

# Quarterly Performance Report

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Quarter One 2021/22

(YTD 1 July 2021 - 30 September 2021)

## Nau mai | Welcome

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This report supports the governance oversight of Wellington City Council's (the Council) quarterly performance against its Long-term Plan (LTP) by the [Pūrora Tahua | Finance and Performance Committee](#). Quarterly Reports are produced four times in each financial year. Each report covers the period from the first to the last day of each quarter.

The Council's LTP is published on the Council's website ([www.wcc.govt.nz](http://www.wcc.govt.nz)) with details on our outcome indicators, performance measures and strategic priorities and supporting key projects.

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# Introduction

## Purpose

The information in this report supports governance oversight and monitoring of the delivery of the current long-term Plan (LTP). Oversight covers the:

- LTP strategic direction and risks to overall progress
- Tracking of delivery of the programmes supporting LTP priorities, strategies, action plans and key projects; and
- Monitoring of significant quarter by quarter changes in service delivery KPIs.

The report informs three key questions:

- Is the LTP progressing as expected?
- Are the responses to risks sufficient to mitigate undesirable impacts? and;
- Is service performance on track?

The Quarterly report is provided to the Council’s [Pūrora Tahua | Finance and Performance Committee](#) (the Committee)

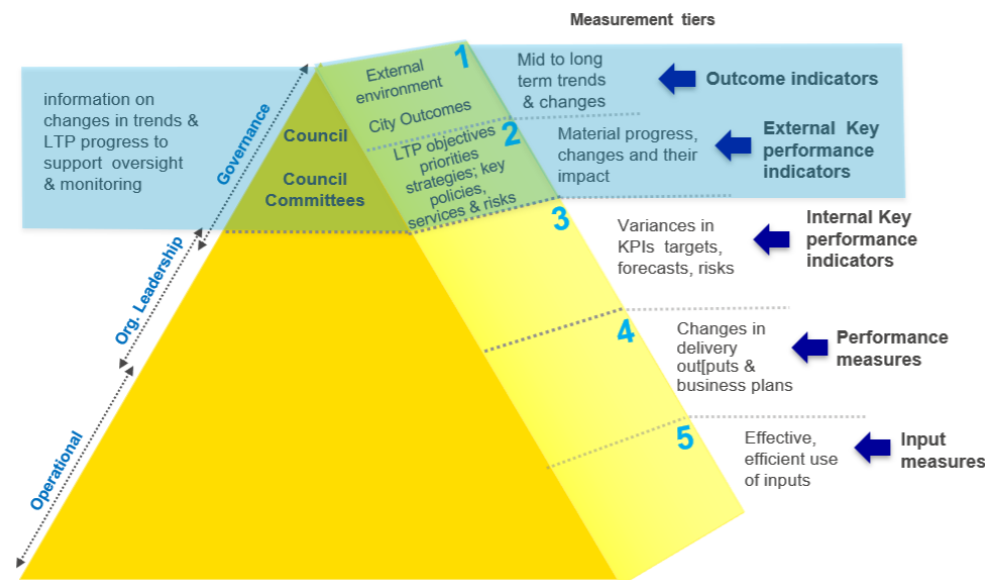
## What we report

The content of the Quarterly Report (this report) aligns the 2021 LTP, the Finance and Performance Committee LTP oversight role, the monitoring role of other Council Committees and tiers 1 and 2 of the Councils monitoring and Reporting Framework (Figure 1). A specific focus of the report is oversight of progress against the six LTP priority objectives (LTP priorities) and their supporting work programmes.

This approach recognises that reporting detailed performance for individual projects, policies etc. is in general within scope of other Committees for example the Infrastructure, Planning and Environment or, Social, Cultural and Economic Committees. The Quarterly Report is in general timed after detail focused reporting to other Committees.

The LTP is effective from 1 July 2021 and includes an updated and reduced suite of external key performance indicators (KPIs). Consequently, the content of the Quarterly report will increase across the 2021 financial year - as trends and new KPI data becomes available. The starting point (or baseline) for reporting LTP progress is the 2021-22 year. The report scope includes LTP amendments and Annual Plan variations.

