



Finance and Performance Committee
Te Komiti Rautaki me ngā Kaupapa Here

Friday, 1 December 2023
Rāmere, 1 Hakihea 2023

Totara Room, Whakatāne District Council
14 Commerce Street, Whakatāne
2:00 pm

Chief Executive: Steph O'Sullivan
Publication Date: 24 November 2023

A Membership - *Mematanga*

A Membership - *Mematanga*

Mayor Dr V Luca

Councillor J C Jukes - Chairperson

Deputy Mayor L N Immink - Deputy Chairperson

Councillor T Boynton

Councillor G L Dennis

Councillor A V Iles

Councillor W B James

Councillor T O'Brien

Councillor J W Pullar

Councillor N S Tánczos

Councillor N Rangiaho

B Delegations to the Finance and Performance Committee - *Tuku Mahi ki te Komiti***B Delegations to the Finance and Performance Committee - *Tuku Mahi ki te Komiti***

To monitor the financial and non-financial performance of Council and provide governance oversight to organisational development.

- a. To monitor the implementation of Council's organisational performance framework.
- b. To monitor financial and non-financial performance of Council against the Long-Term Plan and Annual Plan.
- c. To develop and recommend to the Council the adoption of the Annual Report.
- d. To monitor financial and non-financial performance of CCOs and CCTOs to which Council is a member or shareholder.
- e. To develop and recommend to Council the adoption of the Half Yearly and Full Year Annual Report of the Whakatāne Airport.
- f. To monitor the implementation of Council's Financial Strategy.
- g. To monitor organisational capacity and capability of underlying systems and resources required to deliver on Council's Long-Term Plan and Annual Plan obligations.
- h. To monitor organisational development projects and initiatives.
- i. To monitor Council participation in local government excellence programmes such as LGNZ CouncilMARK, and PWC/SOLGM Performance Excellence Programme.
- j. To provide governance oversight and monitoring of councils external funding and financing sources.

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1 Apologies - *Te hunga kāore i tae*

1 Apologies - *Te hunga kāore i tae*

His Worship Mayor Luca has advised he will be an apology for this meeting.

2 Acknowledgements/Tributes - *Ngā mihimihi*

An opportunity for members to recognise achievements, to notify of events, or to pay tribute to an occasion of importance.

3 Conflicts of Interest - *Ngākau kōnatunatu*

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected member and any private or other external interest they might have.

The Elected Member Register of Interest is available on the Whakatāne District Council website. If you wish to view the information, please click this [Register link](#)

4 Public Participation- *Wānanga Tūmatanui*

4.1 Public Forum

The Committee has set aside time for members of the public to speak in the public forum at the commencement of each meeting. Permission of the Chairperson is required for any person wishing to speak during the public forum. Each speaker during the forum may speak for five minutes.

With the permission of the Chairperson, Elected members may ask questions of speakers. Questions are to be confined to obtaining information or clarification on matters raised by a speaker.

4.2 Deputations - *Ngā Whakapuaki Whaitake*

A deputation enables a person, group or organisation to make a presentation to Committee on a matter or matters covered by their terms of reference. Deputations should be approved by the Chairperson, or an official with delegated authority, five working days before the meeting. Deputations may be heard at the commencement of the meeting or at the time that the relevant agenda item is being considered.

No more than two speakers can speak on behalf of an organisation's deputation. Speakers can speak for up to five minutes, or with the permission of the Chairperson, a longer timeframe may be allocated.

With the permission of the Chairperson, Elected members may ask questions of speakers. Questions are to be confined to obtaining information or clarification on matters raised by the deputation.

5 Confirmation of Minutes - *Te whakaaetanga o ngā meneti o te hui*

The minutes from the Finance and Performance Committee meeting held 19 October 2023 can be viewed by clicking the link below:

- [Finance and Performance Committee Meeting - 19 October 2023](#)

6 Reports - *Ngā Pūrongo*

6 Reports - *Ngā Pūrongo*

6.1 Health, Safety and Wellbeing Report



To: **Finance & Performance Committee**

Date: **1 December 2023**

Author: **Sandy Barnes-Lack / Senior Health, Safety & Wellbeing Advisor**

Authoriser: **Emlyn Hatch / GM People and Engagement**

Reference: **A2552363**

1. Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to provide an update on the health, safety and wellbeing activity for the period August to October 2023.

2. Recommendation - *Tohutohu akiaki*

THAT the Health, Safety & Wellbeing Report: August to October 2023 be received.

3. Executive Summary

The period has seen a significant increase in reporting of events (injuries, illness, incidents, near miss), and in particular near miss events. This can likely be attributed to the Vault 101 training delivered across the organisation during this reporting period, which has supported our people to better understand the importance of logging events. The reporting of near miss events gives us an opportunity to eliminate the risk or implement appropriate controls before a more serious event occurs.

The Risk Control Groups for our first four critical operational risks have held their first meetings to brainstorm:

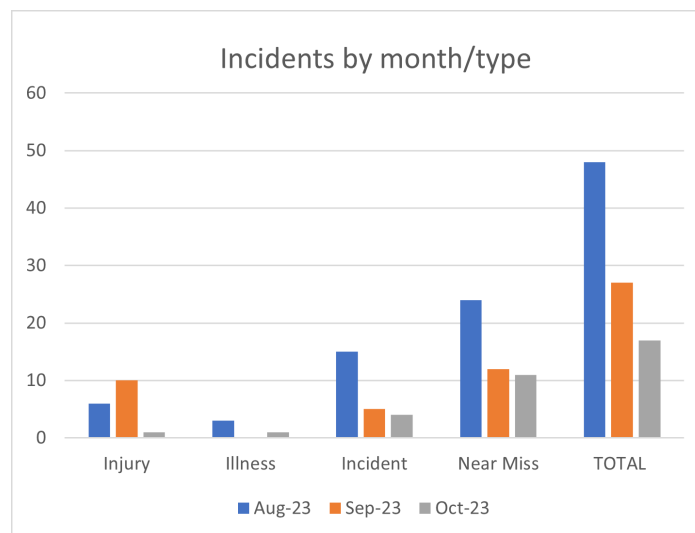
- issues that cause, or contribute to, the risk;
- preventative and recovery controls; and
- potential outcomes.

The data is now being collated and analysed before presentation to the Executive for review and to determine the next series of Risk Control Groups. These will commence in early 2024.

Executive due diligence site visits have been conducted with beneficial corrective actions identified. Planning for the 2024 visits, including Elected Member visits, is underway.

6.1 Health, Safety and Wellbeing Report(Cont.)**4. Events****4.1. Events & Trends**

There were 88 events (injury, illness, incident or near miss) for the report period. The graph below shows these events by month and type.



We continue to see a high number (20) of incidents relating to customer conflict. For this period staff have also had to deal with customers who presented with challenging behaviours influenced by alcohol and/or drugs, mental health issues and homelessness. The Library and Aquatic Centre are primarily affected by these types of interactions.

While we provide situational safety and customer conflict training there is no specific training for dealing with these social issues. We are however no different to other Councils that are also experiencing similar problems and grappling with solutions. We will continue to monitor these incidents and put in place appropriate controls where we can. It is important to remember however that these incidents do have an effect on our staff. We have teams working with Police and other agencies to help find solutions.

Following our Vault 101 training for staff we have seen a significant increase in reporting but more importantly the reporting of near miss events. For the previous reporting period (May-July) we had 14 near miss events, for this period that has increased to 45.

Of note for the period were:

- Five reported instances of staff shortages at the Aquatic Centre which reflects the ongoing challenges of staffing in this industry.
- A threat of violence towards one of our regular contractors. We had good support from New Zealand Police and initiated some temporary measures like a buddy system and alerting other staff who could be working in the area.
- The need for staff to ensure that only those who have properly signed into the building are allowed into staff-only areas.
- A staff member reported that a contractor working on a Council site was using their mobile phone while driving a vehicle. The Contractor investigated and staff were reminded of legal requirements for phone use while driving.

6.1 Health, Safety and Wellbeing Report(Cont.)

- One of our staff supplied chemicals to the Airport in incorrectly labelled containers. The chemical was subsequently used by Airport staff at incorrect dilution rates. While no issues were created this is a concerning event and staff have been reminded that chemicals must always be in correct containers.
- Repeatedly reported, illegal and unsafe parking outside the Whakatāne Aquatic Centre. This issue is being reviewed to determine what additional measures can be implemented to improve safety.

All of these events have been allocated to appropriate staff to investigate and are either completed or underway.

4.2. Staff Work-Related Injuries/Illness

There were 17 events that resulted in injuries/illness to staff for the period.

- None of these were a “lost time” injury. Lost time injuries are events that result in a member being injured, or suffering ill health, and require time off work. As an organisation we work hard to ensure we follow up with staff who suffer lost time injury to assist them back to work as soon as they are able to. Research has shown that the longer a person is off work the harder it is to return.
- A staff member attending an “in-the-field” chainsaw training suffered minor cuts and dehydration. There was insufficient information from the training provider on the type of terrain and access to water onsite. This has been reviewed and dealt with to ensure better information is provided to staff in future.
- A staff member trying to access a pump station was impeded by a horse on the access track. When they tried to pat the horse in the hopes of moving it along, the staff member was bitten on the chest, resulting in a significant bruise.

4.3. Staff health monitoring

Our health monitoring of staff exposed to work related health risks continues. Testing conducted over the period included 39 employees, including three that were for pre-employment.

Monitoring uncovered a number of health issues and referrals were made for specialist assessment in eight instances.

To the end of October, we have conducted 95 employee health medicals for the year, and this completes our annual cycle. Monitoring will recommence in February 2024.

4.4. WorkSafe NZ – Health notifications

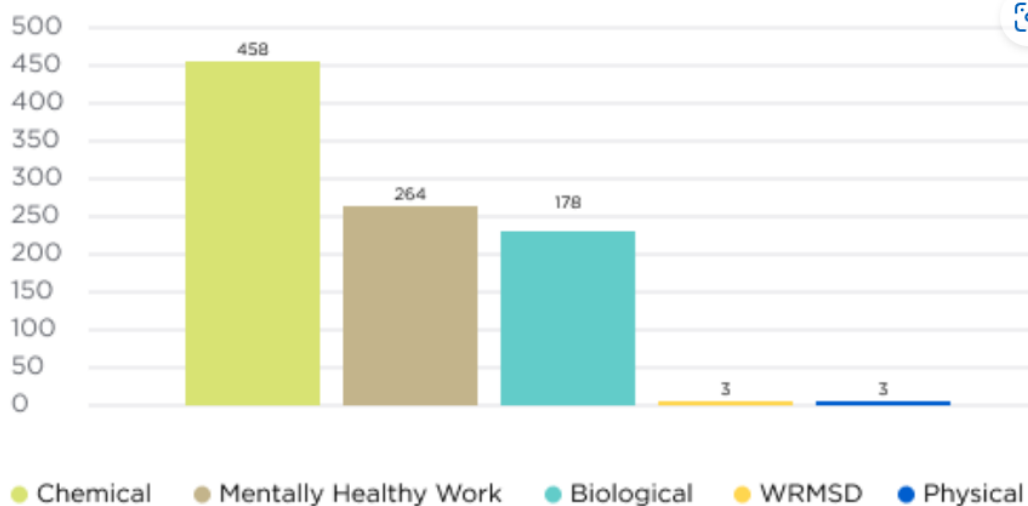
Reducing work-related ill health is a priority for WorkSafe NZ and one of the insights that helps target their interventions is the approximately 900 notifications received each year about work-related health concerns in businesses across the country.

In the 12 months between July 2022 and June 2023, WorkSafe NZ received 906 health notifications from across the country: 642 were for a physical health condition, and 264 were related to mentally healthy work concerns. Both of these areas have been identified by Council as critical operational risk areas and form part of the work we have commenced to ensure we manage them appropriately.

6.1 Health, Safety and Wellbeing Report(Cont.)

The national figures are contained in the graph below.

Notification by type 2022-2023



WRMSD = work-related musculoskeletal disorders.

4.5. Staff rehabilitation

There was one staff member on a return to work programme for this period. They have now fully returned to work.

4.6. Mole Map

As part of our health monitoring programme, MoleMap skin checks are provided to staff who spend significant periods of their work time outdoors and are therefore exposed to the sun.

In total 60 checks were completed over three days. This included members of the wider staff who took up the offer of a discounted appointment.

The checks were conducted in the Civic Centre Kawakawa first aid room and we received positive feedback from the provider on how efficient and pleasant the space was in which to deliver the service.

5. Risk management & Due Diligence

5.1. Critical Operational risks

Four critical operational risks were identified for assessment this year and all will be completed by the end of this month:

- Confined Space
- Working on the Road

6.1 Health, Safety and Wellbeing Report(Cont.)

- Driving on the Road
- Psychological Wellbeing

Each risk has a Risk Control Group comprising a Risk Sponsor (Executive member), a Risk Owner (Manager/Team Leader) and 6 – 8 relevant staff.

These sessions were facilitated by Emlyn Hatch, GM – People & Engagement, and the findings compiled into the bow tie methodology.

The data is now being collated and the findings will inform the assessment priorities for 2024.



Working on the Road – Risk Control Group

Psychological Wellbeing – Risk Control Group

5.2. Fluoride fumes

A new risk was identified at the Whakatāne Water Treatment Plant which has been rectified by the installation of a new fume extraction fan.

5.3. Risk review – Cremulator at Crematorium

During a recent site visit to the cemetery the H&S team reviewed the cremulator risks with staff. A team visit is planned to Rotorua and Hamilton crematoriums to understand their risk register and determine whether we are meeting best practice.

5.4. Emergency evacuation plan – Civic Centre

Training was provided for staff (15) who have volunteered to be Area and Building Wardens for the Civic Centre. The sectors for evacuation were finalised and the Evacuation Plan completed.

The next step is to update our Fire Evacuation Scheme with Fire and Emergency New Zealand which has commenced and will be completed by the end of this year.

5.5. Executive Due Diligence

The following due diligence activities have been completed for the period:

- Customer Services – security and customer conflict. One of the issues identified was how, and when, we use duress alarms.

6.1 Health, Safety and Wellbeing Report(Cont.)

- Open Spaces - Natural burials at Whakatāne cemetery. Report pending.
- Dog pound – Elected Members visit to the dog pound. Report pending.
- Open Spaces –Four corrective actions were identified with two actions completed immediately, and two actions in train.

Planning for the 2024 due diligence visits, including elected member visits, is underway.

5.6. Random drug testing

Monthly random drug testing of five staff in safety sensitive roles (in accordance with our policy) was completed as follows:

Team	August	September	October
Open Spaces	2	1	2
Reticulation	1	1	2
Building	1	2	
Transport	1		1
3 Waters		1	

All results were negative.

In addition to our random testing we also conduct testing prior to employment for any staff entering safety sensitive roles – these are roles where staff:

- Provide life guarding services to the public
- Undertake maintenance on, or operate, machinery or power tools (excludes Council cars)
- Working at heights or in confined spaces
- Work in trenches or excavations
- Working with hazardous substances
- Working with dangerous animals, including dogs
- Work, or visit, construction sites (including high risk and/or road maintenance sites, i.e. RTS sites)
- Work on the road (including road reserves)
- Work in water or boats

In the reporting period, one test was non-negative and we didn't progress with an offer of employment in this case.

Our Drug & Alcohol Policy has been scheduled for review in the first half of 2024.

5.7. Staff training

Training is determined based on an employees' role and tasks. Each role has been assessed and a programme of appropriate training and refresher training is identified for delivery.

6.1 Health, Safety and Wellbeing Report(Cont.)

Sheree Kearney

During the reporting period, all staff took part in Vault Training 101; 105 staff took part in other role specific training; Elected members undertook Situational Safety and Conflict training and a number of staff have become trained fire wardens.

There have been significant changes to the qualifications required for staff Working on the Road. This primarily affects our Transport, Open Spaces and 3 Waters teams and requires additional training and associated resource. This training will commence in the next quarter.

5.8. Elected members training in situational safety

Elected members participated in situational safety training run by OPSEC, providing positive feedback and identifying a desire for ongoing training opportunities, including mental wellness in the workplace.

5.9. Crowded Places Community Action Group

A National Crowded Places Strategy was implemented in 2020 and was designed to protect crowded places from attack, including provision for what individuals should do in the unlikely event of being caught up in an attack.

Following the start of the Palestine Israel conflict, NZ Police contacted all councils to signal their availability to assist, provide advice and offer public reassurance. There was also a request to remind staff to implement good crowded places practice such as completing security assessments, security audits and upskilling people on good protective security awareness and practice.

6.1 Health, Safety and Wellbeing Report(Cont.)

Council has yet to do any significant work on this issue due to competing work demands. To date, a number of staff have viewed a webinar included in the resources on the Crowded Places website – www.police.govt.nz/advice-services/protecting-crowded-places-attack

6. Engagement with other Councils

The Senior Health, Safety & Wellbeing Advisor chaired the BOPLASS (Bay of Plenty Local Authority Shared Services) Health & Safety Advisory Group meeting held in Tauranga. In addition to sharing initiatives underway or issues Councils are experiencing we are also working on:

- collective training opportunities;
- health monitoring services;
- approaches to managing conflict and aggression;
- health & safety software; and
- asbestos management

7. Worker engagement

The Wellbeing Committee continues to provide activities and opportunities for staff to support their wellbeing. During the period we implemented Walking Group Wednesday for anyone keen to have a lunchtime walk; an “Around the World shared Lunch”; a Pool Tournament Week and also activities in support of Mental Health Awareness week.

Another popular recent initiative has been “Guess Who’s Coming for Coffee” which pairs staff to understand their roles in the organisation and build collegial support.

**8. Significance and Engagement Assessment - Aromatawai Pāhekoheko****8.1. Assessment of Significance**

The decisions and matters of this report are assessed to be of low significance, in accordance with Council’s Significance and Engagement Policy.

8.2. Engagement and community views

There is no requirement to consult on the Health, Safety & Wellbeing activity within Council.

6.1 Health, Safety and Wellbeing Report(Cont.)

Engagement on this matter is not being undertaken in accordance with Section 6.1 of the Council's Significance and Engagement Policy. This states that the Council will not consult when the matter is not of a nature or significance that requires public engagement.

6.2 Long-Term Plan Non-Financial Performance Reporting, Quarter 1 2023/24

6.2 Long-Term Plan Non-Financial Performance Reporting, Quarter 1 2023/24



To: **Finance and Performance Committee**

Date: **Friday, 1 December 2023**

Author: **Holly Allison / Strategic Policy Analyst**

Authoriser: **Leny Woolsey / Manager Strategy and Performance**

Reference: **A2518375**

1. Purpose for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to provide the Council with the non-financial performance results for Quarter 1 of the 2023/24 financial year (1 July – 30 September 2023).

2. Recommendation - *Tohutohu akiaki*

THAT the Long-Term Plan Non-Financial Performance Report for Quarter 1 2023/24 be received.

3. Background - *He tirohanga whakamuri*

Within the Long Term Plan (LTP), Councils must include activities and outcomes which state what the council is trying to achieve, what its activities are and how it will measure its performance. On 14 July 2021, the Council adopted the current LTP 2021-31 including an updated set of performance measures and targets to monitor levels of service delivery and financial performance. The Council adopted the following groups of activities:

- Leadership and Community
- Strategy and Futures
- Transport Connections
- Water Supply
- Sewage Treatment and Disposal
- Stormwater Drainage
- Waste Management and Minimisation
- Community Safety
- Community Experience
- Corporate services
- Whakatāne Airport

Within these activities, Council set a total of 69 measures of which 33 are mandatory. This quarterly report provides Council the opportunity to see how we are tracking against 39 non-financial measures, with all 69 measures reported on in the Annual Report at the end of the financial year.

6.2 Long-Term Plan Non-Financial Performance Reporting, Quarter 1 2023/24(Cont.)

4. How we are performing

Figure 1 below indicates Council’s progress towards the LTP 2021-31 non-financial performance measures for the first quarter of the 2023/24 financial year (1 July – 30 September 2023). The 2023/24 financial year is the third year of reporting against the current LTP and will use targets set for year three in the LTP.

Of the 39 non-financial performance measures reported quarterly, 35 are on track to be achieved, one is at risk and three are known not to have met the year-end target.

Figure 1: End of year forecast of non-financial performance measures at end of Quarter 1



4.1. Performance measures with result that will not be achieved by end of financial year

4.1.1. Preparation of the Future Development Programme

Strategic Priority	Preparing for population growth and housing demand
Activity	Leadership and Community
Annual Target	District Plan changes to implement the Eastern Bay Spatial Plan and Future Development Strategy
Quarter 1 result	Not achieved
Year to date (1 July to 30 September 2023)	Not achieved
Comment	Preparation of the Eastern Bay of Plenty Spatial Plan is continuing. Work is underway to look at how much of the project can be developed in-house, to limit the external costs of the project partners. The spatial plan is not going to be completed this year but is on track to be completed in accordance with the revised project plan, subject to changes associated with the structure of the project team and decisions around timing to meet available budgets. Due to revisions taking place after the adoption of these measures and targets, this measure will not meet target.

6.2 Long-Term Plan Non-Financial Performance Reporting, Quarter 1 2023/24(Cont.)

4.1.2. *The extent to which Council's drinking water supplies comply with Part 4 of the Drinking Water Standards (bacteria compliance criteria)*

Strategic Priority	Improving the safety, security and resilience of infrastructure
Activity	Water supply
Annual Target	All schemes compliant
Quarter 1 result	2 schemes compliant out of 9
Year to date (1 July to 30 September 2023)	Not achieved
Comment	Refer to Appendix 2, which outlines compliance with the New Zealand Drinking Water Quality Assurance Rules by scheme in more detail.

4.1.3. *The extent to which Council's drinking water supplies comply with Part 5 of the Drinking Water Standards (protozoal compliance criteria)*

Strategic Priority	Improving the safety, security and resilience of infrastructure
Activity	Water supply
Annual Target	8 schemes compliant out of 9
Quarter 1 result	1 scheme compliant out of 9
Year to date (1 July to 30 September 2023)	Not achieved
Comment	Refer to Appendix 2, which outlines compliance with the New Zealand Drinking Water Quality Assurance Rules by scheme in more detail.

4.2. Performance measures with result that are at risk of not meeting target at the end of financial year

4.2.1. *Median response time to resolve a sewage overflow resulting from a blockage or other fault in the Council's sewerage system, from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault*

Strategic Priority	Improving the safety, security and resilience of infrastructure
Activity	Sewage Treatment and Disposal
Annual Target	Less than 8 hours
Quarter 1 result	10.42 hours

6.2 Long-Term Plan Non-Financial Performance Reporting, Quarter 1 2023/24(Cont.)

Strategic Priority	Improving the safety, security and resilience of infrastructure
Year to date (1 July to 30 September 2023)	10.42 hours
Comment	Two requests for service were both reported during a heavy rain event in September that were not resolved within 8 hours. One request was due to stormwater infiltration into the network after hours. Unfortunately, there was nothing we could do to resolve the issue until the rain eased off and the network caught up. The second request was not responded to within timeframe due to staff shortages while responding to the weather event.

Appendix 1 sets out the LTP KPIs at risk in more detail, including comparisons with the last financial year. Appendix 2 sets out the Council's compliance with Parts 4 and 5 of the New Zealand Drinking Water Standards by scheme.

5. Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

5.1. Assessment of Significance

The decisions and matters within this report are assessed to be of low significance, in accordance with the Council's Significance and Engagement Policy.

5.2. Engagement and community views

Engagement on this matter is not being undertaken in accordance with Section 4.2 of the Council's Significance and Engagement Policy. This states that the Council will not consult when there is already a sound understanding of the views and preferences of the persons likely to be affected or interested in the matter.

6. Considerations - *Whai Whakaaro*

6.1. Financial/budget considerations

There are no budget considerations associated with the recommendations of this report.

6.2. Strategic alignment

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

6.3. Climate change assessment

The decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

6.2.1 Appendix 1 - Non-Finance Performance Measure results, Quarter 1 2023/24

6.4. Risks

The Committee will note the measures set out in section 3.1, which are known at this stage to not be achieved for 2022/23.

