

## Meeting of the Corporate and Strategic Committee

**Date:** 5 April 2023  
**Time:** 11.30am  
**Venue:** Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
NAPIER

## Agenda

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9.	Discussion of minor items not on the Agenda	

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**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**

**5 April 2023**

**Item 3**

**Subject: Call for minor items not on the Agenda**

**Reason for Report**

1. This item provides the means for councillors to raise minor matters they wish to bring to the attention of the meeting.
2. Hawke's Bay Regional Council standing order 9.13 states:
  - 2.1. "A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion."

**Recommendations**

3. That the Corporate and Strategic Committee accepts the following *minor items not on the agenda* for discussion as item 9.

<b>Topic</b>	<b>Raised by</b>



**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**

**5 April 2023**

**Item 4**

**Subject: Corporate and Strategic Committee Terms of Reference and membership**

**Reason for Report**

1. This item provides an opportunity for the Committee to review and confirm or amend its Terms of Reference adopted by the Regional Council on 16 November 2022 and confirm the appointment of tangata whenua representatives.

**Decision Making Process**

2. Councils and their committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
  - 2.1. Councils are required to (LGA sch.7 cl.19(1)) hold the meetings that are necessary for the good governance of their district or region.
  - 2.2. Councils may appoint (LGA sch.7 cl. 30(1)(a)) the committees, subcommittees, and other subordinate decision-making bodies that they consider appropriate, including joint committees.
  - 2.3. Given the provisions above, the Committee can exercise its discretion and make these decisions without consulting with the community or others having an interest in the decision.

**Recommendations**

That the Corporate and Strategic Committee:

1. Receives and considers the *Corporate and Strategic Committee Terms of Reference and membership* staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that the Committee can exercise its discretion and make decisions on this issue without conferring with the community.
3. Confirms the Terms of Reference for the Committee as adopted by the Regional Council on 16 November 2022.
4. Confirms the appointment of Peter Eden representing HBRC Māori Committee and Keri Ropiha representing Regional Planning Committee.

**Authored by:**

**Desiree Cull**  
**Strategy & Governance Manager**

**Leeanne Hooper**  
**Team Leader Governance**

**Approved by:**

**Katrina Brunton**  
**Group Manager Policy & Regulation**

**Susie Young**  
**Group Manager Corporate Services**

**Attachment/s**

- 1 [↓](#) 2022-25 Corporate and Strategic Committee ToR adopted 16 November 2022



## Corporate and Strategic Committee

### Terms of Reference



*Adopted by resolution of Hawke's Bay Regional Council on 16 November 2022*

1. The Corporate and Strategic Committee is responsible for recommending actions, responses and changes to Council for:
  - 1.1. Establishing strategic priorities for organisational direction and performance including development of Council's Strategic Plan
  - 1.2. Oversight of the development of Council's Annual and Long Term plans
  - 1.3. Monitoring the effectiveness of Council's strategic external partnerships with the region's Territorial Local Authorities
  - 1.4. Consideration of resourcing implications of strategic initiatives and significant financial matters
  - 1.5. Monitoring the effectiveness of the organisation's Corporate Services activities including information and communication technology, fleet and facilities, marketing and communications
  - 1.6. Monitoring the effectiveness of Council's resource consent, compliance monitoring and enforcement activities
  - 1.7. Monitoring the effectiveness of the organisation's People & Capability and Health, Safety & Wellbeing activities
  - 1.8. Monitoring the strategic direction of Council's investment portfolio and, where appropriate, the sale or acquisition of Council investments.
2. **Use of Delegated Powers for the Corporate and Strategic Committee** – this committee may, without confirmation by Hawke's Bay Regional Council (HBRC), exercise or perform them in the same manner and with the same effect as HBRC could itself have exercised or performed them, provided that the decision deserves urgency and the decision to make the resolution a decision of HBRC is carried unanimously by the voting members of the Committee.