Figure 1: Monitoring and Reporting framework



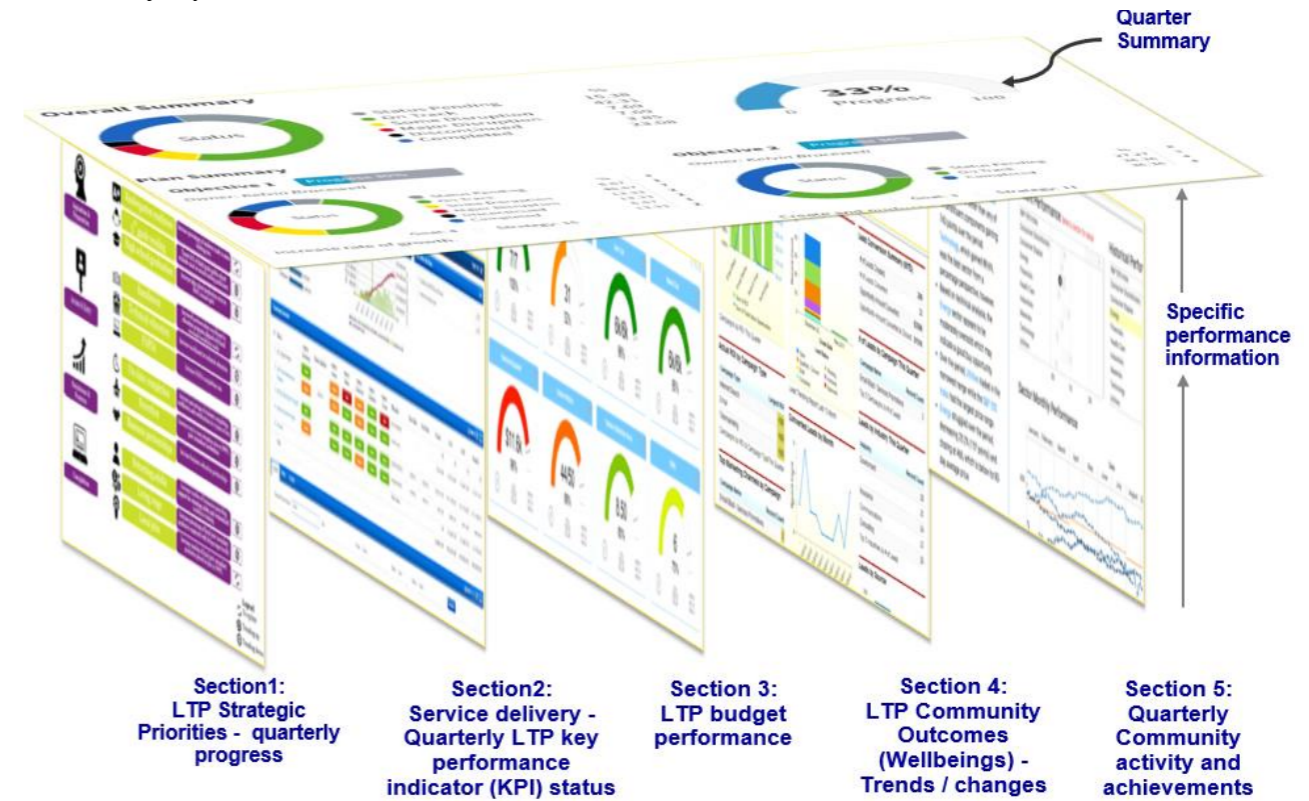
## Performance data

Financial and non-financial results are reported **quarter**-to-date. All information is current as at the end of the relevant quarter. Results that are gathered annually e.g. from an annual residents’ monitoring survey is published in the Council’s Annual Report along with all KPI results for the full financial year. Programme information focuses on overall progress, programme health and risks to progress. Where possible actual and forecast information is provided.

## Report structure and information presentation

A fully implemented quarterly report has five ‘drill-down’ sections with a rolled-up quarter overview or summary (Figure 2). This report covers section 1-4. Additional content will be added in the following quarters. The ‘rolled-up quarter summary’ has key summary information from each section, in general focusing on the significant changes during or between quarters. Where possible information is organised and reported visually and in an A3 dashboard style to show changes in status etc.

Figure 2: Quarterly Report Structure



## How we report

### Exception reporting

In general, only items with a status of red or blue are reported - with a focus on over and/or under performance (or by ‘exception’). The blue highlight indicates over performance and the red highlight indicates under performance. Red is used for financial reporting where variance is >\$500k AND >10% off target. Risks are reported using the Council’s risk reporting framework. Using a range for “met” of +/-10% allows for seasonal changes in performance.

### How we record status

To decide what is significant and therefore what to focus on in this report, we use the status definitions that are indicated on the relevant dashboard. The statuses use colours to identify the items that need ongoing monitoring and / or attention.

### LTP Community Outcomes

The LTP contributes to improving Wellington’s social, cultural, environmental, and economic community outcomes (or Wellbeings) This report (in Section Four) includes information on the city’s changing Social, Cultural, Environmental or Economic wellbeing. This content can vary from quarter to quarter depending (for example) on the external environment at the time of the report and / or the availability of data. Material changes in Social, Cultural, Environmental or Economic wellbeing indicators are typically to be observed over a longer period e.g.3 years or more.

### LTP Strategic priorities and supporting work programmes

Table 1 indicates the alignment between the six LTP priority objectives (strategic priorities) and long-term Community Outcomes. Two of the six strategic priorities have work programmes that contribute to all outcomes. The organisation

of information for **Section 1** reflects this alignment. Information in other sections is presented by activity area. This approach is broadly consistent with the LTP and the Annual Report.

**Table 1: LTP Community Outcomes and Priority Objectives**

Community outcomes	Environmental Sustainable, climate friendly eco capital	Social People friendly, compact, safe, accessible capital	Cultural Innovative, inclusive and creative city	Economic Dynamic, sustainable economy
Strategic priorities	A functioning, resilient & reliable 3 Waters infrastructure	Affordable, resilient & safe housing	Resilient & fit-for-purpose community, creative & cultural spaces	Wellington's core transport infrastructure is a safe, resilient and reliable network
	Strong partnerships with mana whenua			
	An accelerating zero carbon and waste free transition			

The work programmes supporting the LTP strategic priorities contain the projects that deliver the LTP. Because of their expected impact or urgency some of those projects are classified as 'high priority projects'. Aggregated information from these projects is included in this report. Detailed individual project monitoring reports for the 'priority projects' is received by the Infrastructure Committee from the Project Management Office. This approach avoids duplication of individual project information reported to other Committees. Table 2 provides an overview of the alignment of work programmes to LTP priorities.

**Table 2: Alignment of LTP priorities, LTP budget, programmes, and projects**

LTP Strategic priorities, Y1 budget (000's)	Objectives	LTP work Programmes	No. of projects
A functioning, resilient & reliable 3 Waters infrastructure	A reliable 3 Waters infrastructure	3 Waters network Stormwater Wastewater Targeted upgrades	14 (3 high priority projects)
	A resilient 3 Waters infrastructure	Drinking Water	1
	A functioning 3 Waters infrastructure	3 Waters Reform Programme	1
Affordable, resilient & safe housing	Urban Planning	Planning for growth	1
	Safe Housing	Social Housing	2
	Affordable Housing	Housing Investment Programme (projects) Proactive development (SHIP) - Te Kāinga (projects) Housing Action Plan (projects)	4 (2 priority projects)
	Resilient Housing	Proactive development (SHIP)	7
The core transport infrastructure is safe, resilient & reliable network	Reliable, safe Transport network	Let's Get Wellington Moving Priority Planning Speed management upgrades Bike network	20 (8 priority projects)
	Resilient, safe Transport network	Carriageway Shelly Bay Network renewals Network access	7