Attached to this report:

- Appendix 1: Non-Financial Performance Measure results, Quarter 1 2023/24
- Appendix 2: Compliance with New Zealand Drinking Water Standards, Quarter 1 2023/24

6.2.1 Appendix 1 - Non-Finance Performance Measure results, Quarter 1 2023/24

6.2.1 Appendix 1 - Non-Finance Performance Measure results, Quarter 1 2023/24(Cont.)

Appendix 1: Quarter 1 Non-Financial Performance Measure results 2023/24

The table below presents the non-financial performance measure results for 1 July to 30 September 2023. The 'end of year forecast' box is based on the year to quarter end result (1 July to 30 September 2023). The previous year result is provided for comparison. Mandatory performance measures are indicated by a (M) in the comments column. 39 total measures / 26 mandatory



Key
On track to achieve
Year end risk
Not achieved
Result not available

Leadership and Community					
Key Performance Indicator	Annual Target	Q1 Result	End of year forecast	Comments	Previous year result
Percentage of users of the Whakatane.govt.nz website that remain engaged	77%	88%			87%

Strategy and Futures					
Key Performance Indicator	Annual Target	Q1 Result	End of year forecast	Comments	Previous year result
Preparation of the Future Development Programme	District Plan changes to implement the Eastern Bay Spatial Plan and Future Development Strategy.	On going		Preparation of the Eastern Bay of Plenty Spatial Plan is continuing. Work is underway to look at how much of the project can be developed inhouse, to limit the external costs of the project partners. The spatial plan is not going to be completed this year, but is on track to be completed in accordance with the revised project plan, subject to changes associated with the structure of the project team and decisions around timing to meet available budgets. Due to the revised project plan and timeline after the adoption of these measures and targets, this measure will not meet target.	Not achieved
Progress made to develop the District Plan changes	Develop plan changes to ensure the District Plan remains responsive to local issues and is consistent with the requirements of the broader planning framework.	On going			Achieved

Transport Connections					
Key Performance Indicator	Annual Target	Q1 Result	End of year forecast	Comments	Previous year result
Percentage of emergency customer service requests relating to roads and footpaths responded to within 2 hours	90%	95.0%		(M)	91%
Percentage of all other customer service requests relating to roads and footpaths responded to within 7 days	95%	96.1%		(M)	96%

Water Supply					
Key Performance Indicator	Annual Target	Q1 Result	End of year forecast	Comments	Previous year result
The extent to which Council's drinking water supplies comply with Part 4 of the Drinking Water Standards (bacterial compliance criteria)	All schemes compliant	2 out of 9		(M) Refer to Appendix 2, which outlines compliance by scheme in more detail.	3 schemes compliant
The extent to which Council's drinking water supplies comply with Part 5 of the Drinking Water Standards (protozoal compliance criteria)	8 schemes compliant out of 9	1 out of 9		(M) Refer to Appendix 2, which outlines compliance by scheme in more detail.	1 scheme compliant
Number of complaints, per 1,000 connections, received by the Council about any of the following: drinking water clarity, drinking water taste, drinking water odour, water pressure or flow, continuity of supply.	Less than 30 overall	3.09		(M)	16.3
Median response time to attend urgent call-outs for areas supplied by Council from the time that the local authority receives notification to the time that service personnel reach the site	Less than 1 hour	0.42		(M)	0.6

Finance and Performance Committee - AGENDA

6.2.1 Appendix 1 - Non-Finance Performance Measure results, Quarter 1 2023/24(Cont.)

Median response time to resolve urgent call-outs for areas supplied by Council from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	Less than 8 hours	2.25		(M)	2.92
Median response time to attend non-urgent call-outs for areas supplied by Council from the time that the local authority receives notification to the time that service personnel reach the site	Less than 24 hours	3.53		(M)	16.73
Median response time to resolve non-urgent call-outs for areas supplied by Council from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	Less than 48 hours	6.73		(M)	20.28

Sewage Treatment and Disposal					
Key Performance Indicator	Annual Target	Q1 Result	End of year forecast	Comments	Previous year result
Total number of complaints received per 1,000 connections about any of the following: - sewage odour - sewerage system faults - system blockages - the Council's response to any of these issues	Less than 40	2.72		(M)	10.88
Median response time to attend a sewage overflow resulting from a blockage or other fault in the Council's sewerage system, from the time that the Council receives notification to the time that service personnel reach the site	Less than 2 hours	0.65		(M)	0.67
Median response time to resolve a sewage overflow resulting from a blockage or other fault in the Council's sewerage system, from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault	Less than 8 hours	10.42		(M) Two requests for service were both reported during a heavy rain event in September that were not resolved within 8 hours. One request was due to stormwater infiltration into the network after hours. Unfortunately, there was nothing we could do to resolve the issue until the rain eased off and the network caught up. The second request was not responded to within timeframe due to staff shortages and staff being busy responding the weather event.	3.75
Number of dry weather sewage overflows from the Council's sewerage system per 1,000 connections to that sewerage system	Less than 3 overflows	0.16		(M)	0.86
Number of abatement notices received by the Council in relation to the resource consents for discharge from our sewerage systems	Zero	Zero		(M)	Zero
Number of infringement notices received by the Council in relation to the resource consents for discharge from our sewerage systems	Zero	Zero		(M)	Zero
Number of enforcement orders received by the Council in relation to the resource consents for discharge from our sewerage systems	Zero	Zero		(M)	Zero
Number of convictions received by the Council in relation to the resource consents for discharge from our sewerage systems	Zero	Zero		(M)	Zero

Stormwater Drainage					
Key Performance Indicator	Annual Target	Q1 Result	End of year forecast	Comments	Previous year result
Number of flooding events in the District	Less than 3	No flooding events		(M)	No flooding events
For each flooding event, the number of habitable floors affected (per 1,000 properties connected to the Council's stormwater system)	Less than 10	No flooding events		(M)	No flooding events
The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site	Less than 3 hours	Zero		(M)	No flooding events
Number of complaints received about the performance of the stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system	Less than 10	1.24		(M)	8.5

6.2.1 Appendix 1 - Non-Finance Performance Measure results, Quarter 1 2023/24(Cont.)

Number of abatement notices received by the Council in relation to the resource consents for discharge from our stormwater system	Zero	Zero		(M)	Zero
Number of infringement notices received by the Council in relation to the resource consents for discharge from our stormwater system	Zero	Zero		(M)	Zero
Number of enforcement notices received by the Council in relation to the resource consents for discharge from our stormwater system	Zero	Zero		(M)	Zero
Number of convictions received by the Council in relation to the resource consents for discharge from our stormwater system	Zero	Zero		(M)	Zero

* A 'flooding event' is defined by the Department of Internal Affairs as 'an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor'.

Waste Management and Minimisation					
Key Performance Indicator	Annual Target	Q1 Result	End of year forecast	Comments	Previous year result
Amount of waste sent to landfill per person each year	Below 70% of the national average amount	14.08%			52.80%

Community Safety					
Key Performance Indicator	Annual Target	Q1 Result	End of year forecast	Comments	Previous year result
User satisfaction with Council's resource consent process	60%	63%			65%
User satisfaction with Council's building consent process	60%	69%			69%
Percentage of complaints relating to abandoned cars, litter and general bylaw offences responded to within 2 working days	90%	100.0%			96.4%
Percentage of after-hours excessive noise complaints responded to promptly	90%	92%			98.0%
Percentage of environmental health complaints (excluding noise) responded to within two working days	90%	100%			93.0%
Percentage of licensed premises inspected at least once per year, excluding special licenses	100%	100%			88%
Percentage of aggressive/threatening dogs and roaming stock complaints responded to within one hour	90%	90.0%			89.7%
Percentage of all other animal control complaints responded to within two working days	90%	99.8%			99%
The change from the previous year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Fewer crashes than last year	8			25

*'Promptly' is defined as responding to excessive noise complaints within the following timeframes:

Area and Definition	Time
Area 1 - Ōhope, Whakatāne, Tāneatua, Coastlands, Awakeri, Thornton Road to Golf Links Road	<60 minutes
Area 2 - Edgecumbe, Matatā, Otamarakau, Otakiri, Onepū, Te Teko, Te Mahoe and Wainui to Ōpōtiki intersection	<100 minutes
Area 3 - Murupara, Galatea and environs	<120 minutes

Community Experience					
Key Performance Indicator	Annual Target	Q1 Result	End of year forecast	Comments	Previous year result
Total guest-nights in the Whakatāne Holiday Park	Above 29,000	4,861			25,115

6.2.2 Appendix 2 – Compliance with the Drinking Water Quality Assurance Rules**6.2.2 Appendix 2 – Compliance with the Drinking Water Quality Assurance Rules****1. Appendix 2 – Compliance with the Drinking Water Quality Assurance Rules**

In November 2021, the role of drinking-water regulator shifted from the Ministry of Health to Taumata Arowai. New Drinking Water Quality Assurance Rules (DWQAR), Water Services (Drinking Water Standards for New Zealand) Regulations 2022 (DWSNZ), and aesthetic values took effect from 14 November 2022. Suppliers were expected to comply with the new sampling and compliance reporting requirements by 1 January 2023.

The DWQAR primarily impose requirements relating to drinking water supplier duties to:

1. Supply safe drinking water
2. Ensure that drinking water complies with the DWSNZ.

The DWQAR are structured as 'modules', with the main modules covering general rules, source water, treatment systems and distribution systems. Source water, treatment system, and distribution system rules have three complexity levels dependant on the size of the supply.

The DWQAR include rules for bacterial and protozoal compliance in treatment systems, and monitoring free available chlorine (FAC) and microbial water quality in distribution systems. Protozoal treatment of water is typically achieved through filtration and/or ultraviolet (UV) disinfection. However, if treatment is interrupted during the reporting period (for example due to power outages or flood events that cause periodic high turbidity issues), protozoal compliance will not be achieved. As such, some Council schemes do not meet the criteria to demonstrate compliance for the reported period. To ensure a safe drinking water supply if treatment is interrupted, all Council water supplies are monitored with alarm systems which alert staff or automatically shut down the water supply if necessary, for cases of high turbidity or low levels of free available chlorine.

Water in the distribution zones is monitored for FAC (except for Murupara, which is not chlorinated) and the presence of *E. coli* and total coliforms. The DWSNZ set a maximum acceptable value of less than 1 *E. coli* per 100 ml sample, on the basis that this best represents the water quality as received by consumers. The Council notifies Taumata Arowai if a non-compliant test result is received.

The table below presents compliance with rules for treatment systems (T) and distribution systems (D) by drinking water supply scheme for the period 1 July to 30 September 2023. **Note the results are provisional, pending completion of an independent assessment of compliance which will be completed at the end of the financial year.**

Council is still required to provide results for the following measures that are set by DIA, despite the new requirements that came into effect on the 1 January 2023. The table below provide results for both the new requirements and the mandatory measures.

Mandatory measures:

1. The extent to which Council's drinking water supplies comply with Part 4 of the Drinking Water Standards (bacteria compliance criteria)
2. The extent to which Council's drinking water supplies comply with Part 5 of the Drinking Water Standards (protozoal compliance criteria)

6.2.2 Appendix 2 – Compliance with the Drinking Water Quality Assurance Rules(Cont.)

Part 4 of the Drinking Water Standards (bacteria compliance criteria) is included in the table below as T Bacterial. With Part 5 (protozoal compliance criteria) as T Protozoal.

Water supply scheme	Component	DWQAR rule type	Overall outcome
Matatā	Awakaponga water treatment plant (WTP)	T3 Bacterial	Not met – due to brief instances of low FAcE and minimum chlorine contact time not being achieved.
		T3 Protozoal	Not met – continuous UVT monitoring is not installed.
	Matatā zone	D3 Disinfection	Met
		D3 Microbiological	Met
Murupara	Murupara WTP	T3 Bacterial	Not met – the water is untreated.
		T3 Protozoal	Not met – the water is untreated.
	Murupara Zone	D3 Disinfection	Not met – the water is untreated.
		D3 Microbiological	Met
Otumahi	Paul Rd WTP	T3 Bacterial	Not met - due to a brief instance of low FAcE.
		T3 Protozoal	Not met – no protozoal treatment.
	Te Teko WTP	T3 Bacterial	Not met – due to brief instances of low FAcE and minimum chlorine contact time not being achieved.
		T3 Protozoal	Not met – continuous UVT monitoring is not installed.
	Otumahi Zone	D3 Disinfection	Met
		D3 Microbiological	Met
Rangitāiki Plains	Braemar WTP	T3 Bacterial	Unable to be assessed ¹ .
		T3 Protozoal	Unable to be assessed.
	Johnson Rd WTP	T3 Bacterial	Not met – due to instances of low FAcE and the required chlorine C.t value not being achieved.
		T3 Protozoal	Not met – no protozoal treatment.
	Rangitāiki Plains Zone	D3 Disinfection	Met

6.2.2 Appendix 2 – Compliance with the Drinking Water Quality Assurance Rules(Cont.)

Water supply scheme	Component	DWQAR rule type	Overall outcome
		D3 Microbiological	Met
Rūātoki	Rūātoki WTP	T3 Bacterial	Not met – due to instances of high turbidity, low UV, and low FACe.
		T3 Protozoal	Not met – due to instances of high turbidity and low UV and lack of continuous UVT monitoring.
	Rūātoki Zone	D3 Disinfection	Met
		D3 Microbiological	Met
Tāneatua	Tāneatua WTP	T3 Bacterial	Met
		T3 Protozoal	Not met – due to lack of continuous UVT monitoring.
	Tāneatua Zone	D3 Disinfection	Met
		D3 Microbiological	Met
Whakatāne	Whakatāne WTP	T3 Bacterial	Not met – due to instances of low FACe and minimum chlorine contact time not being achieved.
		T3 Protozoal	Met
	Whakatāne Zone	D3 Disinfection	Met
		D3 Microbiological	Met
	Ōhope Zone	D3 Disinfection	Met
		D3 Microbiological	Met
Te Mahoe	Te Mahoe WTP	T3 Bacterial	Not met – the water is chlorinated and filtered however there is no UV treatment.
		T3 Protozoal	Not met – the water is chlorinated and filtered however there is no UV treatment.
	Te Mahoe Zone	D2	Met
Waimana	Waimana WTP	T3 Bacterial	Met

6.2.2 Appendix 2 – Compliance with the Drinking Water Quality Assurance Rules(Cont.)

Water supply scheme	Component	DWQAR rule type	Overall outcome
		T3 Protozoal	Not met – due to lack of continuous UVT monitoring.
	Waimana Zone	D2	Met

¹

Data from the Braemar WTP is being monitored outside of the Council's supervisory control and data acquisition (SCADA) system while the plant is being commissioned, therefore a compliance report is unable to be produced.

6.3 Organisation Performance Report - Quarter 1 2023/24

6.3 Organisation Performance Report - Quarter 1 2023/24



To: **Finance and Performance Committee**

Date: **Friday, 1 December 2023**

Author: **Ayla Naidoo / Strategic Policy Analyst**

Authoriser: **Leny Woolsey / Manager Strategy and Performance**

Reference: **A2513372**

1. Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to provide the Committee with the Organisation Performance Report for Quarter 1 of the 2023/24 financial year (1 July – 30 September 2023).

2. Recommendation - *Tohutohu akiaki*

THAT the Organisation Performance Q1 2023/24 Report be received by the Committee.

3. Background - *He tirohanga whakamuri*

The purpose of the report is to provide Council with an overview of how we are performing across a wide range of high-level measures including: service performance, financial performance, the Council's preparedness to meet current and future obligations, and the health of the organisation. The report provides a holistic view of performance across multiple indicators so that collective decisions can be made about where and how improvements can be progressed.

The four quadrants for the performance indicators in the Organisational Performance Report are:

- Service Performance: Focuses on the effectiveness, efficiency, and the quality of Council services.
- Financial Performance: Measures the soundness of financial management practices, trends, and forecasting abilities.
- Organisational Preparedness: The capacity of the organisation to meet current and future obligations as required.
- Organisational Health: Focuses on culture, leadership, staff, internal processes, and relationships.

4. Analysis - *Ngā Kōwhiringa*

The report itself is a high-level overview on Council's performance. Our Satisfaction with Council is sitting slightly lower than the national benchmark; however, our service request completion percentages have increased from the last quarter.

6.3 Organisation Performance Report - Quarter 1 2023/24(Cont.)

Our financial performance shows that operating expenditure is 11% more than the revised 2023/24 budget, which is related to interest expense less than budget, of which the variance will decrease as the year progresses. Timing of project expenditure has also affected capital expenditure, other revenue and debt.

In terms of our Preparedness Performance, we now have a full roster with 91 staff, of which 30 are trained at an intermediate level. We have held further staff online training sessions for upskilling, as well as practical in-person training such as setting up shelters. There has been ongoing relationship building with key partner agencies, as well as a marked increase in interest and attendance from various communities towards our emergency planning events.

Te Kahupapa, including He Taura Here Tangata (Noho Marae) and Te Puawaitanga o Te Reo (Te Reo classes) have been going well, with Te Puawaitanga o Te Reo running its second round, and a He Taura Here Tangata planned for the upcoming quarters.

The Business Plan 23/24 contains 205 line items of which 136 are Projects, and 69 are Business as Usual or as part of our On-going Service Delivery. Of those 136 projects, 10 are completed and 84 are on track. The majority of the projects are therefore on track, and we have identified none that are high-risk.

5. Significance and Engagement Assessment - *Aromatawai Pāhekoheko***5.1. Assessment of Significance**

The decisions and matters within this report are assessed to be of low significance, in accordance with the Council's Significance and Engagement Policy.

5.2. Engagement and community views

Engagement on this matter is not being undertaken in accordance with Section 4.2 of the Council's Significance and Engagement Policy. This states that the Council will not consult when there is already a sound understanding of the views and preferences of the persons likely to be affected or interested in the matter.

6. Considerations - *Whai Whakaaro***6.1. Financial/budget considerations**

The recommendations of this Report do not have any financial implications.

6.2. Strategic alignment

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

6.3. Climate change assessment

The decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24

6.4. Risks

The committee should note measures that are tracking negatively.

Attached to this report:

- Appendix 1 - Organisation Performance Q1 Report 2023/24.

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

WHAKATĀNE DISTRICT COUNCIL

ORGANISATION PERFORMANCE REPORT Q1

Q1 2023/2024

1ST JULY – 30 SEPTEMBER

**Te Pūrongo
Aroturukitanga Mahi
a Te Kaunihera ā-rohe
o Whakatāne Q1**

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Finance performance measures	10
Preparedness performance measures.....	11
Business Plan.....	13
How our measures are calculated.....	17



6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

Purpose of this Report

Te take o tēnei pūrongo

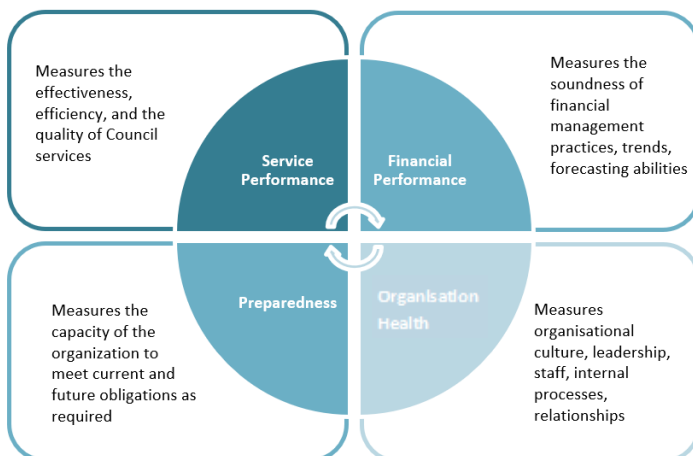
This Organisation Performance Report is a quarterly report presented to Council and covers quarter 1 of the 2023/24 financial year: 1 July– 30 September 2023.

The purpose of this report is to provide Council with an overview of how we are performing across a wide range of high-level measures including service performance, financial performance, the Council's preparedness to meet current and future obligations and the health of the organisation. This report provides a high-level holistic view of performance, so that collective decisions can be made about where and how improvements can be progressed. More detailed information on the measures of performance can be found in specific topic-based reports provided to the Council regularly.

Performance Measurement Themes

Ngā Kaupapa inenga mahi

The performance measures have been categorised into four themes, outlined below.



6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

Quarterly Summary

Organisation Health

This quarter we had a total of 15 recruitment campaigns, and we are now looking to recruit for the summer season. Cultural and Leadership People Survey results, which provides a gauge on how people are feeling working for WDC, has slightly decreased to 63%, which is on par with usual results. Analysis indicates positive results in key areas such as celebrating success, having a clear vision for the Council, and confidence in our Executive Leadership Team.

Service Performance

Satisfaction with Council services has dropped compared to Q2-Q4 2023 and is sitting 7% lower than the New Zealand Benchmark Survey. While causes remain unclear, we suspect this could be at least partially due to economic, environmental and/or political concerns. The end of year Resident Satisfaction Survey resulted in two out of 15 LTP measures meeting target. Of the requests for service received this quarter, 95% have been completed or scheduled as of 11 October 2023, showing an increase from last quarter.

Financial Performance

Year to date operating expenditure is 11% lower than the 2023/24 budget. This is predominately related to interest expense less than budget (\$1.7M); loans are uplifted as needed and floating rates are anticipated to rise, so this variance will decrease as the year progresses.

Capital expenditure is behind schedule compared to our budget at the end of the first quarter of the 2024 financial year, predominantly owing to timing of project expenditure. A full review of capital expenditure phasing is to be undertaken and presented with Q1 forecasts. Revenue from fees and charges is lower than budgeted for Q1 of 2023/24, with the main variances in the compliance activities. Other revenue is less than budget for the quarter, which can be largely attributed to delays in receiving capital subsidies linked to project expenditure that is behind schedule. Debt is less than budget at the end of the first quarter, once again impacted by the timing of capital projects. Rates debtors levels are slightly below the 5% threshold at the end of the first quarter.

Preparedness Performance

We now have a full roster with 91 staff, of which 30 are trained at an intermediate level. We have held further staff online training sessions for upskilling, as well as practical in-person training such as setting up shelters. There has been ongoing relationship building with key partner agencies, as well as a marked increase in interest and attendance from various communities towards our emergency planning events..

Te Kahupapa (cultural capability framework) has been reviewed and a new suite of training will be rolled out in the new year maintaining He Taura Here Tangata (Noho Marae) and Te Puawaitanga o Te Reo (Te Reo classes). The second course of Te Puawaitanga o te reo (Internal te reo Māori sessions) was successfully delivered, having two sessions, beginners and intermediate, and over 45 staff enrolled.

Business Plan

The Whakatane District Council Business Plan provides an overview on the progress against the Council's work programme as set out in the Council's Business Plan for the 2023-24 financial year. There are more projects this year than last year. within Q1 there are no high-risk projects identified.

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

Organisation Health Measures

Ngā inenga hauora o te tōpūtanga

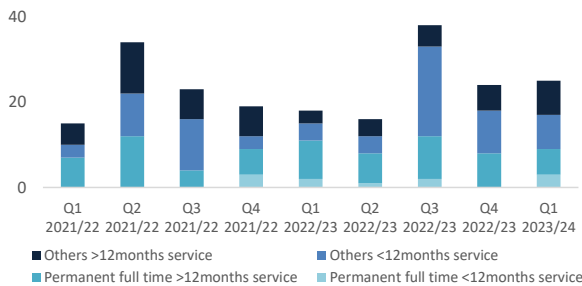
The following indicators give an overview of the organisational culture, leadership, staff, internal process, and relationships.

Employee count (as at 30 September 2023)

327 employees	-0.0% vs previous quarter -1.0% vs previous year	240 full time permanent staff	+1.3% vs previous quarter +3.9% vs previous year
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A total of 15 recruitment campaigns were completed during this quarter. Currently, Council has 22 recruitment campaigns underway at various stages of the process, across all groups. Whilst usually it is common to see increases in recruitment as we head towards the end of the year, we continue to have high numbers of available positions with the team continuing to try new or improved methods to attract quality staff. These campaigns are predominantly for staff replacements however we are also recruiting summer-season positions (Aquatics roles) and new Annual Plan positions.

