtohunga / Reason for the recommendation**

The reason for the recommendation is to confirm the minutes are a true and correct record of the previous meetings.

#### **3) NGĀ PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no financial implications or the need for budgetary provision as a result of this report.

#### **NGĀ ĀPITIHINGA / ATTACHMENTS**

- 1. 2021-02-10 Assurance, Risk and Finance Committee Minutes - A3080730** [↓](#) 

**Te Hōtaka Take Ōkawa / Compliance schedule:**

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

<b>He Take Ōkawa / Compliance requirement</b>	<b>Te Aromatawai Kaimahi / Staff assessment</b>
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	This is a matter of low significance.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	This report complies with the Local Government Act 2002 Schedule 7 Section 28.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	It is the responsibility of each meeting to confirm their minutes therefore the views of another meeting are not relevant.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	There are no implications on Māori in confirming minutes from a previous meeting. Any implications on Māori arising from matters included in meeting minutes should be considered as part of the relevant report.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	This report is asking for the minutes to be confirmed as true and correct record, any interests that affect other people should be considered as part of the individual reports.
State the financial implications and where budgetary provisions have been made to support this decision.	There are no financial implications or the need for budgetary provision arising from this report.
Chief Financial Officer review.	The Chief Financial Officer has not reviewed this report.

**MINUTES OF FAR NORTH DISTRICT COUNCIL  
ASSURANCE, RISK AND FINANCE COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, MEMORIAL AVENUE, KAIKOHE  
ON WEDNESDAY, 10 FEBRUARY 2021 AT 1.00 PM**

**PRESENT:** Cr John Vujcich, Member Bruce Robertson, Cr Rachel Smith, Cr Kelly Stratford, Kaikohe-Hokianga Community Board Chairperson Mike Edmonds

**IN ATTENDANCE:** Janice Smith (General Manager Corporate Services - Acting), William J Taylor, MBE (General Manager Strategic Planning and Policy - Acting), Andy Finch (General Manager Infrastructure and Asset Management), Dean Myburgh (General Manager District Services)

**1 KARAKIA TIMATANGA – OPENING PRAYER**

Chair John Vujcich started the meeting with a karakia.

**2 APOLOGIES AND DECLARATIONS OF INTEREST**

**RESOLUTION 2021/1**

Moved: Cr John Vujcich

Seconded: Member Bruce Robertson

That the apologies from His Worship the Mayor John Carter, Deputy Mayor Ann Court, Councillor Moko Tepania be accepted.

**CARRIED**

**3 DEPUTATION**

No deputations for this meeting.

**4 CONFIRMATION OF PREVIOUS MINUTES**

**4.1 CONFIRMATION OF PREVIOUS MINUTES**

Agenda item 4.1 document number A3051523, pages 12 - 18 refers.

**RESOLUTION 2021/2**

Moved: Cr John Vujcich

Seconded: Member Bruce Robertson

**RECOMMENDATION**

**That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 2 December 2020 as a true and correct record.**

**CARRIED**

## 5 REPORTS

### 5.1 UPDATE OF POLICY - APPOINTMENT OF DIRECTORS TO COUNCIL ORGANISATIONS

Agenda item 5.1 document number A3058464, pages 19 - 23 refers.

#### **RECOMMENDATION**

Moved: Cr John Vujcich

Seconded: Cr Kelly Stratford

That the Assurance, Risk and Finance Committee recommend to Council that the updated Policy 2117 – Appointment and Remuneration of Directors for Council Organisations be approved.

#### **AMENDMENT**

Moved: Cr John Vujcich

Seconded: Member Bruce Robertson

That the Assurance, Risk and Finance Committee recommend to Council:

- a) the updated Policy 2117 – Appointment and Remuneration of Directors for Council Organisations be approved, subject to;
- b) the Chair of Assurance, Risk and Finance Committee and Chair of Strategy and Policy Committee have delegated authority to approve the amendments on an updated policy.

The amendment became the substantive motion.

#### **MOTION 2021/3**

Moved: Cr John Vujcich

Seconded: Member Bruce Robertson

**That the Assurance, Risk and Finance Committee recommend to Council:**

- a) the updated Policy 2117 – Appointment and Remuneration of Directors for Council Organisations be approved, subject to;
- b) the Chair of Assurance, Risk and Finance Committee and Chair of Strategy and Policy Committee have delegated authority to approve the amendments on an updated policy.

**CARRIED**

### 5.2 RECOMMENDATION TO REMOVE ARF002 BUILDING CONSENTS – BCA STATUS RISK FROM THE ORGANISATIONAL RISK DASHBOARD

Agenda item 5.2 document number A3047645, pages 24 - 27 refers.

#### **RESOLUTION 2021/4**

Moved: Cr Kelly Stratford

Seconded: Cr Rachel Smith

**That the Assurance, Risk and Finance Committee approves the removal of ARF002 Building Consents – BCA status risk from the organisational risk dashboard.**

**CARRIED**

## 6 INFORMATION REPORTS

### 6.1 FEBRUARY 2021 RISK MANAGEMENT REPORT

Agenda item 6.1 document number A3053831, pages 28 - 41 refers.

#### **RESOLUTION 2021/5**

Moved: Cr Kelly Stratford

Seconded: Member Bruce Robertson

**That the Assurance, Risk and Finance Committee receive the report February 2021 Risk Management Report.**

**CARRIED**

### 6.2 2021-02-10 REVENUE RECOVERY REPORT

Agenda item 6.2 document number A3067425, pages 42 - 47 refers.

#### **RESOLUTION 2021/6**

Moved: Cr Kelly Stratford

Seconded: Member Bruce Robertson

**That the Assurance, Risk and Finance Committee receive the report 2021-02-10 Revenue Recovery report 2021-02-10.**

**CARRIED**

At 2:03 pm, Cr Kelly Stratford left the meeting.

At 2:05 pm, Cr Kelly Stratford returned to the meeting.

### 6.3 ELECTED MEMBER SENSITIVE EXPENDITURE

Agenda item 6.3 document number A3014973, pages 48 - 49 refers.

#### **RESOLUTION 2021/7**

Moved: Kaikohe-Hokianga Community Board Chairperson Mike Edmonds

Seconded: Member Bruce Robertson

**That the Assurance, Risk and Finance Committee receive the report Elected Member Sensitive Expenditure.**

**CARRIED**

### 6.4 LEVEL OF SERVICE KPI QUARTER 2 PERFORMANCE REPORT

Agenda item 6.4 document number A3066072, pages 50 - 72 refers.

#### **RESOLUTION 2021/8**

Moved: Member Bruce Robertson

Seconded: Cr Kelly Stratford

**That the Assurance, Risk and Finance Committee receive the report Level of Service KPI Quarter 2 Performance Report.**

**CARRIED**



**6.5 DIGITAL INFORMATION SERVICES - 2021 WORK PROGRAMME**

Agenda item 6.5 document number A3059539, pages 73 - 76 refers.

**RECOMMENDATION**

Moved: Cr Kelly Stratford

Seconded: Cr Rachel Smith

**That the Assurance, Risk and Finance Committee receive the report Digital Information Services - 2021 Work Programme.**

**CARRIED**

At 2:48 pm, Kaikohe-Hokianga Community Board Chairperson Mike Edmonds left the meeting.

At 2:50 pm, Kaikohe-Hokianga Community Board Chairperson Mike Edmonds returned to the meeting.

**6.6 SUSTAINABLE PROCUREMENT UPDATE**

Agenda item 6.6 document number A3062233, pages 77 - 78 refers.

**RESOLUTION 2021/9**

Moved: Cr John Vujcich

Seconded: Member Bruce Robertson

**That the Assurance, Risk and Finance Committee receive the report Sustainable Procurement Update.**

**CARRIED**

**6.7 TENDER PANEL QUARTERLY INFORMATION REPORT SEPTEMBER - DECEMBER 2020**

Agenda item 6.7 document number A3063064, pages 79 - 85 refers.

**RESOLUTION 2021/10**

Moved: Member Bruce Robertson

Seconded: Cr John Vujcich

**That the Assurance, Risk and Finance Committee receive the report Tender Panel Quarterly Information Report.**

**CARRIED**

**7.0 RESOLUTION TO EXCLUDE THE PUBLIC****RESOLUTION 2020/11**

Moved: Cr John Vujcich

Seconded: Member Bruce Robertson

**That the public be excluded from the following parts of the proceedings of this meeting.**

**The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:**

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>1.1 - Confirmation of Previous Minutes</b>	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>1.2 - Re-appointment of Directors for Far North Holdings Limited</b>	s7(2)(a) the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons  s7(2)(f)(i) free and frank expression of opinions by or between or to members or officers or employees of any local authority.	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>Abstained:</b> Cr Rachel Smith		
<b>CARRIED</b>		

## 7.1 CONFIRMATION OF INFORMATION AND DECISIONS IN OPEN MEETING

<p><b>RESOLUTION 2021/12</b></p> <p>Moved: Cr John Vujcich Seconded: Cr Kelly Stratford</p> <p><b>That Assurance, Risk and Finance Committee confirm that the information and decisions contained in the part of the meeting held with the public excluded is not to be restated in public meeting.</b></p> <p><b>Abstained:</b> Cr Rachel Smith</p> <p style="text-align: right;"><b>CARRIED</b></p>
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## 7.2 RESOLUTION TO READMIT THE PUBLIC

<p><b>RECOMMENDATION 2021/13</b></p> <p>Moved: Cr John Vujcich Seconded: Cr Kelly Stratford</p> <p><b>That Assurance, Risk and Finance Committee readmit the public.</b></p> <p><b>Abstained:</b> Cr Rachel Smith</p> <p style="text-align: right;"><b>CARRIED</b></p>
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At 3:45 pm, Cr Rachel Smith returned to the meeting.

**8 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER**

Cr. Kelly Stratford closed the meeting with a karakia.

**9 MEETING CLOSE**

The meeting closed at 3:46 pm.

The minutes of this meeting were confirmed at the Assurance, Risk and Finance Committee Meeting held on 24 March 2021.

.....  
**CHAIRPERSON**

## 5 REPORTS

### 5.1 RECOMMENDATION TO REMOVE ARF011 ORGANISATIONAL COHESION RISK FROM THE ORGANISATIONAL RISK DASHBOARD

**File Number:** A3110274

**Author:** Tanya Reid, Business Improvement Specialist

**Authoriser:** Jaime Dyhrberg, General Manager - Corporate Services (Acting)

#### TE TAKE PŪRONGO / PURPOSE OF THE REPORT

To seek to approve the removal of ARF011 Organisational Cohesion risk from the organisational risk dashboard.

#### TE WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- ARF011 Organisational Cohesion risk is an organisational risk in the Operational/Financial category (whole of business view of the Council) performance including service/services delivery, risk, finance, environmental.
- Of the 12 risks adopted in May 2019 the ARF011 Organisational Cohesion was the second lowest priority risk with a medium impact score of 39.
- A comprehensive treatment plan has been implemented. Improvements from the treatments are now being experienced and the risk trend continues to decline in line with the desired residual risk score of 14.
- With a total residual impact score of 15, this risk is now assessed as low impact and unlikely to occur.

A recommendation to demote ARF011 Organisational Cohesion Risk from the organisational risk dashboard is supported by the total risk score and probability, and the controls in place.

#### NGĀ TŪTOHUNGA / RECOMMENDATION

**That the Assurance, Risk and Finance Committee approves the removal of ARF011 Organisational Cohesion risk from the organisational risk dashboard.**

#### 1) TE TĀHUHU KŌRERO / BACKGROUND

In November 2018, elected members workshopped and agreed their top organisational risk dashboard. The top organisational risk dashboard was adopted 30<sup>th</sup> May 2019. Of the 12 risks originally on their risk dashboard the ARF011 Organisational Cohesion Risk was the second lowest priority risk with a medium impact score of 39.

Table 1: November 2018 ARF011 Organisational Cohesion Risk description and scoring

Total Score by impact, probability & multiplier							
High	60+						
Medium	20-59						
Low	<20						

X3

X2

X1

Probability <12 Months

Probability 1-3 years

Probability 3+ years

ID#	Score	Risk description	Impacts	Treatments	Residual Risk Score	Status	Risk Governance (A)ccountable (R)esponsible
ARF011	39	<div>X3</div> <b>Organisational Cohesion risks</b> <ul style="list-style-type: none"><li>Governance / management relationship optimisation / trust enhancement</li><li>Culture of communication – internal and external</li></ul>	<ul style="list-style-type: none"><li>Governance &amp; decision quality &amp; integrity impacts</li><li>Trust and confidence / morale between EM's, staff &amp; public</li><li>Negative media &amp; political pressure</li><li>Delays in decisions – papers left on the table</li></ul>	<ul style="list-style-type: none"><li>EM &amp; Management relationship &amp; comms charter, code of conduct &amp; culture programme</li><li>Friction items to be worked through and agreed in advance of formal meetings</li><li>Deliver on priorities (trust)</li><li>Staff to re-integrated to Council &amp; committee meetings (trust)</li><li>Quality data &amp; reporting</li><li>Governance diagnostics work plan</li></ul>	<div>X2</div> <b>14</b>	Identified 29 Nov, 2018  SLT Endorsed 1 April, 2019  HLTP, 8 April	CEO (A)  Office of CEO (R) GM CS (R)

**Description of risk and impact**

Organisational Cohesion is the ability of the parts of the organisation to work together in a collaborative and productive manner to deliver on its strategies, plans and objectives.

Local Government organisations work on complex, costly, and often politically and socially sensitively multi-faceted issues requiring multiple parts of the organisation to work together effectively.

Breakdowns in cohesion can lead to costly delays and additional impacts such as communication overheads, lower morale, trust and churn.

In 2018, FNDC Council members and management acknowledged challenges in the working relationship between governance and management layers.

At that point while progress had been made to improve the challenges the following issues were being experienced:

- Delays in decisions due to papers being left to lie on the table
- Conduct and criticisms during Council meetings
- Sub-optimal cohesion between Council members
- Governance over-reach
- Information security
- Governance and other support resources not being utilized in their full capacity
- Requirement for controlled or restricted access to staff members
- Attendance levels at training and other events
- Not always following agreed or required processes

**2) TE MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS**

Both elected members, including those newly elected to Council in October 2019, and staff acknowledged these challenges and have worked together to improve the relationship resulting in a more efficient and effective Council.

Improvements from the treatments are now being experienced and the risk trend continues to decline in line with the desired residual risk score of 14. Treatments in place include:

- Comprehensive induction and professional development programmes are in place to support elected members.
- A professional development plan has been developed for the Mayor and each elected member. These are informed by the results of an external competency assessment.
- A reporting framework is in place, to increase the quality of information to elected members and ensure relevant information to support decision-making processes is provided, and to verify organisational performance.
- Staff regularly schedule workshops to explain proposals and answer questions from elected members prior to formal meetings and decisions. Positive feedback has been received on this, especially by less experienced elected members.
- Regular communication between the organisation and elected members such as daily CEO briefing between the Mayor and Deputy Mayor; weekly Weekender newsletter published Friday to provide elected members information and up-dates on current projects which enables them to be abreast of Council current affairs; scripts from CEO staff videos are shared with elected members so they are aware of what is happening operationally; Councillors are actively involved in working groups e.g. Kerikeri Domain.
- Establishment of a virtual elected member lounge to facilitate elected member interaction. This has been used to provide draft feedback on the Long Term Plan
- Development of a dedicated physical space for elected member use in Kaikohe HQ and John Butler Centre.

- Staff conducted a survey, in 2020, to seek feedback from elected members as to their satisfaction on the quality of advice from staff. A total of two responses were received, indicating that this is no longer a “burning platform”.
- Progress is being made on establishing pre-agenda meetings between the Committee Chair and the executive sponsor of the Committee.
- Council pre-agenda meetings happen with SLT and Democracy Services who run through the agenda and the proposed resolutions. Progress is also being made on the Chief Executive briefing the Mayor on upcoming papers and proposed resolutions.