LTP Strategic priorities, Y1 budget (000's)	Objectives	LTP work Programmes	No. of projects	
Resilient and fit-for-purpose city, community, creative & cultural spaces	Fit-For-Purpose Community, Creative & Cultural Spaces	Aho tini 2030 Public space improvements Waterfront Development Zealandia Zoo upgrades Community centres & halls upgrades Suburban Centres upgrades City Venues Pōneke Promise Te Ngākau Civic Precinct Venues seismic strengthening	Community facilities development Streets for People: Laneways programme Public safety - Pōneke Promise Burial & Cremations policy Waterfront Development: Frank Kitts Park Public Space and City Greening: CBD greening, pocket park development Public Space and City Greening	27 (10 high projects)
	Resilient Community, Creative & Cultural Spaces	Community facilities planning Waterfront facilities Sportsfields upgrades EQ Risk Mitigation: Seismic strengthening	Community facilities earthquake resilience EQ Prone buildings Venues Seismic strengthening Asset Management Programme CCO Upgrades	13 (2 priority projects)
An accelerating zero carbon and waste free transition	Te Atakura - first to zero	Climate and sustainability Climate Change response Resource efficiency - energy Seed funding for climate action	Sustainable food (SF) systems Mode shift WCC EV fleet transformation	14 (2 priority projects)
	Waste Free Transition	Waste Minimisation: Resource efficiency - waste	Waste Minimisation: Resource efficiency - waste Waste Minimisation	
Strong partnerships with mana whenua	Innovative, creative, and inclusive city	Inclusive city		3
		Māori and mana whenua partnerships		
Reporting Legend		Reported to Finance and performance Committee		
		Reported to the other relevant Committee		

### Reporting programme performance

Quarterly programme reporting focuses on changes to programme delivery (progress), budget, overall programme health and risk status against a LTP starting position as of 1 July 2021 and over the three years between LTP updates. As a number of programmes have projects that are being planned or start in subsequent years, the first quarterly report will contain programmes that have projects that are:

- in-flight from the previous LTP; and
- are finalising their plans to commence in the next quarter.

This means that the content and programmes covered in this will expand over subsequent reports. The Quarter one (1 July-30 September) report for 2021 sets a starting position (or baseline) for on-going quarterly programme reporting.

### Where we get our data

The Information in this report is sourced from the Councils and CCO busines units including Finance, Risk and Assurance and the Project Management Office.



## Summary Headlines: Quarter 1 2021

### **Strategic Priority Work Programmes: (Details p7)**

- Total LTP capital expenditure has doubled from the 2018 LTP. The six strategic priorities in the 2021 LTP have 53 work programmes comprising of 114 projects.
- Many projects supporting the six LTP strategic priorities are in the historically challenging delivery phase.
- Pandemic linked constraints in labour markets, materials supply and/or construction sector capacity and scalability are impacting pace at which the capital work programme can be implemented, scaled up or delivery momentum sustained.
- These constraints indicate that there is a high risk that capital programme may not match delivery expectations over the next three years.

### **LTP Service Delivery KPIs: (Details p.9)**

- Of the new, updated and streamlined suite of service delivery KPIs in the LTP that had a reported result for Quarter 1, 67% were met, exceeded or mostly met (i.e. within +/-10% of target).
- KPI targets that were not met related to: 3 waters, on-going pandemic impacts, consenting capacity challenges and parking occupancy.

### **LTP Budget Performance: (Details p11)**

- Both Operating and Capital expenditure are below budget YTD.
- Capital underspend is forecast to be \$66.7m under the total budget of \$420.9m by year end.

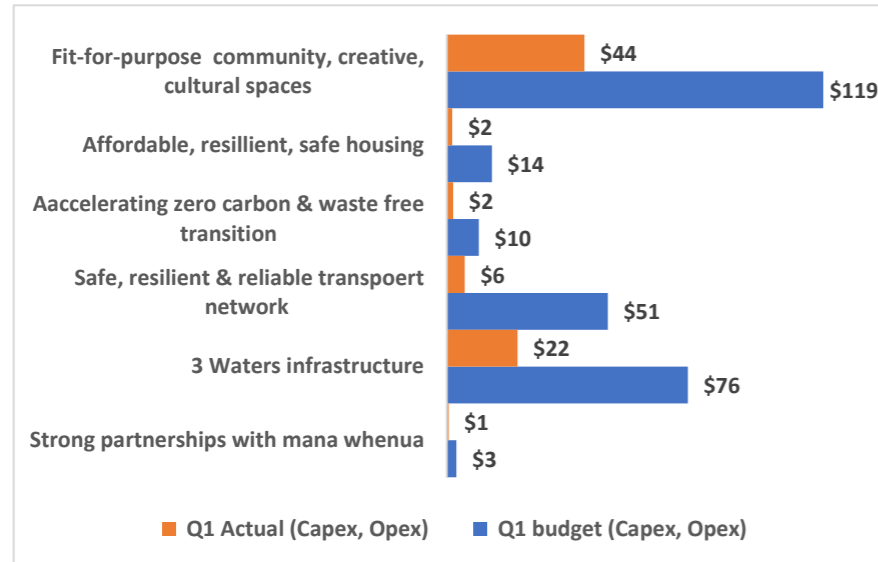
### **Community Outcomes (Wellbeing) Indicator Trends: (Details p15)**

- At start of the quarter 29% of indicators were trending in the desired direction; 34% were not - particularly for the Social and Cultural Wellbeing and no trend was evident for 37%.

## Quarter Summary

### 1. LTP STRATEGIC PRIORITY WORK PROGRAMMES - The pace of delivery of a large capital programme is being constrained and likely to be underspent

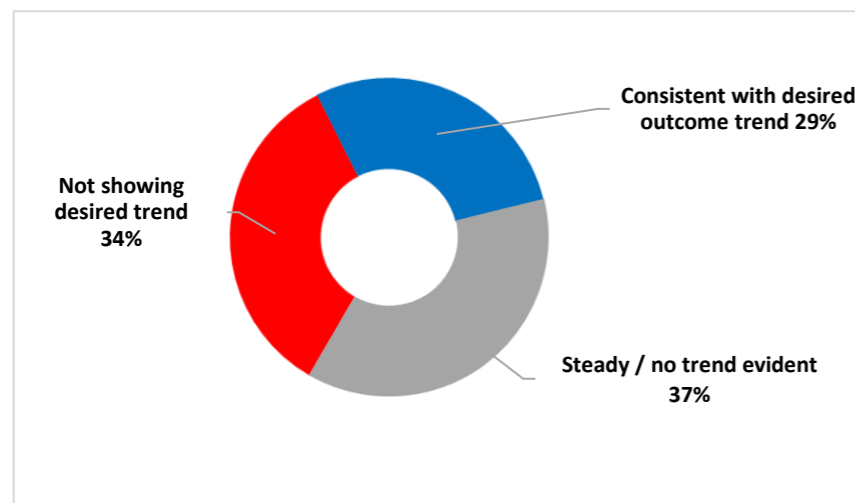
#### Q1 Capital and Opex Spend - Underspent for all work programmes (\$m)



**Programme Delivery:** There is a material risk that market capacity and capability pressures may constrain the pace of programme delivery.