Staff turnover



During the quarter, 25 staff (7.61%) exited the organisation. 9 of these were full time permanent staff. The remaining 16, were part-time, fixed term and casual. Of the permanent staff exiting, 3 had been employed for less than 12 months.

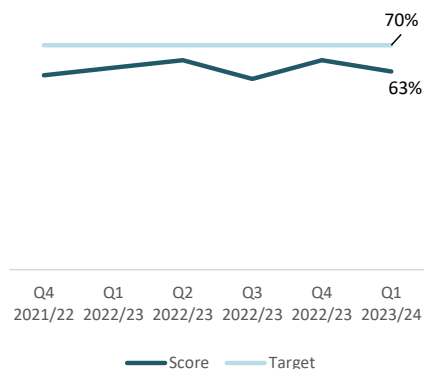
The rolling 12-month turnover for this quarter is 16.8%. This is a decrease from the previous two quarters (17.6% and 17.8% respectively). This decrease can partly be attributed to strategies to retain our workforce including a focus on work-life balance and wellbeing, enhanced culture and improved management practices.

Cultural and Leadership people survey

53 staff completed the survey this quarter, resulting in a score of 63%.

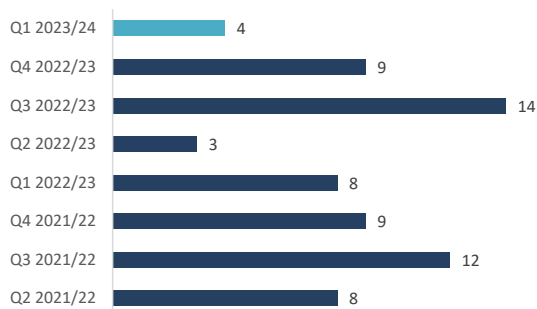
The survey for Q1 has seen a slight decrease in all three categories, which include Culture, Leadership, and Performance Development.

Analysis of results indicate positive results having a clear vision for the Council and confidence in the ELT leading us in the right direction.



6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

Number of staff accessing employee assistance programme services



A total of 4 people have accessed EAP services this quarter, all were staff members; these 4 people received a total of 9 sessions. This is a decrease from the previous quarter (9) and from Q1 2022/23 (8).

We continue to advertise our EAP service provider, OCP Services, and receive regular information and marketing products that are available for staff.

Health & Safety

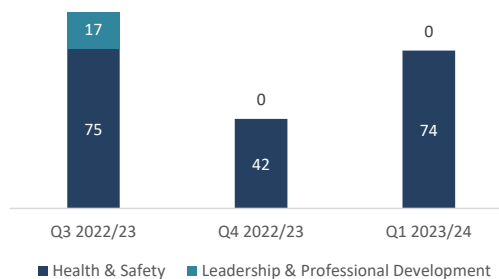
44 Health and safety incidents **10** Near misses

Additional information can be found in our Health and safety report.

Number of staff participating in development training

This quarter all of the training provided is in the Health & Safety space with 74 staff completing training, and all staff completing Vault 101 training sessions learning more on Council’s dedicated Health & Safety reporting system. Additional information can be found in the Health & Safety report.

Further leadership training is scheduled in Q2 and Q3 to support the development of the Long-Term Plan with a two-day leadership event scheduled for November 2023.



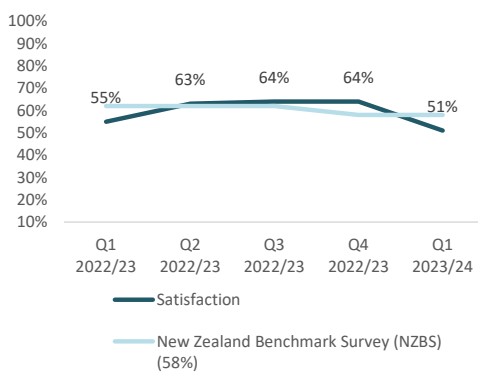
6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

Service Performance Measures

Ngā inenga ratonga Kaunihera

The following indicators have been identified to measure the effectiveness, efficiency, and the quality of Council services.

Overall resident satisfaction with Council services

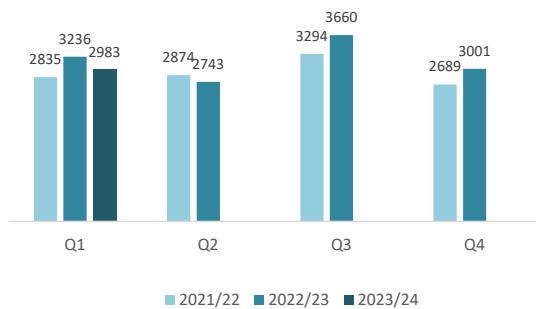


This quarter, we received an overall resident satisfaction result of 51%. Satisfaction dropped from our Q4 year end result of 64% which could be a result of environmental factors such as the general election and the end of a winter with poor weather.

Within the Residents Satisfaction Survey for this quarter, 2 of 15 of Councils Long-Term Plan targets were met.

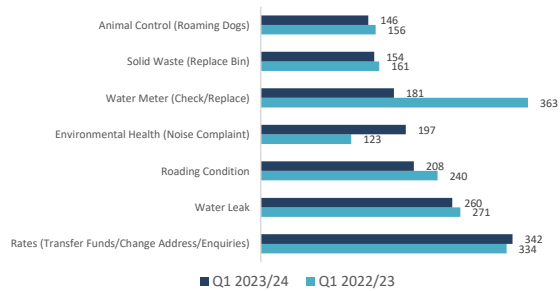
Target: Equal or above the NZ benchmark

Number of requests for service to customer service centre



There were 253 fewer RFS' logged compared to the same period last year.

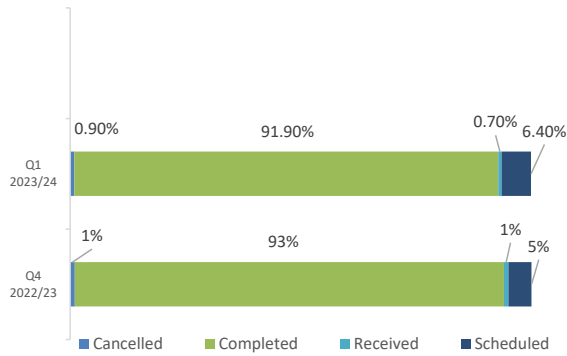
Top 8 categories for service requests



All subtypes (bar one) are in the top 8 as the stats from the year before. The only difference being 'Rates Enquiries' surpassed 'Rates Change address' in the most recent quarter. In saying that, the 'Rates Change Address' is the 9th Subtype in 2023/2024 with 116 RFS's created. So virtually the same amount, and no changes of significance seen.

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

Percentage of request for service completed



8,499 calls received by customer service

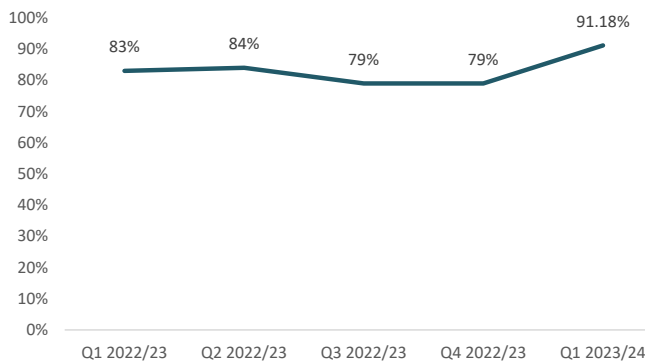
88% of calls answered within 30 secs Target: <85%

Of the 2,983 requests for services that were received this quarter, 95% of these have been completed or scheduled as of 11 October 2023 when information extracted from Ozone.

Some RFS are sent to a 3rd party contractor for action, and therefore have been 'completed' within our systems.

Target: 90% completed and scheduled

statutory timeframes

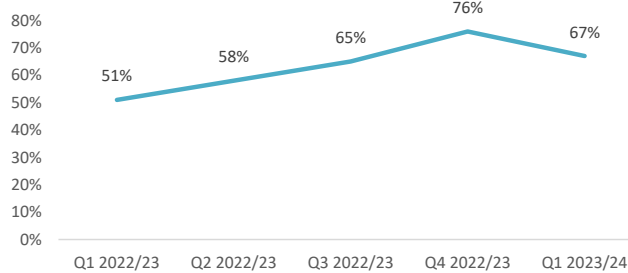


149 Building consents processed in Quarter 1 2023/24

141 same time last year

Target: 60%

Percentage of resource consents processed within statutory timeframes



46 Resource consents processed in Quarter 1 2023/24

51 same time last year

Target: 60%

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

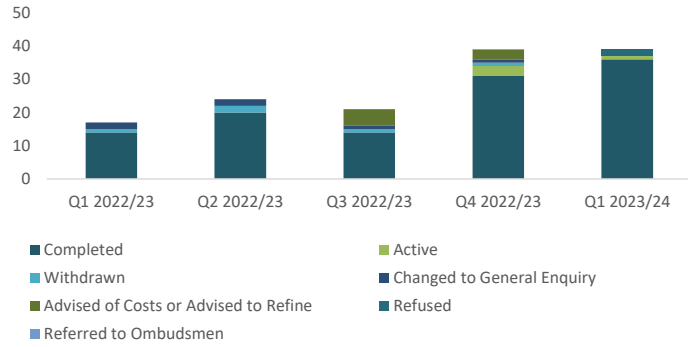
LGOIMA Received

97%

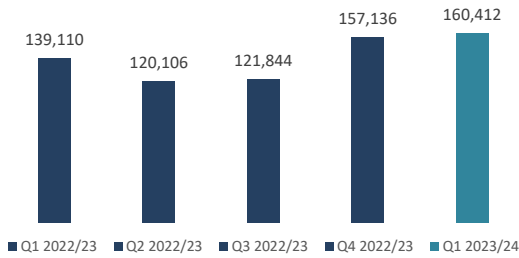
LGOIMA processed within 20 days (statutory timeframe)

Target: 100%

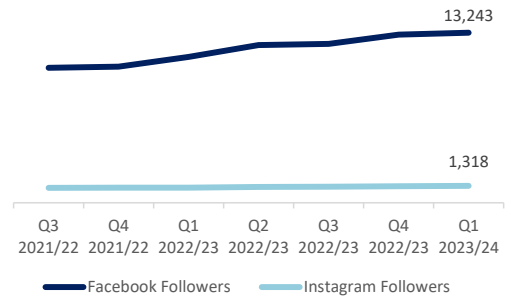
One response was out of the statutory timeframe of 20 days as the request email was incorrectly flagged as spam and not processed. The requestor resent the request and it was processed and responded to within the day.



Number of website page visits



Number of followers on Facebook and Instagram



12,147 WDC Facebook Likes Q1 2023/24

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)**49 Campaigns delivered during Q2 2022/23 including:**

- Matatā Wastewater engagement
- Fees and Charges consultation
- Climate Change consultation
- Our Places – Eastern Bay of Plenty Spatial Plan
- Animal Control
- Dog registration
- Urban stormwater
- Murupara Water
- Annual Report
- Proposed Plan Changes
- Liquor Licensing - Rugby World Cup
- Te Kōputu and Murupara school holiday programmes
- Matariki 2023 events
- Te Wiki o te Reo Māori 2023
- Taketake at Twilight
- Shifting Perspective, He Pae Tawhiti, Te Ararau oo Anu Maatao and Blind Bird Collective exhibitions
- Council building signage
- Annual Plan 2023
- Annual Plan snapshot
- Rates newsletter and various rates invoice templates
- Aquatic Centre signage + promotion
- Local Government Statement
- Climate Change branding
- Draft Climate Change response
- Wellbeing events promotion
- Landing Road Roundabout information campaign
- Branding guidelines for Te Kōputu and Taketake
- Whakatāne Mayoral Youth Awards
- Council building signage
- Airport Statement of Intent 2022/23
- Airport Statement of Intent 2023/24
- Transport Choices Programme consultation
- District Speed Management Plan
- Climate Change consultation
- Solid waste campaigns
- Road safety campaigns
- E-Bike Library
- Community safety camera (CCTV) project
- Live streaming
- Fees and Charges 2023 consultation
- Mā Koutou, Mā Tātou – Our People, Our Spaces Consultation
- Tourism - Summer like this Campaign – Digital billboards / socials / advertising
- District promotion updates to billboards and distract entrance signage (on going)
- Matatā Wastewater project work
- Community Grants and Funding Policy review consultation
- Murupara Community Board by-election
- Mayoral Youth Awards
- Peace Street stormwater and road safety upgrade information campaign
- Service desk portal
- Arts, Culture and Strategy Consultation

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

Finance Performance Measures

Ngā inenga mahi ahumoni

The measures below provide an overview of Council's financial management practices, trends, and forecasting ability. Variances that are outside the target range are shown as red.

Operating expenditure

	ACTUAL	BUDGET	VARIANCE %	Target
2023/24 YTD	\$15.09M	\$16.94M	11%	At or within 5% of budget

Capital expenditure

	ACTUAL	BUDGET	VARIANCE %	Target
2023/24 YTD	\$6.47M	\$9.75M	33.7%	At or within 5% of budget

Fees and charges revenue

	ACTUAL	BUDGET	VARIANCE %	Target
2023/24 YTD	\$3.27%	\$3.47M	-5.6%	At or within 5% of budget

Other revenue

	ACTUAL	BUDGET	VARIANCE %	Target
2023/2 YTD	\$18.24M	\$19.48M	-6.93%	At or within 5% of budget

Debt as a proportion of Annual Plan forecast

	ACTUAL	FORECAST	VARIANCE %	Target
	\$133.5M	\$181M	26%	Within 5% of forecast debt

Rates debtors

	PERCENTAGE COLLECTED	VARIANCE %	Target
	94.76%	5.24%	Within 5% of total rates

Operating expenditure is 11% less than the revised 2023/24 budget. This is predominantly related to interest expense less than budget (\$1.7M); loans are uplifted as needed and floating rates are anticipated to rise so this variance will decrease as the year progresses.

Capital expenditure is behind schedule compared to budget at the end of the first quarter of 2023/24 financial year, predominantly owing to timing of project expenditure. A full review of capital expenditure phasing is to be undertaken and presented with Q1 forecasts.

Fees and charges revenue is less than budget for Q1 of 2023/24, with the main variances in the compliance activities.

Other revenue is less than budget for the quarter, this is largely related to capital subsidies which are linked to project expenditure which is behind schedule.

Debt is less than budget at the end of the first quarter and is also impacted by the timing of capital projects.

Rates debtors variance is slightly above the 5% threshold at the end of the first quarter.

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

Preparedness Performance Measures *Ngā inenga mahi whakaritenga*

The following measures show the capacity of the organisation to meet current and future obligations as required.

Emergency Operations Centre

There are currently 91 staff on the Emergency Operations Centre (EOC) roster (90 required). The 90 staff required on the roster are made up of 10 Managers + 20 staff. 30 staff per shift, 3 shifts. 30 of the required 90 rostered EOC staff are Intermediate level trained. This number includes those who have completed function specific training.

From 1 June – September 2023, the EOC has not activated however a small EOC monitoring team have met and worked with operational staff during uncertain times during this quarter to ensure all are connected should uncertain situations escalate. This gave opportunity to continue to strengthen communications and relationships with key partner agencies. The EOC moved from temporary offices back to the primary council building and we have worked on layouts for the wider EOC space provided. New and existing staff needing to upskill have been participating in the internal and external training provided such as MSTeams Foundation Course-online and Function team specific exercises.

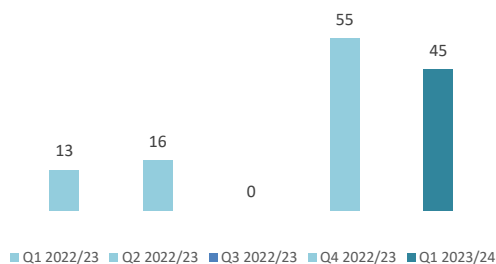
Training was also provided for staff to set up a Covertex Air Shelter of which a few external agency partners also attended, building relationships and collective awareness. WDC EM continues to engage strongly in the community, focussed on supporting the connection of Community Emergency Response Teams (CERT) to the Emergency Operations Centre (EOC) via the Welfare Function Team Liaison roles to ensure timely and ongoing communication. August 2023 an inaugural combined CERT evening was hosted by Waiōhau team. There was a marked increase in interest and feedback and attendance from various communities across the district including from local partner agencies, Disability Resources Centre, Te Puna Ora o Mataatua, Waiariiki Whānau Mentoring and Rural Support Trust. Whakatāne Accessibility and Inclusivity (W.A.I) Group connected with WDC EM and we provided a public forum regarding emergency planning specific to disability and accessibility. From this connection the W.A.I and WDC EM are forming a partnership to provide emergency management consultation and advice on best practice points for disability and accessibility prior to, during and post emergency events.

Number of staff attending Māori development training programmes

This reporting period highlights significant change for our team in terms of resourcing and work programming.

Te Kahupapa (cultural capability framework) has been reviewed and a new suite of training will be rolled out in the new year. We will still maintain He Taura Here Tangata (Noho Marae) and Te Puawaitanga o Te Reo (Te Reo classes).

Te Puawaitanga o te reo (Internal te reo Māori sessions) is underway for a 2nd time and going well. We have two sessions, beginners and intermediate, and have over 45 staff enrolled.

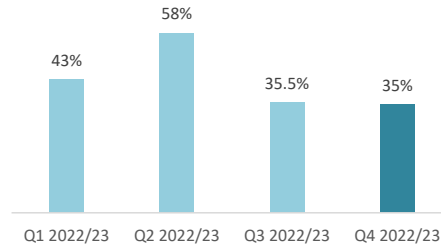


6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

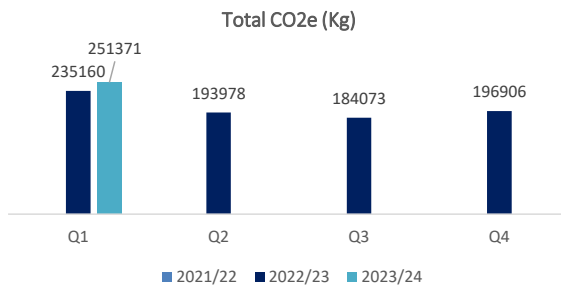
Percentage of staff who have completed cyber security training

In Q1, 7 module trainings were provided from provider KnowBe4 including topics such as Restricted Intelligence (Social Media), Social Engineering, Oversharing, Travel and Information Security. 35% of staff completed these.

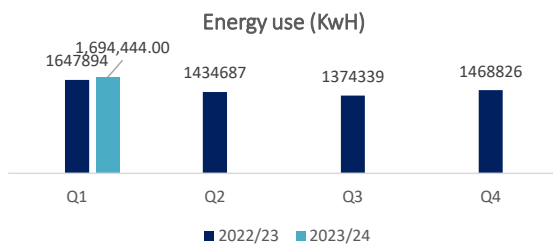
Target: 50%



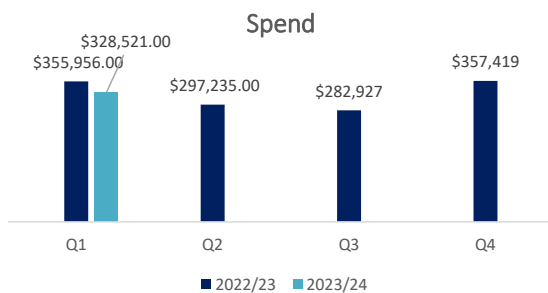
Emission reductions through the energy management programme



Energy Emissions have increased this quarter mainly due to the maintenance being undertaken at the Aquatic Centre whilst the boilers have been turned on. There was also a failure of the old shower system which has since been replaced.



Energy use has increased predominately due to Council Staff being back in the Civic Building. Because there were minimal energy efficient measures in the building process, there remains high base loads at weekends and overnight, mainly due to no automated sensor lights or aircon. Investigations are underway to look at reducing some of this electricity use.



There has been a decrease this quarter in spend due to the cost of natural gas being cheaper per kwh than electricity.

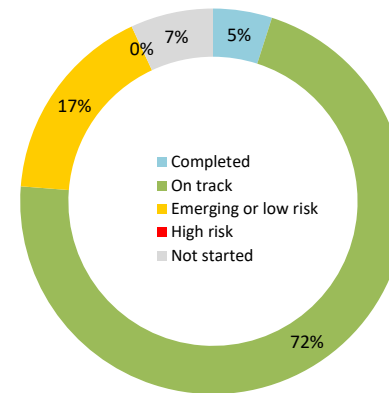
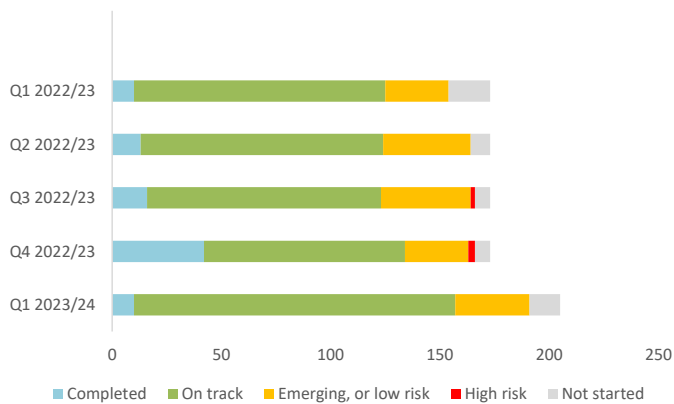
Progress Report against the Whakatāne District Council Business Plan 2023-24

Introduction:

The following information provides an overview of progress against the Whakatāne District Council’s work programme as set out in the Council’s Business Plan for the 2023-24 financial year. This report represents the status of the work programme at the end of quarter one of the financial year (as at 30 September 2023). The Business Plan illustrates Council’s work programme for a ‘one-year’ period and supports implementation of Council’s Long-Term Plan 2021-31 which sets out Council’s direction, priorities, projects, activities and indicative budget for a ‘ten year’ period.

How we are tracking against the full business plan:

As at quarter one, the Council Business Plan reports against 205 programmes, projects, services and initiatives. At the end of the first quarter of the 2023/24 financial year the work programme is tracking overall as follows.



6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

How our work programme is tracking against the strategic goals in our Long-Term Plan (LTP)

Our 2021/31 LTP sets out eight strategic goals that the organisation is working towards on behalf of the community. Council is progressing a number of key projects and initiatives to work towards these priorities. The information on this page illustrates progress on specific parts of the work programme aligned to each of Council’s eight ‘strategic goals’ (This does not cover all 205 items on the work programme, largely excluding BAU). 136 are Projects, and 69 are Business as Usual or as part of our On-going Service Delivery. Of those 136 projects, 10 are completed and 84 are on track. The majority of the projects are therefore on track, and we have identified none that are high-risk.



6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

Overview of what is ‘at risk’ in the Business Plan

The table below sets out 10 items in the work programme that are elevated to the Committee due to their risk status. These have been selected according to the following risk classification:

- A. ‘Key projects’ in the work programme that identified any level of risk.
- B. Any items in the work programme that identified ‘high risk’.

Analysis of risk in the Business Plan as at quarter 1 2023-24:

- There are a total of 205 items listed in the Business Plan for the 2023-24 year.
- Of these items 77% are either completed or on track at the end of quarter 1 (as at 30 September 2023).
- At this early stage of the year (end of first quarter of 2023-24), there are no items reporting ‘high risk’.
- Of the 25 high profile “key projects” in the Business Plan, nine are reporting ‘low or emerging risk’, and one item has not yet started – the status of these items is set out on the following table.