Our recent November 2020 CouncilMARK assessment (currently draft) observed that:

*“Overall leadership of the Council is provided by a highly experienced Mayor who has over thirty years of public service. There is a good mix of youth and passion, as well as experience and wisdom amongst the elected members, and they seem to work well together and be united as a group.*

*The Mayor and Chief Executive have a strong relationship. They meet every week to discuss topical operational and strategic matters, and emerging issues. The Chief Executive’s and Council’s performance is also regularly discussed. They debate issues, sometimes vigorously, and, from time to time, they agree to disagree. However, the Mayor and Chief Executive stand united in public.*

*The Chief Executive is respected by the Mayor, elected members, and staff as a strong and capable leader who has embraced an inclusive style of leadership since arriving at Far North District Council. A comprehensive performance agreement and a structured professional development plan are in place for the Chief Executive. Key performance indicators are aligned with agreed Council priorities.”*

CouncilMARK called out the following strengths in the Governance, leadership and strategy quadrant:

- Council leaders show strong intent to lift Council performance, to meet service level expectations and well-being outcomes.
- The Mayor and Chief Executive are experienced and respected leaders.
- A high level of commitment and engagement is apparent amongst the elected members, especially the first term members.

### Te Take Tūtohunga / Reason for the recommendation

A recommendation to demote ARF011 Organisational Cohesion Risk from the organisational risk dashboard is supported by the total risk score and probability, and controls in place.

In January 2021, ARF011 Organisational Cohesion Risk was rescored using the FNDC risk matrix. The rescoring is captured in Table 2.

### Assessment of risk, impact and likelihood

Table 2: Jan 2021 ARF011 Organisational Cohesion Risk impact score using FNDC matrix:

	Financial			Customer			Reputational			Compliance/Legal			Health and Safety		
High - Intolerable															
Medium								X							X
Low- none	X			X						X					
	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen	Unlikely	Probable	Will Happen

ARF011 Organisational Cohesion Risk is an organisational risk in the Operational/Financial category (whole of business view of FNDC performance including service/services delivery, risk,

finance, environmental). Organisational risks may impact on council achieving its vision, mission and community outcomes. With a total residual impact score of 15 this risk is now assessed as low impact and unlikely to occur, see table 3.

Table 3: ARF011 Organisational Cohesion Risk map as assessed January 2021

Total Risk		
High - Intolerable		
Medium		
Low- none	X	
	Unlikely	Probable
		Will Happen

This reduction in risk score has been achieved through proactive changes and controls. Current ARF011 Organisational Cohesion Risk controls in place are:

1. CEO Group Risk Register: continue risk management via the CEO Office Risk Register, see table 4: Definition of risk from CEO Office Risk Register.
2. Elected member induction and professional development programme.
3. Individual elected member professional development plans.
4. Reporting framework.
5. Elected member workshops for staff to explain proposals and answer questions.
6. Regular communication between the organisation and elected members.
7. Virtual elected member lounge.
8. Dedicated space for elected member use in Kaikohe HQ and JBC.
9. Pre-agenda meetings between the Committee Chair and the Committee executive sponsor.
10. SLT Council pre-agenda meetings.

Table 4: Definition of risk from CEO Office Risk Register:

Group / SLT	Risk level	Inherent Risk	Risk description	Because of	There is a chance that...	leading to...
CEO Office	Organisational	15	Operational/Financial	Complex, costly and often politically and socially sensitive multi-faceted issues.	If we do not have organisational cohesion (ability to work together in a collaborative and productive way) because of suboptimal relationships between staff and Elected members.	Council may be unable to deliver to Elective Member strategic priorities, plans and objectives.

### 3) NGĀ PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There is no financial implication or request for budgetary provision.

### NGĀ ĀPITI HANGA / ATTACHMENTS

Nil

**Te Hōtaka Take Ōkawa / Compliance schedule:**

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

<b>He Take Ōkawa / Compliance requirement</b>	<b>Te Aromatawai Kaimahi / Staff assessment</b>
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	The recommendation in this report does not meet the thresholds as per the Council's significance and engagement policy.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Risk Management Policy.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	None.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	The recommendation in this report does not have any direct implications for Māori.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	There are no affected or interested parties to this recommendation.
State the financial implications and where budgetary provisions have been made to support this decision.	There is no financial implication or request for budgetary provision.
Chief Financial Officer review.	The Chief Financial Officer has reviewed this report.



## **6 INFORMATION REPORTS**

### **6.1 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 28 FEBRUARY 2021**

**File Number:** A3111486

**Author:** Angie Thomas, Manager - Accounting Services

**Authoriser:** Jaime Dyhrberg, General Manager - Corporate Services (Acting)

#### **TE TAKE PŪRONGO / PURPOSE OF THE REPORT**

To provide an overview and information on the current financial position and performance of the Far North District Council as at 28 February 2021.

#### **TE WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY**

This report provides a summary overview, Statement of Financial Performance, Capital Performance and Borrowing and Investment reports.

#### **NGĀ TŪTOHUNGA / RECOMMENDATION**

**That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 28 February 2021.**

#### **TE TĀHUHU KŌRERO / BACKGROUND**

This report provides financial information as at 28 February 2021.

#### **TE MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS**

The report is for information only.

#### **NGĀ PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no financial implications or budgetary provisions required as a result of this report.

#### **NGĀ ĀPITIHINGA / ATTACHMENTS**

1. Council Financial Report Feb 2021 (Pd8) - A3112282 [↓](#) 



Far North District Council

# Council Financial Report

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for the period ending **28-February-2021**

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## Financial Overview

Key financial metrics from the Statement of Financial Performance for the Far North District Council as at 28-February-2021.

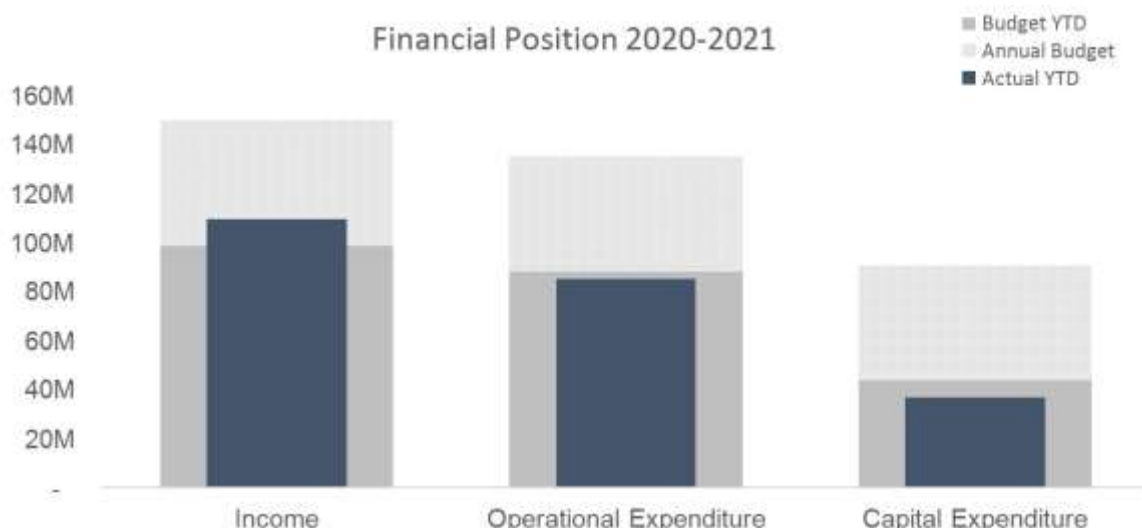
The overall performance of Council has continued as usual even though we have only just come out of the final drought level, post COVID-19 and the recent flood event.

The organisation is refocusing their priorities in order to accommodate these situations so ongoing income and expenditure will be reviewed.

With every new financial year there are a number of variances across the organisation, this is mainly due to timing of the budgets. These are being reviewed and will be timed accordingly in the coming months.

The commentary this month will only be by exception.

Overall, we had a Variance to Budget YTD movement of \$14.2M.



## Year to Date

Actual Position as at 28-February-2021

	Actual YTD	Budget YTD	Variance to Budget YTD	% Variance Actual to Budget YTD
Total Income	109.7M	98.8M	10.9M	11%
Operational Expenditure	85.0M	88.2M	- 3.2M	-4%
<b>Net Operating Position</b>	<b>24.7M</b>	<b>10.5M</b>	<b>14.2M</b>	<b>134%</b>
<b>Capital Expenditure</b>	<b>36.7M</b>	<b>43.5M</b>	<b>- 6.7M</b>	<b>-15%</b>

## Year End

Forecast Position as at 30-June-2021

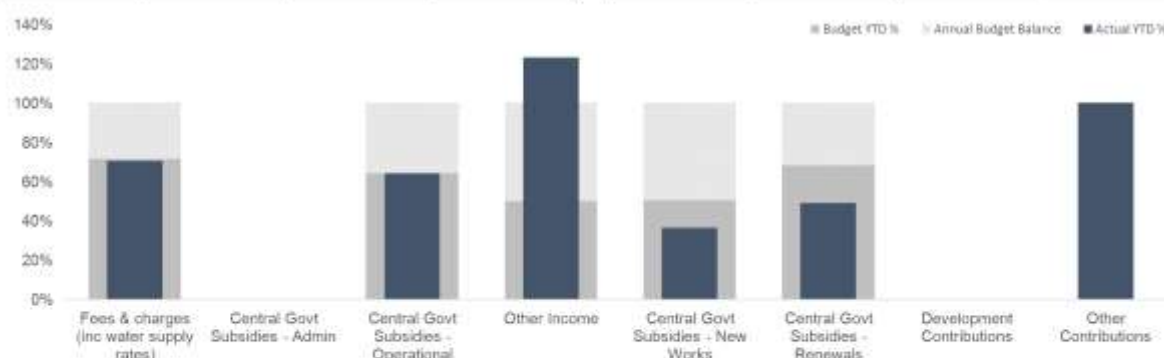
	Annual Forecast	Annual Budget	Forecast Variance to Budget	% Variance Forecast to Budget YTD
Total Income	192.0M	149.9M	42.1M	28%
Operational Expenditure	140.5M	135.0M	5.5M	4%
<b>Net Operating Position</b>	<b>51.5M</b>	<b>14.9M</b>	<b>36.6M</b>	<b>246%</b>
<b>Capital Expenditure</b>	<b>126.6M</b>	<b>90.6M</b>	<b>36.0M</b>	<b>40%</b>

*\*In the tables above and throughout this report, variances +/- 5% from budget are indicated as on track / green, anything outside this is red.*

## Council Financial Performance – Income

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes general rates and rates penalties.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
49.3M	37.5M	11.8M	31%	58.3M	100.4M	42.1M	42%



### Highlights:

#### Other Income

- Planned Provincial Growth Funds (PGF) have been received for the Lake Omapere de-mobilisation.
- Planned Provincial Growth Funds (PGF) have been received to support for road seal projects at Ruapekapeka, Ngapipito and Peria Road.
- Ministry of Business, Innovation & Employment (MBIE) grant received under the maintaining the quality of great rides fund for the Twin Cost Cycletrail.
- Unbudgeted grant has been received for the July 2020 Flood program for the vegetation clearance and clean-up from the Ministry of Business, Innovation & Employment (MBIE).
- The dividend payment from Far North Holdings (FNHL) has been partly paid in March 2021.

#### Central Govt Subsidies – New Works

- Ongoing unbudgeted Tourism Infrastructure Funds (TIF) received from Ministry of Business, Innovation & Employment (MBIE) for the construction of public toilets at Opononi, Mitimiti, Waitangi boat ramp and Haruru Falls bush walk.

- Subsidy new works income for ongoing minor safety & improvements projects from last financial year for bridges at Otaua Rd, West Coast Rd; Panguru Rd raising and associated improvements.
- Unbudgeted Tourism Infrastructure Funds (TIF) grant received for the Waitangi Jetty Toilet capacity upgrade and Cable Bay Carparks and Hundertwasser carpark lighting projects.
- Subsidy received from the Ministry of Business, Innovation & Employment (MBIE) for the Pungaere Road seal extension.
- Unbudgeted subsidy received from Waka Kotahi (NZTA) for the Te Hiku Community Board footpath project North Park Drive to Whangatane Drive, Kaitaia and Bay of Islands – Whangaroa Community Board footpath project for Pa Road.
- Unbudgeted subsidy received from Waka Kotahi (NZTA) for the shared path walking and cycling project along State Highway 1, Kawakawa.

### **Central Govt Subsidies – Renewals**

- Sealed road resurfacing and rehabilitation are behind schedule as contractor resources were reprioritised to undertake repairs for the July 2020 storm event.
- The North sealing is 56% complete and South sealing is at 76% complete and still behind their planned programme due to short supply of sealing aggregate. Both contractors will be increasing resources in the coming months to complete in mid-Autumn.
- Rehabilitation works on 5 out of the 7 sites are complete for both the North and South contracts and have been progressing steadily, however due to the inability to complete prior year works this has delayed the programme but NTA and the contractors are confident to delivery by mid-Autumn.
- Safety improvement bridge and resilience projects across district has not commenced as planned, however, procurement and awarded contracts are being finalised.
- Offset by, emergency works tenders has come under budget due to competitive pricing and additional funds received for the recent July 2020 storm events.
- Unsealed Road Metalling is ahead of schedule due to the suitable weather conditions before the summer season.

### **Other Contributions**

- Planned Provincial Growth Funds (PGF) capital grant received for road seal projects at Ruapekapeka. Ngapipito and Peria Road.
- Provincial Growth Funds (PGF) received for projects Kerikeri Domain, Waipapa Sports Hub and Te Hiku o te Ika Kaitaia Revitalisation.
- Provincial Growth Funds (PGF) received for the Southern Animal Welfare Facility.

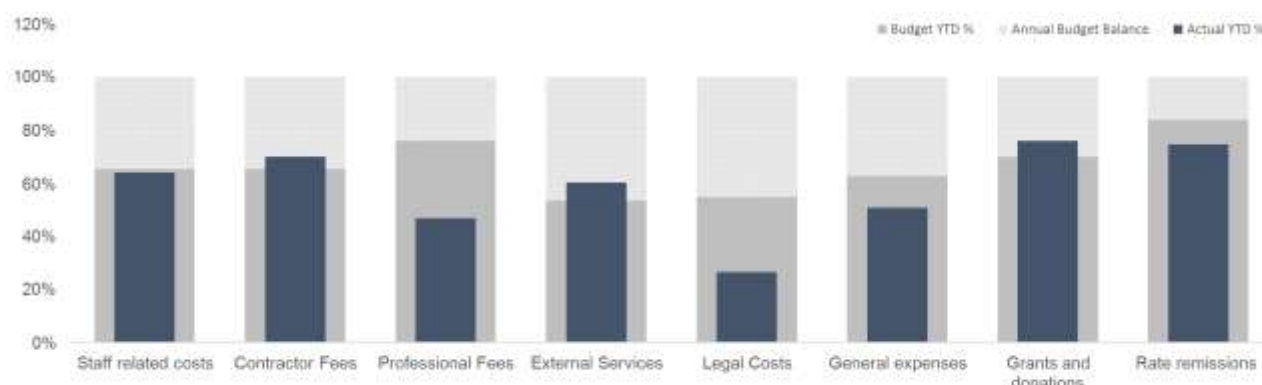
- Department of Internal Affairs (DIA) funding has been received for the 3 Water Reform project.
- Ministry of Business, Innovation & Employment (MBIE) grant funds received for the Te Tai Tokerau Worker Redeployment scheme.



## Council Financial Performance – Operational Expenditure

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes allocations, interest costs, depreciation and other asset costs and gain/loss on disposal.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
61.4M	64.0M	-2.6M	-4%	98.7M	104.1M	5.5M	5%



### Highlights:

#### Contractor Fees

- Sealed Pavement maintenance works in the southern area is behind budget due to contractor lack of resources. NTA has put the contractor on notice and are confident this will be sorted in due course and confident the program will be delivered by the end of the financial year.
- This has been offset by an overspend in contract professional fees relating to Programme Darwin. A contractor has been engaged to fill a position that would normally be undertaken by a staff member.
- There is a variance related to both a timing issue with budget phasing and increased Ventia Limited expenditure over the first 6 months of the year in the areas of labour, materials and sub-contractors relating to the July 2020 storm event for response and recovery. In the second half of the year labour costs are flattening out and direct plant costs are increasing against budget. Other key variances relate to power cable replacements, the Paihia STP upgrade, Sweetwater Bore & Bonnets Road equipment hire and verification of flow meters.