Pressures	Possible impact:
<ul style="list-style-type: none"> <li>Constrained labour markets, materials supply chain and cost escalations</li> <li>Availability of external contractor resources pressuring the planning and prioritisation of resources</li> </ul>	<ul style="list-style-type: none"> <li>Progress slowed for projects in-flight</li> <li>Delay projects at planning stage</li> </ul>

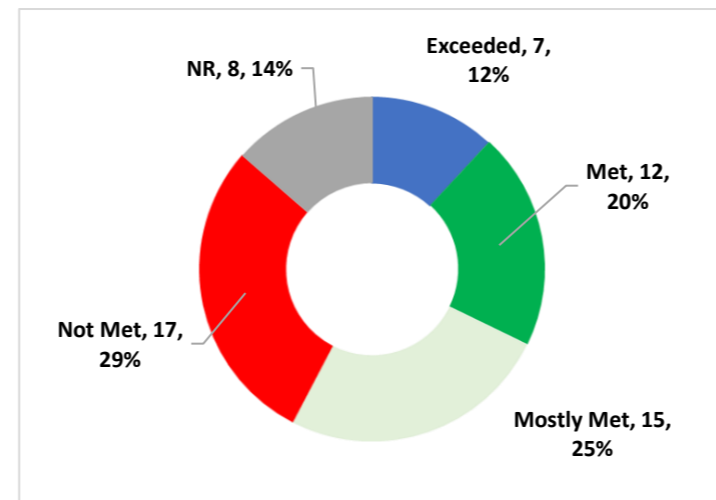
### 4. LTP COMMUNITY OUTCOMES (WELLBEINGS): Social and cultural wellbeings have the most indicators not showing the desired trend



Outcome indicator trends are generally observed over 3 -5 years

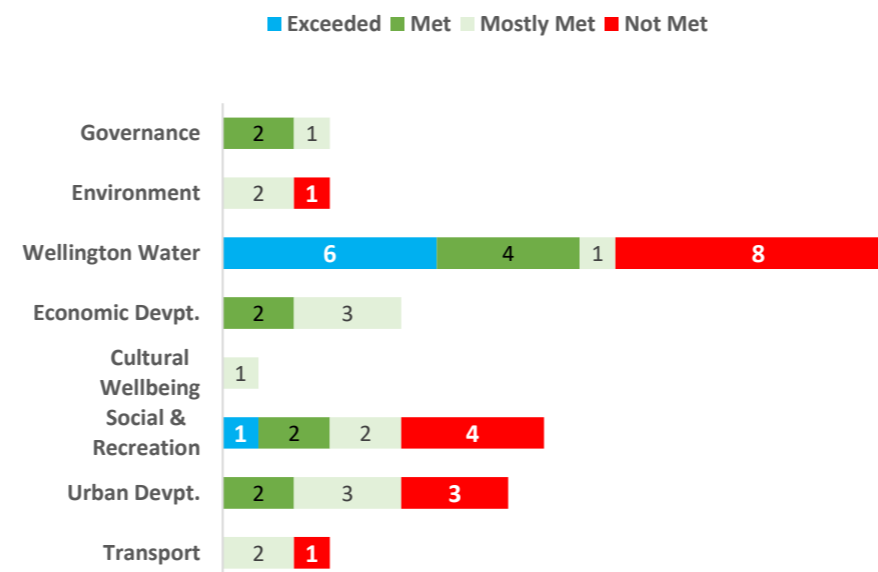
### 2. LTP SERVICE PERFORMANCE - First result for new LTP KPIs; KPIs not met similar to previous year

#### Service delivery performance against LTP KPI targets



- There were 24 key performance variances reported for Q1

#### KPI performance against target for each Activity Area

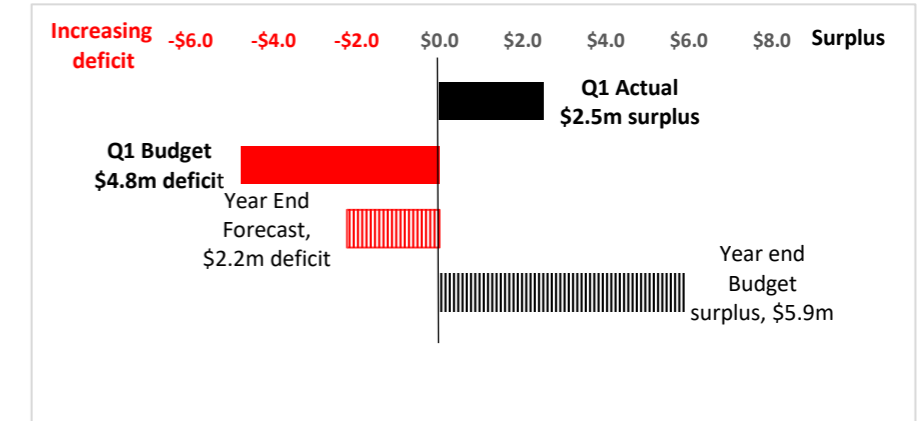


The main Activity Area KPI targets not met relate to:

- Three waters:** Same KPI exceptions as the previous year
- Environment:** Lower waste diverted from landfill showing the impact of lockdowns
- Urban development:** Timeliness for compliance and consenting KPIs, and
- Transport:** parking occupancy (similar to previous year)