<b>Members:</b>	All councillors being: Hinewai Ormsby, Jerf van Beek, Martin Williams, Neil Kirton, Thompson Hokianga, Charles Lambert, Di Roadley, Sophie Siers, Will Foley, Xan Harding and Jock Mackintosh One appointed member of the Māori Committee being Peter Eden One appointed PSGE member of the Regional Planning Committee being Keri Ropiha
<b>Chair:</b>	A councillor as elected by the Council, being Neil Kirton
<b>Deputy Chair:</b>	A councillor as elected by the Council, being Xan Harding
<b>Meeting Frequency:</b>	Quarterly
<b>Staff Executive:</b>	Chief Executive Group Manager Corporate Services Group Manager Policy & Regulation





**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**

**5 April 2023**

**Item 5**

**Subject: Quarterly Treasury Report for the period 30 September - 31 December 2022**

**Reason for Report**

1. This item provides compliance monitoring of Hawke's Bay Regional Council (HBRC) treasury activity and reports the performance of Council's investment portfolio for the quarter ended 31 December 2022.

**Overview of the Quarter – ending 31 December 2022**

2. At the end of the quarter to 31 December 2022, HBRC was compliant with all measures in its Treasury policy.
3. Investment Fund portfolios had total capital contributed initially of \$152.2m; adjusted for inflation, this equates to \$164.4m, meaning the portfolio value at 31 December 2022 was \$16.6m below the inflation-adjusted contribution target. Annual inflation rate of 2% (0.5% per quarter) has been used.
4. In December 2022 HBRC received a dividend of \$5m from HBRIC following their receipt of the Napier Port Dividend of \$5.17m. Remaining funds were retained in HBRIC to provision for general operating costs.
5. No divestments have been made from managed funds this quarter. Based on results to date and the value of the protected amount of funds, funds held are not sufficient to deliver the returns required to meet Council's requirement.
6. Financial markets for the December quarter continue to be volatile and we continue to advise a watch and wait approach until a greater investment strategy review is complete.
7. Cash balances remain healthy and borrowing requirements remain unchanged with the exception of expected debt repayments made since September quarter.

**Background**

8. Council's Treasury Policy requires a quarterly Treasury Report to be presented to the Audit and Risk Sub-committee. The policy states that the Treasury Report is to include:
  - 8.1. Treasury Exceptions report
  - 8.2. Policy compliance
  - 8.3. Borrowing Limit report
  - 8.4. Funding and liquidity report
  - 8.5. Debt maturity profile Interest rate report
  - 8.6. Investment management report
  - 8.7. Treasury investments\*
  - 8.8. Cost of funds report Cash flow and debt forecast report
  - 8.9. Debt and interest rate strategy and commentary
  - 8.10. Counterparty credit report
  - 8.11. Loan advances.

9. The Investment Management report has specific requirements outlined in the Treasury Policy. This requires quarterly reporting on all treasury investments plus annual reporting on all equities and property investments.
10. In addition to the Treasury Policy, Council has a Statement of Investment Policy and Objectives (SIPO) document setting out the parameters required for funds under management for the HBRC Long Term Investment Fund.
11. Since 2018, HBRC has procured treasury advice and services from PriceWaterhouseCoopers (PwC) and their quarterly Treasury Report containing the reports noted in paragraph 8 is attached.

### Discussion

12. This report gives a high-level summary of the data in the PwC report.

### Liquidity

13. To ensure HBRC has the ability to adequately fund its operations, current policy requires HBRC to maintain a liquid balance of “*greater than 10% of existing total external debt*”. Current liquidity ratio is 47.24% and therefore meets policy.
14. The following table reports the cash and cash equivalents on 31 December 2022.

<b>31 December 2022</b>	<b>\$000</b>
Cash on Call	18,265
Short-term bank deposits	1,000
<b>Total Cash &amp; and Deposits</b>	<b>19,265</b>

15. Council’s balance of cash and deposits compares with the December 2021 balance of \$15.9m.
16. To manage HBRC liquidity risk, HBRC retains a Standby Facility with BNZ. This facility provides HBRC with a same day draw down option, to any amount between \$0.3-\$5.0m and with a 7 day minimum draw period.

### Debt Management

17. On 31 December 2022 the current external debt for the Council group was \$50.25m (includes \$1m of pre-funded debt (\$69.1m including the loan from HBRIC).
18. Since the September quarter no further borrowings were made.
19. The following summarises the Year-to-date movements in Council’s debt position.