#### Professional Fees

- A number of consultants have not yet been engaged across the organisation.

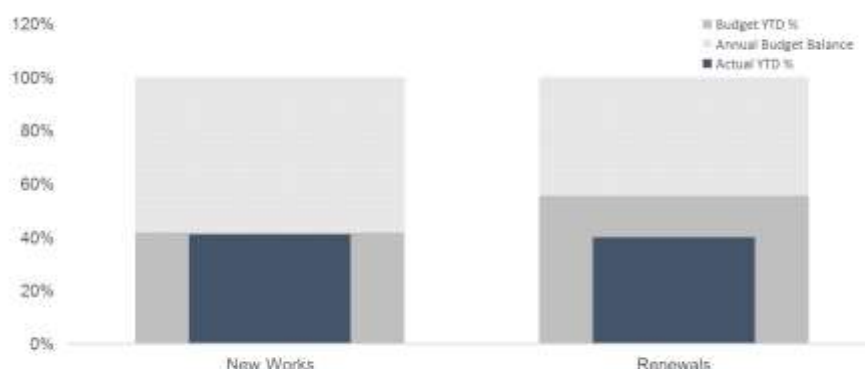
#### General Expenses

- General expenses are behind budget across the whole of the organisation.

## Council Financial Performance – Capital Expenditure

*These figures are direct from the Statement of Capital Performance.*

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
36.7M	43.5M	- 6.7M	-15%	90.6M	126.6M	36.0M	28%



### Highlights:

#### New Works

- The East Coast WWTP Resource Consent is under budget - the consent has been appealed to the environment court and Council is working towards mediation which has been significantly delayed due to COVID-19 and conflicting schedules between stakeholders.
- The Paihia Treatment Plant Improvements project is under budget, it is currently in design phase for a recirculation system which will enhance and prolong the lifespan of the new plant, commitments have been raised.
- District wide sludge management is under budget. Sludge work has been delayed due to lack of resourcing and COVID-19. Work is ongoing and commitments have been raised.
- The Houhora Wastewater Treatment Plant, the Council approved project is under budget to replace sand and treatment tank. The sand has now been replaced but there has been a delay with the tank.
- Planned Provincial Growth Funds (PGF) road sealing projects commenced at Ruapekapeka. Ngapipito and Peria Road.
- Panguru Rd raising project stage 1 has now been completed and a proposed stage 2 is yet to be done, offset by the Infill Lighting project which is behind programme due to lengthy negotiations and approval of the tender phase, however the contract is now essentially approved and ready to start construction.
- Pungaere Road project has experienced some delays in the investigation and design as a result of negotiations with a resident over drainage issues, a managed cattle underpass is to be installed before road construction commences.
- Kaitaia New Source (Sweetwater) is behind budget for a number of reasons but funds are fully committed. Due to the delay in the contract being awarded this will result in an underspend this financial year however, the DIA grant funds of \$1.7M have been received.

- Unbudgeted purchase of the Kaitaia Warehouse property in support of the Te Hiku revitalisation project.
- Kerikeri Wastewater Treatment Plant has gone over budget, a final subsidy will be applied for to partially offset this.
- Ongoing unbudgeted Tourism Infrastructure Funds (TIF) received from Ministry of Business, Innovation & Employment (MBIE) for the construction of public toilets at Opononi, Mitimiti, Waitangi boat ramp and Haruru Falls bush walk.
  - Mitimiti has been completed.
  - Other projects were delayed. Construction commenced in November 2020 at the Opononi I-Site public toilets.
  - Consent for the Waitangi boat ramp public toilets has been approved and the tender process has commenced.
  - Tender has been awarded for the Haruru Falls public toilets after changing the scope and design to include more natural light as the cost of getting the power to the site was too excessive.
- The Centennial/Jaycee Park project works for construction of the basketball court and footpath completed in February 2021. Planting works are expected to commence in April after finalising the award of the contract.
- Te Hiku Sports Netball Court project will go back out for tender due to lack of interest, however, if awarded the construction is likely to commence in the next financial year.

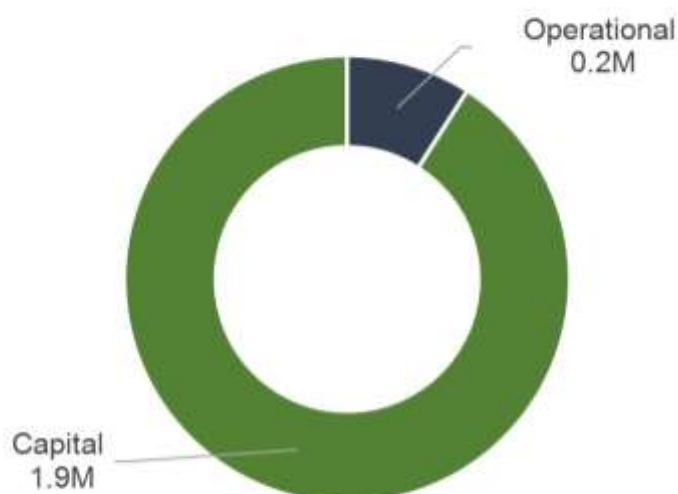
## Renewals

- Kerikeri Wastewater Treatment Plant is under budget. The commissioning phase of the plant will run until the end of November at which time connections will commence and be completed by May 2021 with close out expected in June 2021.
- Emergency Works awarded tenders have come under budget due to competitive pricing.
- Sealed road resurfacing and rehabilitation are behind schedule as contractor resources were reprioritised to undertake repairs for the July 2020 storm event. The North sealing is 56% complete and South sealing is at 76% complete and still behind their planned programme due to short supply of sealing aggregate. Both contractors will be increasing resources in the coming months to complete the programme by mid-Autumn.
- Rehabilitation works on 5 out of the 7 sites are complete for both the North and South contracts and have been progressing steadily, however due to the inability to complete prior year works this has delayed the programme but NTA and the contractors are confident to delivery by mid-Autumn.
- Ferry renewal scope and works are reduced due to long lead time to get the jet pump into the country.
- Safety improvement, bridge and resilience projects across district has not commenced as planned, however. procurement and awarded contracts are being finalised.
- Unsealed Road Metalling is ahead of schedule due to the suitable weather conditions.

## Unbudgeted Expenditure

These are additional works not included in the original budget for the current year.

Unbudgeted work greater than \$100,000 must be approved by Council, anything less than that can be approved by a General Manager with appropriate financial delegation.



## Unbudgeted Expenditure

*\*Expenditure over \$100K approved by Council (in grey)*

Unbudgeted Operational		Amount
<b>Facilities operations - not buildings</b>	<b>Professional Fees</b>	<b>150,000</b>
Maritime Facilities	External Services	30,000
Public Toilets	Repairs & Maintenance Buildings	6,400
		<b>186,400</b>

Unbudgeted Capital Works		Amount
<b>Te Hiku o te Ika - PGF</b>	<b>CAPEX New Works Contract Services</b>	<b>7,000,000</b>
<b>Kerikeri Domain - PGF</b>	<b>CAPEX New Works Contract Services</b>	<b>3,000,000</b>
<b>Waipapa Sports Hub - PGF</b>	<b>CAPEX New Works Contract Services</b>	<b>2,000,000</b>
<b>Hokianga Harbour Coastal Repairs</b>	<b>CAPEX New Works Contract Services</b>	<b>1,815,000</b>
<b>Kaitia New Source (Sweetwater) - 3</b>	<b>3 Waters Reform - CAPEX New Works</b>	<b>1,754,000</b>
<b>Monument Hill Drought Impact - 3 Waters</b>	<b>3 Waters Reform - CAPEX New Works</b>	<b>1,184,000</b>
<b>Dog Pound Southern</b>	<b>CAPEX New Works Contract Services</b>	<b>1,000,000</b>
<b>Lake Omapere (PGF)</b>	<b>External Services</b>	<b>500,000</b>
<b>Kerikeri WTP New Clarifiers - 3 Waters</b>	<b>3 Waters Reform - CAPEX New Works</b>	<b>500,000</b>
<b>Water main renewals - 3 Waters Reform</b>	<b>3 Waters Reform - CAPEX New Works</b>	<b>330,000</b>
<b>Windsor Landing Carpark and Access</b>	<b>CAPEX New Works Contract Services</b>	<b>291,195</b>
<b>Network model updates - Stormwater - 3</b>	<b>3 Waters Reform - Professional Fees</b>	<b>250,000</b>

<b>Network model updates - Wastewater - 3</b>	<b>3 Waters Reform - Professional Fees</b>	<b>250,000</b>
<b>Network model updates - Water - 3</b>	<b>3 Waters Reform - Professional Fees</b>	<b>250,000</b>
<b>Enhanced water leak repairs - 3 Waters</b>	<b>3 Waters Reform - Professional Fees</b>	<b>200,000</b>
<b>Ex res chlorine measurements - 3 Waters</b>	<b>3 Waters Reform - CAPEX New Works</b>	<b>200,000</b>
<b>Awanui River Intake Permanent Weir - 3</b>	<b>3 Waters Reform - CAPEX New Works</b>	<b>150,000</b>
<b>Kotui Library Licence/Subscription</b>	<b>Software Licence Fees</b>	<b>137,863</b>
<b>WWTP Wetland remedial works - 3</b>	<b>3 Waters Reform - Professional Fees</b>	<b>130,000</b>
<b>Water Safety Plan updates - 3 Waters</b>	<b>3 Waters Reform - Professional Fees</b>	<b>130,000</b>
<b>Houhora WWTP</b>	<b>CAPEX New Works Contract Services</b>	<b>112,000</b>
<b>Rangitane Maritime Boat Ramp</b>	<b>CAPEX Renewal Works Contract</b>	<b>111,925</b>
<b>Structural works Kawakawa WTP</b>	<b>CAPEX New Works Contract Services</b>	<b>109,051</b>
Paihia WTP Self-Cleaning Screen - 3	3 Waters Reform - CAPEX New Works	100,000
District Wide Leak Detection Equipment - 3	3 Waters Reform - CAPEX New Works	100,000
Okaihau Bore Refurbishment - 3 Waters	3 Waters Reform - CAPEX New Works	100,000
Hundertwasser toilet upgrade	CAPEX Renewal Works Contract	82,000
Kawakawa Water Take Consent - 3 Waters	3 Waters Reform - CAPEX New Works	70,000
Water Safety Lead - 3 Waters Reform	3 Waters Reform - OPEX Salaries	50,000
East Coast PS Bush Point Rd	CAPEX New Works Contract Services	49,942
Kawakawa WTP Roof Replacement	CAPEX New Works Contract Services	47,366
Kaikohe Streetscape Project	CAPEX New Works Contract Services	40,000
East Coast PS Leslie Rd	CAPEX New Works Contract Services	38,000
Kerikeri Wastewater Infrastructre	CAPEX New Works Contract Services	31,836
Regional Allocation - Wastewater - 3 Waters	3 Waters Reform - Professional Fees	24,000
Regional Allocation - Stormwater - 3 Waters	3 Waters Reform - Professional Fees	23,000
Regional Allocation - Water - 3 Waters	3 Waters Reform - Professional Fees	23,000
60 Peninsula Parade Hihi Sewer	CAPEX New Works Contract Services	22,387
Network Model review lead - Stormwater- 3	3 Waters Reform - Professional Fees	17,000
Network Model review lead - Wastewater - 3	3 Waters Reform - Professional Fees	16,500
Network Model review lead - Water - 3	3 Waters Reform - Professional Fees	16,500
Opononi/Omapere WTP pH Treatment	CAPEX New Works Contract Services	15,000
Kerikeri Wastewater Infrastructre	Equipment Purchases (uncapitalisable)	13,827
Mitimiti Toilet (TIF)	CAPEX New Works Contract Services	13,000
Proof of concept - new ways of working	External Services	12,788
Te Hononga CCTV - Hundertwasser	CAPEX New Works Contract Services	12,000
Rawene Housing for the Elderly	CAPEX Renewal Works Contract	11,836
Operational Data Management Software - 3	3 Waters Reform - Professional Fees	10,000
Operational Data Management Software - 3	3 Waters Reform - Professional Fees	10,000
Operational Data Management Software - 3	3 Waters Reform - Professional Fees	10,000
Rawene Hall	CAPEX Renewal Works Contract	4,110
Operational Data Management Software - 3	Grants Operational	-10,000
Operational Data Management Software - 3	Grants Operational	-10,000
Operational Data Management Software - 3	Grants Operational	-10,000
Network Model review lead - Wastewater - 3	Grants Operational	-16,500
Network Model review lead - Water - 3	Grants Operational	-16,500
Network Model review lead - Stormwater- 3	Grants Operational	-17,000

Regional Allocation - Stormwater - 3 Waters	Grants Operational	-23,000
Regional Allocation - Water - 3 Waters	Grants Operational	-23,000
Regional Allocation - Wastewater - 3 Waters	Grants Operational	-24,000
Water Safety Lead - 3 Waters Reform	Grants Operational	-50,000
Kawakawa Water Take Consent - 3 Waters	Grants Capital	-70,000
Paihia WTP Self-Cleaning Screen - 3	Grants Capital	-100,000
District Wide Leak Detection Equipment - 3	Grants Capital	-100,000
Okaihau Bore Refurbishment - 3 Waters	Grants Capital	-100,000
WWTP Wetland remedial works - 3 Waters	Grants Operational	-130,000
Water Safety Plan updates - 3 Waters	Grants Operational	-130,000
Awanui River Intake Permanent Weir - 3	Grants Capital	-150,000
Enhanced water leak repairs - 3 Waters	Grants Operational	-200,000
Ex res chlorine measurements - 3 Waters	Grants Capital	-200,000
Network model updates - Stormwater - 3	Grants Operational	-250,000
Network model updates - Wastewater - 3	Grants Operational	-250,000
Network model updates - Water - 3 Waters	Grants Operational	-250,000
Water main renewals - 3 Waters Reform	Grants Capital	-330,000
Lake Omapere (PGF)	Grants Operational	-500,000
Kerikeri WTP New Clarifiers - 3 Waters	Grants Capital	-500,000
Dog Pound Southern	Grants Capital	-1,000,000
Monument Hill Drought Impact - 3 Waters	Grants Capital	-1,184,000
Kaitaia New Source (Sweetwater) - 3	Grants Capital	-1,754,000
Hokianga Harbour Coastal Repairs	Subsidy New Works	-1,815,000
Waipapa Sports Hub - PGF	Grants Capital	-2,000,000
Kerikeri Domain - PGF	Grants Capital	-3,000,000
Te Hiku o te Ika - PGF	Grants Capital	-7,000,000
		<b>1,156,126</b>