### 3. BUDGET PERFORMANCE YTD

#### Q1 Net Operating Position a \$2.5m surplus

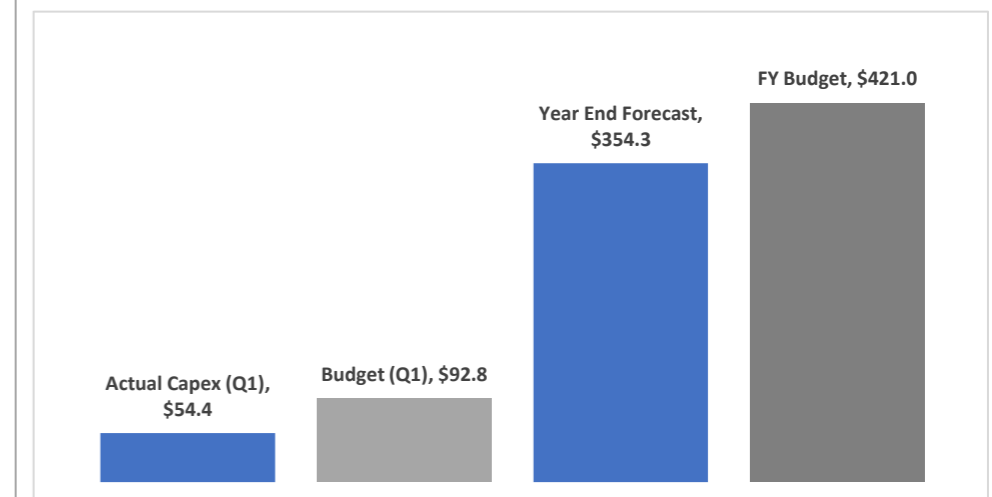


- Net Operating Position:** Position is \$7.3m favourable to budget (actual \$2.5m surplus vs budget of \$4.8m deficit)
- Total Expenditure:** 9% (\$14.4m) favourable to budget
- Revenue:** 5% (\$7.1m) unfavourable to budget

#### Forecast Year End deficit of \$2.2m (\$m)

- Forecast year end position is a deficit of \$2.2m unfavourable against a budgeted surplus of \$5.9m

#### Capital spend - under budget YTD and for the year-end forecast (\$m)



- Year to date: Capital:** budget underspent by \$38.4m (41%)
- Significant variances:** Tākina is over budget. Underspending has occurred in each of the St James Theatre strengthening, Basin Reserve Upgrade, Community Halls programme of works and parts of the Transport and Property programmes (Civic precinct)
- Forecast:** \$66.7m (16%) year-end underspend on the \$421.0m budget (including carry forwards). The revised budget was derived from the addition of carry forwards (\$77.3m) and other adjustments (\$0.5m) to the original budget of \$343.0m



## Section 1: LTP Strategic Priorities: Supporting Work Programmes

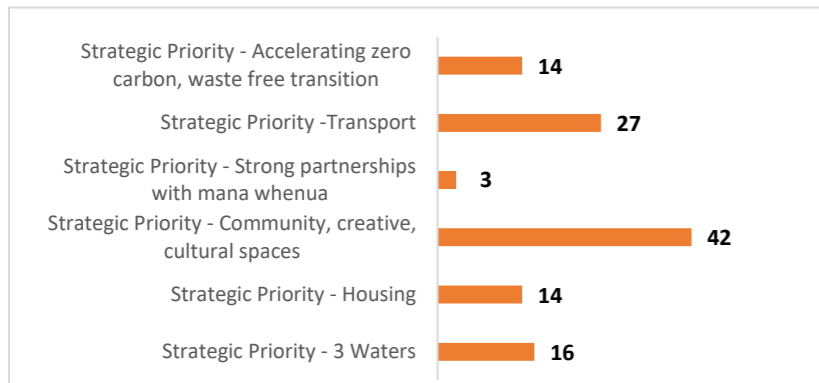
### Quarter one headlines:

- The starting position is a capital programme that has doubled in spend from the last LTP - historically capital spending has lagged delivery aspirations
- Of the 114 projects supporting the LTP priorities 27 of these projects are high priority and significant to the development of the City (e.g. 3 waters, Central Library, Transport (LGWM), Tākina - Convention Centre, Bike network etc) the majority of which have projects are in the historically challenging delivery phase
- There is a risk that external pressures (pandemic, labour shortages, contractor capacity, materials supply) impacting in-flight and projects being planned - will continue to constrain the pace of implementation or delivery progress.
- There are a number key action plans in the planning phase that will utilise resources and /or add to existing LTP strategic priority work programmes (e.g. Māori Strategy Action Plan, Bike programme, Aho-tini 2030, Economic Wellbeing Strategy)
- Continuing to strengthen our ability to deliver and mitigate significant risks across work programmes is an ongoing priority

**Programmes supporting LTP Strategic Priorities**

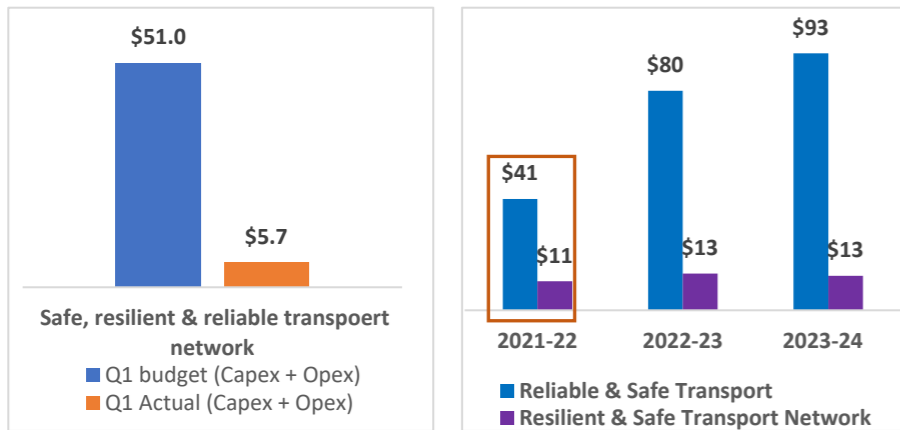
**For 2021-22 priorities there is large spend to be delivered through 52 work programmes involving 114 supporting projects**