#### Summary of HBRC Debt

	<b>HBRC only \$000</b>	<b>HBRC Group \$000</b>
Opening Debt – 1 July 2021 – excl HBRIC Loan	46,725	46,725,018
New Loans raised	8,450	8,450
Less amounts repaid	(4,925)	(4,925)
<b>Closing Debt 31 December 2022 (excluding HBRIC loan)</b>	<b>50,250*</b>	<b>50,250</b>
Plus opening balance - loan from HBRIC	16,663	-
<b>Total Borrowing as at 31 December 2022</b>	<b>66,913</b>	<b>50,250</b>

*\*Includes pre-funding debt of \$1m*

## Managed Funds

20. The LTP budgets an annual return of 5.16% from managed funds. Of this 3.16% is used to fund activities with 2.0% retained to grow the capital base to enable the future earnings to protect the capital base for future generations. *(Page 33 of LTP – Part 3 – Financial Strategy)*
21. Council budgets separately for revenue from directly held managed funds and those held by HBRIC. HBRIC is required to deliver an overall portfolio return by way of an agreed annual dividend agreed through an annual Statement of Intent. The composition (between revenues from managed funds and other sources such as port dividends is up to the HBRIC board). Council has budgeted to receive \$10.5m in dividends from HBRIC within the FY 2022-2023.
22. The Fund performances for this year have been lower than we have experienced for some time. Financial markets have not performed as strongly as the FY2020-2021. The December quarter saw a slight positive return, however, these have not clawed back the six months of significant losses to 30 June last year.
23. Given the nature of the investments some volatility is to be expected. However, the performance of the managed funds since placement demonstrate market recovery can occur within relatively short timeframes, and a watch and wait approach is prudent. The portfolio construct is intentionally conservatively balanced for the long-term.
24. The following table summarises the fund balances at the end of each quarter.

	30 Jun 2022	30 Sept 2022	31 Dec 2022
<b>Fund Balances HBRC</b>	<b>\$000</b>	<b>\$000</b>	
Fund Balance HBRC	<b>104,449</b>	<b>103,121</b>	<b>104,421</b>
Capital Protected Amount HBRC (2% compounded)	114,239	114,810	115,384
<b>Current HBRC value above protected amount</b>	<b>(9,790)</b>	<b>(11,689)</b>	<b>(10,963)</b>
<b>Funds Balances (Group + HBRIC)</b>			
Long-Term Investment Fund (HBRIC)	45,679	45,101	45,713
Future Investment Fund (HBRIC)	58,770	58,020	58,708
<b>Total HBRC</b>	<b>104,449</b>	<b>103,121</b>	<b>104,421</b>
Plus HBRIC	43,226	42,609	43,315
<b>Total Group Managed Funds</b>	<b>147,675</b>	<b>145,730</b>	<b>147,736</b>
Capital Protected Amount (2% compound inflation)	162,720	163,533	164,350
<b>Current group value above/(below) protected amount</b>	<b>(15,045)</b>	<b>(17,803)</b>	<b>(16,614)</b>

## HBRIC Ltd

25. In accordance with Council Policy, HBRIC provides separate quarterly updates to the Corporate and Strategic Committee. However, given the missed meeting due to the Cyclone the December 2022 quarterly update was provided to Council on 29 March 2023.

## Decision-making process

26. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

**Recommendation**

That the Corporate and Strategic Committee receives and notes the *Quarterly Treasury report for the period 30 September - 31 December 2022*.