Table 1: Business Plan Q1 reporting as at 30 September 2023-24 – list of key projects reporting risk

Ref #	Projects/item	GM sponsor(s)	Intended completion	Q1 Status	Q1 Comment
2.4.04	Manage Boat Harbour project workstreams and shareholder reporting to Council	GM:Strategy & Transformation	2024	Emerging or low risk	Ground works commencement has been delayed while Resource Consent Management Plans are finalised and agreed.
2.4.05	Reset town centre riverfront project (Te Ara Hou)	GM:Strategy & Transformation	2024	Emerging or low risk	Reset process underway, Kanoa has been contacted to confirm reset options before presenting to Council for decision.
2.4.06	Review Town Centre vision document	GM:Strategy & Transformation	2024	Not started	Project has been delayed due to contextual changes; Whakaari, covid, better understanding of floodwall works, cost changes. The CEs of EBoPRC, WDC and Ngati Awa have formed a Working Group to co-ordinate projects that affect the Town Centre revision.
4.1.06	Navigating three waters reform and transition to new delivery model	GM:Infrastructure	2024	Emerging or low risk	There is uncertainty related to the outcome of the general election and how this may impact the reform programme.
4.1.07	Planning for upcoming consent renewal requirements for waste-water systems and drinking-water systems	GM:Development & Environment / GM:Infrastructure	2024	Emerging or low risk	Behind schedule but progressing.

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

4.1.10	Complete planning for Matatā wastewater project ahead of 3W transition	GM:Development & Environment	2024	Emerging or low risk	Progressing well but broader land application sites now being investigated. Unlikely to be completed by July 2024.
7.4.07	Acquire land and subject to acquisition, develop plan for new cemetery	GM:Community Experience	2025	Emerging or low risk	We continue to look for appropriate land.
7.4.08	Planning and partnership for Ngā Tapuwāe o Toi trail	GM:Community Experience	2024	Emerging or low risk	This project is being led by DoC and the timing is outside of our control.
8.2.03	Develop and implement an effective framework for capital expenditure programme planning, forecasting and delivery	CFO-GM:Business Partnering	2024	Emerging or low risk	Framework has been developed, now being trialled against pilot projects prior to completion for Dec. 2023 update to Finance and Performance Committee
8.4.03	Deliver project plan and commence implementation of Ozone ERP replacement	CFO-GM:Business Partnering	2025	Emerging or low risk	Some delay due to recruitment of Project Manager and Business Analysts, plus access to Change Manager. Also potential option of joining a ALGIM led consortium which provides cross council benefits but may delay phase 1 further.

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)

How our measures are calculated

Overall resident satisfaction with Council services – Results are provided from the quarterly Residents Satisfaction Survey provided by SIL research. The overall score includes all survey questions relating to the satisfaction with Council services. The New Zealand Benchmark is calculated at the end of the financial year and compares how we have performed, against other Councils. Our target will change every year based on this result and will report against the previous year's benchmark.

Requests for Service – is the service delivery process that supports any request (job) received by the public that is formally recorded. The request is then referred to the appropriate department for further action and closed once completed. A Request for Service enables our community to notify Council of any problems/concerns in our District that need to be brought to our attention for necessary action such as animal control, water, or rates etc. There are multiple ways a Request for Service can be logged such as telephone, email, website or in person.

Emergency Operations Centre (EOC) Training Requirements – 90 staff are required to be on the EOC roster, with 60% of these staff to have completed intermediate level training. This measure ensures that we are prepared to effectively manage and respond to an emergency.

Culture and Leadership Survey – This is sent to 100 randomly selected staff members to participate in quarterly. The survey has a total of 25 questions (11 relating to workplace culture, 7 relating to leadership, and 7 relating to performance development) to help us understand staff perception of our culture and leadership.

LGOIMA – This is a request for information under the Local Government Official Information and Meetings Act 1987. These requests must be completed within 20 days of being received.

Emission reductions – Council undertook an energy audit in 2018 in collaboration with the Energy Efficiency and Conservation Authority (EECA) and with the support of Council's energy management contractor, EMSOL. Since September 2019, an energy management programme has been underway to identify, implement, and monitor opportunities for energy savings and emission reductions. Council continues to monitor specific sites and facilities of interest, which contribute towards the majority of Council's energy use. The emission reduction metric, reports on the carbon dioxide equivalent (Co2e) emitted from the 14 sites included in the energy management program. CO2e is calculated from electricity and natural gas usage. Reduction in energy usage and switching of source contributes to a reduction in our total carbon dioxide emissions.

6.3.1 Appendix 1 - Organisation Performance Q1 Report 2023/24(Cont.)



WHAKATĀNE DISTRICT COUNCIL ORGANISATION PERFORMANCE REPORT Q1

1 JULY – 30 SEPTEMBER 2023

Te Pūrongo Aroturukitanga Mahi a

Te Kaunihera ā-rohe o Whakatāne 1

6.4 Financial Performance Report Q1 September 2023

6.4 Financial Performance Report Q1 September 2023



To: **Finance and Performance Committee**

Date: **Friday, 1 December 2023**

Author: **Gary Connolly - CFO and GM Business Partnering**

Authoriser: **Steph O'Sullivan - Chief Executive**

Reference: **A2551769**

1. Reason for the report - *Te Take mō tēnei rīpoata*

To provide the committee with the management Financial Performance Reporting for the period ending 30 September 2023, the first quarter of the 2024 financial year.

2. Recommendation/Actions - *Tohutohu akiaki*

1. **THAT** the committee **receive** the financial performance report for the period ending 30 September 2023.
2. **THAT** the committee **note** that a briefing of council on 1. '*Rates Receivables incorporating "affordability" insights*'; and 2. '*Sundry Accounts Receivable Analysis on collections performance*' is currently scheduled for 31 January 2024.

3. Background - *He tirohanga whakamuri*

This report is presented to the Finance and Performance Committee as a snapshot of management financial performance as at 30 September 2023, the first quarter of the 2024 financial year. This provides an indication of financial performance year to date and insights on any key variances to performance which have been identified.

3.1. Financial Performance Summaries

3.2. The major financial KPI indicators are summarised as follows:

- a **Surplus of Operating Activities** of \$3.9m compared with the revised budget of \$2.1m reflecting lower; this reflects \$1.4m benefit associated with the interest on loans settled in October not accrued at September. The underlying variance after adjusting for this of \$700k reflects timing of operating costs against original budget phasing resulting in lower direct costs incurred to date.
- a **Deficit of Net Capital Expenditure before Borrowings** of \$4.0m compared with the revised budget of \$5.9m; reflecting timing of capital expenditure, predominately on projects, against original budget phasing resulting in lower capital expenditure incurred year to date.

6.4 Financial Performance Report Q1 September 2023(Cont.)

- a **Reported Accounting Operating Deficit** of \$(0.6)m compared with a revised budget Reported Operating Surplus of \$(1.0)m.
- a **Reported Accounting Surplus from all Activities** of \$0.3m compared with a revised budget deficit of \$(1.0)m.

4. Issue/subject – Kaupapa

The financial reporting presented in this paper covers the period to 30 September 2023. The information presented depicts financial impacts of Operating and Capital Expenditure at a summary level along with explanations of material variances.

6.4 Financial Performance Report Q1 September 2023(Cont.)

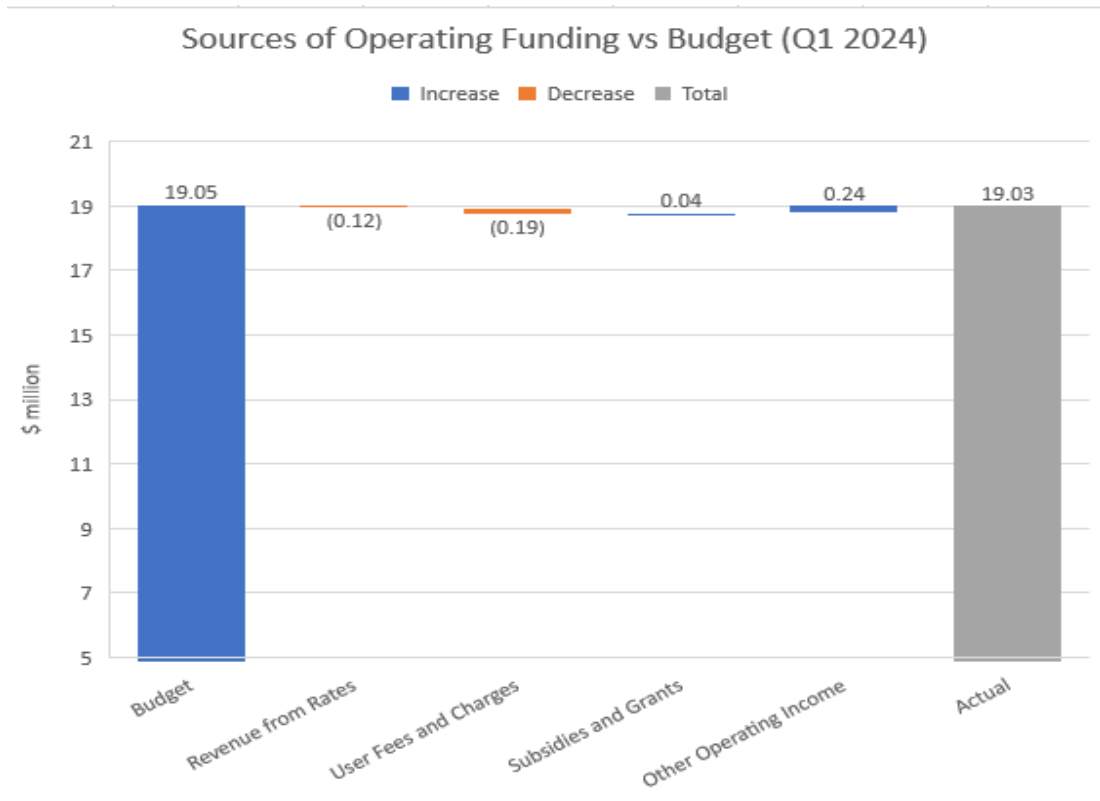
4.1. OPERATING PERFORMANCE:

Financial Performance as at 30 September 2023	±000			
	Actual YTD	Revised Budget YTD	Variance YTD	Revised Budget Full Year
OPERATIONAL				
Sources of Operating Funding				
Revenue from Rates	13,355	13,472	(117)	60,260
User Fees and Charges	3,273	3,467	(194)	11,594
Subsidies and Grants for Operating Purposes	1,656	1,614	41	8,374
Other Operating Income	742	501	241	2,047
Total Sources of Operating Funding	19,025	19,054	(29)	82,275
Applications of Operating Funding				
Payment to Staff	6,168	6,041	(127)	27,086
Payment to Suppliers	6,815	7,245	429	38,773
Payment for Utilities and Telecommunications	1,962	1,786	(176)	4,456
Financing Costs	141	1,872	1,731	8,281
Total Applications of Operating Funding	15,086	16,943	1,857	78,597
Surplus (Deficit) of Operating Activities	3,940	2,111	1,828	3,679
CAPITAL				
Sources of Capital Funding				
Subsidies and Grants for Capital Purposes	2,435	3,781	(1,345)	29,190
Development Contributions	54	107	(52)	426
Gain (Loss) on Disposal of Assets	0	0	0	0
Total Sources of Capital Funding	2,490	3,887	(1,397)	29,616
Applications of Capital Funding				
Capital Expenditure	6,470	9,753	3,284	89,260
Increase (Decrease) of Investments	0	0	0	4,100
Total Applications of Capital Funding	6,470	9,753	3,284	93,360
Surplus (Deficit) of Net Capital Expenditure	(3,980)	(5,866)	1,886	(63,744)
DEPRECIATION AND NON-OPERATIONAL				
Non-Operating Activities				
Depreciation	7,004	7,004	0	28,014
Gain (Loss) on Revaluation - Derivatives	916	0	916	1,368
Gain (Loss) on Revaluation	0	0	0	4,176
Future loss on sale - investment property	0	0	0	(888)
Surplus (Deficit) of Other Activities	6,088	7,004	916	29,934
FUNDING SUMMARY				
Surplus (Deficit) of Operating Activities	3,940	2,111	1,828	3,679
Surplus (Deficit) of Net Capital Expenditure	(3,980)	(5,866)	1,886	(63,744)
Net Operating and Capital Cash Utilisation	(40)	(3,755)	3,715	(60,065)
Funding (Debt) Movements	17,700	11,816	5,884	47,263
Reserves Funding Balance (Equity/Working Capital)	(17,660)	(8,061)	9,599	12,802
Accounting Surplus (Deficit) From Operating Activities	(574)	(1,005)	431	5,281
Accounting Surplus (Deficit) including Other Activities	342	(1,005)	1,347	9,937

Surplus from operating activities of \$3.9m is \$1.8m higher than the budgeted operating surplus of \$2.1m.

Operating Revenue (Sources of Operating Funding) aligns with budget overall at the end of the first quarter of the 2024 financial year.

6.4 Financial Performance Report Q1 September 2023(Cont.)



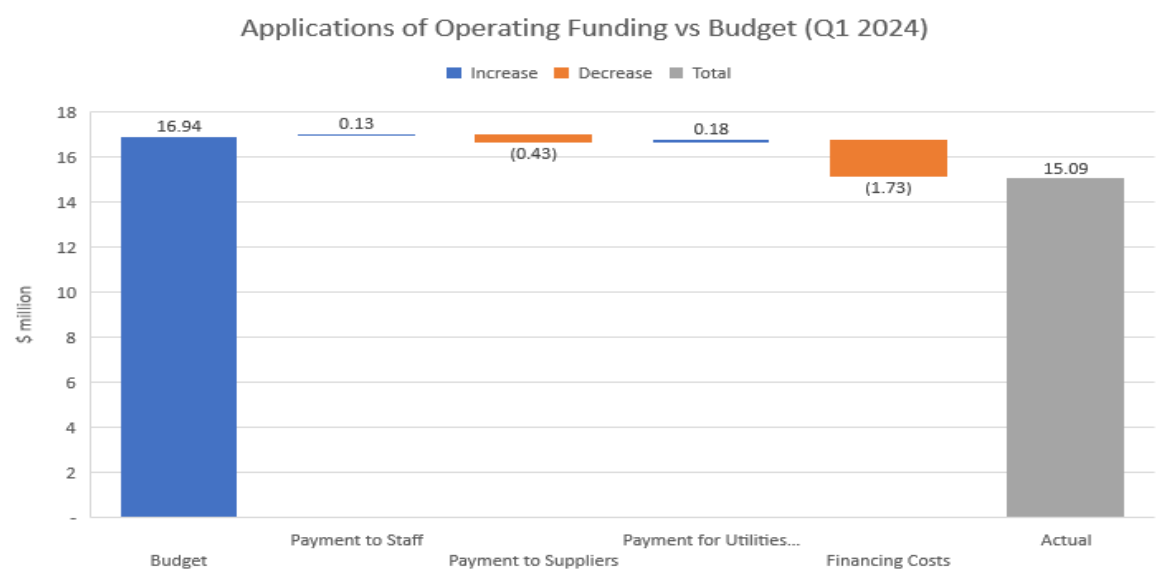
Fees and Charges are less than budget by \$190k (5.6%), this variance is predominantly reflected in the Community Safety Group of Activities across the compliance activities; Resource Consents, Building Inspection, Animal Control and Parking Enforcement.

Based on delays and changes in the implementation of the fees and charges review we have previously indicated to council on 15 November that we anticipate a variance in full year performance which will be incorporated into end of year reserve movements.

Other Operating Revenue at \$740k is \$0.2m higher than budget of \$500k; predominantly owing to interest revenue \$150k higher than budgeted. Treasury advice was to prefund loans due in April 2024. The prefunding has been put on term deposit leading to more interest revenue than originally anticipated.

6.4 Financial Performance Report Q1 September 2023(Cont.)

4.2. Operating Expenditure (Applications of Operating Funding) is \$15m which is \$0.19m less than budget of \$16.9m.



Payment to Suppliers is less than budget by \$430k (6%); this variance is spread across multiple activities and is largely considered to be timing related at the end of the first quarter, however we are also investigating the offset of budget against Utilities and Telecommunications, therefore are currently assessing the variance on a combined basis.

Payment for Utilities and Telecommunications is higher than budget (\$180k, 10%), including some impact from rates increase impact of Whakatane District Council properties not provided in budget process.

Financing Costs of \$140k is \$1.7m under budget of \$1.9m. \$1.4m is associated with interest costs paid in October for the June - October period. We are currently revising month end accrual processes to ensure that these timing differences don't distort the reporting to the committee. The effective savings are approximately \$300k reflecting lower than budgeted loan draw downs based on lower capital expenditure incurred versus budget in the quarter.

4.3. CAPITAL PERFORMANCE:

4.4. Sources of Capital Funding are \$2.5m which is \$1.4m less than budget of \$3.9m.

Capital Subsidies are significantly under budget (\$1.3m) with the variance largely considered to be timing, and predominantly related to transport and Better Off Funded projects.

4.5. Applications of Capital Funding are \$6.5m which is \$3.3m less than budget of \$9.8m.

This variance is mainly related to the timing of capital expenditure. A full review of capital budgets has been undertaken, with rephasing of capital budgets being presented in the Q1 forecast report.

6.4 Financial Performance Report Q1 September 2023(Cont.)

4.6. OTHER FINANCIAL PERFORMANCE:

Depreciation and Non-Operational Activities.

Gain on Derivatives: As the Official Cash Rate (OCR) increases Council continues to make gains on derivatives. The budget was set conservatively due to the uncertainty and instability of interest rates.

Depreciation: Depreciation has been posted to reflect budget to the end of September. Actual depreciation will be calculated once assets are rolled for the 2023 financial year following audit sign off.

4.7. Accounting Surplus / (Deficit)

The Financial Report for Quarter One of the 2024 financial year reflects an overall surplus of \$0.34m, against a deficit budget of \$1m this represents an overall above budget position of \$1.3m.

4.8. SUNDRY ACCOUNTS RECEIVABLE (NON-RATES)

Non-rates Debtors as at 30 September 2023							
Activity	Current	Overdue 30 days	Overdue 60 days	Overdue 90+ days	Total 30 September 2023	Total 30 September 2022	Total 30 June 2023
Airport	1,370.00	2,537.50	1,437.50	191,868.41	197,213.41	200,243.70	202,268.27
Animals	(1,769.85)	-	-	25,593.70	23,823.85	22,592.58	25,709.11
Building Consents	35,881.72	27,963.01	35,647.20	13,682.24	113,174.17	133,255.63	135,591.79
Refuse Transfer Station	139,767.97	46,122.60	1,002.12	16,518.78	203,411.47	339,726.71	124,490.38
Halls	12,486.56	3,856.25	2,034.50	9,423.44	27,800.75	78,230.08	20,260.71
Harbour Ground Lease	79,997.96	(898.81)	(3,173.80)	105,103.14	181,028.49	236,311.95	328,201.90
Leases/Rental (non Harbour)	31,809.81	1,082.54	7,335.18	26,854.08	67,081.61	89,580.36	86,801.18
Licences	22,537.35	1,620.88	3,801.00	44,167.49	72,126.72	75,204.27	80,429.82
Resource Consents	4,944.15	20,987.63	1,350.53	188,338.82	215,621.13	154,288.80	213,208.01
Roading	5,790.04	5,720.00	-	68,146.07	79,656.11	89,129.04	287,991.33
Sundry debtors	80,786.19	16,166.75	(2,536.12)	324,430.51	418,847.33	(4,069.47)	366,081.73
Trade Waste	17,198.37	140.00	39,656.12	12,166.39	69,160.88	64,017.69	16,041.74
Aquatic Centre	11,162.22	(44.14)	297.00	13,306.60	24,721.68	19,370.70	20,477.88
Moorings/Hardstand/Berthage	1,310.00	275.00	-	19,983.50	21,568.50	7,973.45	37,408.09
Liquor Licensing	2,325.00	-	248.95	(244.60)	2,329.35	1,442.00	1,640.45
Cemetery	37,670.00	1,645.00	8,378.00	3,460.43	51,153.43	50,550.82	39,583.43
Total	483,267.49	127,174.21	95,478.18	1,062,799.00	1,768,718.88	1,557,848.31	1,986,185.82
	27%	7%	5%	60%	100%	100%	100%

* Sundry debtors reported above includes sponsorship invoicing, invoicing for pest control, invoicing to recover costs, and other invoicing that does not fit under other categories.

Analysis of the Sundry Accounts Receivable Overdue 90+ days reflects the following:

4.8.1. Major Outstanding Amounts:

MBIE \$230k

Sundry debtors - Invoicing associated with Whakatāne Regeneration programme milestone. The invoice was raised in advance of the supporting claims documentation, which is now being provided, therefore though recorded above as overdue it is not yet technically due. The amount reflects TRONA activity under the programme which has not been invoiced by or paid to TRONA, therefore though appearing on the Sundry Accounts Receivable listing report above it does not represent any exposure for WDC.

6.4 Financial Performance Report Q1 September 2023(Cont.)**Ministry of Transport \$190k**

Airport - This outstanding amount is for contribution to runway renewals capital expenditure. Through the CE we have established contact with senior staff at MOT with whom to arrange settlement of this as well as the outstanding Airport JV Contributions for the 2020-2023 year which are likely to be in the vicinity of \$1.0m, but have not yet been invoiced and are not included above.

MMS GP Ltd \$85k

Resource consents – This amount relates to activity associated with property at 77 Bunyan Road, Piripai, referenced as the Piripai Block or also at times as the Ōpihi Block. Accounts Receivable are not actively pursuing collection pending resolution of other commercial issues associated with that property.

4.8.2. Other Outstanding Amounts:

The overdue 90+ days beyond the major accounts is reflective of the fact that we do not currently have an effective good practice approach to the writing-off of aged uncollectable debt in place. Approximately \$380k of the balance is greater than 12 months old, but of that \$240k is 3 years overdue or greater.

This is reducing the effectiveness of the insights from this reporting as it is distorting insights associated with the management of the 90+ balance. We are reviewing the approach to write offs under an accounts receivable write off policy and expect to have the policy and revised processes in place by March 2024. We anticipate at the point, though the write off process is one of management under delegations, we will still be including quarterly write off trend, not detail, in this report for this committees oversight.

That said we also recognise the need for improved collection approach to maximise the collection of sundry receivables on behalf of the community and avoid the debt becoming uncollectable. We are currently reviewing the process for active collection on sundry receivables, including improvements around earlier and more effective escalation through activity managers, General Managers and the CFO, which is likely to include a more active and structured data driven approach to collection enforcements while still balancing the need to protect council reputation.

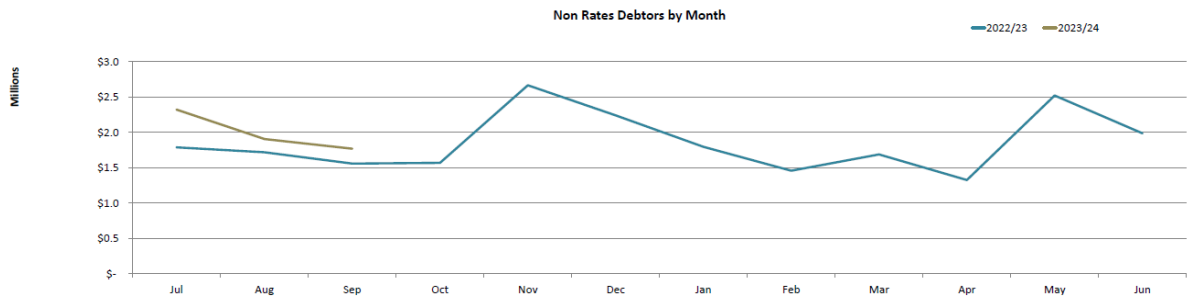
Inactive sundry accounts over \$500 and Greater than 12 months overdue - \$300k (190 Accounts avg. debt \$1,800) - \$180k greater than three years:

Over the next quarter the Finance Transactional Services Manager will be reviewing each of these accounts to identify latest and potential additional collection steps to maximise the collection of these receivables, or identify where it is considered uncollectable, and make appropriate recommendations to the CFO.

Inactive sundry accounts under \$500 and Greater than 12 months overdue - \$90k (450 Accounts avg. debt \$215) - \$60k greater than three years:

We are currently reviewing the process for active collection on sundry receivables and the accounts receivable write off policy. The majority of this amount reflects the accumulation of debts over time and are uneconomical and unlikely to be collected.