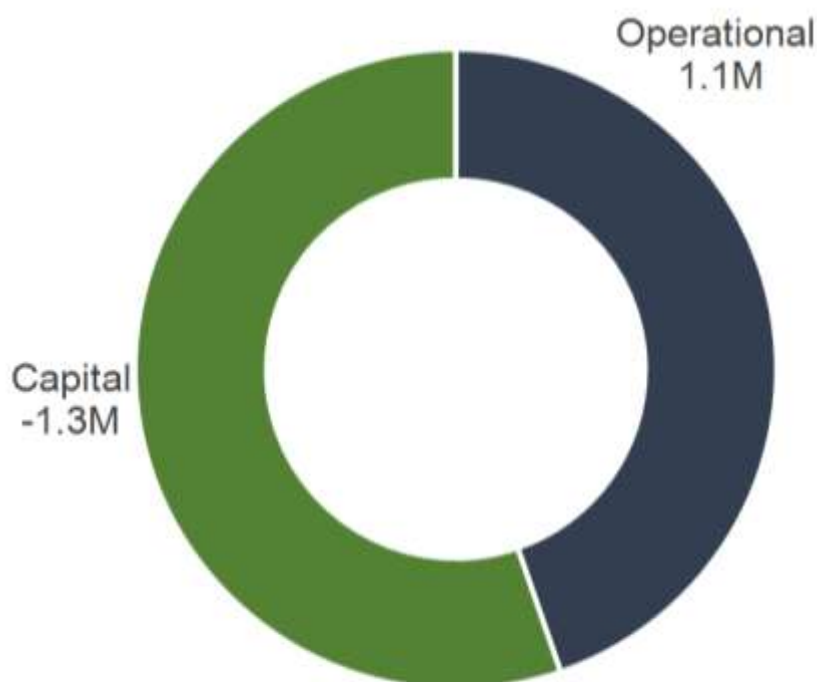
Unbudgeted Roothing		Amount
Ngapipito Road - PGF	CAPEX New Works Contract Services	6,850,000
Peria Road - PGF	CAPEX New Works Contract Services	6,446,000
Ruapekapeka Road - PGF	CAPEX New Works Contract Services	6,133,000
District Wide Storm Response &	CAPEX Renewal Works Contract	699,529
Kawakawa Safety and Streetscape	External Services	474,375
Peria Road - PGF	CAPEX New Works Professional Fees	400,000
District Wide Storm Response &	External Services	250,000
Peria Road - PGF	External Services	204,000
Ruapekapeka Road - PGF	CAPEX New Works Professional Fees	200,000
Ngapipito Road - PGF	CAPEX New Works Professional Fees	140,000
Moerewa Safe Streets - Innovating	External Services	126,500
Ruapekapeka Road - PGF	External Services	117,000
Tai Tokerau Kaikohe Safe Streets -	External Services	111,550
Ngapipito Road - PGF	External Services	60,000
Ruapekapeka Road - PGF	Professional Fees PSU New Works	50,000
Ngapipito Road - PGF	Professional Fees PSU New Works	50,000

Peria Road - PGF	Professional Fees PSU New Works	50,000
Moerewa Drainage Works - MBIE	CAPEX Renewal Works Contract	29,187
Moerewa Drainage Works - MBIE	External Services	20,914
Moerewa Drainage Works - MBIE	Grants Operational	-20,914
Moerewa Drainage Works - MBIE	Grants Capital	-29,187
Ngapipito Road - PGF	Grants Operational	-60,000
Ruapekapeka Road - PGF	Grants Operational	-117,000
Peria Road - PGF	Grants Operational	-204,000
District Wide Storm Response & Mitigation -	Grants Operational	-250,000
District Wide Storm Response & Mitigation -	Grants Capital	-699,529
Ruapekapeka Road - PGF	Grants Capital	-6,383,000
Peria Road - PGF	Grants Capital	-6,896,000
Ngapipito Road - PGF	Grants Capital	-7,040,000
		<b>712,425</b>
		<b>2,054,951</b>

## Budget Movements

These are budgets timed in future years, brought forward into the current year (positive values) OR budgets timed in the current year to be moved out to future years (negative values).

The figures that follow exclude the \$5M Roothing budget adjustment moved out to future years to reflect the lower of FNDC or NZTA budget.



**Budget Movements**

<b>General Ledger</b>	<b>Comment</b>	<b>Amount</b>
Infrastructure & Asset Management Operations	TIF funding applications wrongly classified as Capex in EB	1,100,000
Pou Herenga Tai Cycle Trail NZ Heritage	Cycletrail MBIE grant July 2020 storm event	241,000
Community Board Operations	Opex budget savings 2020-2021 Corporate	-349
Internal Control & Risk Management	Opex budget savings 2020-2021 Corporate	-2,000
Community Board Operations	Opex budget savings 2020-2021 Corporate	-5,000
Community Board Operations	Opex budget savings 2020-2021 Corporate	-5,000
Council Advisory Services	Opex budget savings 2020-2021 Corporate	-5,220
Internal Control & Risk Management	Opex budget savings 2020-2021 Corporate	-12,000
Pou Herenga Tai Cycle Trail NZ Heritage	Cycletrail MBIE grant July 2020 storm event	-241,000
		<b>1,070,431</b>

<b>Project Ledger</b>	<b>Comment</b>	<b>Amount</b>
Kaikohe Footpath Signal Station Rd, Omapere - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	300,700
Footpaths Northern Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	205,573
Hokianga Harbour Coastal Repairs	Hokianga Harbour Coastal Repairs Correction of budget & forecast	200,000
Tree Management Eastern Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	150,000
Length of Blacks Road - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	110,000
Footpaths Eastern Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	105,073
Footpaths Western Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	105,073
RFID Installation	RFID Budget Brought Forward	90,000
Donald Ln to WINZ on N Park Drive - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	80,000
IT Online Services Stage 3	Pathway Online Services funds from future year 2021-22 required	70,330
Foreshore Road, Taipa Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	70,000
Ward Wide Town Beautification / Improvements Western	Ward Wide Town Western Beautification / Improvements	52,275
Point Road, Taipa - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	40,000
Disability Access Halls Western	Budget Movement Disability Access Hall Western - LOS	28,320
Tree Management Northern Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	25,000
Tree Management Western Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	25,000
Mamaru Road Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	20,000

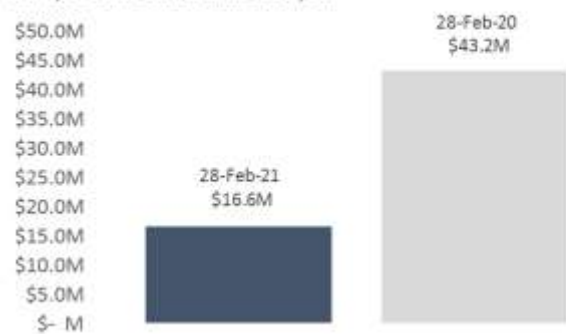


Rawene Housing for the Elderly	Rawene HFTE Unit3 building structural & plumbing fixtures renewal	15,753
Rawene Hall	Budget Movement Rawene Hall Deck Rpairs - Renewal	8,250
Panguru Transfer Station	Panguru Transfer Station Sealing - Renewals budget	4,698
Russell Chapel Street Carpark	Russell Chapel Street Carpark Remove budget now project	-2,245
Parks & Reserves Western	P&R Western Assets moving out of future years	-3,251
Water Saving Devices for Russell public toilet facilities	Budget not required this FY Move to 2024-25	-5,000
Mamaru Road Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-20,000
Tree Management Northern Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	-25,000
Tree Management Western Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	-25,000
Parks & Reserves Western	P&R Western Assets moving out to future years	-32,511
Point Road, Taipa - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-40,000
Water Saving Devices for Russell public toilet facilities	Budget not required this FY Move to 2024-25	-50,000
Foreshore Road, Taipa Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-70,000
Donald Ln to WINZ on N Park Drive - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-80,000
Length of Blacks Road - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-110,000
Russell Chapel Street Carpark	Russell Chapel Street Carpark Remove budget now project	-122,451
Tree Management Eastern Ward	Te Tai Tokerau Worker Redeployment Package for Vegetation Clearance & Clean Ups	-150,000
Footpaths Eastern Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	-175,473
Footpaths Western Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	-175,473
Maritime - Improvement to Structures	Hokianga Harbour Coastal Repairs Correction of budget & forecast	-200,000
Kaikohe Footpath Signal Stn Rd, Omapere - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-300,700
Footpaths Northern Ward	Reforecast NZTA Subsidy to gross up for CB New Footpath projects	-343,308
TIF Funding Application	TIF funding applications wrongly classified as Capex in EB	-1,100,000
		<b>-1,324,364</b>
		<b>-253,933</b>

## Treasury Report

### Cash Position

Compared to same time last year



	28-Feb-21	28-Feb-20
ASB General Fund	\$ 11.5M	\$ 8.2M
ASB Special Funds	\$ 5.1M	\$ 5.0M
Investments	\$ - M	\$ 30.0M
<b>Total Cash</b>	<b>\$ 16.6M</b>	<b>\$ 43.2M</b>

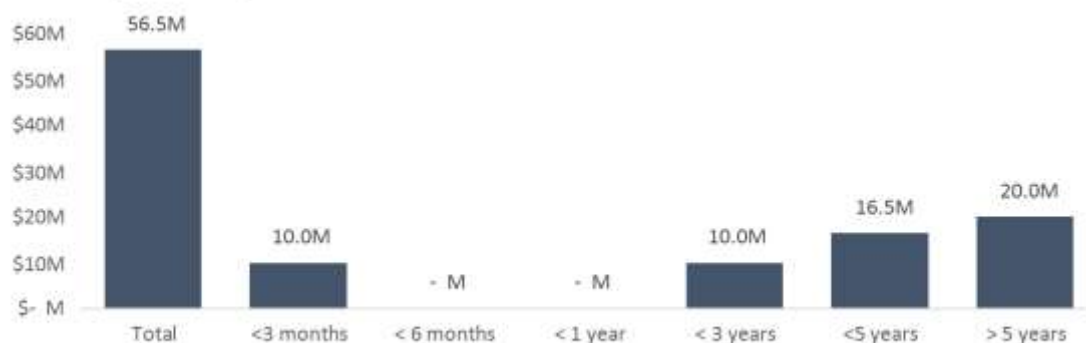
### Banking Facility



<b>Banking Facility</b>	<b>\$ 20.0M</b>
Drawn down	\$ - M
Available	\$ 20.0M

### Public Debt

#### Loans by Maturity Date



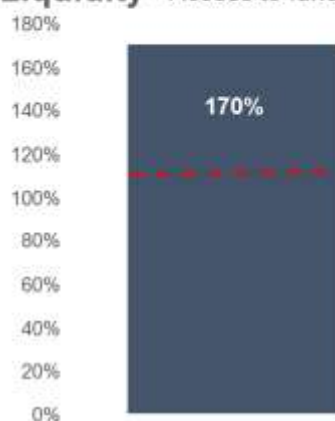
## Treasury Compliance

**Net Debt** as a % of Revenue must be less than 175%



Net Debt	\$ 39.9M
Budgeted Total income	\$ 141.7M
Debt Ceiling	\$ 247.9M
Net debt as % total revenue	28%
Policy Maximum	147%

**Liquidity** - Access to funds must be greater than 110%



External Debt	\$ 56.5M
ASB Banking Facility	\$ 20.0M
ASB Banking Facility used	\$ - M
<b>Total Committed Public Debt</b>	<b>\$ 76.5M</b>
Liquid Investments Cash at Bank	\$ 16.6M
Liquid Investments ASB Overdraft Facility	\$ 3.0M
	<b>\$ 96.1M</b>
Access to Funds	170%
Policy Minimum	110%

*Note: Total revenue is based on 2020/21 total forecast income excluding non government capital contributions (eg. developer contributions and vested assets).*

*Liquidity is defined as external debt + committed loan facilities + liquid investments, including bank overdraft facility, divided by existing external debt.*

## Statement of Financial Performance

for the period ending Feb 2021 (Pd8)

	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget YTD	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
<b>Operational Income</b>										
Rates - general (excl water supply rates)	59,795	59,684 -	112	89,525	-	89,525	29,730	67%	89,525	-
Rates - penalties	586	1,555	969	2,073	-	2,073	1,488	28%	2,073	-
Fees & charges (inc water supply rates)	12,020	12,177	157	17,059	-	17,059	5,039	70%	16,904	155
Central Govt Subsidies - Admin	-	-	-	-	-	-	-	0%	-	-
Central Govt Subsidies - Operational	6,946	6,923 -	23	10,276	550	10,825	3,879	64%	11,541	716
Other Income	4,531	1,832 -	2,699	3,686	-	3,686 -	845	123%	6,701	3,015
<b>Capital Income</b>										
Central Govt Subsidies - New Works	3,407	4,712	1,305	6,124	3,230	9,354	5,946	36%	11,504	2,151
Central Govt Subsidies - Renewals	8,534	11,871	3,337	15,051	2,327	17,378	8,844	49%	14,591	2,787
Development Contributions	-	-	-	-	-	-	-	0%	-	-
Other Contributions	13,840	- -	13,840	-	-	- -	13,840	100%	39,156	39,156
<b>Total Operating Income</b>	<b>109,659</b>	<b>98,754 -</b>	<b>10,905</b>	<b>143,794</b>	<b>6,107</b>	<b>149,901</b>	<b>40,242</b>	<b>73%</b>	<b>191,996</b>	<b>42,095</b>
<b>Operational Expenditure</b>										
Staff related costs	20,855	21,281	426	32,633	-	32,633	11,779	64%	32,623	10
Contractor Fees	20,092	18,750 -	1,342	28,719	-	28,719	8,627	70%	29,359	640
Professional Fees	3,515	5,711	2,197	7,515	-	7,515	4,000	47%	8,179	664
External Services	6,346	5,626 -	720	9,217	1,319	10,536	4,190	60%	13,177	2,641
Legal Costs	180	373	193	682	-	682	502	26%	682	-
General expenses	7,439	9,192	1,753	14,681	-	14,681	7,242	51%	16,179	1,498
Grants and donations	1,250	1,153 -	97	1,624	22	1,647	397	76%	1,677	30
Rate remissions	1,684	1,891	207	2,257	-	2,257	572	75%	2,257	-
Allocations (direct and indirect)	-	0	0	0	-	0 -	0	0%	0	-
Interest costs	890	1,143	254	1,715	-	1,715	825	52%	1,715	-
<b>Sub total</b>	<b>82,250</b>	<b>65,120</b>	<b>2,870</b>	<b>99,042</b>	<b>1,342</b>	<b>100,384</b>	<b>38,134</b>	<b>62%</b>	<b>105,846</b>	<b>5,462</b>
Depreciation and other asset costs	22,741	23,097	356	34,645	-	34,645	11,904	66%	34,645	-
Gain/Loss on Disposal	20	-	20	-	-	-	20	100%	-	-
<b>Total Operational Expenditure</b>	<b>84,971</b>	<b>88,217</b>	<b>3,264</b>	<b>133,687</b>	<b>1,342</b>	<b>135,029</b>	<b>50,076</b>	<b>63%</b>	<b>140,491</b>	<b>5,462</b>
<b>Net Operating Surplus</b>	<b>24,688</b>	<b>10,537</b>	<b>14,151</b>	<b>10,107</b>	<b>4,765</b>	<b>14,872 -</b>	<b>9,816</b>		<b>51,505</b>	<b>36,633</b>

## Statement of Capital Performance

for the period ending Feb 2021 (Pd8)

	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	3,656	3,483	- 173	13,028	4,031	17,059	13,402	21%	28,789	11,730
Environmental Management	836	1,080	244	-	1,914	1,914	1,079	44%	2,914	1,000
Roading and Footpaths	22,689	24,361	1,672	37,388	7,974	45,362	22,672	50%	64,135	18,773
Wastewater	3,808	6,747	2,939	4,936	6,760	11,696	7,888	33%	11,552	144
Stormwater	846	882	37	1,179	666	1,844	999	46%	1,636	209
Solid Waste Management	23	96	73	325	96	421	398	6%	426	5
Water Supply	2,027	5,026	2,999	4,495	2,054	6,549	4,522	31%	11,209	4,659
Governance & Strategic Administration	2,422	1,279	- 1,143	2,334	1,952	4,286	1,864	57%	4,357	70
Customer Services	439	533	94	533	933	1,467	1,028	30%	1,557	90
Strategic Planning & Policy	-	-	-	-	-	-	-	100%	40	40
<b>Total Capital Expenditure</b>	<b>36,746</b>	<b>43,486</b>	<b>6,740</b>	<b>64,219</b>	<b>26,380</b>	<b>90,599</b>	<b>53,852</b>	<b>41%</b>	<b>126,613</b>	<b>36,015</b>