**Authored by:**

**Jess Bennett**  
**Treasury & Investments Accountant**

**Chris Comber**  
**Chief Financial Officer**

**Approved by:**

**Susie Young**  
**Group Manager Corporate Services**

**Attachment/s**

[1](#) PWC HBRC Treasury Reporting 31 December 2022 Under Separate Cover

**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**

**5 April 2023**

**Subject: Financial Report for the period 1 July - 31 December 2022**

**Reason for Report**

1. This item presents the Committee with financial results for the first half of the 2022-2023 financial year.

**Executive Summary**

2. The operating position for the council for the first six months of the financial year was adverse to budget by \$3.5m. This is principally driven by lower than budgeted returns from our managed funds.
3. Operating expenditure for the Groups of Activities for the six months to 31 December 2022 was \$38.7m, \$0.5m below budget (1%). Overspends occurred in Asset Management due to Regional Water Security project spend being reclassified as opex, in Transport due to Go Bus contract indexation costs of 26% being well above budget and in Governance & Partnerships due to sustainable homes loan repayment phasing. The major underspends were in Integrated Catchment Management with Erosion Control Scheme spend to falling in the later part of the year rather than evenly across the year and in Land for Life, which will likely be under budget at year end due to changes in funding methods as the pilots are delivered.
4. The operating income from activities was \$9.9m, \$0.7m ahead of budget (8%), mostly related to additional consent activities and environmental infringement/enforcement proceeds. Enforcement proceeds may be transferred to a reserve to ensure that they are used for specific activities as detailed in prosecutions. Note operating income excludes rates, loan and reserve funding.
5. Capital expenditure net of capital grants was \$5.3m, \$9.5m behind budget (64%), with the largest variances in asset management infrastructure projects (\$6.8m) mostly related to wet weather delays, \$1m in sustainable homes due to a decline in applications and \$1m underspend in the accommodation refurbishment project due to contractor availability and consenting timeframes being extended, both of which have slowed progress.
6. Investment income net of investment expenditure was \$6.4m, \$4.5m behind budget YTD (41%), predominantly driven by lower-than-expected returns in the managed fund portfolio – consistent with global markets.
7. Rates income is ahead of budget, in part due to rates penalty income significantly above what was assumed in the Annual Plan (\$0.6m).
8. Overhead cost centres were \$1.2m above budget YTD (11%), mostly in relation to increased interest charges for borrowing, insurance charges incurred to date (\$0.7m over budget), and recruitment costs. These costs are included as part of the overhead allocation in the above operating expenditure results.

**Background**

9. All revenue and expenditure carried forward at the end of the FY2021-22 financial year has been recognised in the FY2022-23 budgets. This is the difference between the LTP/Annual plan budgets presented and the "Revised Budget".
10. Property, plant and equipment fixed assets were imported into TechONE in January 2023, and the system driven depreciation for these assets is now included in the financial results.

11. Rates funding allocations, reserve movements and loan funding have not been included in this report as these are calculated at year end.
12. With the introduction of Enterprise Budgeting in TechOne some of the FY2021-2022 budgets are now phased to recognise the seasonality of the expenditure, particularly planting activity. However, phasing will continue to be improved over future budget iterations to further ensure that phasing variances are minimised.
13. Groups of activities (GOA) expenditure include each activity's external expenditure, internal staff time, finance costs (interest and debt repayments), depreciation/amortisation and a share of overheads. The operating income presented for each GOA, includes fees and charges, user charges and recoveries and grants, and excludes rates, loans or investment income (which are allocated to activities at year end).
14. The nine-month financials to March 2023, will be presented to the 14 June 2023 Corporate & Strategic Committee, and will include full year forecasts, funding impact requirements and proposed carry forwards.

### Operating Income and Expenditure

Group of Activity	YTD Expenditure			Full Year Expenditure	
	Actual	Budget	%	Revised Budget	LTP/Annual Plan budget
Governance and Partnerships	4,859	3,442	141%	10,958	10,545
Policy & Regulation	5,526	5,863	94%	12,320	11,076
Integrated Catchment Management	12,739	15,801	81%	32,962	30,992
Asset Management	9,569	7,893	121%	16,161	16,061
Emergency Management	1,752	1,612	109%	3,301	3,301
Transport	4,277	3,586	119%	7,160	7,036
	38,722	38,197	101%	82,862	79,010

Group of Activity	YTD Operating income			Full Year Operating income	
	Actual	Budget	%	Revised Budget	LTP/Annual Plan budget
Governance and Partnerships	890	401	222%	802	802
Policy & Regulation	2,123	1,587	134%	3,297	3,297
Integrated Catchment Management	3,432	3,909	88%	5,939	6,038
Asset Management	1,035	1,300	80%	3,332	3,332
Emergency Management	49	99	49%	199	199
Transport	2,359	1,884	125%	3,827	3,827
	9,888	9,180	108%	17,395	17,494