6.4 Financial Performance Report Q1 September 2023(Cont.)



Explanation of Graph – How are debt levels tracking between this year and last year?

- Total debt for September 2023 has increased by \$211k compared with September 2022.
- Sundry Debtors has increased by \$418k in September 2023 compared with September 2022. This is mainly due to an MBIE invoice for \$230k as part of the Whakatāne Regeneration Programme which is reflected in the 90 days+. Sundry also includes an invoice to the Department of Conservation of \$50k related to the Aniwanuiwa Collection Fund which is reflected in current.
- Total debt for Refuse Transfer Station has reduced by \$136k in September 2023 compared with 2022, following an successful active payment plan being put in place over the last year for the debtor to which the majority of this was attributed.
- 90 day debt for September 2023 has increased from 49% (2022) to 60% (2023). This is mainly due to the MBIE as referenced above rolling over into the 90-day section.

4.9. RATES DEBTORS

The total land rates debt as at 30 September 2023 is \$7.88 million (30 September 2022: \$7.14 million).

The percentage of invoiced rates collected for the 2023 financial year as at 30 September is 94.76%, this compares to 95.74% collection at the same time last year. Collection has remained relatively static despite the annual increase in rates and increased cost-of-living pressures across our communities.


The percentage of quarterly rates invoicing collected at the reporting date is shown in the following table:

Percentage Collected	2024	2023	2022
Q1 as at 30 September	94.76%	95.74%	95.30%
Q2 as at 31 December		96.48%	96.69%
Q3 as at 31 March		96.86%	96.94%
Q4 as at 30 June		97.23%	97.28%

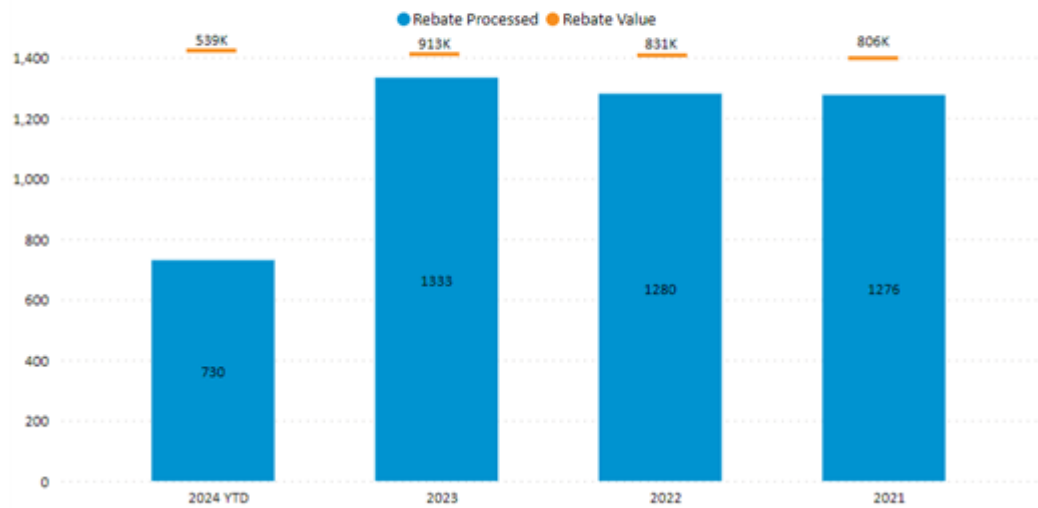
6.4 Financial Performance Report Q1 September 2023(Cont.)

Rates Rebates

Rates rebates processed to the end of September has increased 12.3% (730) in comparison to last year (650). The Rates team continue to encourage low-income ratepayers to submit applications to check if they qualify for the increased rebate amount of up to \$750. Application forms sent with 1st instalment invoices to all customers who claimed last year as well as newsletter and website updates. Working with Communications and Community Partnerships to further raise awareness.

 **Rates Rebates, Email opt-ins and Direct Debits**

Rates Rebates Processed 2021-2024



6.5 Financial Forecast Report Q1 September 2023

6.5 Financial Forecast Report Q1 September 2023



To: **Finance & Performance Committee**
Date: **Friday, 1 December 2023**
Author: **Gary Connolly - CFO and GM Business Partnering**
Authoriser: **Steph O'Sullivan - Chief Executive**
Reference: **A2551770**

1. Reason for the report - *Te Take mō tēnei rīpoata*

To provide the committee with the Q1 Financial Performance Forecast projected to 30 June 2024 for the 2023-24 financial year, as prepared at 30 September 2023, in comparison to the Revised Budget for 2023-24 financial year.

2. Recommendations/Actions - *Tohutohu akiaki*

1. **THAT** the committee **receive** the financial forecast report Q1 for the 2023-24 financial year as prepared at 30 September 2023.
2. **THAT** the committee **note** the financial forecast variances summarised in the report to inform performance tracking against KPIs and to support effective council decision making.

3. Background - *He tirohanga whakamuri*

Council approved the **2023-24 Budget** as part of the 2024 Annual Plan in June 2023. Subsequently we advised the committee of the timing impact of costs and subsidies in completion of operating and capital project activities not incurred in 2022-23 being carried into 2023-24, resulting in the **2023-24 Revised Budget**. The **2023-24 Revised Budget** is therefore the comparison to which we are now measuring performance projections.

To inform performance tracking against KPIs and to support effective council decision making, management undertake a quarterly forecast projection of anticipated performance through to the end of the current financial year, being June 2024, the results of which are presented to the committee in this report.

4. Issue/subject – *Kaupapa*

Management have reviewed the projection of activities and costs associated with the 2023-24 financial year, incorporating actual activity to 30 September 2023, and anticipated activity in the remaining nine months to 30 June 2024.

Management projections are reflected for performance activity in the 2023-24 Q1 Financial Performance Forecast presented in table 4.1 below and summarised as follows:

6.5 Financial Forecast Report Q1 September 2023(Cont.)

- a projected **Operating Cash Surplus** of \$4.5m against a revised budget of \$3.7m
 - Mainly reflecting lower financing costs based on revised borrowing projections driven by the revised capital expenditure forecast.
- a projected net **Capital Cash Expenditure before Borrowings** of \$45.3m against a revised budget of \$63.7m
 - reflecting the outcome of CE KPI for the revision of phasing of 2023-24 project programme by December 2023 within this Q1 forecast.
 - Based on the revised approach of reflecting capital expenditure in the forecast based on the timing of cost incurred for delivery of the projects, rather than the full budget largely being assigned in the budget year that the project commences, we have identified approximately \$22.4m in capital expenditure budget [\$18.8m net of subsidies] that is anticipated to be incurred in 2024-25 rather than as budgeted in 2023-24.
- a projected **Reported Operating Surplus** of \$2.1m against a previous revised budget Reported Operating Surplus of \$5.3m
 - reflecting the reduction in the capital subsidies forecast being incorporated into reported operating surplus, reduced based on timing of the underlying capital expenditure incurred being forecast in 2024-25. This reduction will be offset with recovery in 2024-25 as the capital expenditure is incurred.
- a projected **Closing Borrowings at 30 June 2024** of \$160.0m against a previous revised budget of \$180.8
 - reflecting the reduction in the capital expenditure based on rephasing. This is in line with the management adjustment in the treasury projection for 2023-24 of \$20.0m as provided in treasury scenario based on the Revised Budget modelling reported through the Risk and Assurance committee.

6.5 Financial Forecast Report Q1 September 2023(Cont.)

Table 4.1 Q1 2023-24 Financial Performance Forecast

	Forecast Q1 Full Year \$000	Revised Budget Full Year \$000	Forecast YE Variance \$000
OPERATIONAL			
Sources of operating funding			
Revenue from Rates	60,074	60,260	(186)
User Fees and Charges	11,212	11,594	(382)
Subsidies and Grants for operating purposes	7,024	8,374	(1,350)
Other Operating Income	2,563	2,047	516
Total Sources of operating funding	80,874	82,275	(1,402)
Applications of operating funding			
Payment to Staff	26,957	27,086	129
Payment to Suppliers	37,039	38,773	1,734
Payment for Utilities and Telecommunications	4,677	4,456	(222)
Financing Costs	7,731	8,281	550
Total Applications of operating funding	76,405	78,597	2,192
Surplus (deficit) of operating activities	4,469	3,679	790
CAPITAL			
Sources of capital funding			
Subsidies and Grants for capital purposes	25,584	29,190	(3,605)
Development Contributions	54	426	(372)
Gain (loss) on Disposal of Assets	0	-	0
Total Sources of capital funding	25,639	29,616	(3,977)
Applications of capital funding			
Capital expenditure	66,861	89,260	22,399
Increase (decrease) of investments	4,100	4,100	-
Total Applications of capital funding	70,961	93,360	22,399
Surplus (deficit) of net capital expenditure	(45,322)	(63,744)	18,422
DEPRECIATION AND NON-OPERATIONAL			
Non-Operating Activities			
Depreciation	(28,014)	(28,014)	-
Gain (Loss) on Revaluation - Derivatives	1,368	1,368	-
Gain (Loss) on Revaluation	4,176	4,176	-
Future loss on sale - investment property	(888)	(888)	-
Surplus (Deficit) of Other Activities	(23,358)	(23,358)	-
FUNDING SUMMARY			
Surplus (deficit) of operating activities	4,469	3,679	790
Surplus (deficit) of net capital expenditure	(45,322)	(63,744)	18,422
Net Operating and Capital Cash Utilisation	(40,853)	(60,065)	19,212
Funded by			
Increase (decrease) in Debt	40,000	57,500	(17,500)
(Increase) decrease in Reserves Funding Balance (Equity/Working Cap.)	853	2,565	(1,712)
Accounting Surplus (deficit) from Operating Activities	2,094	5,281	(3,187)
Accounting Surplus (deficit) including Revaluations	6,750	9,937	(3,187)

6.5 Financial Forecast Report Q1 September 2023(Cont.)

5. Options analysis - *Ngā Kōwhiringa*

No options have been identified relating to the matters of this report.

6. Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

6.1. Assessment of Significance

The recommendations of this report are assessed to be of low significance in accordance with the Council's Significance and Engagement Policy.

6.2. Engagement and community views

Due to the low significance of the matters of this report, public participation is not required to inform decision-making, as set out in Section 6.1(a) of the Council's Significance and Engagement Policy.

7. Considerations - *Whai Whakaaro*

7.1. Financial/budget considerations

There are no budget considerations associated with the recommendations of this report other than as addressed withing the analysis.

7.2. Strategic alignment

This report serves to assure council that all loans are within policy limits and required debenture trust deed ratios.

7.3. Climate change assessment

The matters of this specific report do not have an impact on the District biodiversity and ecology.

Based on this assessment, the decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

7.4. Risks

The ratios in comparison to policy and debenture trust deed requirements demonstrate that the loan portfolio is low risk and is comfortably within all ratio requirements.

6.6 Project Management Financial Forecasting Framework

6.6 Project Management Financial Forecasting Framework

6.6 Project Management Financial Forecasting Framework(Cont.)

Project Management Financial Forecasting Framework



To: **Finance & Performance Committee**
Date: **Friday, 1 December 2023**
Author: **Gary Connolly - CFO and GM Business Partnering**
Authoriser: **Steph O'Sullivan - Chief Executive**
Reference: **A2552010**

1 Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to update the committee on changes to the approach to Financial Planning and Forecasting of Capital and Operational Project Expenditure, as associated with the demand to improving our capex delivery.

2 Recommendations/Actions - *Tohutohu akiaki*

1. **THAT** the committee **receive** the Project Management Financial Forecasting Framework report.
2. **THAT** the committee **endorse** the revised approach to Financial Planning and Forecasting of Capital and Operational Project Expenditure; incorporating enterprise project management good practice based on the project lifecycle model.
3. **THAT** the committee **note** the impact of applying the revised approach to Financial Planning and Forecasting of Capital and Operational Project Expenditure on the rephasing of the 2023-24 Revised Budget incorporated within the 2023-24 Q1 Financial Performance Forecast presented to the committee under a separate report on the agenda of this meeting.

3 Background - *He tirohanga whakamuri*

With the complexity of long term planning, annual planning, annual reporting, annual rating, the constraints of an annual financial reporting calendar with a hard defined start date of 1 July and end date of 30 June; no annual projects / capex approvals, reporting, accounting, and oversight framework is likely to deliver a perfect solution.

Any solution delivered will have some form of inherent pros and cons, and probably unintended consequences.

Councils' historic approach to financial planning and forecasting of capital and operational project expenditure has been driven to enable a clear and simplified approach to "budget approval", publicly published plans, and accounting.

However, as we have seen, it is resulting in a number of negative impacts in terms of supporting effective management and governance oversight, the meaningfulness and relevance and trust and confidence of reporting produced, and insights on projects that support decision making.

6.6 Project Management Financial Forecasting Framework(Cont.)

This challenge is not unique to Whakatāne District Council, nor just to councils’ in general, so we are able to identify lessons learned for market scanning other councils and other organisations approaches to improve how we could do things going forward.

A key aspect to improving these outcomes will require fundamental organisational collaborative change across many organisational functions around Enterprise Project Management [EPM], which will then enable a more informed and integrated approach for financial forecasting.

This organisational approach to EPM is being worked on through the Enterprise Project Management Project Plan (Project Culture) which is also addressed under a separate report on the agenda of this meeting.

Recognising that the EMP project is a more structural and permanent approach but will take some time to establish and embedded the necessary benefits, this paper addresses a short term approach (but still aligned to anticipated future EMP methodologies) which enables us to get some immediate improvements in our insights on the phasing of the financial aspects of 2023-24 capital and operational project expenditure plan, and too leverage these in setting LTP2034.

4 Issue/subject – Kaupapa

4.1 Project Expenditure vs Capital Expenditure

To date most of the conversation has been framed as being about ‘capex delivery / capex budget’, and although this as a ratio is a materially correct reference, it masks that the core issue is ‘project expenditure’; whether capital or operating in nature, and that in fact some capital expenditure isn’t project related.

For the sake of this exercise capex projects have been defined as “Capex Project > \$500k” and “Opex Projects > \$150k”.

2023-24 Revised Annual Plan:

	Annual Plan		Revised Carried Forward		Total	
	Opex	Capex	Opex	Capex	Opex	Capex
Project	\$2.5m	\$62.0m	\$1.2m	\$6.7m	\$3.7m	\$68.7m
Non-Project		\$15.2m		\$5.4m		\$20.6m
Total		\$77.2m		\$12.1m	\$89.3	\$89.3m

4.2 Whakatāne District Councils Historic Approach to Financial Planning and Forecasting of Capital and Operational Project Expenditure

Historically ‘financial approval’ has led the establishment of capital and operating project budgets, typically tied to council’s fiscal cycle of three yearly long term plans, and annual plan reporting and approval processes.

The following is an over-simplification of our historic approach, what we do is less basic and crude than this, but this detail provides a simplified illustrative example that shows some of the root cause of the issue.

6.6 Project Management Financial Forecasting Framework(Cont.)

Step 1: Annual Plan Approval

Often the basis for capturing the information is: *What's the project / When will it happen / What's the budget?*

This results in the following view of project budgets with LTP/annual plan approval:

Annual Plan:	This year budget	Next year LTP YR2
Project A	\$2,000,000	
Project B	\$1,000,000	
Project C		\$2,500,000
	\$3,000,000	\$2,500,000

Step 2: Quarterly Forecast Update:

The basis for updating the financial forecast is often: *Do you still need the budget for that project this year?*

Even if the project manager for project A says they only needed 25% for design this year and 75% for delivery next year, because of the accounting methodologies, we leave 100% in this year until we get to year end so we can manage the annual reporting / carry forward process.

Q1 Forecast:	This year budget	Next year LTP YR2
Project A	\$2,200,000	
Project B	\$1,000,000	
Project C		\$2,500,000
	\$3,200,000	\$2,500,000

Step 3: Q3 Forecast / Setting Next Years Annual Plan

Q3 Forecast:	This year budget	Next years Annual Plan
Project A	\$2,200,000	
Project B	\$1,000,000	
Project C		\$2,300,000
	\$3,200,000	\$2,300,000

Step 4: Next Years Revised Annual Plan

At year end we identify the project budgets and roll them forward as having previously been approved within the "three year capital approval" framework.

Revised Yr2 Annual Plan:	This year budget	Next years Annual Plan
Project A	\$500,000	\$2,000,000
Project B	\$500,000	\$500,000
Project C		\$2,300,000
	\$1,000,000	\$4,800,000

4.3 Project led versus Finance led project forecasting

The misalignment between annual financial approval and the actual phasing of project costs often occurs due to the rigid structure of annual budgeting cycles, which may not synchronise well with the dynamic and evolving nature of project expenditure incurred.

Enterprise Project Management (EPM) addresses this misalignment by implementing structured methodologies, tools, and strategies that enhance project planning, execution, and financial management.

Here's how EPM improves this situation:

- **Integrated Planning and Budgeting:** EPM emphasises integrated planning where financial planning aligns closely with project planning. By considering the entire project lifecycle, EPM allows for more accurate forecasting and budgeting that aligns with the different phases of the project.

6.6 Project Management Financial Forecasting Framework(Cont.)

- **Resource Management:** EPM tools enable better resource allocation by providing a clear view of resource availability and requirements throughout the project timeline. This helps in aligning financial approvals with the actual resource needs of each project phase.
- **Real-Time Monitoring and Reporting:** EPM facilitates real-time monitoring of project progress and expenses. With accurate and timely reporting, stakeholders can identify deviations from the budget early on and take corrective actions promptly, minimising the impact of misalignments.
- **Flexible Budgeting and Revisions:** EPM methodologies often allow for flexible budgeting and revisions. Instead of being driven by rigid annual budgets, organisations can utilise EMP monitoring and reporting to align to iterative forecast reviews, enabling adjustments as projects evolve and actual costs become clearer, still achieved with controlled delegated approval frameworks.
- **Centralized Collaboration and Communication:** EPM approaches promote centralised collaboration among project teams, finance departments, procurement functions, external contractor community and stakeholders. Enhanced communication ensures that financial approvals are well-informed and aligned with the evolving needs of the projects. Better more accurate forecasts project a better engagement process and forward planning with the contractor community.
- **Continuous Improvement:** EPM encourages a culture of continuous improvement. Organisations can analyse historical project data and financial performance to refine budgeting processes, making them more aligned with the actual project costs over time.

By implementing EPM principles, organisations can bridge the gap between annual financial approvals and the phasing of actual project costs. This approach allows for more flexibility, agility, and accuracy in managing project finances, leading to improved alignment between budget approvals and incurred costs throughout the project lifecycle.

4.4 What do we mean by project lifecycles

Project lifecycles refer to the stages a project progresses, from conception (often what we approve in the Long Term Plan gateways etc), through to initiation, planning, delivery and closure. These stages typically include planning, execution, monitoring, and completion.

By aligning the financial approval and forecast process to project lifecycle we have better transparency in project expenditure timing, this is reflective of the fact that projects don't just have one budget, they can have a budget alignment at each key stage in the project lifecycle as the project evolves, while still maintaining if not actually improving appropriate delegated approval and oversight frameworks.

4.5 What this looks like in practice

By changing the information requested to be led by project management lifecycles, while still maintaining governance and management delegated approval and oversight frameworks, you get a more informed project budget setting process.

6.6 Project Management Financial Forecasting Framework(Cont.)**Step 1: Annual Plan Approval**

The EPM lifecycle approach: *What's the project / When will it start / When will each stage end / What's the budget for each stage?*

Annual Plan:	This year budget	Next year LTP YR2	Next year LTP YR3
Project A			
- Initiation	\$500,000		
- Delivery	\$500,000	\$1,000,000	
Project B			
- Initiation	\$300,000		
- Delivery	\$700,000		
Project C			
- Initiation		\$500,000	
- Delivery			\$2,000,000
	\$2,000,000	\$1,500,000	\$2,000,000

Step 2: Quarterly Forecast Update:

Annual Plan:	This year budget	Next year LTP YR2	Next year LTP YR3
Project A			
- Initiation	\$500,000		
- Delivery	\$500,000	\$1,200,000*	
Project B			
- Initiation	\$300,000		
- Delivery	\$400,000	\$300,000	
Project C			
- Initiation		\$500,000	
- Delivery			\$2,000,000
-	\$1,700,000	\$2,000,000	\$2,000,000

Step 3: Q3 Forecast / Setting Next Years Annual Plan

Annual Plan:	This year budget	Next year LTP YR2	Next year LTP YR3
Project A			
- Initiation	\$500,000		
- Delivery	\$400,000	\$1,300,000*	
Project B			
- Initiation	\$300,000		
- Delivery	\$400,000	\$300,000	
Project C			
- Initiation		\$500,000	
- Delivery			\$2,000,000
-	\$1,600,000	\$2,100,000	\$2,000,000

Step 4: Next Years Revised Annual Plan

Annual Plan:	This year budget	Next year LTP YR2	Next year LTP YR3
Project A			
- Initiation	\$500,000		
- Delivery	\$350,000	\$1,350,000*	
Project B			
- Initiation	\$300,000		
- Delivery	\$400,000	\$300,000	
Project C			
- Initiation		\$500,000	
- Delivery			\$2,000,000
	\$1,550,000	\$2,150,000	\$2,000,000

* Changes to total budgets would still need to go through appropriate integrate project lifecycle delegated approval processes.

6.6 Project Management Financial Forecasting Framework(Cont.)

This process does raise some additional complexity that will need work arounds in the annual plan and long term plan comparative setting processes however we feel confident we can work through those.

The perception often for this type of implementation is that this appears to require significant additional work, the reality is this approach often delivers “measure-twice / cut-one” efficiencies, and as an organisation builds muscle memory / systems/ skills / style around the revised EPM project lifecycle approach the speed and efficiency also improves.

4.6 What does this mean for our current 2023-24 capex / project budgets

We have gone back to managers as part of the 2023-24 Q1 Financial Forecast and rather than asking the historic question of whether their existing budgets are correct, we instead asked from a project lifecycle led perspective the question based on project delivery plans - when do you currently think your project costs will be incurred.

This resulted in the following shift in projects (Capex over \$500k / Opex of \$150k), which is detailed in the Appendix A.

You can see this results in immediate identification that our 2023-24 Revised Budget, as anticipated but not identified at a project level, was over-phased under current methodology by about \$22.4m (33% of enterprise project capex) and \$1.7m associated with operating projects; mainly BoF related.

5 Options analysis - *Ngā Kōwhiringa*

The options available for the committee to consider endorsing are:

Option 1 [Not Recommended]:

- Maintaining Existing Project Budget Setting Methodologies

Option 2 [Recommended]:

- Adopt the revised approach to project forecasting.

Both options are subject to future impacts from the EPM project.

6 Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

6.1 Assessment of Significance

The recommendations of this report are assessed to be of low significance in accordance with the Council’s Significance and Engagement Policy.

6.2 Engagement and community views

Due to the low significance of the matters of this report, public participation is not required to inform decision-making, as set out in Section 6.1(a) of the Council’s Significance and Engagement Policy.

6.6 Project Management Financial Forecasting Framework(Cont.)**7 Considerations - *Whai Whakaaro*****7.1 Financial/budget considerations**

This report highlights both the implications for the current 2023-24 Financial Performance Forecast process, but also raising the following implications for LTP2034:

1. The implication of how to deal with the \$24.1m now identified as needing to be carried from 2023-24 into LTP2034; excepting inflation this is more a timing/borrowing issue and a reporting transparency issue, rather than a revenue funding one.
2. The need to apply the lifecycle approach to the projects reflected in LTP2034, especially years 1-3, to establish whether those projects need more of a project lifecycle approach to improve the quality of LTP2034 phasing / transparency

These steps are already noted in the CE KPIS for delivery in improved LTP2034 Project forecasting for delivery in March next year.

7.2 Strategic alignment

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

7.3 Climate change assessment

The matters of this specific report do not have an impact on the District biodiversity and ecology.

Based on this assessment, the decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

7.4 Risks

Management believes the application of the revised methodology proposed in this report will result in a number of improvements in risk controls against the council risk register.