**LTP priorities have 45 Work programmes with 114 projects**  
**Number of projects by strategic priority**



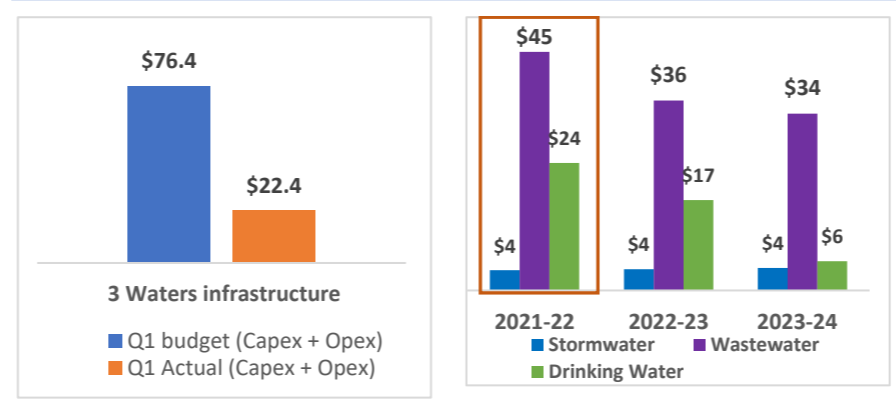
- The 27 priority projects reported to the infrastructure Committee are included in the strategic priority project count.

**Priority: The transport infrastructure is a safe, resilient & reliable (\$m)**  
**Q1 Total Budget Performance (\$m)**      **LTP 3yr. Capital Budget (\$m)**



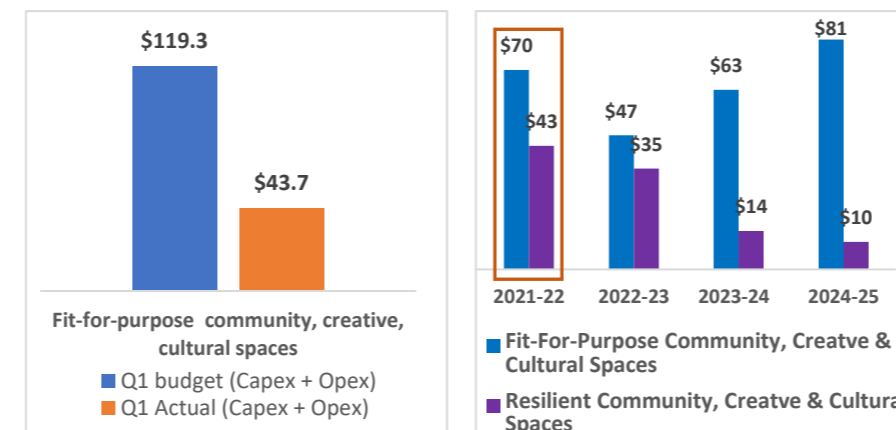
- Includes priority projects Transitional Cycleways programme, Let's Get Welly Moving, Cycleways Connections and Island Bay programmes

**Priority: A functioning, resilient, reliable 3 Waters infrastructure (\$m)**  
**Q1 Total Budget Performance (\$m)**      **LTP 3yr Capital Budget (\$m)**



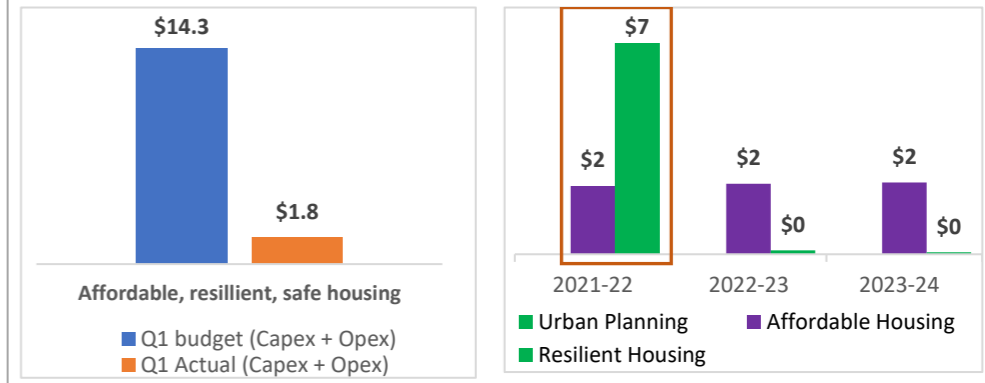
- Includes priority projects of Omāroro Reservoir, CBD sewage upgrades and 3 water reform

**Priority: Resilient, fit-for-purpose, community, creative cultural spaces**  
**Q1 Total Budget Performance (\$m)**      **LTP 3yr LTP Capital Budget (\$m)**



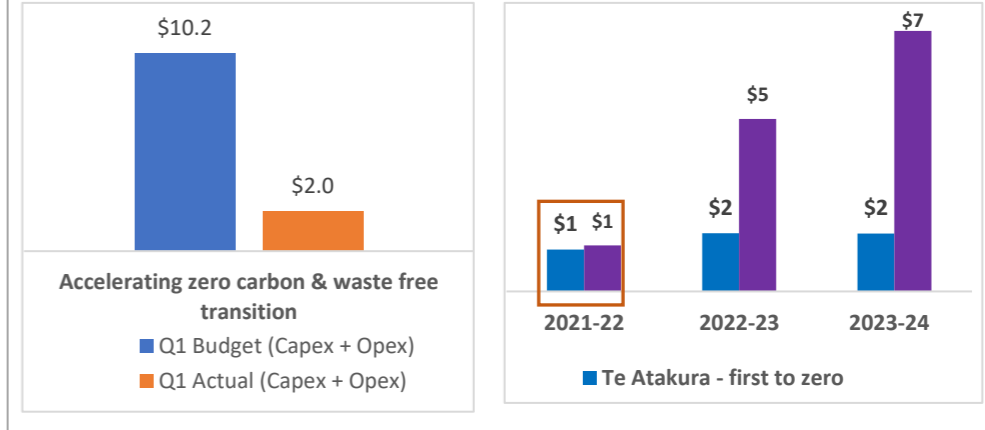
- The community investment plan review will inform out year investment in community, creative and cultural spaces

**Priority: Affordable, resilient & safe housing (\$m)**  
**Q1 Total Budget Performance (\$m)**      **LTP 3yr Capital Budget (\$m)**



- Proposals for the on-going financial sustainability of the housing portfolio will go for consultation (as an LTP amendment) in the 2022-23 Annual Plan.