15. Figures presented in the tables above are in thousands.
16. Governance and Partnerships is \$1.4m over in expenditure, due to phasing of loan repayments for sustainable homes. Income is \$0.5m overachieved, which mostly relates to additional interest earnings from the sustainable homes programme following the increase in interest rate last year from 4% to 6%.
17. Policy and Regulation expenditure is mostly on track YTD, and income is \$0.5m ahead of budget due to increased consent activities, and receipt of enforcement proceeds which were not budgeted.
18. Integrated Catchment Management is \$3.1m underspent, and \$0.5m behind budget in operating income.
  - 18.1. Environmental science is \$1.4m underspent, which is due to unfilled staff vacancies, reduction in depreciation budget requirement due to audit direction to not capitalise

- data models, and various phasing variances across a number of contracted work programmes (largest being LiDAR Mapping \$0.3m).
- 18.2. Catchment management is \$2.1m underspent, which is mostly phasing variances in the Erosion Control Scheme (ECS) grants (\$1.4m), environmental enhancement programme (\$0.4m) and Land for Life (\$0.2m).
  - 18.3. Environmental information is \$0.5m overspent, which is mostly related to depreciation budgets to be transferred from environmental science (\$0.3m).
  - 18.4. The operating income variance is mostly related to phasing of grants for the Whakaki environmental enhancement work programme, but this is offset by reduced expenditure.
19. Asset Management is \$1.7m ahead of budget operational spend, and \$0.3m behind in operational income.
    - 19.1. Regional Water Security projects are underway, but still at the research/assessment phase, and costs are classified as opex rather than capex as budgeted (\$1.4m opex overspend offsets \$1.3m underspend in capex).
    - 19.2. Flood Protection and Control Works is overspent by \$0.3m, due to unbudgeted expenditure on scheme reviews, consent applications associated with pump stations, EMEP for code of practice on rivers and the Joint City-wide Waterway monitoring Project with Napier City Council. Some of this overspend is offset by delayed works on a number of the river and drainage schemes due to wet weather events and less access to waterways.
    - 19.3. The income underachievement is due to phasing related to Coastal Hazards contributions from Territorial Local Authorities (\$0.5m), offset by additional external contracting income by the Works Group (\$0.2m).
  20. Emergency management expenditure is mostly on track YTD, but behind in operating income due to phasing variances of East Coast Lab grant funding.
  21. Transport is \$0.7m overspent YTD mostly due to indexation costs on the GoBus contract. This is partially offset by increased bus service funding from NZTA for increased activity for on demand transport and total mobility (Transport income ahead YTD \$0.5m).

### Capital Expenditure (net of capital grants)

Group of Activity	YTD Net Expenditure			Full Year Net Expenditure	
	Actual	Budget	%	Revised Budget	LTP/Annual Plan budget
Governance and Partnerships	2,451	3,451	71%	6,901	6,901
Integrated Catchment Management	424	765	56%	2,867	2,291
Asset Management	710	7,558	9%	17,308	12,751
Transport	-	5	0%	10	10
Corporate Services - ICT	551	1,132	49%	1,902	1,476
Corporate Services - vehicles/buildings/Furniture	1,129	1,877	59%	2,434	800
	5,265	14,787	36%	31,422	24,229

22. The expenditure figures presented in the tables above are in thousands, net of any capital grant income.
23. Governance & Partnerships is \$1m behind budget due to an ongoing decline in the number of sustainable homes grant applications received, and a rise in early repayment of existing loans. This is expected to result in a permanent underspend this financial year.
24. ICM is \$0.3m behind budget, due to phasing variances in monitoring equipment replacements.
25. Asset Management expenditure was \$3.9m, with grants received of \$3.2m. The net expenditure is \$6.8m behind budget (29%).
  - 25.1. In general, many of the capex projects were delayed due to wet weather and were

planning to progress in quarter 3. However, this is expected to be deferred in order to prioritise the Cyclone Gabrielle rebuild work.