## Analysis of Operational Income and Expenditure by LTP Group

Income	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	6,390	1,611 -	4,779	1,866	923	2,789 -	3,601	-229%	16,804	14,015
Environmental Management	4,978	3,730 -	1,248	5,464	-	5,464	485	-91%	6,464	1,000
Roading and Footpaths	26,578	22,694 -	3,885	34,441	3,151	37,592	11,014	-71%	58,260	20,667
Wastewater	70	2,288	2,218	403	2,032	2,435	2,365	-3%	2,865	431
Stormwater	73	-	73	-	-	-	73	-100%	300	300
Solid Waste Management	1,005	960 -	44	1,405	-	1,405	400	-72%	1,405	-
Water Supply	9,486	5,145 -	4,341	6,642	-	6,642 -	2,844	-143%	12,309	5,668
Governance & Strategic Administration	348	765	417	1,458	-	1,458	1,110	-24%	1,458	-
Customer Services	294	323	29	442	-	442	148	-67%	442	-
Strategic Planning & Policy	55	-	55	75	-	75	20	-74%	90	15
<b>Total Operating Income</b>	<b>49,278</b>	<b>37,516 -</b>	<b>11,762</b>	<b>52,196</b>	<b>6,107</b>	<b>58,303</b>	<b>9,025</b>	<b>85%</b>	<b>100,398</b>	<b>42,095</b>

Operational Expenditure	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	6,090	7,068	979	9,549	550	10,099	4,010	60%	10,462	363
Environmental Management	6,143	6,760	618	10,489	-	10,489	4,346	59%	10,390	99
Roading and Footpaths	16,343	15,322 -	1,021	25,521	-	25,521	9,178	64%	28,632	3,111
Wastewater	4,493	5,194	700	6,850	792	7,642	3,148	59%	8,086	444
Stormwater	1,128	1,200	71	1,942	-	1,942	814	58%	2,242	300
Solid Waste Management	2,738	2,849	111	4,282	-	4,282	1,544	64%	4,282	-
Water Supply	4,261	3,180 -	1,080	4,970	-	4,970	709	86%	6,150	1,180
Governance & Strategic Administration	13,656	14,623	967	21,576	-	21,576	7,920	63%	21,546	30
Customer Services	3,290	3,720	430	5,658	-	5,658	2,369	58%	5,741	83
Strategic Planning & Policy	3,218	4,060	842	6,489	-	6,489	3,271	50%	6,600	110
<b>Total Direct Costs</b>	<b>61,360</b>	<b>63,977</b>	<b>2,616</b>	<b>97,328</b>	<b>1,342</b>	<b>98,669</b>	<b>37,309</b>	<b>62%</b>	<b>104,132</b>	<b>5,462</b>

## **6.2 RISK PROGRESS REPORT FOR PROGRAMME OF EXTERNALLY FUNDED PROJECTS**

**File Number:** A3110299

**Author:** Tanya Reid, Business Improvement Specialist

**Authoriser:** Jaime Dyhrberg, General Manager - Corporate Services (Acting)

### **TE TAKE PŪRONGO / PURPOSE OF THE REPORT**

To provide a risk progress report on the risks associated with the programme of the externally funded “shovel ready” projects that form part of the Governments economic response to the COVID-19 pandemic. No decision is required.

### **TE WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY**

As a part of the current government’s economic response to the COVID-19 pandemic Council, and the Far North District, have secured external project funds. The goal of this funding is to provide economic stimulus and employment opportunity within the Far North District.

This risk progress report provides an up-date to inform the Assurance, Risk and Finance Committee, in their governance role, how we are managing the uncertainty.

### **NGĀ TŪTOHUNGA / RECOMMENDATION**

**That the Assurance, Risk and Finance Committee receive the report Risk Progress Report for Programme of Externally Funded Projects.**

### **TE TĀHUHU KŌRERO / BACKGROUND**

The current COVID-19 pandemic has negatively impacted our nation and district. As part of their response to the negative economic impact of the COVID-19 pandemic, central government have provided a number of infrastructure funds to help stimulate the economy. Council bid, and has won, funding for a programme of “shovel ready” projects (These projects are also known as “ESEO” (economic stimulus, employment opportunity) projects and for clarity will be referred to, within this report, as externally funded). These eleven projects are:

1. Te Hiku Revitalisation
2. Waipapa Sports Hub
3. Kerikeri Domain
4. Kawakawa Innovating Streets
5. Kaikohe Innovating Streets
6. Moerewa Innovating Streets
7. Monument Hill Deep Bore
8. Kerikeri Reticulation
9. Otiria Rugby Club
10. Priority roading (three roads) to provide supplementary tarmacked routes for logging and agricultural trucks
11. Ruapekapeka Road upgrade

The characteristics of these externally funded projects are:

- that they are either wholly, or partially, externally funded
- may involve multiple funding streams
- with different funding requirements and conditions
- have multiple stakeholders, who may also be the project lead
- have short milestone timelines associated with the delivery of the projects the funding is intended for.

Four externally funded project risks were identified and presented to the Assurance, Risk and Finance Committee in October 2020. These risks are (see table 1 for a full description):

1. Complexity external funding
2. Funding gap
3. Impact on rates
4. Disruptions

These four risks are classified as organisational risks in the Operational/Financial category (whole of business view of FNDC performance including service/services delivery, risk, finance, environmental). Organisational risks may impact on council achieving its vision, mission and community outcomes. Each of the risks has been assessed as medium impact and likely to occur. The risks are recorded in the IAMs Risk Register where Treatment owners and progress is also recorded.

## **TE MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS**

A range of mitigations, treatments, have been developed and implemented. A summary of these is provided below in table 1.

To support and monitor this programme of work we have implemented a structured reporting programme. The reporting programme is structured in three parts:

1. A Programme Steering Group with terms of reference is in place. The Programme Steering Group meets four weekly to receive a brief report on each of the externally funded projects and to decide key legal and funding arrangements such as ownership of assets created.
2. Regular monthly reporting to SLT Performance Meeting.
3. Regular monthly reporting into IAMs Business Report

The Government goal of providing this funding is to provide economic stimulus and employment opportunity within the Far North District. These goals can be categorised as:

1. Jobs and careers
2. Arresting and reversing environmental degradation
3. Partnering with Tangata Whenua
4. Growing the local market
5. Ratepayer affordability

The following provides a brief up-date, and understanding, on the progress to-date towards achieving the Governments overarching goals.

1. Jobs and careers

To address the challenges of intergenerational poverty and disparity through high unemployment of Māori and youth within Northland. To provide training and career pathways that move people from low-paid to highly paid skilled workers. To break the cycle of the working poor, eventually raising the minimum wage to the Living Wage.



- Positive weighting for Maori Business in tender evaluations have been incorporated into procurement documents.
- Te Puni Kōkiri (TPK) attended contractor workshops in Kaitaia and Kerikeri to meet and co-ordinate support for Maori business. Capturing Maori employment data is a target for ongoing improvement.
- Amotai – Supplier diversity specialist will provide registration and additional support services for Maori and Pasifika businesses. Amotai will also provide lists of Maori businesses across a range of categories to enable target invitations to tenders. (Kerikeri Domain and Waipapa Sports Hub design is an example)
- Northtec attended contractor workshops to offer training options and to support businesses looking for additional staff. Northtec have since worked with a number of FNDC local contractors around training and upskilling.
- Health and Safety training, Working at Heights, chainsaw and abrasive wheels courses have been undertaken. The working at heights courses were found necessary so that sculpturers can work safely during the carving of sculptures over two meters. The training courses are funded from PGF and will help to develop skills amongst local operatives.
- Joint Venture options are under consideration in a number of areas to enable more mature contractors to engage local contractors on components of specialised projects and to qualify local business for ongoing maintenance (e.g. shade sails, picnic table concrete bases, pump track, specialist design).

<i>Te Hiku Revitalisation   Waipapa Sports Hub   Kerikeri Domain   Kawakawa Innovating Streets   Kaikohe Innovating Streets   Moerewa Innovating Streets   Monument Hill Deep Bore   Kerikeri Reticulation   Otiria Rugby Club</i>	
People Employed on Projects	83
Maori and Pasifika	39
Job Creation/Protection	12

Ruapekapeka Road, Peria Road and Ngapipito Road figures are not yet included. Contracts awarded to date for the major contractors have 30% local employment criteria.

## 2. Arresting and reversing environmental degradation

Climate change and water security and resilience are number one risks to our community from an infrastructure, wellbeing and economic perspective. We must protect and secure our water sources and protect our natural environment for generations to come. Our natural environment including our water and soil is our future economic potential.

- Green design experience is a specific skillset targeted in designer selection.
- Water harvesting for the local community is incorporated into plans at Otiria Rugby club.
- Water bore for self-sufficient supply is a project objective at Waipapa Sports Hub and is currently under action.
- Significant native plantings are incorporated into design requirements.

## 3. Partnering with Tangata Whenua

With 50.5% of our District's population of Māori descent, and 11 iwi and 200+ hapu, we must work harder to create meaningful relationships and genuine participation in delivering services and resolving challenges in the Far North.

- Te Hiku project working group includes local Kaumatua who liaise with local Iwi for creation of cultural art installations. A significant amount of time has been spent on consultation with the appropriate Iwi groups for input into the streetscaping and cultural art works. Final

costings and contract agreements are in negotiation phase now which will allow the artist to make a start in the very near future.

- Ruapekapeka Road has an agreement in place with Te Ruapekapeka Trust (includes representation from local Hapu/Iwi and DOC). This includes provisions for cultural monitors and local labour resources associated with local Marae.
- Direct support for the NAX Opua Cycle trail has involved significant consultation and liaison with Ngati Hine and a project management team with Hapu links has been engaged.

#### 4. Growing the local market

Create opportunity for Far North businesses to participate in the delivery of services to FNDC. We recognise the importance of a healthy, resilient local supply chain in providing diversity of competent suppliers, growing economic potential for Far North business to participate in national and export contract, and building deeper economic resilience within our community.

- Health and Safety prequalification and operating systems have been identified as a major barrier to growth for a significant number of local businesses. SiteWise accreditation is the required Health and Safety standard for FNDC, WDC and KDC. 40 businesses attended SiteWise workshops in Kerikeri and Kaitia. 25 Local contractors are registered for additional assistance and are working with our Health and Safety team to gain SiteWise accreditation.
- Working at Heights training completed for local artists in Kaitia to enable them to safely undertake scaffolding based work. Courses in Kerikeri and Kaitia for other suppliers are in the planning stage.
- As newly qualified suppliers come onboard their details are shared with Facilities Maintenance Team to enter the available contractor pool.
- Move to electronic procurement platform to enable local businesses to easily compete for the large volume of minor works. This will also enable upskilling of business ability to submit good proposals.
- There will be a requirement to develop local businesses understanding of FNDC's sustainable outcomes approach to procurement, including support with administrative processes to streamline their RFP response overheads.
- The award of the NAX Opua Project Management contract has directly contributed to a major project management company setting up an office in Northland.

#### 5. Ratepayer affordability

As 27% of our ratepayers have household incomes of less than \$30k pa, and only 21% with household incomes over \$70k, our responsibility is to prioritise spend and investment where it is most needed. That we make assessments on a whole of life perspective while at the same time balancing the broader social, economic, environmental and cultural needs of our ratepayers.

- We are actively negotiating the requirement for out of region suppliers to qualify local business for the local installation works and ongoing maintenance. This will reduce ongoing operational costs.
- Taking a long-term view for cost reduction, such as working with a local supplier to stock supplies of certified playground bark. This not only works for the building phase of these projects but will reduce transport costs for the maintenance of existing playgrounds.

Table 1: Externally funded project risks statements, treatments and progress are:

	Score	Because of ....	There is a chance that....	Leading to....	Treatments:
1 Complexity external funding	29	<p>The high level of complexity of the ESEO externally funded FNDC led projects:</p> <ul style="list-style-type: none"> <li>short timelines to complete CAPEX projects</li> <li>multiple funding pots</li> <li>multiple external parties/stakeholders involved</li> <li>different funding requirements</li> <li>different external parties can be leading the projects e.g. FNHL</li> </ul>	Projects may not proceed, may be delayed or not completed.	<p>Loss of funding;</p> <p>Reputational risk;</p> <p>Uncompleted projects;</p> <p>Legal / compliance disputes;</p> <p>Extended timelines; and/or</p> <p>Requirement for additional FNDC funding.</p>	<p><b>In place:</b> Central register capturing key governance and management information.</p> <p><b>In place:</b> Establish Programme Steering Group.</p> <p><b>In place:</b> Utilise project management methodology with risk analysis.</p> <p><b>Completed:</b> Appoint professionally qualified project managers;</p> <p><b>In place:</b> Using standard Council procurement strategy.</p> <p><b>Completed:</b> Hold contractor engagement/information workshop re externally funded projects;</p> <p><b>In place:</b> Set up a separate team to deliver the externally funded projects.</p> <p><b>In place:</b> consultation plan and process for all projects.</p> <p><b>In place:</b> Council approved amendments to FNDC process.</p>

	Score	Because of ....	There is a chance that....	Leading to....	Treatments:
2 Funding gap	29	Projects are not fully funded, or funding agreements are not honoured or able to be honoured by the legal entities who sign the funding agreements with Government.	Council may need to find additional funding to complete projects or projects may be abandoned.	<p>Council's reputational damage;</p> <p>Increased borrowing to fund;</p> <p>Funding re-allocated from planned work; so annual plan objectives are not met;</p> <p>Increase risk to Council of asset failures; and/or</p> <p>Council has white elephants on the books.</p>	<p><b>Completed:</b> Review project funding commitments mid-September before.</p> <p><b>Completed:</b> As the funding applicant understand Council's obligations to funding providers;</p> <p><b>In place:</b> Elected Member engagement strategy; monthly reporting into MBIE and discussions both local and in Wellington.</p> <p><b>In place:</b> Funding agreements are in place for all projects we are in control of.</p>
3 Impact on rates	25	Impact to long term rate payer funding requirements due to operational budget requirements / depreciation and upgrading of new assets.	There may be a need to increase rates to fund OPEX, depreciation and CAPEX requirements.	Additional costs to rate payers (as increased rates) impacting affordability across the district and negatively impacting current growth forecasts.	<p><b>Completed:</b> Model financial implications to understand future operational requirements/costs, which includes costs to fund any community entity via a grant to manage an asset, including depreciation and renewal costs and their impact on rates;</p> <p><b>To be completed:</b> Model the economic benefits to the ratepayers, their ability to earn greater income in the future from these projects (affordability metric);</p> <p><b>Ongoing:</b> While there has not been an internal appointment of dedicated financial accountant a structure to report into Finance has been set up with a regular weekly meeting and report into finance team.</p>

	Score	Because of ....	There is a chance that....	Leading to....	Treatments:
4 Disruptions	21	Disruption(s), out of our control (e.g. Drought / COVID-19), to agreed project timeline disrupted supply chains; shortages of required goods and services; and/or need to halt the project as we are unable to work.	We may not be able to deliver to, or renegotiate, the agreed milestones.	Failure to deliver the project as project milestones that are linked to the funding payments are not achieved; or  Additional cost to rate payers to complete the project.	<b>Ongoing:</b> Monitor external environment and modify project plans as required.; <b>Ongoing:</b> Follow H&S protocols.

**NGĀ PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

No additional budgetary provision is requested.

**NGĀ ĀPITI HANGA / ATTACHMENTS**

**Nil**

### 6.3 MARCH RISK MANAGEMENT

**File Number:** A3111424

**Author:** Tanya Reid, Business Improvement Specialist

**Authoriser:** Jaime Dyhrberg, General Manager - Corporate Services (Acting)

#### TE TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide a report on organisational risk management, emergent risk and scheduled risk progress reports for the organisation's top risks.

No decision is required.

#### TE WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

Risk progress updates are provided for four of the top organisational risks. The risk rating trend for three of these risks has been assessed as stable with a risk trend increase for one of the reported risks. No new emergent risks have been identified for inclusion in this report.

#### NGĀ TŪTOHUNGA / RECOMMENDATION

**That the Assurance, Risk and Finance Committee receive the report March Risk Management.**

#### TE TĀHUHU KŌRERO / BACKGROUND

The top organisational risks are risks that may impact on Council achieving its vision, mission and community outcomes and are regularly reported to the Assurance, Risk and Finance Committee to ensure they are being appropriately managed. A number of these risks are subject to external influences which may affect effective council operations.