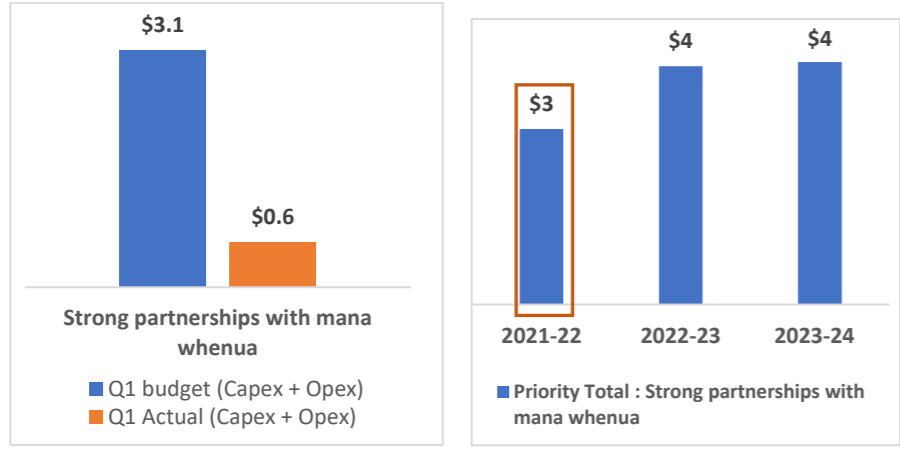
**Priority: An accelerating zero carbon & waste free transition**  
**Q1 Total Budget Performance (\$m)**      **LTP 3yr LTP Capital Budget (\$m)**



- Includes priority projects Residual waste disposal (Southern Landfill), Sludge Minimisation, (Project Jasmine)

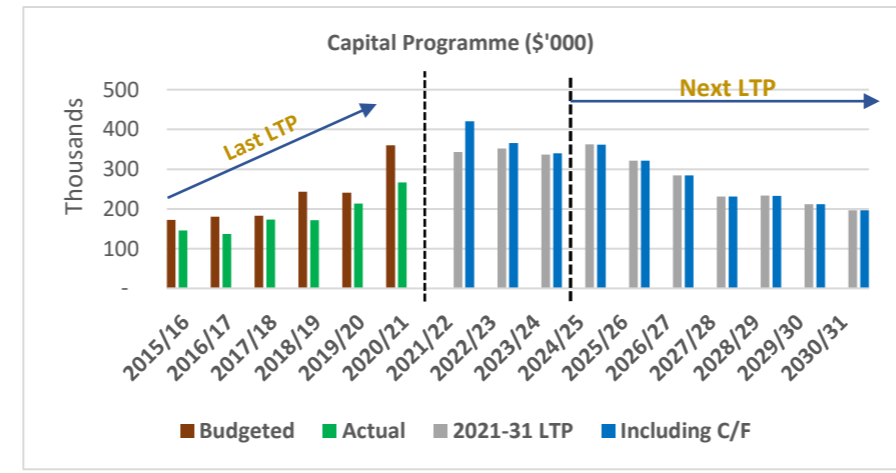
**The capital programme delivery is exposed to material pressures over the next 3 years that are likely to constrain pace of implementation or delivery.**

**Priority: Strong partnerships with mana whenua**  
**Q1 Total Budget Performance (\$m)**      **LTP 3 yr. Capital Budget (\$m)**



- New Maori strategy is largely completed with a supporting action plan being developed for implementation across the year

**We have carried forward\* incomplete or additional work from the last LTP and are forecasting to do continue until the next LTP**



\* Capital projects spend is an indicator of work programme delivery

**A key risk to the delivery of the LTP work programmes is disruption of the pace of delivery**

Any increase in the pressures driving this risk (see below) is likely to slow in-flight projects, disrupt projects at planning stage

**Key pressures driving risks to delivery:**

- Labour market shortages
- Constrained materials supply chains and cost escalations
- Availability of external contractor resources / scalable capacity pressuring the planning and prioritisation of resources

**Continuing to strengthen internal capacity to deliver to mitigate construction capacity risks across the portfolio remains a key priority. Mitigation includes**

- Embed coordination, prioritisation and management of dependencies between programmes across the business
- Reporting across the portfolio of work programme





## Section 2: LTP Service Delivery Key Performance Indicators (KPIs)

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### Quarter one headlines:

- The 2021 LTP KPIs have been reduced from 312 in the previous LTP to 93. DIA 3 waters measures have been retained. There are 19 new measures across Activity Areas
- 67% of KPIs were achieved (i.e. met, exceeded or within 10% of target)
- Key LTP KPI variances for Q1 with targets not met related to:3 waters, on-going pandemic impacts, consenting volume and capacity pressures. These KPIs were largely those that were reported in the previous year.

## Key Performance indicators (KPIs) - Key variances

Key KPI variances for Q1 were largely those that were reported for Q4 in the previous year

### Environment - key Q1 KPI variances

KPI	Target	Result	Variance	Variance comment
Volume of waste diverted from landfill	5,000	2,557	-49%	<ul style="list-style-type: none"> <li>No glass collections during levels 3 &amp; 4 due to health and safety. July total was 956 and Aug total was 453 which is more than a 50% reduction in kerbside tonnages collected.</li> </ul>
Number of complaints about the drinking waters (per 1000)	5	3.7	26%	<ul style="list-style-type: none"> <li>Exceeded</li> </ul>
Total number of complaints about wastewater system (per 1000)	7	3.7	47%	<ul style="list-style-type: none"> <li>Exceeded</li> </ul>
Number of complaints about the stormwater system (per 1000 connections)	5	3	40%	<ul style="list-style-type: none"> <li>Exceeded</li> </ul>
Median response time for <b>attendance</b> for water network urgent call outs (minutes)	60	109	-82%	<ul style="list-style-type: none"> <li>Alert Level 4 lockdown provided an opportunity to reduce the outstanding jobs. Customer Operations focused on resolving older jobs and closing them out. This is reflected in a one-off spike in median response times across the board this quarter.</li> <li>To mitigate growing skill shortage (which impacts response times) a Wellington Wate launched a front-line training programme for youth starting in 2022.</li> </ul>
Median response time for <b>attendance</b> for water network non-urgent call outs (hours)	36	40	-11%	
Median response time for <b>resolution</b> for water network non-urgent call outs (days)	5	4.1	18%	
Dry weather wastewater overflows, expressed per 1000 connections	0	0.6	Not met	<ul style="list-style-type: none"> <li>An environmental health mitigation project is underway and targeting environmental health improvements at catchments across Wellington City Council. This result is the same as Q4 2021 and an improvement from prior results.</li> </ul>