- 25.2. The major underspends were in flood protection and control works (\$4.7m) and open spaces (\$0.7m).
26. ICT expenditure is behind \$0.6m, due to most of the business computing development work being classified as opex so far this year (i.e., software-as-a-service solutions).
27. Vehicles/Buildings/Furniture expenditure is \$0.8m behind budget YTD.
- 27.1. Expenditure on new and replacement vehicles is over by \$0.4m, due to increased cost in vehicles, partly related to requirements to select the eco cleanest vehicle fit for purpose.
28. The accommodation refurbishments are \$1m behind budget due to delays in sourcing contractors, and developments in design plans requiring additional consents.

## Investment Income

	YTD Income (net)			Full Year Income (net)	
	Actual	Budget	%	Revised Budget	LTP/Annual Plan budget
Managed funds	234	3,069	8%	6,139	6,139
HBRIC	4,945	5,316	93%	10,236	10,236
Wellington Investment property	425	805	53%	878	878
Leashold rent (Napier)	816	1,771	46%	1,386	1,386
	6,420	10,961	59%	18,638	18,638

29. The income figures presented in the table above are in thousands, and are presented net of investment expenses, and exclude property fair value gains (not yet assessed).
30. Managed funds income is significantly down in line with the global market in December. The treasury report provides more detail of the managed funds performance.
31. HBRIC income includes the dividend issued on the back on the Napier Port dividend. In December Napier Port announced and paid an interim dividend of \$5.2m to HBRIC, of which \$5.0m was paid across to HBRC.
32. Wellington investment property income is generally on track, and leasehold rent income is slightly behind budget, and expected to be behind budget at year end, given the small decrease in the number of properties in the portfolio.

## Rates collection

	YTD Expenditure			Full Year Expenditure	
	Actual	Budget	%	Revised Budget	LTP/Annual Plan budget
Rate collection costs	177	224	79%	449	449
Remissions/Refunds/Write-offs	61	3	2358%	5	5
	239	227	105%	454	454

	YTD Income			Full Year income	
	Actual	Budget	%	Revised Budget	LTP/Annual Plan budget
General rates	6,904	6,461	107%	13,668	13,668
Targeted rates	10,196	10,338	99%	20,197	20,197
Penalty Income	660	65	1018%	130	130
	17,760	16,864	105%	33,995	33,995



33. Rate collection costs are in line with budget. Rates penalty income is above budget and above the amount in the last financial year. The increase is due to a number of factors including returning to the standard due dates for imposing penalties and the increase in the rates charged.
34. Rates arrears decreased this quarter from \$517k to \$313k due to active management and collecting processes from our Debt Management team.

### Overheads

	YTD Expenditure			Full Year Expenditure	
	Actual	Budget	%	Revised Budget	LTP/Annual Plan budget
Corporate Support	2,661	1,983	134%	4,547	4,482
Finance	1,189	1,033	115%	2,067	1,891
Treasury	922	588	157%	1,166	1,166
ICT	4,136	4,438	93%	9,878	8,625
Communications	500	429	117%	858	811
P&C	1,075	812	132%	1,624	1,591
Strategy & Governance	428	479	89%	957	946
Executive	924	800	116%	1,600	1,540
Maori Partnerships	214	295	73%	589	597
	12,048	10,856	111%	23,286	21,648

35. Overhead costs overall are slightly ahead of budget, however within cost centres there are some larger variances.
- 35.1. Corporate Support is above budget due to additional temps required for the customer service team (resulting from ongoing staff turnover), additional fleet running costs from fuel and maintenance price pressure and an increase in fleet numbers to meet increased vehicle requirements, and increased insurance premiums.
- 35.2. Finance, Executive and Communications are above budget due to staffing changes specifically external recruitment for Director Comms and Engagement, bringing forward additional resource from Y3 of the LTP to assist in Communications and further resource and support complexities related to the finance system implementation.
- 35.3. Treasury is \$0.3m ahead of budget due to higher interest rates on external loans.
- 35.4. People and Capability (P&C) is above budget due to increase in salary protection insurance costs, and increased recruitment expenditure due to continued staff turnover.
- 35.5. Māori Partnerships (Iwi) is below budget due to delays in recruitment.
- 35.6. ICT and Strategy & Governance expenditure is on track.