Attached to this report:

- Appendix A - 2023-24 Q1 Financial Enterprise Projects Forecast [Update November 2023]

6.6.1 Appendix A - 2023-24 Q1 Financial Enterprise Projects Forecast [Update November 2023]

6.6.1 Appendix A - 2023-24 Q1 Financial Enterprise Projects Forecast [Update November 2023]

6.6.1 Appendix A - 2023-24 Q1 Financial Enterprise Projects Forecast [Update November 2023](Cont.)

Appendix A

2023-24 Q1 Financial Enterprise Projects Forecast

Update November 2023

Working Project Description	GM	Ozone Code	2023-24 Opex Investment Budgeted	2023-24 Capex Investment Budgeted	Latest Forecast Delivery Stage Date	Forecast Investment Required in 2023-24	Forecast Investment Required in 2024-25+
08.01 Stormwater Drainage							
Hinemoa Stormwater pump station renewal	BG	310009		\$4,305 k	29/11/2024	\$1,025 k	\$3,280 k
Apanui Linear Park	BG	310019		\$1,957 k	28/06/2024	\$1,957 k	-
James St stormwater network replacement	BG	310123		\$882 k	26/04/2024	\$882 k	-
Rose Gardens, Riverside and Hinemoa stormwater pump replacements	BG	310125		\$2,796 k	29/11/2024	\$800 k	\$2,000 k
Three Waters reform transition support funding	BG	306808	\$1,393 k		31/10/2025	\$200 k	\$200 k
09.01 Wastewater Services							
Wastewater network renewals (pipe lining)	BG	510057		\$882 k	28/06/2024	\$882 k	-
Upgrades to aerators and flowmeter at Whakatane.	BG	510089		\$1,157 k	29/11/2024	\$550 k	\$607 k
Upgrade of floating wetland at Ohope							
Ferry Rd wastewater rising replacement	BG	510090		\$580 k	28/06/2024	\$580 k	-
Relining of mains in Edgecumbe to support I&I reduction	BG	511559		\$1,043 k	21/06/2024	\$1,043 k	-
Matata Wastewater scheme (Reticulation and Treatment Plant)	BG	512001		\$3,702 k	25/06/2027	\$720 k	\$2,000 k
10.01 Water Supply Services							
Water network renewals	BG	410028		\$2,522 k	28/06/2024	\$2,522 k	-
WHK W Backflow Preventors	BG	410039		\$690 k			
Interim and Longer term Water Safety improvements (Murupara Water Treatment Plant)	BG	412555		\$2,433 k	27/06/2025	\$95 k	\$2,338 k
New water source and treatment plant for Ruatoki	BG	413551		\$655 k	6/12/2024	\$655 k	
Plains W Backflow Preventors	BG	414557		\$1,274 k			
Procurement, design and installation of pipeline to connect Otumahi WTP with future Otumahi Reservoir	BG	410135		\$1,000 k	28/06/2024	\$1,000 k	-
Construction of Concrete Reservoir on Paul Rd site	BG	417002		\$5,483 k	28/06/2024	\$4,500 k	\$983 k
12.01 Whakatāne Airport							
Airport Land Redevelopment	BG	R11140		\$1,200 k	30/06/2027	\$360 k	\$840 k
15.02 Local Roads							
LR211 Unsealed Metalling	BG	T31437		\$600 k	28/06/2024	\$600 k	
LR212 Resurfacing-Chipseal	BG	T31438		\$2,620 k	30/04/2024	\$2,620 k	
LR212 Resurfacing- AC	BG	T31439		\$641 k	30/04/2024	\$641 k	
LR213 Drainage-K+C	BG	T31441		\$800 k	28/06/2024	\$800 k	
LR214 Pavement Rehab	BG	T31442		\$1,285 k	30/06/2024	\$1,285 k	
Jul 22 Permanent Reinstatement	BG	T31468		\$630 k	28/06/2024	\$630 k	-
LOC215 Footpath Renewal	BG	T31464		\$800 k	28/06/2024	\$800 k	
LR341 - LRI - Landing Road RAB	BG	T31470		\$1,900 k	29/03/2024	\$1,900 k	-
LR341 - LRI - Peace Street Dra	BG	T31472		\$2,000 k	31/05/2024	\$2,000 k	-
LR341 - W&C - College Road	BG	T31478		\$700 k	31/10/2023	\$700 k	-
LR341 - W&C - Salonika/Crete/G	BG	T31479		\$168 k	15/12/2023	\$168 k	-
LR341 - RTZ - Smith to Walker	BG	T31482		\$1,900 k	31/05/2024	\$1,900 k	-
Keapa Road Improvements	BG	T31466		\$4,023 k	30/06/2025	\$1,000 k	\$3,023 k
15.04 Special Purpose Roads							
TCP-SH30 Shaw Rd to Bridge SUP	BG	T31359		\$2,600 k	30/06/2025	\$400 k	\$2,200 k
TCP-Whk Riv Awatapu-CuttlerSUP	BG	T31381		\$600 k	30/06/2025	\$100 k	\$500 k
SPR216 Bridge Renewals	BG	T33160		\$1,758 k	28/06/2024	\$1,758 k	-
SPR341 LC/LR Improv - Carriage	BG	T33445		\$581 k	28/06/2024	\$581 k	-
SPR341 LC/LR Improv - Structur	BG	T33448		\$4,499 k	28/06/2024	\$4,499 k	-
15.03 Transport							
BOF Edgecumbe to Thornton Cycle Trail	BG	T35230		\$898 k	30/06/2025	\$300 k	\$598 k

Finance and Performance Committee - AGENDA

6.6.1 Appendix A - 2023-24 Q1 Financial Enterprise Projects Forecast [Update November 2023](Cont.)

Working Project Description	GM	Ozone Code	2023-24 Opex Investment Budgeted	2023-24 Capex Investment Budgeted	Latest Forecast Delivery Stage Date	Forecast Investment Required in 2023-24	Forecast Investment Required in 2024-25+
01.01 Economic Development and Toi EDA							
Town Regeneration Projects	SP	E10006	\$215 k		30/06/2024	\$215 k	
01.02 Strategic Property							
Intergration Floodwall & Building	SP	E21001		\$1,600 k	15/01/2025		\$1,600 k
Proactive Property Development	SP	E13046	\$269 k		30/06/2024	\$269 k	
04.01 Maori Relationships							
BOF Collective Iwi Policy Hub	PW	L10501	\$1,000 k			\$500 k	\$500 k
07.01 Emergency Management							
District Emergency Resilience projects	DB	S61101		\$639 k	30/06/2025	\$400 k	\$239 k
16.03 Resource Management Policy							
Coastal Hazards Review	DB	Y50044	\$215 k		30/06/2026	\$150 k	\$384 k
BOF Southern District Regen Murupara	DB	Y50050	\$150 k	\$200 k	30/06/2025		\$350 k
BOF Southern District Regen Minginui	DB	Y50052	\$150 k	\$150 k	30/06/2025		\$300 k
13.02 Cemeteries							
New Cemetery search and acquisition	GF	C15160		\$1,091 k	30/06/2025	\$500 k	\$591 k
19.01 Halls							
BOF Earthquake resilience Halls	GF	P15151		\$756 k	30/06/2024	\$756 k	
20.03 Corporate Property							
CCTV Network Improvements	GF	Y93130		\$719 k	29/02/2024	\$719 k	
CCTV Network Monitoring costs	GF	Y92006	\$300 k		28/02/2027	\$60 k	\$100 k
20.10 Digital Services							
ERP Replacement - Phase 1 Investigation to Business Case	GC	O61156		\$700 k	30/06/2024	\$500 k	
ERP Replacement - Phase 2 Development	GC	O61156		\$1,300 k	30/06/2025		\$1,500 k
			\$3,694 k	\$68,718 k		\$44,523 k	\$24,133 k

6.7 Enterprise Project Management Office – Project Plan

6.7 Enterprise Project Management Office – Project Plan



To: **Finance and Performance Committee**

Date: **1 December 2023**

Author: **Laura Stewart**

Authoriser: **Steven Perdia, General Manager**

Reference: **A2552297**

1. Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to provide Council with an updated Project Plan for the Enterprise Project Management Office development.

2. Recommendations - *Tohutohu akiaki*

1. THAT the Finance and Performance Committee **receive** the Enterprise Project Management Office - Project Plan report; and,
2. THAT the Finance and Performance Committee **approve** the Enterprise Project Management Office Project Plan.

3. Background - *He tirohanga whakamuri*

A review of internal systems and processes in 2019/2020 identified project delivery as an area for improvement at Whakatāne Council. The review identified specifically that there was no consistent project management approach at Council, no process for monitoring or reporting, no learning process and no roadmap for improvement.

The review recommended developing one organisational system that is understood, scalable and appropriate to deliver projects on-time, on-budget, and aligned with LTP and District needs. It recommended a review of roles and responsibilities, a senior manager led Centre of Excellence (ie PMO) to strengthen project management capability and a staff training system.

Based on this recommendation Council approved in the 2021-2031 a staff resource to establish an Enterprise Project Management Office (EPMO).

In late 2021 a resource was hired to start developing an EPMO and lead the organisational change process. The progress made over 2022 and 2023 is outlined in the table below:

6.7 Enterprise Project Management Office – Project Plan(Cont.)

2	<ul style="list-style-type: none"> ● Baseline project maturity assessed (WDC at “infancy” level of implementation) ● EPMO Charter established ● Smartsheet tool is available and has superusers ● Business Plan (2 practice runs) ● All ‘Key Projects’ and ‘BoF’ projects have project plans
2	<ul style="list-style-type: none"> ● Key Project reports going to new Council Committees ● Establishment of a Working Group ● Commence Quarterly Business Plan Project Reporting to ELT ● Establish staff Project Reference Group (via GM nominations) ● Commence Quarterly Projects Overview reporting in Organisational Performance Report for Council ● Business Plan 23/24 completed ● Trial training product from The Integral Group with a small group of staff ● Draft vision/aspiration statement for Project Reference Group started ● Liaison with other similar-sized Councils to learn their process for project management

3.1. What is an Enterprise Project Management Office (EPMO)

The word ‘Enterprise’ relates to whole of organisation. The EPMO is the highest level of PMO (Project Management Office) and is typically responsible for aligning project and programme work to organisational strategy. A PMO differs from an EPMO in that it typically provides project-related services to deliver projects *within a business unit*.

In the context of Council this means the EPMO manages consistency, governance and oversight of projects and programmes being managed across all departments, whilst projects are delivered within the individual business units (ie Transport, Infrastructure, Strategy, Parks and Reserves). Whilst standardisation of project management processes is a core function of an EPMO, it also recognises that Council is made up of different products and services, and as such requires flexibility to allow different methods of project delivery (as opposed to a standardised project management processes) in teams. For example, there will be nuances in the templates and project delivery processes to deliver a Digital Services project versus a large scale Infrastructure project. Figure 1 provides further detail regarding the difference between an EPMO and PMO.

Typically, an EPMO does not deliver projects, instead providing oversight and governance, whilst also providing support to those delivering projects. Whilst this is not our immediate plan, Council could decide to bring in dedicated project managers who deliver major projects as part of the EPMO in the future, and this is not uncommon. Currently project delivery sits within teams, and there is no immediate recommendation to change this.

Figure 1. EPMO versus PMO

6.7 Enterprise Project Management Office – Project Plan(Cont.)

To achieve results our EP MO development focus areas are:

- *To create a common way of doing things*
 - Standardizing project management processes through a project management framework that defines policies, methods and templates.
- *Providing visibility*
 - Developing reporting systems and processes that enable centralised information gathering and using technology to keep that information current and usable for analytics and reporting.
- *Support planning and prioritisation*
 - Empower management to more accurately monitor project performance, plan resources and manage risks and opportunities proactively.
 - Reporting systems and processes for organisation-wide oversight, governance, leadership and decision-making.
- *Enhancing capability and consistency*
 - Transforming the project culture in the organisation to one where people are engaged in improving project performance through continuous improvement and learning.
 - Ensuring that change management is a core function of the EP MO to build lasting change.

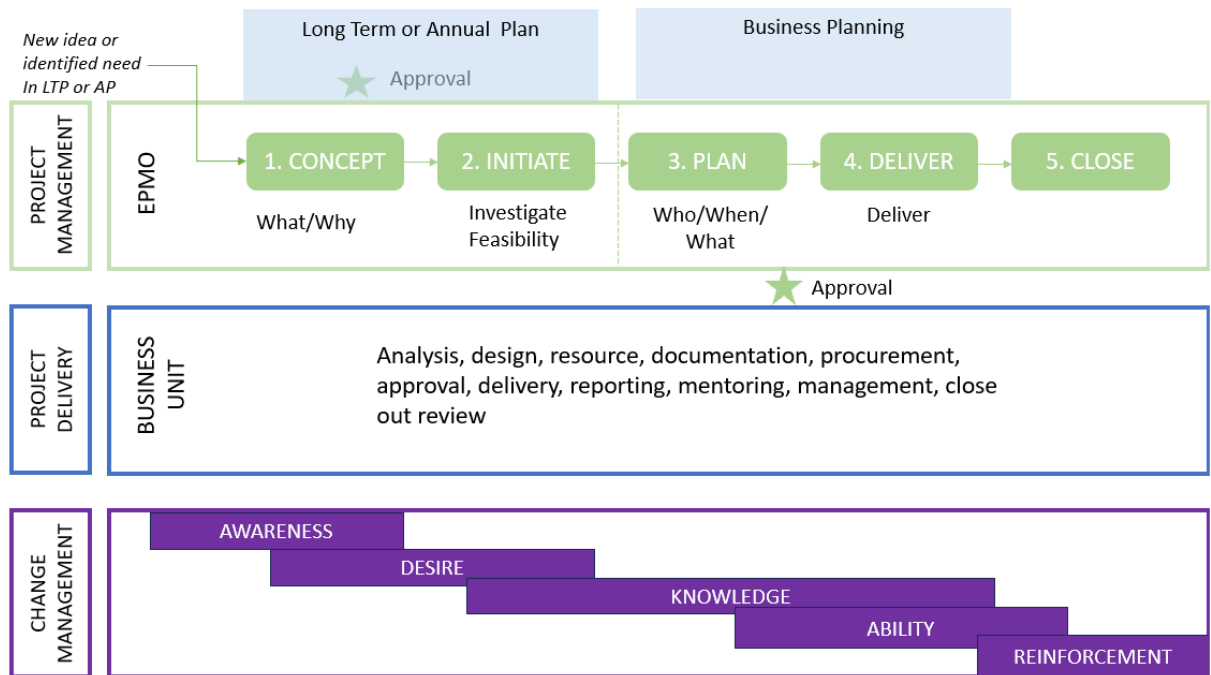
The benefits of an EP MO have been covered previously with Council in the last Long Term Plan, but in summary they are consistency, efficiency, organisational oversight, better risk management with the goal to always deliver on time, within scope and on budget.

3.2. What is our EP MO Model at Council

Allowing flexibility within a non-negotiable project management framework is a model developed for Council based on the expertise of our Working Group, and the learnings from other Council project management models. Figure 2 below outlines this further. The green box reflects the EP MO layer

6.7 Enterprise Project Management Office – Project Plan(Cont.)

-the non-negotiable elements that all projects will need to follow in order to deliver on the focus areas above. The blue level reflects the flexible element and acknowledges the varying project outputs across our organisation (strategies, infrastructure, new green spaces, district plan changes etc). Whilst these projects will still be required to follow the green layer (including using standard templates and regular reporting), there will be some flexibility to reflect the nuances of each business unit.



4. Discussion – Kaupapa

The Project Plan has been reviewed by the EPMO Working Group, Project Reference Group and Executive Leadership Team, and is attached as Appendix 1.

Phase 1 is already complete and saw us ‘getting organised’. This involved activities such as gathering information, researching technology solutions, talking to other Councils, arranging a benchmarking assessment, preparing relevant documentation such as a project plan and terms of reference, building awareness of the project with staff and creating some ground rules to get started.

We are moving into Phase 2 with this review and update of the project plan. Phase two is building the foundations to support a successful EPMO. This involves integrating technology into our work, testing, normalising the reporting frameworks we have trialed earlier this year, developing a training package to support staff, developing collateral and working with teams on standardisation within their delivery models. This will be underpinned by a change management plan to ensure impacted staff, people leaders and Councillors are brought along the journey. To date, we have utilised ADKAR as our change methodology which is associated with Prosci Project Management Methodology¹

¹[ADKAR Change Management Methodology](#).

6.7 Enterprise Project Management Office – Project Plan(Cont.)

For noting, the Project Plan includes:

- A record of progress made this year to provide context for understanding the current and planned activities.
- A draft ‘aspiration’ statement. This is an existing work stream with the Project Reference Group and used as a working draft in this document.

4.1. Project Maturity

A project maturity assessment was undertaken in 2022 which identified Council as having an extremely low level of project management maturity (infancy). This was a very useful assessment as it confirmed the findings of the organisational Healthcheck work completed in 2020 and provides Council with a benchmark analysis to improve upon. The intention is to repeat this assessment every two years to measure improvements in our project maturity level.

The project maturity assessment also highlights scale of organisational change and learning that is required to achieve our aspirations for project management. Given the size and scope of improvement required, a solid change management approach will be required to support sustainable change. A stepped change over a 3 to 5 year period would not be unreasonable to achieve (and sustain) on our project management aspirations.

Organisational change can occur at different paces. Where a compliance/legislative change is required, sometimes there is no choice but to mandate change and move quickly however this approach for the EPMO is unlikely to achieve sustainable improvements. Accelerating how Council staff manage, report and improve project delivery will require more than the efforts of one EPMO Manager (even with the assistance of Staff Reference Groups etc). A Long Term Plan Gateway (new proposal) is being submitted for Council to consider investing in the EPMO with change management expertise and additional support to accelerate this change process.

5. Options analysis - *Ngā Kōwhiringa*

5.1. Option 1 - Approve the Enterprise Project Management Office Project Plan – preferred option

The Project Plan is approved and staff will implement the actions as described with an update report to Council in July 2024.

Advantages	The staff working group will continue to implement the plan There are incremental improvements to project culture
Disadvantages	Project culture and capability remains at status quo

5.2. Option 2 – Do not approve the Enterprise Project Management Office Project Plan

The Project Plan is rejected and staff will take guidance and feedback from Council and rework the document.

6.7 Enterprise Project Management Office – Project Plan(Cont.)

Advantages	There are no clear advantages
Disadvantages	Will limit the pace of change Staff remain unclear in how to manage and deliver projects at Council

6. Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

6.1. Assessment of Significance

The decisions and matters of this report are assessed to be of low significance, in accordance with the Council’s Significance and Engagement Policy. This is an internal improvement process.

6.2. Engagement and community views

We are not seeking specific engagement on the matters of this report, however note that any resourcing or other investment in to the EPMO function will require consultation as part of the Long Term Plan process.

7. Considerations - *Whai Whakaaro*

7.1. Financial/budget considerations

There are no budget considerations associated with the recommendations of this report.

7.2. Strategic alignment

This report is link to the Strategic Priority of ensuring the Council is enabled and fit for the future. No inconsistencies with any of the Council’s policies or plans have been identified in relation to this report.

7.3. Climate change assessment

Based on this climate change assessment, the decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council’s Climate Change Principles.

7.4. Risks

There are no significant or notable risks associated with the matters of this report.

Attached to this report:

- Appendix 1: Enterprise Project Management Office – Project Plan for Phase 2

6.7.1 Appendix 1 - Enterprise Project Management Office – Project Plan for Phase 2

**6.7.1 Appendix 1 - Enterprise Project Management Office – Project Plan for Phase
2**

6.7.1 Appendix 1 - Enterprise Project Management Office – Project Plan for Phase 2(Cont.)

Project Plan EPMO Phase 2

Key Project Details

Date	27/10/23
Project Name	<p>EPMO Phase 2</p> <pre> graph LR P1[PHASE 1 Getting Organised] --> P2[PHASE 2 Building Foundations] P2 --> P3[PHASE 3 Gaining Traction] P3 --> P4[PHASE 4 Full Implementation] </pre>
Strategic Alignment	<p><input type="checkbox"/> Long Term Plan <input type="checkbox"/> Annual Plan <input checked="" type="checkbox"/> Business Plan</p> <p>2.5.01 Implement EPMO framework and strengthen project discipline</p> <p><input checked="" type="checkbox"/> Part of a wider programme – please specify: Project culture will be an ongoing change management programme of work. The EPMO is considered a key enabler to improving project culture.</p>

Project Overview

EPMO Aspiration	<p>Council has a clear, transparent, and doable workplan that is successfully achieved through excellent project management.</p> <p>The EPMO will be successful when this project management system and way of working is embedded within WDC.</p>	
Project Description	<p>This programme will deliver an agreed suite of initiatives to progress the EPMO through the next phase with building foundations to strengthen project culture. There will likely be a range of sub projects that emerge from this Project Plan.</p>	
Project Scope	In Scope	Out of Scope
	<ul style="list-style-type: none"> • Development of a visioning/buy-in document to anchor expectations and provide direction • Establishing a working group of staff with interest/expertise that long term can be a governance function for the EPMO • Project tools, processes and resources (as part of a Project Management Framework) 	<ul style="list-style-type: none"> • Performance management process

6.7.1 Appendix 1 - Enterprise Project Management Office – Project Plan for Phase 2(Cont.)

	<ul style="list-style-type: none"> • Organisational project and programme reporting to support leadership and organisational performance reporting • Project management training for staff • Change management to support awareness-raising, capability building and embed change 	
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Project Structure

Project Sponsor	Steven Perdia
Project Manager	<p>The existing FTE EP MO role is vacant. It is anticipated that this role will be filled early 2024.</p> <p>A working group (Steven Perdia, Laura Stewart, Wouter Vullings, Kristen Stasiewicz) have driven the work programme this year (see 'Project Milestones' 1-7 below).</p> <p>A wider Project Reference Group including staff reps from across the Council has been established to carry this work programme forward.</p> <p>The Project Reference Group is Chaired by a consultant who has extensive experience in Project Management and PMO's.</p>
Project Reference Group Members	<p>Laura Stewart – Contractor, Strategy & Transformation (Project/Change Manager)</p> <p>Wouter Vullings, Senior Advisor Strategy & Transformation (Strategy & Transformation Group)</p> <p>Chris King-Hazel, Procurement and Contracts Business Partner (Finance & BP Group)</p> <p>Michelle Trudgen, Change Manager (People & Capability Group)</p> <p>Dave Wathall, Team Leader, Capital Projects (Infrastructure Group)</p> <p>Ella Barnfield, Contracts Engineer, Transportation (Infrastructure Group)</p> <p>Ian Molony, Manager, Open Spaces Operations (Community Experience Group)</p> <p>Paul Check, Manager, Properties & Facilities Assets (Community Experience Group)</p> <p>Chirese Viljoen, Manager, Governance Services (People & Engagement Group)</p> <p>Nic Burgess, Manager, Tourism & Events (Strategy & Transformation Group)</p>

6.7.1 Appendix 1 - Enterprise Project Management Office – Project Plan for Phase 2(Cont.)

	<p>Pearl Tane, Project Coordinator (Strategy & Transformation Group) Kelly Farr, Senior Management Accountant (Finance & BP Group) Charles Burns, Digital Services Contractor (Finance & Business Partnering Group) ** Reps from Planning & Regulatory are pending</p>
Other Expertise/Support needed?	<p>Transport Finance Strategy Change Management Specialist PM expertise in PMO establishment processes Internal Comms Digital Services support Business Analyst – Project Management Specialist consultants (visioning, systems, software, maturity assessments)</p>

Project Milestones

Milestone	Due Date
1. Establish start-up working group	March 23
2. Draft project plan templates ready for use in Better Off Funding Projects	April 23
3. Commence Quarterly Business Plan Project Reporting to ELT	April 23
4. Establish Project Reference Group (via GM nominations)	June 23
5. Commence Quarterly Projects Overview reporting in Organisational Performance Report for Council	Aug 23
6. Business Plan completed (interdependent project)	Aug 23
7. Trial training product from The Integral Group with a small group of staff	Sept 23
8. Draft vision/aspiration statement for the EPMO for Project Reference Group to refine	Oct 23
9. Develop online Gateway forms for all projects to support the LTP process <ul style="list-style-type: none"> • Draft template • Engagement external IT support to develop tool • Internal testing • Go live 	Aug – Nov 23
10. Review Project Plan (including visioning statement) and send to ELT	Nov 23
11. Quarterly Projects Reporting to Council and ELT	Nov/Dec 23
12. Project Plan endorsed by Council	1 Dec 23

6.7.1 Appendix 1 - Enterprise Project Management Office – Project Plan for Phase 2(Cont.)

13. Quarterly Projects Reporting to Council & ELT	Feb 24
14. Recommence recruitment for EPMO Manager	Feb 24
15. Investigate and develop a business case for Smartsheet Control Centre (Smartsheet backend that enables data management and user controls)	Mar - Jul 24
16. Project Plan (including Change Management Plan) for implementation of an Infrastructure or transport PMO)	Mar – June 24
17. Quarterly Projects Reporting to Council & ELT	April 24
18. Training Needs Assessment across all functions	June - Sept 24
19. Project Plan (including Change Management Plan) for EPMO software solution design and implementation (ready to support year one of the LTP work programme)	Aug 24
20. Complete Business Plan 24/25	Aug 24
21. Quarterly Projects Reporting to Council & ELT	Aug 24
22. Commence moving existing projects with project plans into Smartsheet templates (using latest Business Plan)	Sept - Dec 24
23. EPMO software design and implementation	Sept – Dec 24
24. Develop a Key Projects template for projects that are reported to Council	Sept 24
25. Whoogle page established to house EPMO collateral and provide online support	Sept 24
26. Arrange second project maturity assessment	Oct 24
27. Quarterly Projects Reporting to Council & ELT	Oct 24
28. Identify flowcharts and template needs and start adding to online support page	Oct – Dec 24

Wider Context

Dependencies	<ul style="list-style-type: none"> • Ownership/ accountability for EPMO Refresh programme execution. • Appropriate expertise – ensuring existing internal staff who are interested and have required expertise are provided the opportunity to actively participate, and any skill gaps are addressed externally. • Appropriate capacity is enabled for key staff involved in Project Reference Group and EPMO establishment tasks. • Capacity is enabled for staff performing EPMO Refresh tasks to enable engagement in the change, time to train and time to adapt to new ways of working. It is expected that this will be a temporary and short-term measure, and that the process and system improvements will ultimately bring about greater efficiency.
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6.7.1 Appendix 1 - Enterprise Project Management Office – Project Plan for Phase 2(Cont.)