Table 1: provides a risk snapshot of the Assurance, Risk and Finance Committee Organisational Risk Dashboard with inherent and residual risk scores, as accepted by this Committee, and the risk progress to the residual risk score as assessed by the risk subject matter experts.

Table 2: details the 2021 Risk Work Programme.

Table 1: Top Organisational Risk Dashboard

Key to trend of risk rating:

	Decline
	No change/stable
	Increase

Risk ID:	Risk title	Inherent risk score	Trend of risk rating	Residual risk score	Accountable Risk Governance	Responsible Risk Governance	Risk Progress Report schedule	Risk Progress Report ARF agenda:
ARF001	Climate Change	63		30	CEO	GMSP	6 Monthly	Mar 21
ARF003	Health & Safety Vulnerabilities	46		34	CEO	Manager P&C	3 Monthly	Feb 21
ARF004	Asset Management Risks	45		18	CEO	GMIAM	6 Monthly	Mar 21
ARF005	Affordability Risk	45		26	CEO	GMSP	6 Monthly	Dec 20
ARF006	Project Priorities Deliveries Delays	45		14	CEO	GMIAM	3 Monthly	Feb 21
ARF007	Compliance NRC Abatements	45		18	CEO	GMIAM	6 Monthly	Dec 20
ARF009	Customer Service Delivery	39		22	CEO	Manager P&C	3 Monthly	Mar 21
ARF010	Data Governance Risks	39		14	CEO	CEO	6 Monthly	Dec 20
ARF011	Organisational Cohesion Risks	29		14	CEO	CEO	6 Monthly	Sept 20
ARF012	Contract Management Risks	39		14	CEO	GMIAM	3 Monthly	Feb 21
ARF013	Drinking Water Resilience	35		ARF to agree level residual risk	CEO	GMIAM	3 Monthly	Mar 21



Table 2: 2021 Risk Programme

2021 ARF meeting date:	10/02	24/03	05/05	16/06	21/07	08/09	20/10	01/12
Risk deep dives		ARF011	ARF003	ARF013	ARF006	ARF004	ARF012	ARF005
ARF001 Climate Change		✓				✓		
ARF003 Health & Safety Vulnerabilities	✓		✓		✓	✓		✓
ARF004 Asset Management Risks		✓				✓		
ARF005 Affordability				✓				✓
ARF006 Project - Priorities Deliveries Delays	✓		✓		✓		✓	
ARF007 Compliance NRC Abatements				✓				✓
ARF009 Customer Service Delivery		✓		✓		✓		✓
ARF010 Data Governance Risks				✓				✓
ARF012 Contract Management Risks	✓		✓		✓		✓	
ARF013 Drinking Water Resilience		✓		✓		✓		✓

**TE MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS****Organisational Risk Management**

In December 2020, the Assurance, Risk and Finance Committee attended a workshop to agree the residual risk score for ARF013, Drinking Water Resilience. Resilience is not only the ability to recover quickly from difficulties, it is also the ability to survive a crisis and thrive in a world of uncertainty. It is also more challenging to understand than risk. Due to the shortened workshop time, available in December, elected members were unable to assess their desired adaptive capacity to respond to events, articulated as residual risk score for staff to work towards. As a next step a staff workshop (16/01/2021) was held to understand our potential adaptive capacity based on current, and first three years Long Term Plan, drinking water resilience work. This, and further work, has identified three aspects to understanding our adaptive capacity – source, treatment and network, of which there are a number of contributing factors towards achieving resilience. Water Safety Plans are being updated for each of our eight water schemes. This significant piece of work will be completed within the next 12 months and will inform our understanding on the resilience issues faced by each scheme. When completed this assessment will then be used to inform the Assurance, Risk and Finance Committee discussion to develop a residual risk profile.

The proposed 2021 risk work programme was agreed at the Feb 2021 Assurance, Risk and Finance Committee workshop. This is now included as table 2 (above).

A separate report on the March 2021 Assurance, Risk and Finance Committee agenda is a recommendation to remove ARF011 Organisational Cohesion Risk from the organisational risk dashboard, with ongoing risk oversight provided through inclusion on the CE Office Group Risk Register. The November 2020 CouncilMark Assessment provides external evidence in support of the recommendation to demote this risk from the organisational risk dashboard.

A separate risk progress report provides an update on how we are managing the risk associated with the external project funds Council has secured as part of the government's economic response to the COVID-19 pandemic. The goal of this funding is to provide economic stimulus and employment opportunity within the Far North District.

**Emergent risk:**

No new emergent risks have been identified for inclusion in this report.

Table 3: Table of identified emergent risk

Emergent risks	Presented to Assurance, Risk and Finance Committee	Progress
1. The risk of externally funded shovel ready, economic stimulus employment opportunity projects due to the impact of the COVID-19 pandemic.	October 2020	Subject of a report to the Assurance, Risk and Finance Committee meeting of March 2021.
2. The financial and legal risks due to the effects of climate change. Timing of a report on this risk, to the Assurance, Risk and Finance Committee meeting, is to be determined.	October 2020	An emergent risk report is proposed for the May 2021 agenda.
3. District Services have proposed to escalate one of their top group risks for consideration of inclusion on the top organisational dashboard.	October 2020	It is proposed that this be included in the Assurance, Risk and Finance Committee risk workshop agenda.

4. The risk of not fit for purpose business continuity arrangements.	October 2020	This was subject to a report at the December 20 Assurance, Risk and Finance Committee meeting.
5. Extending the Government Procurement Rules to government entities in the New Zealand public sector.	December 2020	An up-date was expected in the March 2021 risk management report. This is now expected in the May report. A full report to Assurance, Risk and Finance Committee is planned for May 2021.
6. Development of new legislation and the creation of Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.	December 2020	Government report is due 08/06/21
7. Potential impact of the Worksafe decision, in December 2020, to charge 13 parties over the Whakaari/White Island tragedy; and the government review of Worksafe's performance.	February 2021	Impact to be considered when further information is to hand.

#### Organisational risk progress reports:

Four scheduled risk progress reports, including high level treatment plan progress, are provided with highlights and analysis of risk progress below. More detail is available in the attached risk progress reports.

No additional reporting requirement for organisational risk has been identified.

#### Risk progress report – highlights and analysis:

1. ARF001 Climate Change Risk Progress Report: The risk rating trend has been assessed as increasing the “locking in” of the effects of climate change such as the melting of our polar ice.
2. ARF004 Asset Management Risks Risk Progress Report: The risk rating trend has been assessed as stable (no change). The plan is to continue to make progress against treatment solutions.
3. ARF009 Customer Service Delivery Risk Progress Report: The inherent risk rating trend has been assessed as stable (no change). It is noted that there may be a negative impact on this risk due to the changes proposed within the Long-term, FN2100, Rates Review and District Plans.
4. ARF013 Drinking Water Resilience Risk Progress Report: The risk rating trend has been assessed as stable (no change). The plan is to continue to progress treatments to build resilience.

#### Group Risk

Work is progressing with two groups to further enable good risk management and risk governance practice.

1. District Services - in addition to risk being a standard agenda item at their monthly management meeting - have successfully piloted a focussed quarterly District Services risk governance meeting with the GM District Services, and the tier three managers, to review

their risk landscape. This promotes networking and discussion on new and emerging risks, progress on risk treatments; and supports the flow of information within the group.

2. Work has commenced with Infrastructure Asset Management (IAM), based on the District Services pilot, to design a risk management and governance programme to meet their requirements. Transformation and Assurance have partnered with key IAMs staff to present risk management programme firstly to the IAMs leadership forum and then to the full IAM staff meeting in March.

#### Business Continuity Arrangements

To continue to build organisational resilience, and adaptive capacity, we are working to refresh Council's business continuity (and incident management) arrangements. There is a clear link between risk and requirements for increased resilience. This work will help us to focus on the key areas through a better understanding of what is most important to continue in times of disruption, identification of the resources required to keep these important functions and services functioning, and to develop strategies to achieve this where resilience needs enhancement. The process to refresh business continuity plans was piloted in the District Services Group and is now being rolled out to the Corporate Services Group. These arrangements are not just about having a plan they will sit within a business continuity framework which will include processes to enable us to take practical steps to become more resilient, to minimize the impact of any disruptive event and to learn from these experiences.

#### **NGĀ PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

No additional budgetary provision is requested.

#### **NGĀ ĀPITI HANGA / ATTACHMENTS**

1. **2021 03 ARF001 Climate Change Risk Progress Report - A3094078** [↓](#) 
2. **2021 03 ARF004 Asset Management Risk Progress Report - A3094079** [↓](#) 
3. **2021 03 ARF010 Customer Service Delivery Risk Progress Report - A3094080** [↓](#) 
4. **2021 03 ARF013 Drinking Water Resilience Risk Progress Report - A3104512** [↓](#) 



HE ARA TĀMATA  
CREATING GREAT PLACES  
*Supporting our people*

## ARF001 Climate Change

### Risk Status Progress Report for March 2021

Prepared: 22/02/21

#### Description of Risk and Impact

Climate change is the highest scoring risk on the organisational dashboard.

Significant risks to the community include:

- Coastal retreat and displacement of people due to sea level rise
- Increased insurance premiums and potential inability to insure some areas
- Difficulty sourcing mortgage finance for those in vulnerable locations
- Public health risks e.g. due to new vector diseases
- Agriculture/horticulture will be different, and the economy will change
- More Civil Defence emergencies relating to more extreme weather events and the increased risk of forest fires
- Burden of rates for the District as whole and especially for deprived communities.

Significant risks for Council include:

- Damage to vulnerable infrastructure and assets such as parks and reserves
- Cost to protect/shift/future-proof infrastructure and assets
- Large/long term financial risks
- Increasing insurance costs and potential inability to insure some areas
- Our ability to borrow money will potentially be at risk if we have inadequate plans and strategies to adapt to climate change
- Reputational, legal and financial risks both through action (e.g. identifying locations at risk and tagging LIM reports, thus affecting property values) and inaction (e.g. by not identifying vulnerable locations, which then suffer from sea level rise).

The New Zealand Government has released strategies and guidelines for the mitigation of climate change effects or adaption to those, having regard to the International Panel on Climate Change (IPCC) 2018 report. This report and the subsequent 'Paris agreement' has created a global climate change movement requiring governments and agencies to act to avoid temperature increases and consequential impacts by addressing the underlying causes.

#### Progress Overview

Limited staff and time resources slowed climate change-related work in the last six months. Other risks and challenges facing Council such as our aging infrastructure, the resilience of our water supply network and the issues and opportunities associated with COVID-19 took the spotlight away from climate change in this period. However, climate change is not an issue that will go away and government legislation in this area will need to be complied with, so climate change will again come to the forefront of Council's attention in 2021 and beyond. As Dame Juliet Gerrard was recently quoted:

"It's the long-term tragedy of the commons vs 'My granddad might die tomorrow,' isn't it? People are really bad at seeing long, slow, emerging threats and really good at scrambling to address a crisis."

A Sustainability Programme Coordinator was appointed in February 2021. Now a Coordinator is in place, planned activities will pick up speed.

#### Existing Treatments

##### The Climate Change Roadmap

The Roadmap was adopted by Council in May 2020. Key elements of this Roadmap include:

- Four key goals and five associated guiding principles
- Indicated action plans in four key focus areas involving mitigation and adaptation
- An outline of the Council's legal obligations.

##### Baseline carbon footprint measure

The Roadmap included a goal to reduce our own corporate greenhouse gas emissions in line with the Government's national emission reduction targets or better. To achieve this goal, the Roadmap commits us to an improvement process starting with measuring our emissions, followed by identifying and prioritising opportunities to improve and then putting in place plans to reduce our emissions. To begin this process, WSP (previously OPUS) prepared the initial Carbon Emissions Inventory for FNDC based on data relating to the Council's corporate carbon emissions for the 2018/19 financial year. Further Inventory measures are planned every two years with the next measure due in 2022.

The report for the first baseline measure was presented to Council in October 2020 and identified that Council's emissions totaled 6,241 tonnes CO<sub>2</sub>e<sup>1</sup> in this year, broken down in the following table:

Source	Tonnes CO <sub>2</sub> e	% of total	Rank
<b>Scope 1 (direct emissions from operations which FNDC owns or controls) - 4,707 tonnes CO<sub>2</sub>e</b>			
WWTP	3,212	51%	1 <sup>st</sup>
Russell landfill	999	16%	2 <sup>nd</sup>
Fleet fuel	442	7%	4 <sup>th</sup>
Facilities (refrigerants, diesel for standby generators etc)	55	1%	
<b>Scope 2 (indirect emissions from electricity) - 391 tonnes CO<sub>2</sub>e</b>			
Electricity for WWTP	147	2%	
Electricity for facilities (offices, service centres, libraries and street lighting etc)	127	2%	
Electricity for DWTP	116	2%	
<b>Scope 3 (other indirect emissions) - 1,143 tonnes CO<sub>2</sub>e</b>			
Commuting – data from employee scheme via IRD which paid back 191 staff members who commuted 20 kms or more to work each day (round trip)	702	11%	3 <sup>rd</sup>
Waste Transfer	370	6%	5 <sup>th</sup>
Air Travel	71	1%	
<b>Total</b>	<b>6,241</b>	<b>100%</b>	

##### Recommendations of WSP regarding the initial Carbon Footprint results

<sup>1</sup> CO<sub>2</sub>e stands for carbon dioxide equivalent – it includes carbon dioxide and other greenhouse gases such as methane and nitrous oxide

The Strategy and Policy Committee resolved that the following recommendations made by WSP should be considered as part of the Long-Term Plan process:

**Wastewater Treatment Plants**

- plan to move away from anaerobic pond technology (for Paihia, Kaikohe and Rawene) when plants are upgraded
- establish monitoring programmes for methane and nitrous oxide emissions. In response to the monitoring results, workshop appropriate options for decreasing these emissions and include these in the long term plan and capital works programme
- collect influent flow data and routinely monitor incoming wastewater for BOD (organic matter) and for TKN (nitrogen) that provide key data in the assessment. Measures should be sufficiently frequent to determine the changes of emissions from visitors to the district that can substantially increase the population served.

**Landfill Emissions**

Investigate the following options:

- divert methane generating waste (e.g. food waste) from the Russell landfill, and set up a composting scheme to capture the diverted waste
- at this landfill install gas capture to power a gas generator and/or install a flare to destroy methane
- upon closing the landfill at the end of its useful life, install a biocap which can increase oxidation rates of methane passing through it, converting it to CO<sub>2</sub>
- alternatively, close the landfill before it reaches capacity and truck waste to the Puwera landfill – this would save an estimated 990 tonnes of carbon.

**Vehicle and Fuel Usage**

Explore the following options to reduce fuel consumption:

- transition the fleet to electrical vehicles (EVs) or other fuel or transport alternatives to reduce fossil fuel use
- whilst transitioning to an EV fleet, encourage the use of petrol fleet vehicles rather than diesel as petrol vehicles are generally less carbon intensive
- investigate the feasibility of transitioning diesel vehicles to a biodiesel blend to reduce the carbon intensity of the diesel fleet
- encourage and / or create an incentives scheme to support commuting staff to transition their private vehicles from carbon intensive options (diesel and petrol) to low carbon alternatives
- consider opportunities for driver efficiency through training and behavioural programmes.

**Electricity Consumption**

- investigate efficiency measures separately for wastewater and drinking water treatment sites and FNDC's facilities including buildings and streetlighting,

**Creating Great Workplaces**

As the Creating Great Workspaces programme develops and behaviour change is embedded, the following emission sources may be reduced or altered:

- fuel usage for the commercial fleet may alter depending on the proximity of staff at the required work within the district. Digitisation of work records is already reducing the need for field staff to come into the offices.
- reduction in Scope 3 employee commute emissions as more staff work from home.