### Decision-making Process

36. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

### Recommendation

That the Corporate and Strategic Committee receives and notes the *Financial Report for the Period 1 July - 31 December 2022*.

**Authored by:**

**Amy Allan**  
Senior Business Partner

**Chris Comber**  
Chief Financial Officer

**Approved by:**

**Susie Young**  
Group Manager Corporate Services

**Attachment/s**

There are no attachments for this report.

**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**

**5 April 2023**

**Subject: Organisational Performance Report for the period 1 October - 31 December 2022**

**Reason for Report**

1. This item presents the Organisational Performance report for Quarter Two which is the period 1 October – 31 December 2022.

**Content of the Report**

2. The report contains four parts:
  - 2.1. **Executive Summary** with highlights and lowlights for the quarter (pp 4-5).
  - 2.2. **Corporate Metrics** that focus on how well we are performing across a number of corporate-wide measures such as employee turnover and corporate carbon footprint (pp 6-12)
  - 2.3. **Level of Service Measures (LOSM)** by group of activities with adopted targets, traffic light status and commentary (pp 13-21)
  - 2.4. **Activity Reporting** by group of activities with non-financial and financial traffic light status and commentary (pp 22-35).
3. This is the 18<sup>th</sup> Organisational Performance report to be presented. The status and commentary reporting are rolled up from cost centre to activity level. Commentary by cost centre is still available to committee members via the PowerBI dashboard (see points 9-11 below).
4. Staff complete their reporting in a software tool called Opal3. For LOSM and activity reporting, staff select the status (red, amber, green) of non-financial results and provide commentary on what they did in the quarter. Traffic light status of financial commentary is selected on predetermined parameters with commentary provided by staff.

**Points of Interest**

5. Traffic light status and commentary for the financial results of the 31 activities have been included for the first time in 18 months, following implementation of a new financial system.
6. The financial 'lines' are broken down (where applicable) to:
  - 6.1. Operating expenditure (OPEX) which includes external costs, internal time and personnel costs
  - 6.2. Capital expenditure (CAPEX) which includes external costs and internal time
  - 6.3. Other revenue which includes fees & charges, grants and proceeds from other income – both OPEX and CAPEX.
7. Level of Service Measures (LOSM) by group of activities are presented in full, rather than by exception. In the past, commentary was only provided for LOSMs that were not on track. This is to familiarise the new council with the 58 LOSMs in the current Long Term Plan.
8. Gaps in activity reporting are due to staff being deployed into response roles following Cyclone Gabrielle during the reporting period.

### **Reporting Dashboard (PowerBI)**

9. The dashboard is produced using PowerBI to give a visual representation of the results over time. The Organisational Performance Report document is produced from the dashboard.
10. The dashboard also provides committee members with the ability to delve deeper into activities of interest (via cost centres).
11. To access the dashboard, please open your PowerBI app on your iPad. The dashboard will be on your homepage. Staff from the Strategy and Performance team are available to go over the dashboard with councillors who would like to review its content.
12. Strategic projects commentary and status by schedule, risk, and budget are updated on a monthly basis on the dashboard. They are also included in the Strategic Projects Report that is presented to Council monthly. Note that the last month of updates was January 2023. Monthly reporting will resume in April 2023 with a revised list of strategic projects.
13. We are continuously improving the dashboard and improving the data reliability across all areas, and would appreciate any feedback you have.

### **Decision Making Process**

14. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

### **Recommendation**

That Hawke's Bay Regional Council receives and notes the *Organisational Performance report for the period 1 October - 31 December 2022* staff report.