	<ul style="list-style-type: none"> • Prompt agreement to a Project Management software solution to enable a comprehensive and integrated approach to building project management processes. • Effective collaboration with Finance, Procurement and other Business Partnering Functions to ensure alignment between improvements in project management and procurement spaces, and transition to 3 year CAPEX programming. • Executive Leadership support • An effective change management approach that will ensure that the scope of change is appropriate, realistic and well supported. This will require tailoring across the organisation due to variation in skills, expertise, interest, and existing processes. 	
<p>Stakeholders</p>	<p>ELT All People Leaders Councillors Project Reference Group staff All staff delivering projects LTP project</p>	
<p>Risks</p>	<p><i>Slow progress due to lack of assigned accountability/ownership for the EPMO Refresh Programme</i> <i>Slow progress due to competing demands for key staff and/or insufficient resourcing</i></p> <p><i>Lack/in-efficient decision-making due to differing expectations at a leadership level</i></p> <p><i>EPMO influence is limited due to lack of staff and leadership buy-in</i></p> <p><i>Delay in recruitment of an EPMO manager with the right attributes</i></p>	<p>Confirm scope and identify resource requirements for programme implementation and oversight Involvement of key staff in monthly Project Reference Group; roles and responsibilities are clearly articulated in sub Project Plans; liaison with GMs re capacity requirements for involvement</p> <p>Regular engagement with key GMs through EPMO Refresh programme implementation (potential Steering Group members)</p> <p>Project Reference Group involvement; liaison with Comms team for org level messaging; change management plan</p> <p>Regular meetings and check ins, a realistic and agile work programme</p>

6.7.1 Appendix 1 - Enterprise Project Management Office – Project Plan for Phase 2(Cont.)

	<i>Ongoing silo approach to project delivery across organisation</i>	Will use an agency to identify skills alignment Reinforce to ELT their leadership role
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Project Budget

Total Project Budget		
How is your budget funded?	Source	Amount
	<input checked="" type="checkbox"/> Internally (Rates) funded	\$40,000 (to 30 June 2024 after which financial activity plan \$ kick in)
	<input type="checkbox"/> Harbour Fund	\$
	<input type="checkbox"/> Externally Funded	\$
	<input type="checkbox"/> Other <i>(please specify)</i>	\$

Expected cost allocations

Category	Capex/Opex	Amount
Smartsheet analyst/expert	Opex	\$25,000
Consultants	Opex	\$15,000

Capex forecast (\$)*	Nil	Opex forecast (\$)*	As per financial activity plan for EPMO
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6.8 ERP Replacement Project Update 01

6.8 ERP Replacement Project Update 01



To: **Finance & Performance Committee**

Date: **Friday, 1 December 2023**

Author: **Gary Connolly - CFO and GM Business Partnering**

Authoriser: **Steph O'Sullivan - Chief Executive**

Reference: **A2551771**

1. Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to update the committee on the Enterprise Resource Planning Project.

2. Recommendations/Actions - *Tohutohu akiaki*

1. **THAT** the committee **receive** the ERP Replacement Project Update Report No.01.
2. **THAT** the committee **note** the slippage against original KPI milestones of approximately 2 months for Phase 1 based on challenges in resourcing the project team.
3. **THAT** the committee **endorse** the adjustment in KPI milestones dates to the Chief Executive Committee for adjustment to the CEs 2023-24 KPIs

3. Background - *He tirohanga whakamuri*

3.1. Councils Enterprise Resource Planning software

The Enterprise Resource Planning [ERP] software is the core system that exists in the centre of an organisations business management processes, capturing organisational and customer activity, both in terms of financials, control environments, but also for customer relationship management.

Often the Core ERP will be a set of components within a software solution normally provided by one supplier, we refer to this as the **ERP**.

Normally the ERP won't meet all the needs of the organisation and customers, so other niche software solutions will be implemented in the organisation and integrated into the Core ERP, we refer to these as **Point Solutions**.

Whakatāne District Councils' Core ERP is a product called Ozone, supplied, and supported by Datacom New Zealand, which was implemented in 2006.

There are a few reasons why we need to implement a project to replace the Ozone Core ERP:

- **End of Life** [we will have to replace it at some point soon]: Datacom have indicated the product is entering end of life stage, and they are developing a replacement – they have not however confirmed end of enhancement and end of support dates, for which you would normally expect at least 18-24 months' notice.

6.8 ERP Replacement Project Update 01(Cont.)

- **Aging Platform** [we need to replace it because it's not fit for purpose]: the Ozone Core ERP is a largely on-premises rather than being a cloud-based solution and has a number of other limitations that impact ease of integration with other Point Solutions.
- **Improving the Service Experience** [we want to replace it to improve the experience of the users both internally and in the community, through improved digital engagement]: The current Core ERP system is limiting our ability to meet the demands of the community, such as logging issues through mobile devices and receiving updates, accessing a customer portal that gives them a single view of their activity with council, through to enabling hybrid working arrangements, and become more efficient through automation, along with many other benefits.

These issues were identified several years ago, and a project was included in LTP2031 with a capital expenditure budget assigned of circa \$4.0m.

3.2. ERP Replacement Project

With changes in CFO, and the complex environment of local government ERP solution provider development and maturity, the project, though identified in 2020, did not shift from conception to initiation until June 2023.

In line with the CE KPIs for 2022-23 the CFO presented a project briefing to the Chairs of the Finance and Performance and Risk and Assurance Committees to activate the project, based on a phased approach, and to gain endorsement to commence initiation of the project through Phase 1.

The project briefing of June 2023 identified 3 key phases to the project, with a 4th phase outside of the scope post go-live of the Core ERP, for the development and implementation of a Point Solutions software enhancement roadmap.

- Phase 1: Solution / Vendor Selection
- Phase 2: Design and Build
- Phase 3: Pilot and Implementation
- Phase 4: Point Solutions Roadmap Implementation (Out of Scope)

Because of the inherent complexity, significant impact, and potential risks associated with ERP replacement, being an organisation and community wide impacting solution, it is difficult to provide a full project plan on commencement of Phase 1, there is just too much unknown, and taking lessons from other councils, we want to proceed with a project approach that improves the likelihood of successful outcomes.

The briefing to the chairs identified that Phase 1, being a combination of well-established internal needs and well researched market assessment of possible solutions and vendors, should be completed and reported back, reviewed by the committee and likely subject to council approval of a full project plan including milestones, timelines and formal project budget, as a control gate before the project is able to proceed to phase 2 and 3.

We have assigned approximately \$700k including contingencies from the existing capital expenditure budget of \$4.0m for the completion of Phase 1.

6.8 ERP Replacement Project Update 01(Cont.)

Two milestones associated with the project are included as CE KPIs as follows:

1. Completion of Phase 1 of the Enterprise Resource Planning Replacement Plan (being the RFI and RFP phases) is approved by Chairs of the Finance & Performance Committee and the Risk and Assurance Committee, 28 February 2024.
2. The Finance and Performance Committee approve a recommended ERP Replacement Project Plan including final project budget and vendor selection and plan for completion of Phases 2 and 3 through project Gateway 2, 30 April 2024

These milestones were established prior to the engagement of the project team and prior to the publishing of the 2024 committee calendar.

4. Issue/subject – *Kaupapa*

4.1. Project Phase 1 Update

Our original project initiation plan anticipated engagement of the key project roles by late August / mid-September 2023:

1. Project Manager
2. Change Manager
3. Senior Business Analyst
4. Business Analyst

Despite multiple rounds of recruitment, we were not able to secure the first two key roles with commencement until late October and have secured the BA resource for end of November. The project commencement team is now meeting weekly, prior to the Project Manager establishing the formal project team and project steering group.

Based on this, the Project Manager has now completed an update to the Project Initiation Document which is attached in Appendix A.

The reforecast project timeline shows, due to delays in the timeframes to establishing the project team and availability of resources, this will likely mean a delay in milestone delivery by a corresponding period of 2 months versus the initial timeframe for the Selection Phase 1, as anticipated in June 2023.

As a result, based on the reforecast Project Initiation Document, we are proposing a request to the Chief Executive Committee to change the dates of the CE ERP Replacement Milestone deliver dates as follows:

- Completion of Phase 1 of the Enterprise Resource Planning Replacement Plan (being the RFI and RFP phases) is approved by Chairs of the Finance & Performance Committee and the Risk and Assurance Committee, 30 April 2024.
- The Finance and Performance Committee approve a recommended ERP Replacement Project Plan including final project budget and vendor selection for completion of Phases 2 and 3 through project Gateway 2, 13 June 2024.

6.8 ERP Replacement Project Update 01(Cont.)**4.2. Aligning with other Councils**

A number of councils are in various stages of addressing the same issue as this project, some as early adopters have experienced significant impacts against their original expectations. This knowledge, and experience we have from other organisational ERP implementation, together with our market knowledge is guiding the approach we are taking, though we recognise potential benefits in solution alignment across Local Government.

We have been actively engaging with other councils to lift and shift work they have already done in this space rather than building from the ground up, as well as through our regional CFO and Digital Services Forums, and across the National LG Digital Services community through ALGIM

In June 2023, ALGIM/Effectus conducted a survey that determined 25 of 43 Council respondents were in varying stages of an ERP journey, including WDC. To provide a shared forum, skilled resources, and cost efficiencies an ERP Consortium has been recently established, with the intention of aligning councils at similar stages on the ERP journey.

The consortium has developed an 'ERP Journey' in four stages: -

Stage 1: Feasibility and Readiness

Stage 2: Clarify Needs and Fit for Purpose

Stage 3: Vendor and Product Selection

Stage 4: ERP Implementation

An opportunity for WDC to join the first cohort of councils in the consortium joining Western Bay of Plenty District Council (WBoPDC) and Far North District Council (FNDC) to complete Stage 1 has been confirmed.

The Digital Services Governance Group and the ERP project team considered the potential benefits and risks associated with the consortium approach based on pursuing three potential options:

Option 1 – Decline to join Stage 1 of Consortium, continue with ERP Replacement Project.

Option 2 – Join Stage 1 of Consortium, put WDC ERP Replacement project on hold.

Option 3 - Join Stage 1 of Consortium and continue to progress WDC ERP Replacement project in parallel.

Ultimately, DSGG agreed putting our project on hiatus until the Consortium Feasibility and Readiness stage is complete could mean a further 12 -18 month delay in project delivery for WDC, therefore we have elected option 3 to maintain the momentum of our project through Phase 1, while joining the consortium to ensure any synergies through this phase and into the future are still available to us.

5. Options analysis - *Ngā Kōwhiringa*

No options have been identified relating to the matters of this report.

6.8.1 Appendix A - Project Initiation Document [Update November 2023]

6. Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

6.1. Assessment of Significance

The recommendations of this report are assessed to be of low significance in accordance with the Council's Significance and Engagement Policy.

6.2. Engagement and community views

Due to the low significance of the matters of this report, public participation is not required to inform decision-making, as set out in Section 6.1(a) of the Council's Significance and Engagement Policy.

7. Considerations - *Whai Whakaaro*

7.1. Financial/budget considerations

The project is currently in line with costs incurred against budget completion percentage. Costs incurred to date have been less than \$20k.

There are no budget considerations associated with the recommendations of this report other than as addressed withing the analysis.

7.2. Strategic alignment

This report serves to assure council that all loans are within policy limits and required debenture trust deed ratios.

7.3. Climate change assessment

The matters of this specific report do not have an impact on the District biodiversity and ecology.

Based on this assessment, the decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

7.4. Risks

The ratios in comparison to policy and debenture trust deed requirements demonstrate that the loan portfolio is low risk and is comfortably within all ratio requirements.

Attached to this report:

- Appendix A - Project Initiation Document [Update November 2023]

6.8.1 Appendix A - Project Initiation Document [Update November 2023]

6.8.1 Appendix A - Project Initiation Document [Update November 2023(Cont.)



Project Initiation Document

ERP Replacement Project

Reference for Update	
Project Report	1
Date Submitted	8 November 2023

Project Key Information	
Project ID	P-O61156
Project Description	ERP Replacement Project
Project Stage	Investigation to Business Case
Project Sponsor	Gary Connolly
Project Lead	Brian Elliott
Project Manager	Diane Bussey
Project Initiation Date	June 2023
Project Status	Planning and Design

Project Purpose (Why?)
<p>The current legacy Local Government ERP solution in operation at WDC is nearly obsolete and is due to be deprecated by its vendor in the relatively near future. Not only does this obsolescence threaten the sustainability of the solution but its outdated architecture prevents it from easily operating in a Hybrid working environment now an integral part of the way-of-working at WDC.</p> <p>The current ERP product is now considered end of life so we have to replace it.</p> <ol style="list-style-type: none"> 1. Datacom have not publicly advised end-of-life support but it's a given 2. Enhancements will no longer be released 3. Support will become increasingly limited <p>The product is considered an Ageing Platform so we need to replace it</p> <ol style="list-style-type: none"> 1. Datacom itself identified this issue 2. Ozone is largely On-Premise not In-Cloud and Datacom have advised they will not upgrade the current product to be offered as an In-Cloud offering. 3. Limits integration to other modern applications and future development. <p>There is an extreme desire to improve the Service Experience so we want to replace it</p> <ol style="list-style-type: none"> 1. Need Improvements for customers and staff 2. Lacking mobility / ecommerce / self service for staff and customers 3. Doesn't support modern Hybrid Ways of Working 4. Lacking in modern process flows - batch process driven, not live data based, impacts staff and customer experience 5. User Interface feels old – staff and customers increasingly expecting social media look and feel 6. Impacts engagement and ultimately retention and recruitment

6.8.1 Appendix A - Project Initiation Document [Update November 2023(Cont.)

There are also efficiency and effectiveness drivers.

Efficiency	<ul style="list-style-type: none"> Reduce Manual Work. Improved procurement process. Reduced Infrastructure Costs. Reduced Software licensing. 	Effectiveness	<ul style="list-style-type: none"> Self-Service Capability. Data for Decision Making. One view of the Customer. Integrated Vendor processes
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Datacom, who are the providers of the current ERP system Ozone, are in the process of developing a replacement product called 'Datascap'. The 'Datascap' solution is a completely new solution that will require a complete re-implementation and data migration from Ozone. This is not an upgrade. It is a full implementation and as such will cost in funding, time and effort the same as starting again with any other product. Thus, it makes sense that this project includes a re-testing of the market to ensure that WDC implements the best solution available to meet its needs.

Project Approach (How)

The ERP Replacement Project will be staged: - Requirements and Selection, Implementation, Post Implementation with appropriate exit and initiation project processes between each stage. Prior to the commencement of each stage, it is expected a review of the project governance, approach, project resources and budget will be required to ensure the project is optimized for each stage.

This project brief relates solely to Stage 1 – Requirements and Selection.

Further 'Sub-stages' or 'Key Milestones' will be added to the future stages of the ERP Replacement project to provide the basis for monitoring progress. As an ERP vendor will often provide a proven implementation methodology, or have input to the chosen project/change methodology, no further refinement will be completed on future stages until a vendor has been selected. Alignment with WDC EPMO methodologies will also be required.

As the Selection stage is the first stage, included in scope is the establishment of project structure, including governance and management approach.

Selection Stage – The most important stage of the ERP Replacement project, this stage sets the foundation for a successful ERP implementation by confirming the strategic priorities and key requirements WDC have for an ERP replacement. Any implementation effort will be impacted by the quality of the Selection stage.

Objectives / Outcomes (When will the project be completed?)

1. Clarity of the vision for WDC ERP Replacement – defining the 'future state'.
2. WDC ERP requirements – technical & operational based around good practice developed and agreed.
3. Relevant procurement activities completed to align ERP options with agreed business requirements and good practice.
4. An approved ERP Replacement Business Case.
5. Vendor contract negotiated, clarity of role and responsibilities for parties involved.

6.8.1 Appendix A - Project Initiation Document [Update November 2023(Cont.)

6. Impact analysis and change management planning to mitigate and support the level of change within WDC.
7. WDC is ready to participate and support the next stage/s of ERP Replacement solution.

<p>Critical Success Measures (the factors that need to exist to ensure project successfully delivers required outcomes.)</p>
<ol style="list-style-type: none"> 1. Sustained Business Commitment – Clarity around the business outcomes of the project is key to building ownership across the organisation for the project, provision of adequate resources, as well as accepting and preparing for the changes necessary. The project will be multi-year, sustained commitment needs to be demonstrated for significant time. 2. Executive Support – senior leadership sponsorship and support is essential as they will determine how resource and scope issues are resolved and maintain project priority, accountability and funding. 3. Project Planning, Management & Team – An experienced team, especially Project Manager, is required for an ERP replacement project to build confidence and organisation participation and engagement. 4. Communication & Change Management – to ensure the organisation participates in the project as relevant, and not presented with the final answer to then be implemented. 5. Monitoring & Feedback – Clear reporting and accountability is needed to quickly identify potential opportunities, risks & issues for early resolution. Builds confidence in project team to deliver successfully.

<p>Project Scope (What?) (Note that scope for this project covers Stage 1 – Selection only, however as this is the first stage there are some project establishment scope items included. What is not in scope is listed separately below.</p>
<ul style="list-style-type: none"> • Preparation <ul style="list-style-type: none"> ○ Confirm strategic intent for the replacement project <ul style="list-style-type: none"> ▪ Decide initial project goals and approach, establishing the key benefits of the change ▪ Document key principles for the project, to support decision making and project delivery ▪ Document the current state architecture including integrations ▪ Determine key project benefits, risks and opportunities ▪ Create an initial change management strategy ▪ Complete an application portfolio assessment ○ Inform initial communications for key stakeholders – Executive, Staff, Council ○ Prepare Resource estimates – roles, responsibilities and time requirements. ○ Prepare project budget estimate. ○ Prepare a procurement management plan. ○ Prepare an outline of an overall project plan and identify key decision milestones • Project Initiation – Gains formal agreement to undertake the replacement project, • Project Establishment – Appoint project team, governance and advisory groups, clarity on roles and responsibilities, initial project and change management activities. Determine internal and external dependencies and management plan. Stakeholder analysis and associated communications plan developed

6.8.1 Appendix A - Project Initiation Document [Update November 2023(Cont.)

- **Requirements** – Confirm approach to business requirements gathering. Constraints and opportunities with current ERP system and related components, develop key requirements/principles to be used in initial procurement approach to short listing, including alignment with agreed IS standards (e.g. Architecture). Note that the approach will be to identify ‘good practice’ and then modify to reflect WDC specific requirements) Document current ERP system in scope, including interfaces, custom applications, functions or modifications. High Level business requirements (ranked) and ERP system principles, including preferred deployment approach.
- **Procurement 1 (RFI)**– Procurement approach confirmed, Identify 4-6 potential ERP providers, and complete initial approach to market, develop short list of potential vendors.
- **Procurement 2 (RFP)**– Develop RFP documentation and complete Request for Proposal (RFP) process with short listed vendors 2-3. Options analysis, site reference checks, finalise ERP provider/s recommendation.
- **ERP Business Case** – ERP Implementation Business Case developed with preferred vendor, including implementation approach, costs to complete, likely timing, resources required, change management impact analysis, risks and opportunities. Business Case presented and approved.
- **Vendor Selection** – Selection process completed, Contract agreement negotiated and signed with preferred vendor.
- **Support initiation of next stage ERP Replacement project -**
 - Artefacts for Hand over to future project stages
 - Project Management artefacts, including risk and opportunities register, document archives and monitoring/reporting
 - Change Management organisation change artefacts including change management strategy, readiness review and change management plans, including any outstanding/planned change and communication activities.
 - Support for governance/advisory appointments for future stages.
- ALGIM/Effectus Consortium - Participate in Stage 1 of consortium – Feasibility and Readiness.
- Complete required EPMO documentation for stage gates as required. Note assumption should EPMO template not be available when required for project to progress.

Not included in Project Scope for ‘Selection Stage’
<ul style="list-style-type: none"> • Detailed analysis of current business processes. • Support of current ERP systems including interfaces. • Implementation of the ERP replacement – these will be in scope for future stages of this project and dependent on the solution and vendor selected.

Assumptions used in developing the brief
<ul style="list-style-type: none"> • Resources will be made available as required.

Finance and Performance Committee - AGENDA

6.8.1 Appendix A - Project Initiation Document [Update November 2023(Cont.)

- Focus within this stage will be on configuration and process change rather than customisations, underpinned by good practice – the ERP solution selection process will not be solely based on what we currently do now, and optimising these processes.
- The preferred ‘Core ERP solution’, will need to be developed beyond a Minimal Viable Product (MVP) status - as WDC are not resourced for new entrants to ERP market.
- WDC participation in the ALGIM/Effectus Consortium for Stage 1 will not impact the project schedule with tasks being completed in parallel.
- EPMO methodology will be developed in parallel – where an EPMO project template/approach is not available, the project will use an alternative and retrospectively complete the EPMO template when available, should project be active.

Required Completion Date - Y / N and why?
No specific date relating to contracts etc., expect the selection stage to be approximately 6 months, including the Christmas/New Year period. Commencement timing dependent on availability of BA resources currently under recruitment.