Consider the following actions:

- establish an employee commute emissions baseline through an employee survey (suggested survey questions were included in the report)



- calculate employees' personal carbon emissions and embed behaviour change e.g. through the FutureFit programme developed by Auckland Council
- launch an employee e-bike purchase support programme by following the NZTA scheme guide. Other councils have followed this approach such as Tauranga City Council where this scheme has enabled 50 staff to purchase e-bikes for their work commute
- monitor employee commuting patterns annually to enable carbon emissions to be calculated.

#### **Strategic Planning**

WSP noted that where the culture of an organisation and its supply chain has been engaged to decarbonise its operations programme, the result can be astounding. To begin this work, the following actions were recommended:

- ensure any investment in new assets and capital equipment mandates energy efficiency and low carbon options as key considerations in decision making and procurement processes
- use the GHG inventory to set carbon reduction targets for the Council and its departments including KPIs to assess progress against these targets
- establish a long-list of interventions to reduce emissions and then refine and rank these based on: carbon reduction potential, cost to implement, payback period and managerial, technical, commercial and procurement implementation processes (with focus on WWTPs)
- conduct a rapid review of FNDC policies, development guidelines, procurement systems and standards to identify how these can be revised to facilitate and encourage Council's decarbonisation pathway.

#### **Participation in the Climate Adaptation Te Taitokerau (CATT) working group**

This group comprises representatives of the four Northland councils with the purpose of creating a regional climate change adaptation strategy. To assist in developing this strategy, staff have:

- Completed a regional GIS based risk assessment based on the Ministry for Environments guidelines. This has been reviewed in the context of the first national climate change risk assessment which was released in September 2020 (see the section on Government Activity below)
- Formed a Joint Committee of Council with elected member and iwi/hapū reps for each Council nominated. The first meeting of the joint committee is in April 2021
- Responded in a joint submission on the Climate Change Commission's advice to the Government on how to achieve the zero carbon emissions 2050 targets

#### **Hazard mapping**

Northland Regional Council as a key member of the CATT group has prepared updated hazard maps based on new aerial survey data. The maps show areas prone to coastal erosion and coastal flooding over the next 50 and 100 years. These new maps will have implications for coastal communities and property owners in our district. These maps will need to be included in our District Plan.

These maps will provide greater detail than previously available regarding areas in the District that are at risk including three new locations for coastal erosion in Paihia (back packer beach), Long Beach (Russell) and Kaimaumau in the Rangaunu Harbour.

NRC is releasing these maps to the community for feedback in April 2021. The risk to Council is, at this point, that the information will be 'live' and have implications for building consents, resource consents and LIMs even in its draft state. This is because natural hazards are managed based on 'best information available' principles.

#### **Climate change policy advice from Simpson Grierson**

Simpson Grierson was commissioned to provide a report to Council on the policies we need to prepare regarding climate change. This report provides advice on:

- The legal obligations of FNDC decision makers (elected representatives and officers) to consider climate change



- The subsequent legal risks associated with a failure (or inability) to meet those obligations
- Developing a climate-related legal risk assessment policy against which FNDC decisions would be assessed to ensure that FNDC's climate-related legal risk is appropriately addressed.

This report will help inform policy development over the next six months.

**The following projects also include climate change components:**

- FN 2100: FN2100 (phase 1) identifies climate change as a significant issue for the Far North District. Climate change is addressed within the transformational opportunities FN2100 contains. As Phase 2 of FN2100 commences, specific opportunities for adaptation and mitigation will be included within structure plans for specific geographic locations within the district.
- The revised District Plan will need to incorporate provisions to address the effects of climate change based on Northland Regional Council's hazard mapping and the development of policy and regulation to appropriately consider land use and subdivision activities.
- The Integrated Transportation Strategy and Plan incorporates provisions to address the effects of climate change by ensuring that road infrastructure will be appropriately managed in accordance with available climate projections.

**Government activity**

The government is committed to comprehensive action to address climate change mitigation and adaptation, with the following timetable:



Key milestones to date include:

**The first National Climate Change Risk Assessment**

The government released the first National Climate Change Risk Assessment in August 2020. This identified 43 risks that could have major or extreme consequences for New Zealand. The top twelve risks are:

Domain	Risk	Urgency
Human	Risks to <b>social cohesion and community wellbeing</b> from displacement of individuals, families and communities	88
	Risks of <b>exacerbating existing inequities</b> and creating new and additional inequities	85
	Risks to <b>physical health</b> from exposure to storm events, heatwaves, vector-borne diseases etc	83
	Risks of <b>conflict, disruption and loss of trust in government</b> , from changing patterns in the value of assets and competition for access to scarce resources	83
	Risks to <b>Māori social, cultural, spiritual and economic wellbeing</b> from loss and degradation of lands and waters	80
	Risks to <b>Māori social, cultural, spiritual and economic wellbeing</b> from loss of species and biodiversity	80
Economy	Risks to government from <b>economic costs</b>	90
	Risks to the <b>financial system</b> from instability	83
	Risk to <b>potable water supplies</b> (availability and quality)	93

<b>Built environment</b>	Risks to <b>buildings</b>	<b>90</b>
	Risks to <b>landfills and contaminated sites</b>	<b>85</b>
	Risk to <b>wastewater and stormwater systems</b>	<b>85</b>

The National Risk Assessment noted that Māori will be disproportionately impacted by these risks.

**Draft Advice to the government from the Climate Change Commission on developing an emissions reduction plan**

This independent advice was released in draft form on 31 January 2021 and is open to submissions until mid-March 2021. FNDC will submit on this Advice as part of a joint submission with the three other Northland councils.

The report found that:

- New Zealand will miss its emissions reduction targets if it doesn't engage in "strong and decisive action now"
- it includes three emissions budgets covering five-year periods to 2035 and recommendations on how to meet these budgets
- it says that its budgets can be met without the need for any new technology.
- the Commission found the cost of action was lower than previously expected - less than 1 percent of projected annual GDP "our modelling shows that Aotearoa can decarbonise the economy while continuing to grow GDP"
- while the overall economy is likely to be unaffected or even benefit from the transition, certain communities may be disproportionately affected. The Commission recommended the Government target assistance and support to low-income and Māori communities which may be most affected by decarbonisation
- while job losses are predicted for the coal mining and oil and gas sectors, new job opportunities would arise in the circular economy
- transport will be one of the most important targets for change. The report recommends that vehicle travel should be rapidly electrified, with incentives for purchasing EVs an urgent policy priority and a ban on fossil fuel vehicle imports by 2035 on the cards. Access to walking, cycling and public transport should also be upgraded. In the freight area, trucks should be decarbonised and significant amounts of freight should be moved off the roads and onto rail and coastal shipping, which are easier to electrify.
- the uptake of electric vehicles would see electricity demand skyrocket and the Commission wants to see considerable new renewable electricity generation capacity built. This doesn't have to take the form of hydroelectric stations, which can have negative environmental impacts. Instead, all of the new demand could be met with new wind, solar and geothermal generation.
- fossil fuel use in heating and industry should also be phased out where possible. The Commission expects no new natural gas connections to buildings would be made after 2025. In industry, boilers should be rapidly converted to electricity or biomass, at an equivalent rate of one or two large dairy factories per year.
- the report advocates a new approach to forestry. Traditionally, New Zealand has relied on forestry to offset growing emissions. The Commission wants to see far less reliance on this, except in the case of residual emissions from hard-to-decarbonise sources like heavy industry and air travel. "Forests have a role to play, but we can't plant our way out of climate change". Waste from plantation forests should be turned into biofuel and new, permanent native forests should be planted as a long-term sink for residual emissions.
- in agriculture, methane reduction targets can be met purely through existing farm management practices and the use of selective breeding for low emissions sheep. "There are changes farmers can make now to reduce emissions on their farms while maintaining, or even improving, productivity. This includes reducing animal numbers and better animal, pasture and feed management. Policy support is needed to make this happen."

- other sectors like waste and buildings will also need to decarbonise. The Commission expects to see a quarter less waste end up in landfills by 2035. Buildings should also be more energy efficient by that time.

### Plan for a Climate Change Adaptation Act as part of RMA reforms

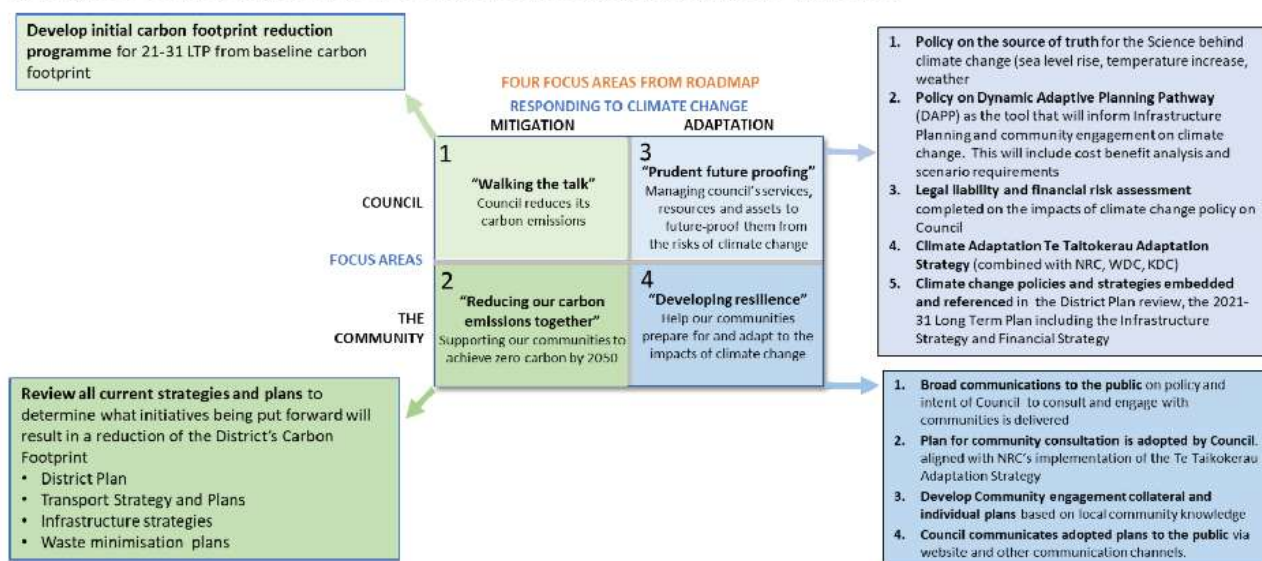
In February 2021 the government announced that it will meet its promise to repeal and reform the Resource Management Act this parliamentary term. One of three new laws will be the Climate Change Adaptation Act to address the complex issues associated with managed retreat and funding and financing of adaptation. Currently, there is a risk that FNDC will face legal challenges through our response to climate change – for example, relating to the zoning of land, existing private assets or the management of public assets. So, clarifying this area via the Climate Change Adaptation Act will be welcome.

### Plan for Climate Related Financial Disclosure legislation

In October 2020, the government commenced consultation on a plan to make climate related financial disclosure mandatory in New Zealand. This would apply for all financial institutions and would require reporting on climate related risks and opportunities. It is envisaged that this will be enacted in October 2021. NB. In its draft Advice, the Climate Change Commission suggested the government “explore the creation of a similar regime that covers public entities at the national and local level”.

### Future activity by FNDC

In May 2020 Council approved the following activities within the Annual Plan 20-21:



Currently staff are planning how these activities will be undertaken by the end of June 2021.

### Long Term Plan 21-24 Proposed Activities and Budget

Over the first three years of the next LTP cycle a total of \$973,000 is included for climate change adaptation and mitigation activities. Foremost in this work will be engagement with communities threatened by climate change hazards i.e. coastal degradation and erosion.

### Where are the gaps? / what more could we be doing?

Risk impact and probability assessment needs to be revised in light of additional information and understanding of this climate change risk. All the things we are referring to are noted previously such as extensive work undertaken to understand the risks we face, for instance through:

- National climate change risk assessment



- Te Taitokerau regional climate change adaptation group risk assessment for Northland
- Risks described in the Climate Change Commission draft Advice to the government on emissions reduction
- Legal and financial risks detailed in the advice from Simpson Grierson for Council.

Workshop, to galvanise Council action, is planned for May 2021 focussed on climate change risks.

Responding to climate change is a huge challenge for the Council. It involves multiple risks to our District and to Council itself. And, in response, we will need to change how we conduct our business.

Sweeping changes to decarbonise our economy have been proposed by the Climate Change Commission and the government has a statutory obligation to prepare a national Emissions Reduction plan by the end of 2021. A national Adaptation Plan is due in 2022. The RMA will be reformed with a new Climate Change Adaptation Act planned by the government.

To date we have made some small initial steps to respond to climate change such as producing the Roadmap, working with the Regional CATT Group to develop an Adaptation Strategy, conducted our first Carbon Footprint measure and sought advice from Simpson Grierson on developing a Climate Change policy.

**We can do it – we have reduced commuting emissions through working from home.**

We now need to accelerate our response and embed climate change considerations into everything we do. This will take strong leadership and a major effort by our organisation to reach zero carbon by 2050 and to help our communities understand the threats they face and adapt to these inevitable threats – for instance, rising temperatures and sea level rise are already ‘locked in’ to our future.

As Rod Carr, chairperson of the Climate Change Commission said in a recent meeting with Auckland Council

“you can choose to do as little as you can get away with or as much as our grandchildren would want!”.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Increase		Responsible:	GM SPP	Date accepted:	30/05/19	Six monthly

## ARF004 Asset Management Risk

### Risk Status Progress Report for March 2021

Prepared: 19/02/21

#### Description of risk and impact

Full Asset Life Cycle Asset Management requires a “system thinking” integrated approach (enterprise asset management) to optimise the whole life cycle of our assets. This ensures fit for purpose, cost effective assets are designed, constructed, maintained and disposed of in a sustainable manner, to the benefit of our communities, ensuring kaitiakitanga and enduring resilience.

#### Existing Treatments

The inherent risk profile has not changed due to delays in the implementation of the proposed treatments.