#### **Authored by:**

**Hariza Adlan**  
**Performance & Data Analyst**

**Sarah Bell**  
**Team Leader Strategy & Performance**

#### **Approved by:**

**Desiree Cull**  
**Strategy & Governance Manager**

### **Attachment/s**

[1](#) 2022-23 Q2 HBRC Organisational Performance report Under Separate Cover

**Hawke's Bay Regional Council**  
**Corporate and Strategic Committee**

**5 April 2023**

**Subject: Audit Plan for the 2022-2023 Annual Report**

**Reason for Report**

1. This item provides an update on the timing for the Audit of HBRC's 2022-2023 Annual Report.

**Executive Summary**

2. The statutory deadline for the adoption of the HBRC Annual Report is 31 October 2023.
3. We are awaiting the outcome of the Severe Weather Emergency Legislation Bill making its way through Parliament, which may or may not extend the deadline for adoption of the Annual Report.
4. Staff have been notified that Ernst & Young (EY) will undertake an interim visit during the week beginning 8 May and begin the audit in the week beginning 18 September 2023.

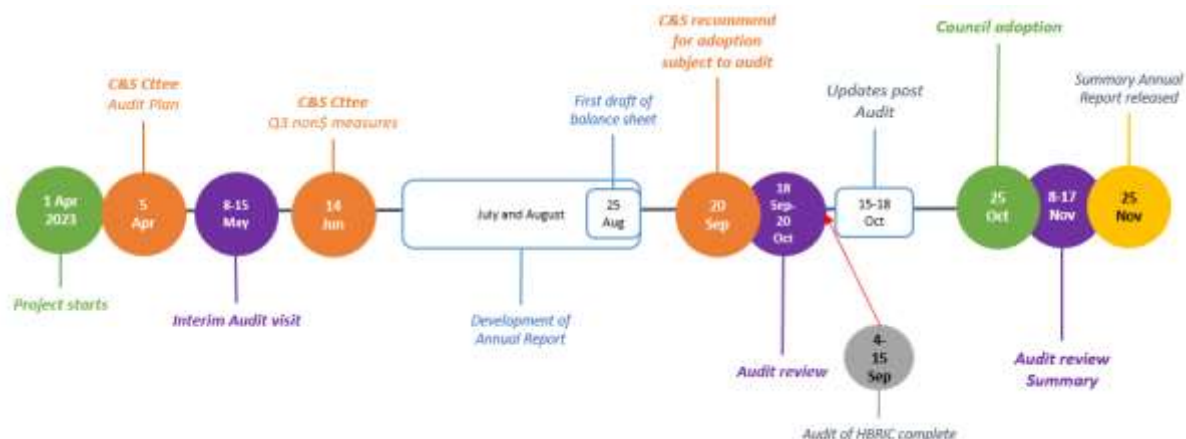
**Background /Discussion**

5. The audit and adoption of the Annual Report follows timelines set out in the Local Government Act 2002.
  - 5.1. Section 98 (3) states that the annual report of a Council "*must be completed and adopted, by resolution, within 4 months after the end of the financial year to which it relates*".
6. Officers have had discussions with our auditors, EY, about audit timing (see table below). This may change as our auditors refine their work plans and resourcing.

w/b 8 May to w/b 15 May 2023	Audit interim visit will be conducted (4 people onsite for 2 weeks to complete the interim work for HBRC, HBRIC and FoodEast)
w/b 4 Sep to w/b 11 Sep 2023	Audit of HBRIC and FoodEast (2 weeks)
w/b 18 Sep to w/b 16 Oct 2023	Audit of the annual report (2 weeks onsite, remainder from Wellington)

7. An audit planning report from EY will be forwarded to staff prior to their visit in May 2023.
8. Staff have a level of uncertainty that the timing of the audit and the proposed date for adoption can be achieved.
9. The Annual Report 2022-2023 will be presented to the Corporate and Strategic Committee on 20 September to recommend to the Regional Council for adoption subject to audit.

## Timeline of Annual Report and Summary project management



### Financial and Resource Implications

- Staff do not expect the cost of the audit for 2022-2023 to exceed the budget allocated for the audit programme.

### Decision Making Process

- Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

### Recommendation

That the Corporate and Strategic Committee receives and notes the *Audit Plan for the 2022-2023 Annual Report*.

### Authored by:

**Sarah Bell**  
Team Leader Strategy & Performance

**Aaron Percival**  
Systems Accountant

### Approved by:

**Chris Comber**  
Chief Financial Officer

**Susie Young**  
Group Manager Corporate Services

### Attachment/s

There are no attachments for this report.