Schedule: Milestones		
Name	Est Duration (Elapsed Time)	Notes – Approximate timing
Project established and approved. Project Brief completed, governance appointed and project logistics and initial artefacts are in use.	4 weeks	Completed by mid November 23
BA resources appointed and inducted	1 week	17 th Nov. 23
Business and technical requirements	8 weeks	Initial draft by Christmas – 3 weeks, finalised in New Year mid February 24.
Procurement approach agreed.	1 week	Prior to Christmas
Procurement 1 (RFI) incl. Short list (2-3) of potential ERP Providers.	4 weeks	Mid-March 24
CE KPI Milestone 1 (Feb 24) Report on Procurement 1 RFI Approved by Finance and Performance and Risk and Assurance Committees	1 week	End of March 24
Procurement 2 incl. RFP documentation, RFP responses, options analysis, site visits and preferred vendor identified.	8 weeks	End of May 24
CE KPI Milestone 2 (March 24) ERP Business Case Endorsed by Finance and Performance Committee, approved by Council.	3 weeks	Timing will depend on final decision making and meeting timeframes for approvals. Mid-June

Finance and Performance Committee - AGENDA

6.8.1 Appendix A - Project Initiation Document [Update November 2023(Cont.)

Vendor Selection and contract negotiation.	2 weeks	End of June
Support for next stage of project	1 week	Runs concurrently
ALGIM/Effectus Consortium -Stage 1	TBC	Runs concurrently
Schedule contingency	2 weeks	Would add 10% -15%
Selection Stage project completion.		~Mid-July

Project Roles	Responsibilities	Appointments
Project Steering Group (no more than 6 in total)	Provide organisational direction and decision making for the Project Team to deliver a successful project. Project Manager and Change Manager to attend in support of the meetings, however, are not decision makers.	Chair – to be appointed from group plus Up to 5 other members relevant to Stage 1 Suggestions:- <ul style="list-style-type: none"> • Sponsor • GM People and Capability, • Business Owner, • External member TBC • 1 or 2 Tier 3 Operations side Activity Manager
Sponsor	Provides an organisation wide perspective to the project, provides required resources and liaises with Exec and Council.	Gary Connolly
Business Owner	Has the business responsibility for a successful project, understands and provides specific knowledge relating to project scope.	Brian Elliott
SME (Subject Matter Expert) Working Group For this stage could also provide Selection Panel services (no more than 8 in total)	Provides business user SME and technical SME advice. Confirms business and technical requirements. A subset of the Advisory Group may also be appointed to the Selection Panel to select the vendor.	Chair – to be appointed from steering group plus up to 7 other members relevant to Stage 1 Business Owner Key business users – CRM, Finance et al? IS Systems Architect
Project Manager	Manages resources to deliver expected outcomes. Reports progress and required decisions to the PSG.	Diane Bussey
Change Manager	Develops and implements change management practices, including management strategy and approach, impact assessment, and management plan. Change 'radar' for WDC.	Michelle Trudgen
Project Team	Business Analyst(s), Technical and Systems Analyst, Legal/Procurement Support and Business Case Document Writer.	BA's likely to be appointed via short form contract.

6.8.1 Appendix A - Project Initiation Document [Update November 2023(Cont.)

		Legal/Procurement support internally sourced Business Case Document Writer – could be BA sourced -TBC
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As this project will be staged, those appointed to the above roles will change to reflect the requirements of each stage. As part of exiting one stage and initiating the next stage a review will be required to confirm those appointed to these roles.

Risks & Opportunities	
Detailed Risk analysis will be completed as part of project establishment.	
Description	Actions, Controls and Mitigations
OPPORTUNITY: Collaboration with other Councils.	To be added as part of RFP, potential for Shared Services offering. ALGIM/Effectus Consortium – sharing artefacts, WDC could join Stage 1.
OPPORTUNITY: Project engages with staff, showcasing a positive future, building excitement.	Communications and change management plan/activities to offer participation opportunities. Change Manager appointed.
OPPORTUNITY: Using PMO methodology this project could trial and prove a WDC methodology for future projects.	Dependency management with EPMO establishment and IM Project Management methodology to gain advantage of re-use and minimise duplication.
RISK: Current ERP falls over and requires refocus of project resources to restore for BAU services, putting project timeline under pressure	
RISK: Resources are unavailable when required meaning expensive contracted staff are held up, project costs more to complete	Confirmed resource allocations, meeting obligations on time, build confidence in project team delivery.
RISK: Scope creep – additional scope items informally added.	Agreed project scope at commencement and Project scope management.
RISK: Too much going on leading to shortcuts and a less than robust business case, WDC misses an opportunity or selects the wrong vendor/solution.	Review points added into project Independent review/confirmation. Site reference checks.
RISK: ERP Project will allocate significant resources within WDC which may slow down other required projects.	To be added as part of RFP, potential for Shared Services offering.
RISK: ERP Project will be implemented within a significant change environment – Future for LG, RM Reforms and Water Services Reforms. There is a risk that requirements change or solution cannot be adapted to fit the changed environment.	Dependency management with Future Reforms programme.

6.8.1 Appendix A - Project Initiation Document [Update November 2023(Cont.)

RISK: ERP Providers do not have resources/intent to respond to the RFP in the timeframes expected, or not at all, leading to insufficient information to make satisfactory vendor selection.	
RISK: New entrant into market or existing vendor (Datacom: Datascape) provides alternative solution close to/after preferred vendor decision.	Initial market scans Keeping abreast of other council decisions/plans/approaches Continued awareness of market via market scans

Project Budget Estimate		
Description of Cost	Value (\$)	Assumptions/Notes
Project Governance and Business Owner recoveries	\$40,000	External Project Steering Group member for 6 months Other internal governance members are not costed to project.
External: Project Manager	\$110,000	Short form contract capped at 2 days per week. Started Oct 23., est completion mid July – 38 weeks
External: Senior BA and BA	\$200,000	Contracted for 3 –4 months. Senior BA ~ \$165 p.h. 3 days per week BA ~ \$125 p.h. and 3 –4 days per week
External: Document Writer	\$15,000	Business Case development Could be BA -TBC Full time for 3 weeks
Internal Resources Recovery: - Change Manager Systems Analyst Technical Analyst	\$175,000	TBC To include recovery costs where internal resources have been backfilled.
External: Legal Support	\$10,000	To review vendor contract and provide summation/recommendation
Change & Communications costs	\$5,000	
Travel costs	\$10,000	Two site reference visits.
ALGIM/Effectus Consortium costs - Stage 1	\$15,000	
Contingency (5%)	\$30,000	
	\$ 610,000	TOTAL Project Estimate – Stage 1
	\$90,000	Contingency (circa 15%)
	\$700,000	Total Project Budget - Stage 1

6.8.1 Appendix A - Project Initiation Document [Update November 2023(Cont.)

	\$1,300,000	2023-24 – Indicative Stage 2 budget (forecast shift to 24/25)
	\$2,000,000	2024-25 – Indicative Stage 3 budget

Original project budget set in LTP2031 at \$4.0m, will be subject to revision and gateway approval by council on completion of project plan prior to commencing stage 2.

6.9 PROGRAMME OF ORGANISATIONAL CHANGE POST CENTRAL GOVERNMENT REFORMS

6.9 PROGRAMME OF ORGANISATIONAL CHANGE POST CENTRAL GOVERNMENT REFORMS



To: **Finance and Performance Committee**

Date: **Friday, 1 December 2023**

Author: **Emma Redaelli / Manager People & Capability**

Authoriser: **Steph O'Sullivan / Chief Executive Officer**

Reference: **A2552354**

1. Reason for the report - *Te Take mō tēnei rīpoata*

- Provide information on a methodology and project schedule for a programme of organisational change, post Central Government reforms.
- Share next steps for the post-reform process.

2. Executive summary - *Whakarāpopototanga*

The context in which Local Government operates continues to change, with reforms introduced by Central Government foremost amongst these drivers of change. To ensure Council is ready to respond to change and can continue to deliver services to our District and communities, a methodology and project schedule has been developed.

3. Recommendation - *Tohutohu akiaki*

THAT the Programme of Organisational Change Post-Reform report be received.

4. Background - *He tirohanga whakamuri*

The context which Council operates in has changed substantially over recent years and continues to change. Foremost amongst these drivers are the changes being introduced by Central Government through their reforms of Local Government functions and services, most notably the water services reforms:

- As part of the Government's Water Services Reforms the water services currently managed by the 67 councils across New Zealand will be combined into 10 publicly owned, specialised water service entities. Entity A (Northland and Auckland) established 1 July 2024.
- In February 2021, Government announced it would repeal the Resource Management Act (RMA) and enact new legislation to create a new resource management system; the Spatial Planning Act (SPA) and the Natural and Built Environment Act (NBEA) commenced a 10-year gradual phasing-in on 24 August 2023.
- In April 2021 Government established a Review into the Future for Local Government; the overall purpose was to identify how systems of local democracy and governance need to evolve

6.9 PROGRAMME OF ORGANISATIONAL CHANGE POST CENTRAL GOVERNMENT REFORMS(Cont.)

over the next 30 years, to improve the wellbeing of communities and the environment, and actively embody the Treaty partnership. A set of recommendations is with Government to review, and the Steering Committee recently met to discuss these.

These contextual drivers have implications for our District and its communities, and for Local Government in terms of what we do and how we do it.

5. Issue/subject - *Kaupapa*

These reforms will have substantial impact on the functions and capacities of Councils while also triggering consideration of the longer-term future of the Local Government sector, most notably there is a very close relationship between the impacts of the reforms and the Long-Term Plan.

Whilst we are aware that a coalition Government is coming, and that National has been very vocal in plans to repeal water reform legislation as part of its 'first 100-day plan', we are still unclear on what change looks like, and we may not have direction on priorities until 2024. We do know, however, that our organisation structure needs to adapt to the changing context to ensure we can continue to deliver our role, functions and services effectively and efficiently as a Local Government entity and continue to support and enhance the wellbeing of our District and communities.

In order to ensure we are prepared to respond to changes in a timely manner:

- An organisation design methodology has been developed and endorsed by the Executive Leadership Team.
- Co-design options were considered, with a mid-level co-design approach recommended and endorsed by the Executive Leadership Team.
- A Project Schedule has been developed, identifying steps and timeframes.
- Next steps have been identified including communications to staff and Union consultation.

6. Options analysis - *Ngā Kōwhiringa*

No options have been identified relating to the matters of this report.

7. Significance and Engagement Assessment - *Aromatawai Pāhekoheko***7.1. Assessment of Significance**

The decisions and matters of this report are assessed to be of low significance, in accordance with the Council's Significance and Engagement Policy.

7.2. Engagement and community views

Engagement on this matter is not being undertaken in accordance with Section 6.1 of the Council's Significance and Engagement Policy. This states that the Council will not consult when the matter is not of a nature or significance that requires public engagement.

6.9.1 Appendix 1 - Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.**8. Considerations - *Whai Whakaaro*****8.1. Financial/budget considerations**

Budgetary considerations are unknown at this stage.

8.2. Strategic alignment

There is a very close relationship between the impacts of the reforms and the Long-Term Plan which responds to contextual drivers to set priorities for a 10-year period and specifically for the initial three years. An organisation redesign may impact activity structure and budgets, and – timing dependant – any organisation re-design would ideally be integrated alongside LTP planning, but otherwise may require change to be provided through Annual Plan or LTP amendment process.

8.3. Climate change assessment

Based on this climate change assessment, the decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

8.4. Risks

As with any organisation re-design, risks include the following:

- Employment relations risks: not meeting legislative requirements in the re-design process resulting in legal action.
- Service delivery risks: interruptions to service delivery due to change process.
- Perception / reputational risk includes process and service delivery risks, as above.

9. Next steps - *Ahu whakamua*

With the earliest recommended commencement date for the project being March 2024 (to align with increased understanding of Government direction post the '100-day plan', and organisational capacity), next steps include communications to employees focused on our need to adapt to change, and early consultation with Unions as key stakeholders.

Attached to this report:

- Appendix 1: Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.

6.9.1 Appendix 1 - Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.

6.9.1 Appendix 1 - Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.(Cont.)

 **Better Together**
Toitū te Kotahitanga

 **WHAKATĀNE**
District Council
Kia Whakatāne au i ahau

Programme of organisational change post Central Government reforms

9 November 2023

whakatane.govt.nz

6.9.1 Appendix 1 - Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.(Cont.)

Purpose of today

- Awareness of methodology
- Inform & Advise of project schedule for programme of change

6.9.1 Appendix 1 - Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.(Cont.)

Background

Context which Council operates in has changed substantially over recent years and continues to change.

- As part of the Government's Water Services Reforms the water services currently managed by the 67 councils across New Zealand will be combined into 10 publicly owned, specialised water service entities. Entity A (Northland/Auckland) established 1 July 2024.
- In February 2021, Government announced it would repeal the Resource Management Act (RMA) and enact new legislation to create a new resource management system; the Spatial Planning Act (SPA) and the Natural and Built Environment Act (NBEA) commenced a 10-year gradual phasing-in on 24 August 2023.
- In April 2021 Government established a Review into the Future for Local Government; the overall purpose was to identify how systems of local democracy and governance need to evolve over the next 30 years, to improve the wellbeing of communities and the environment and to actively embody Treaty partnership. A set of recommendations is with Government to review, and the Steering Committee recently met to discuss these.

6.9.1 Appendix 1 - Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.(Cont.)

Implications

Implications for our District and its communities, and for local government in terms of what we do and how we do it.

What we know....

- A coalition Government led by National and including Act and NZ First was formed on 24 November.
- National's "first 100 days" plan include repealing Water Reform legislation and new RMA NBEA legislation amongst other priorities.
- Coalition policies will also influence Central Government policies.
- The LG sector has expressed a need for urgency relating to direction on reforms.
- We may not have clear direction on priorities until 2024.
- Our organisation structure needs to adapt to the changing context.

Proposed Org Design Methodology



1. Identify the need for a redesign: already clear; Council's services and resourcing is changing considerably as a result of legislated reforms.



2. Analyse the effectiveness of the current operating model: Identify what works well in the current model and what doesn't, and why.



3. Identify future services and capability requirement: Identify any changes to what or how the organisation will deliver services in the future, and the capabilities required for delivery.



4. Develop design principles that address current issues and future needs: provide a foundation for developing and testing options and what features a future structure should include to support purpose and objectives.



5. Develop multiple design options: Develop design options that align with goals and objectives. Each option should include key function and reporting relationships.



6. Evaluate the options: test each of the design options against the design principles.



7. Identify a preferred option & assess possible impacts and risks.

6.9.1 Appendix 1 - Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.(Cont.)

Proposed Design Approach

Option 1	Option 2	Option 3
Low level of Co-Design	Mid level of Co-Design	High level of Co-Design
Participation limited to CE, GM People & Engagement, Manager People & Capability and possibly Councillors.	Participants include ELT, Councillors, Manager People & Capability and other identified key staff.	Participants include all members of the organisation in some way.

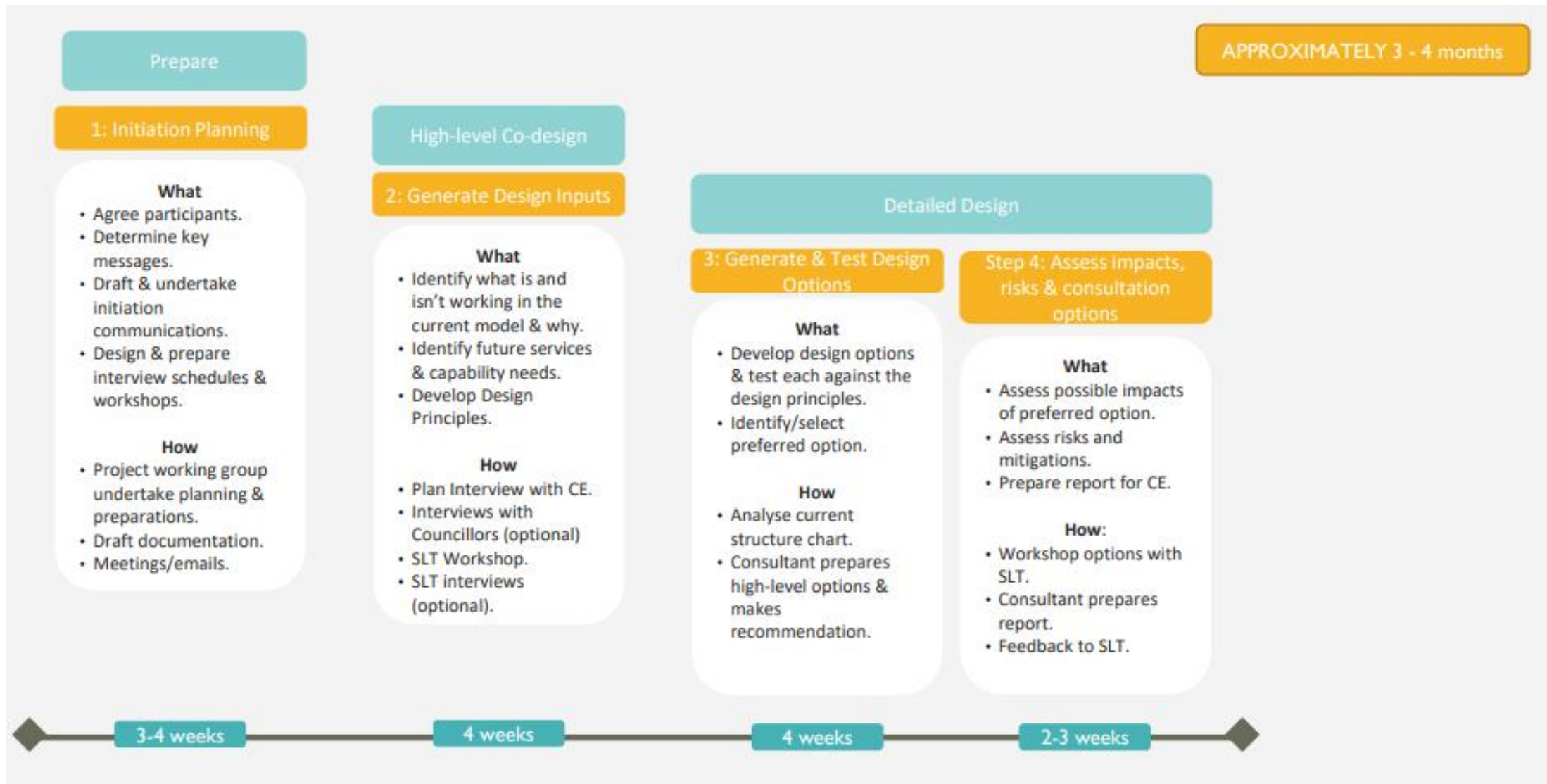


Resistance to change by organisation
 Quicker
 Lack of design expertise
 Potential for sub optimal design

Greater buy in and ownership w organisation
 Time consuming
 Distracts from other initiatives
 Includes all relevant expertise

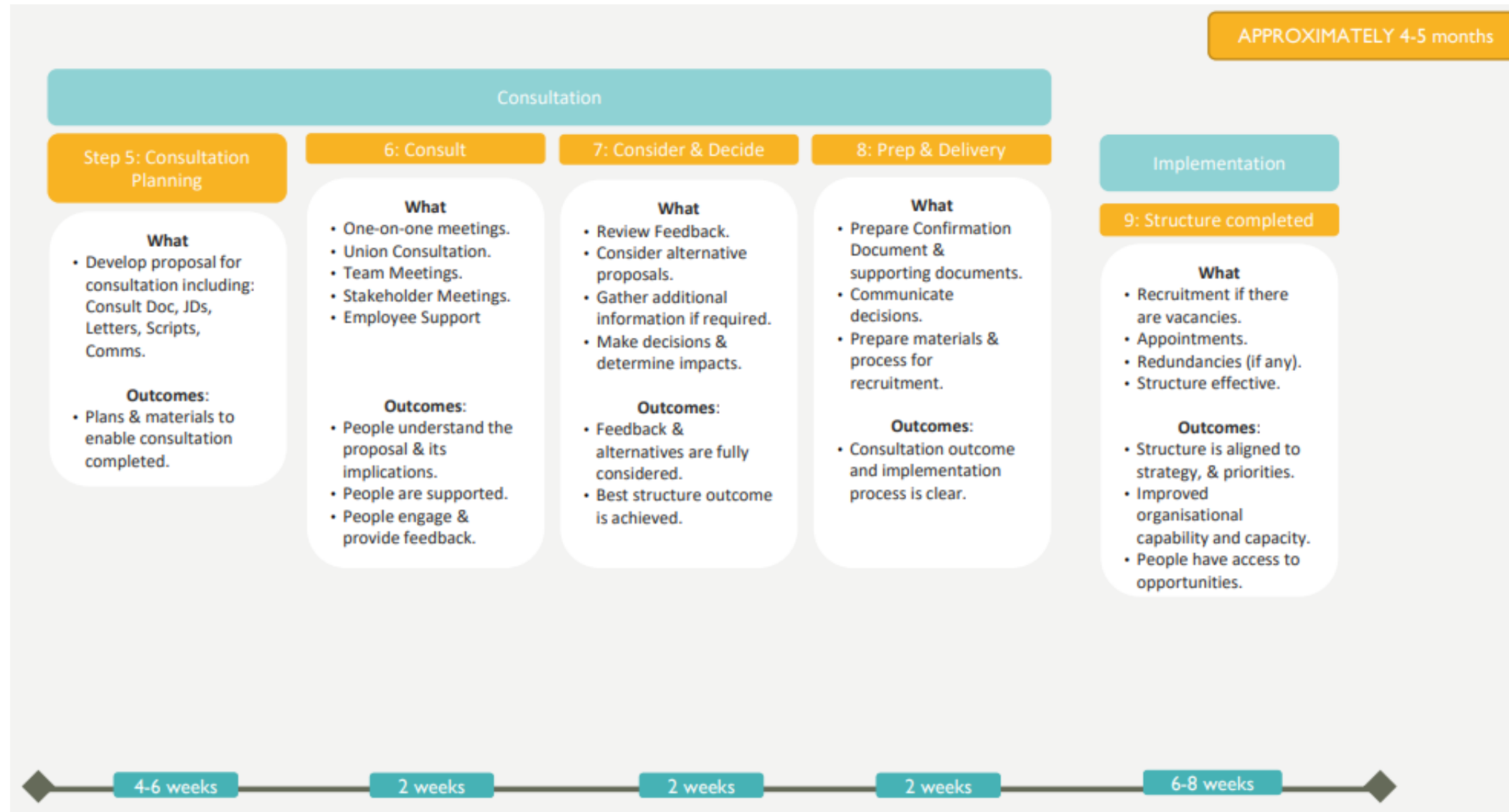
6.9.1 Appendix 1 - Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.(Cont.)

Proposed Project Schedule (steps 1-4)



6.9.1 Appendix 1 - Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.(Cont.)

Proposed Project Schedule (steps 5-9)



6.9.1 Appendix 1 - Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.(Cont.)

Assumptions

- Reforms will have substantial impact on the functions and capacities of Councils while also triggering consideration of the longer-term future of the LG sector.
- LG has expressed a need for urgency for reform decisions BUT we may not have clear direction until 2024 – uncertainty remains!
- There is a very close relationship between reforms and the LTP
 - Organisation re-design may impact activity structure / budgets
 - Timing dependent, org re-design would ideally be integrated alongside LTP planning
- Change creates uncertainty

6.9.1 Appendix 1 - Programme of Organisational Change Post Reforms PowerPoint presented to the Executive Leadership Team, 9 November 2023.(Cont.)

In Summary

- Mid-level co-design option chosen
- Steps 1 to 9 is approximately 7 – 9 months
- Earliest commencement date March 2024 (completion around October 2024)
- Communications from CE to organisation focused on our need to adapt to change.
- Consultation with Unions, involvement at early stage

7 Resolution to Exclude the Public - *Whakataunga kia awere te marea***7 Resolution to Exclude the Public - *Whakataunga kia awere te marea*****7.1 Resolution to Exclude the Public**

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

1. Public Excluded Minutes - Finance and Performance Committee 19 October 2023

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

	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	When item can be released into the public
1	1. Public Excluded Minutes - Finance and Performance Committee 19 October 2023	Good reason to withhold exists under Section 7	That 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 exists. Section 48(1)(a)	To be advised

This resolution is made in reliance on sections 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by sections 6 and 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No	Interest
1	To carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (section 7(2)(i))

1 Confirmation of Minutes - *Te whakaaetanga o ngā meneti o te hui*

1 Confirmation of Minutes - *Te whakaaetanga o ngā meneti o te hui*

1.1 Public Excluded Minutes - Finance and Performance Committee 19 October 2023