Programme Darwin, an asset management improvement programme with dedicated resourcing, has been developed and provides a mechanism to deliver the treatments outlined below:

Issue identified in June 2019	Treatment to date	Further planned treatment
No current Asset Management Information System (resulting in piecemeal asset information, including number of assets).	An Asset Management Information System IPS by INFOR, has been chosen and a statement of works signed. A development IPS environment has been implemented where data migration, systems integrations and financial asset management configuration is underway in preparation for system go live.	System go live is scheduled for December 2021 followed by phase 2 which is about optimizing and automating business processes. Dynamic reporting of assets will also be configured after the system go live.
Incomplete condition assessment information.	\$250k to undertake asset condition assessments was approved by Council 3 October 2019. Completion of this scope of work (primarily CCTV footage) is re-scheduled for February to June 2021.  A procurement plan for \$990k for 3Waters condition assessment will be submitted, 22 February 2021, to the Procurement Board Tender Panel for approval. This is for funding approved through the AP for FY20/21.	\$1m, to continue the asset condition programme, was approved in the 20/21AP. This is a 10-year programme with a current cost implication of \$9m. The additional \$8m funding, required for the next 9 years, is being sought through the Long-Term (LTP) for FY21/31.
Informal Asset Management Plans (AMPs).	AMPs are intrinsically linked to Council's 30-year Infrastructure Strategy and the Long-Term Plans. Asset Management's 'draft' consolidated AMP is complete (for audit purposes <b>ONLY</b> ) which is required for the LTP	The current 17 AMPs (3 x 3 Waters and 14 x District Facility AMPs) will be replaced with a single Living Asset Management Plan - a user-friendly, online and

Issue identified in June 2019	Treatment to date	Further planned treatment
	<p>deliberations and consultation document. The 'draft' document will only be finalized once LTP consultation has been conducted and the LTP is signed-off at the end of June 2021.</p>	<p>easy to navigate document using real-time data (linked to INFOR). Timeframe for a 'demo' of this is likely September 2021.</p>
<p>Under resourced in asset management and project scoping / business casing, resulting in poor forecasting, business casing, project planning for critical assets.</p>	<p>Additional FTE recruited –</p> <ul style="list-style-type: none"> <li>• Business Case Specialist commenced November 2020</li> <li>• Asset Manager – District Facilities replacement commenced February 2021 replacing the previous manager who left November 2020. It will take between 6-12 months for the new person to embed themselves.</li> <li>• Asset Investment Portfolio Manager has been secured to work across not only asset management but to incorporate other departments within Council i.e. SPP, Corporate Services and the like to ensure that sound capital investment across all projects is being made. The role will commence in the team on 1 July 2021.</li> </ul> <p>A fixed term asset data position has also been made permanent.</p> <p>The dedicated programme to improve asset management (Programme Darwin) has three dedicated FTE –</p> <ul style="list-style-type: none"> <li>• Programme Manager</li> <li>• Project Manager (INFOR)</li> <li>• Business Analyst.</li> </ul>	<p>A review of individual development plans (investing in the competence of staff) for the Asset Management team is planned.</p>
<p>A financial model based on a depreciation schedule, reporting on total value of spend. The current renewals programme is typically based on age rather than condition.</p>	<p>The proposed condition assessment programme will allow a condition-based renewals programme.</p>	
<p>Affordability challenges with increasing maintenance costs.</p>	<p>Significant Asset Planning since March 2020 has been undertaken by the Asset Managers. This primarily forms part of the LTP process,</p>	

Issue identified in June 2019	Treatment to date	Further planned treatment
	however, by planning in this way will ensure all of life-cycle for Council's assets are addressed.	
Lack of integrated performance and reliability data from operations	Integration of operational performance and reliability data from operations will be developed. This will enable optimized investment decisions for renewals noting the relationship between cost, level of service and risk.	Work on the relationship (relating to the data and information interface) has seen initial workshops with FNW and Rec Services focused on refreshing on the Program Darwin objectives and their stakeholder role(s).
Operating run to failure of assets rather than programmed maintenance based on: <ul style="list-style-type: none"> <li>• Asset class</li> <li>• Failure mode</li> <li>• Life cycle cost modelling</li> <li>• Predictive, preventative, risk-based maintenance</li> </ul>	Significant Asset Planning since March 2020 has been undertaken by the Asset Managers. This primarily forms part of the LTP process however, by planning in this way will ensure all of life-cycle for Council's assets are addressed.	
The lack of integration of asset growth impacts when considering asset renewal (we need to operate in a "systems" approach).	An enterprise asset management philosophy was adopted, January 2020.	The transformation program framework, which includes looking at roles and responsibilities across the assets team in relation to the EAMs, has been agreed and is in the initial implementation phase.
Lack of a robust project management framework covering: <ul style="list-style-type: none"> <li>• Long term plan</li> <li>• Project Concept</li> <li>• Project Initiation</li> <li>• Project planning and design</li> <li>• Delivery and monitoring</li> <li>• Handover and closeout</li> </ul>	A Project Management Framework has been adopted, predominately being used in Project Delivery.	Embedding of the framework across teams.

**Where are the gaps? / what more could we be doing?**

- Planning, analysis and data analysis to enable data-driven decision-making (particularly providing advice in relation to Levels of Service, robust options analysis and rating impact trajectories). This will improve with the implementation of the new Asset Management System (AMS) – INFOR.
- Better articulating the link between strategic planning to operationalisation of those, and the process for how we consider and integrate these.
- Capturing our data better – equipment criticality, feeding this into decommissioning plans and the asset lifecycle.
- Consultation - Our open and transparent policy for consultation with all stakeholder particularly Iwi, impacts the time it takes to renew consents and implement projects. This risk needs to be reflected in all project timelines particularly within our LTP commitments. In the past this time and resource commitment has been significantly underestimated.

<b>Inherent Risk:</b>	<b>Trend</b>	<b>Residual Risk:</b>	<b>Accountable:</b>	CEO	<b>Date raised:</b>	29/11/18	<b>Report frequency:</b>
	Stable		<b>Responsible:</b>	GM IAM	<b>Date accepted:</b>	30/05/19	Six monthly





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## ARF009 Customer Service Delivery

### Risk Status Progress Report for March 2021

Prepared: 20/02/21

#### Description of risk and impact

Customer Service Delivery is the efficient and cost-effective delivery of required District Council services to residents, ratepayers, visitors and the community. This includes timely processing and communication with the public around services.

In some cases, ineffective and inefficient processes, and information, cause delays in processing requests and affects timely communication with customers.

Frustrated customers often call elected members who need to escalate or facilitate information back to the individual.

#### Existing Treatments

##### Treatments established:

- A. Customer Experience Programme.
- B. Customer feedback improvement loop.

##### High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Customer Experience Improvement Programme	In progress. Reviewed to align with our changing business environment
<b>Delivery of the Customer Experience Improvement Programme</b>	
Customer centric culture business engagement (internal and external)	Ongoing. Coaching, mentoring and establishing feedback loops.
Process diagnostic for the Roding team focused on the end to end RFS process	Completed. Outcome is a project to improve and align the customer journey.
Customer Journey Mapping Programme Unified consistent cross organisation approach to support customer facing teams to improve and align customer journeys with our systems and embed a customer centric mindset with colleagues. Transport and FNW projects will pilot the programme.	To start in Q4 2021.
Analysis to understand our customers' requirements to enable an informed review of our Customer Experience Strategy and associated procedures.	Completed and Customer Experience Improvement Programme refreshed. Presentation planned for Elected Members.

Review of customer feedback processes, tools to analysis information and drive improvements.	<p>In progress.</p> <p>Procurement process completed and system with new provider being configured and will be operational during Q4 2021.</p> <p>New system provides a digital framework to gather customer feedback and a tool to drive the voice of our customers into focus improvements and build customer centricity.</p>
Investigating impact on customers, due to the current environment (drought/flood events, ongoing COVID-19 and remote working), on customer experience to inform planning/modelling.	<p>Ongoing.</p> <p>Customers and service delivery a key focus in “Great Workplaces” project and initiatives delivered within the Customer Experience Improvement Programme. Additionally, we are looking at ways to improve accessibility for remote customers and those who are part of the digital divide such as:</p> <ul style="list-style-type: none"> <li>• Nothing but Net strategy: One of five sections, Whakarato - Deliver, is focused on Council and how we can engage with our community better and deliver services better.</li> <li>• MyFNDC.</li> <li>• Online services initiative.</li> </ul>

#### Where are the gaps? / what more could we be doing?

- Enterprise wide RFS Redesign Project to align customer experience across the organisation (being considered in revised Improvement Programme).
- Impact of FN2100, Rates Review, Long-term Plan and District Plan changes and consultations may lead to an increase in negative customer feedback.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Stable		Responsible:	Mgr P&C	Date accepted:	30/05/19	Three monthly



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## ARF013 Drinking Water Resilience

### Risk Status Progress Report March 2021

Prepared: 22/02/21

#### Description of risk and impact

In accordance with our Risk Management Policy, adopted by Council August 2019, the “Drinking Water Resilience” risk was adopted at the 05/07/20 Council meeting as a top organisational risk. This risk was scored and prioritised using Council’s bespoke IDEATE methodology.

Council own and operate eight drinking water schemes supplied by 14 primary and supplementary sources and nine water treatment plants.

The primary source for Kaikohe, Kaitaia, Opononi, Rawene, Kawakawa and Paihia are surface water takes from local rivers and streams. Kerikeri also relies heavily on surface water as its secondary source. For each of these surface water takes Council hold a consent issued by the Northland Regional Council. The consents have conditions relating to many things but most importantly:

- the volume of water FNDC is authorised to take, and
- the instantaneous residual flow we are required to leave in the environment.

Surface water takes are impacted by droughts. Droughts typically cover a large geographically area; not just a single catchment or community. Irrespective of the volume of water FNDC is consented to take, there is a 20 percent chance each year that we will not be authorised to take water from the surface water sources for a week or more.

Group / SLT	Risk level	Inherent Risk	Risk description	Because of	There is a chance that...	leading to...
Infrastructure and Asset Management	Organisational	35	Strategic	Lack of freshwater resilience - long-term trends in rain fall coupled with changing and increasing consumer demands	Current freshwater supply systems will continue to not meet demand both now and into the future	Critical impact on our communities i.e. lengthy water restrictions; no/interrupted supply; costly economic consequences (affordability); extensive Health & Safety impacts across the district; economic and reputational risk from a failure to supply adequate potable and fresh water; negative environmental impacts.

The “Drinking Water Resilience” risk has been analysed as both an organisational and a strategic risk. A score of 35 or greater is in the high-risk category. Drinking Water Resilience scored 35:

To ensure clarity this risk excludes “Action for healthy waterways” new rules and regulations aimed to:

- stop further degradation of New Zealand's freshwater resources and improve water quality within 5 years
- reverse past damage and bring New Zealand's freshwater resources, waterways, and ecosystems to a healthy state within a generation.

#### Existing Treatments

1. Professionally managed water source and networks
2. Asset management plans
3. Water Supply Bylaw - this allows us to make water restrictions.
4. Water Shortage Management Plan – this outlines the processes and provides guidance on how water restrictions can be implemented to manage demand.
5. Water Shortage Management Committee is established with internal technical specialists who monitor and make recommendations on water restrictions to GMIAM.
6. Drought Communication Plan.
7. Ability to enact a dedicated drought response team (as used in the 19/20 drought).

#### High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Drought resilience work for 20/21 financial year.	Approved, work is underway and is expected to be delivered to plan.  A large part of this program is externally funded through the Crown 3-waters reform.
Water shortage management plan.	Annual review completed, awaiting approval.
2021/2031 Long Term Plan.	Programme of work for water infrastructure has been developed.
Project Darwin – to understand asset knowledge to refine investment planning.	Underway.  Pilot of the living asset plan by June 2021.
Crown 3-waters reform funding.	MOU signed.  Funding agreement and delivery plan have been approved.  The Funding Agreement and Delivery Plan submitted September 2020 included a portfolio of projects to be completed prior to March 2022. The projects are split roughly 60% capital in nature, and 40% operational. Of the 16 projects, 13 of these projects will improve resilience.  Key projects include: <ul style="list-style-type: none"> <li>• Kaitia new water source</li> <li>• Kaikohe new water source</li> <li>• Update water safety plans across the district</li> <li>• Network model upgrades</li> <li>• Enhanced water leak management</li> </ul>
Water Safety Plans	Water Safety Plans are being updated for each of our eight water schemes. This significant piece of work will be completed within the

	next 12 months and will inform our understanding on the resilience issues faced by each scheme.
Water Shortage Management Committee	Currently holding weekly meetings monitoring weather, river flows and consent conditions.
Drought Communication Plan	The “be water wise” campaign commenced December 2020.

#### Where are the gaps? / what more could we be doing?

In December 2020 the Assurance, Risk and Finance Committee attended a workshop to agree the residual risk score for ARF013, Drinking Water Resilience. Resilience is not only the ability to recover quickly from difficulties, it is also the ability to survive a crisis and thrive in a world of uncertainty. It is also more challenging to understand than risk. Due to the shortened workshop time available in December Elected Members were unable to assess their desired adaptive capacity to respond to events, articulated as residual risk score for staff to work towards. As a next step a staff workshop (16/01/2021) was held to understand our potential adaptive capacity based on current and first three years LTP drinking water resilience work. This, and further work, has identified three aspects to understanding our adaptive capacity – source, treatment and network, of which there are a number of contributing factors towards achieving resilience. Water Safety Plans are being updated for each of our eight water schemes. This significant piece of work will be completed within the next 12 months and will inform our understanding on the resilience issues faced by each scheme. When completed this assessment will then be used to inform the Assurance, Risk and Finance Committee discussion to develop a residual risk profile.

The solutions to the gaps identified below will become clearer as 3-water reforms become more advanced and with the enactment of the Water Services Bill. These gaps are:

- What are Council obligations in respect of non-public schemes?
- If a private scheme starts to impact ratepayer health what is Councils responsibility?
- Council needs to determine what level of residual risk are we prepared accept.
- The uncertainty of the ongoing ownership/management of these schemes under the Crowns proposed water supply reforms.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	March 2020	Report frequency:
	Stable		Responsible:	GM IAMs	Date accepted:	05/07/20	Three monthly

**6.4 ELECTED MEMBER SENSITIVE EXPENDITURE****File Number:** A3111500**Author:** Rhonda-May Whiu, Elected Member Administrator**Authoriser:** Jaime Dyhrberg, General Manager - Corporate Services (Acting)**TE TAKE PŪRONGO / PURPOSE OF THE REPORT**

To provide information on all expenses incurred by Elected Members.

**TE WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY**

All Elected Member expenses incurred from 1 October to 31 December 2020.

**NGĀ TŪTOHUNGA / RECOMMENDATION**

That the Assurance, Risk and Finance Committee receive the report Elected Member Sensitive Expenditure.

**TE TĀHUHU KŌRERO / BACKGROUND**

Formal reporting of all Elected Member expenses is a best practice recommendation from Audit New Zealand.

Reimbursement expenses processed as part of the fortnightly pay claim process are also included in the attached figures.

This report reflects the months in which payments were processed and do not necessarily reflect the months when the expenses were incurred.

**TE MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS**

This information will be reported quarterly to the Assurance, Risk and Finance Committee.

**NGĀ PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

This is a report on financial expenditure that has occurred. There are no financial implications or need for additional budgetary provision.

**NGĀ ĀPITI HANGA / ATTACHMENTS**

1. Elected Member Sensitive Expenditure 1 October to 31 December 2020 - A3104680 [↓](#) 

<b>Elected Member Expenses 1 October to 31 December 2020</b>		
<b>Purpose</b>	<b>Elected Member</b>	<b>Amount (Excluding GST)</b>
Media Training	Moko Tepania and Rachel Smith	\$ 1,680.00
Young Elected Members Hui Flights	Moko Tepania	\$ 444.52
Young Elected Members Hui Registration	Moko Tepania	\$ 652.17
Young Elected Members Hui Registration	Rachel Smith	\$ 652.17
LGNZ Equip Cultural Awareness Webinar	All Elected Members	\$ 500.00
LGNZ Governance Skills and Practices Workshop	Mayor and Councillors	\$ 6,163.71
LGNZ Equip Essential Series Digital Module	All Elected Members	\$ 1,000.00
Rural and Provincial travel taxi's	David Clendon	\$ 82.73
Te Hiku Community Board October Meeting venue hire	Te Hiku Community Board	\$ 86.96
Te Hiku Ward Bus Tour	Mayor, Councillors and Te Hiku Community Board	\$ 434.78
Reimbursement of October phone account	Mayor John Carter	\$ 96.64
Airport Car Storage	David Clendon	\$ 28.70
Reimbursement of November and December phone account	Mayor John Carter	\$ 210.10
Making Good Decisions Foundation 4 x taxis	David Clendon	\$ 223.79
Council Mark Meeting Flights	David Clendon	\$ 566.78
Manea Footprints of Kupe opening shared accommodation	Kelly Stratford, Rachel Smith and Moko Tepania	\$ 430.00
Manea Footprints of Kupe opening accommodation and incidentals	Dave Collard	\$ 677.72
Rural and Provincial November Meeting Accommodation	David Clendon	\$ 368.64
Rural and Provincial November Meeting Accommodation	Mayor John Carter	\$ 681.74
Bay of Islands-Whangaroa Community Board meeting venue July - Nov	Bay of Islands-Whangaroa Community Board	\$ 1,000.00
Bay of Islands-Whangaroa Community Board workshop venue x3	Bay of Islands-Whangaroa Community Board	\$ 287.50
Kaikohe-Hokianga Community Board December meeting venue	Kaikohe-Hokianga Community Board	\$ 221.74
Te Hiku Community Board ward tour van rental	Te Hiku Community Board	\$ 247.38
Armistice Day wreath	Bruce Mills	\$ 84.35

**7 PUBLIC EXCLUDED****RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>7.1 - Confirmation of Previous Minutes</b>	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>7.2 - Internal Audit and Assurance Program 2021</b>	s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

**8 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER****9 MEETING CLOSE**