### Environment - key Q1 KPI variances (continued)

KPI	Target	Result	Variance	Variance comment
Median response time to attend a flooding event (minutes)	60	6143	-10138%	<ul style="list-style-type: none"> <li>17 July 2021 the region had an up to a 1 in 60-year flooding event which overwhelmed many areas of our sewer and stormwater networks and generated over 600 customer calls. Post Event Response Team was activated to address the large number of customer requests that came through the Customer Hub and client councils</li> </ul>
Number of flooding events	2	1	50%	
Number of habitable floors per 1000 connected homes per flooding event	0.13	0.7	-438%	
Compliance with the resource consents for discharge from the sewerage system -total number	0	1	Not met	<ul style="list-style-type: none"> <li>An infringement notice was received by Wellington Water on 26 July for a discharge of non-compliant effluent water quality from the Moa Point Wastewater Treatment Plant. The cause was damage in a clarifier, causing the suspended solids in the effluent discharge to above the consented value</li> </ul>
Number of wastewater reticulation incidents per km of reticulation pipeline (blockages)	0.8	0.1	88%	<ul style="list-style-type: none"> <li>Exceeded</li> </ul>
Median response time for wastewater overflows (attendance time minutes)	60	305	-408%	<ul style="list-style-type: none"> <li>Alert Level 4 lockdown provided an opportunity to reduce the outstanding jobs. Customer Operations focused on resolving older jobs and closing them out. This is reflected in a one-off spike in median response times across the board this quarter</li> <li>To mitigate growing skill shortage (which impacts response times) a Wellington Wate launched a front-line training programme for youth starting in 2022</li> </ul>
Median response time for wastewater overflows (resolution time hours)	6	32.8	-447%	

### Social and Recreation - key Q1 KPI variances

KPI	Target	Result	Variance	Variance comment
Food registrations - premises (%) inspected within Food Act regulation required timeframes (new business and existing businesses)	100%	32.2%	-68%	<ul style="list-style-type: none"> <li>Food Inspections unable to be conducted under Covid 19 Level 4 and Level 3</li> <li>Backlog now reduced to 96% at end of June</li> </ul>
Graffiti removal – response time frames (%) met	80%	93.7%	17%	<ul style="list-style-type: none"> <li>Target exceeded</li> <li>Fast response to offensive material removal during Level 3</li> </ul>
Dog control - response timeframes (%) met	100%	89.0%	-11%	<ul style="list-style-type: none"> <li>Delays in notifying complaints to email address and relaying complaints from contact centre</li> <li>Responses monitored Monday to Friday</li> </ul>
Licences - premises inspected within target timeframes (%)	100%	2.8%	-97%	<ul style="list-style-type: none"> <li>Inspections unable to be undertaken in Covid 19 Level 4 and Level 3</li> <li>There are zero Very High-Risk premises</li> </ul>
Public toilets - response timeframes (%) met	95%	73.0%	-23%	<ul style="list-style-type: none"> <li>Covid causing delays for sourcing materials, which is delaying jobs being completed</li> <li>Some new contractors still becoming familiar with our facilities and processes</li> </ul>

### Urban Development - key Q1 KPI variances

KPI	Target	Result	Variance	Variance comment
Building consents (%) issued within 20 workings days	100%	87.0%	-13%	<ul style="list-style-type: none"> <li>The Building Compliance and Consent unit is facing on-going capacity issues with external structural engineering review of building consents. This constraint is impacting timeliness for consent processing. Options to mitigate the constraint are under development</li> </ul>
Land Information Memorandums (LIMs) (%) issued within 10 working days	100%	74.0%	-26%	<ul style="list-style-type: none"> <li>The LIM team had several staff departures in July that affected processing timeliness. The team has now increased resourcing and expects to return to normal level of LIM issuance</li> </ul>
Resource consents (non-notified) (%) issued within statutory time frames	100%	71.89%	-28%	<ul style="list-style-type: none"> <li>This quarter there were over 100 applications a month coupled with staff vacancies</li> <li>Granted 6 applications for 9 or more units across the City</li> <li>Hearings held this quarter - Johnsonville-vegetable-market consent approved;131 Coromandel St 21-unit multi-unit for Kainga Ora - waiting decision</li> </ul>

### Transport - key Q1 KPI variances

KPI	Target	Result	Variance	Variance comment
City parking peak occupancy (% utilisation)	75%	47%	-37%	<ul style="list-style-type: none"> <li>A reduction in occupancy for the months of August and September as a result of the August lockdown</li> </ul>



## Section 3: LTP Budget Performance

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### Quarter one headlines:

- Underspending in operating expenditure cost control is had a positive impact for the quarter - \$7.3m favourable, reporting a net surplus of \$2.5m against a budgeted deficit of \$4.8m.
- Material reductions in revenue from COVID effects (which are forecast to continue) and reduced NZTA subsidies suggest ongoing risks to achieving budget revenue
- Capital expenditure is currently \$38m, 41% underspent, the full year forecast underspend is \$66.7m (16%) by year end.

## Budget performance

### Consolidated financial performance 1 July 2021 – 30 September 2021

Consolidated Performance									
	Actual	Budget	Non-Op	Op	Forecast	Budget	Non-Op	Op	
	\$000's	\$000's	Var	Var	\$000's	\$000's	Var	Var	
			\$000's	\$000's			\$000's	\$000's	
Rates & Levies Revenue	98,188	98,203	0	(15)	392,812	392,812	0	0	
Revenue from Operating Activities	35,024	38,085	0	(3,062)	146,915	154,615	0	(7,701)	
Investment Revenue	2,810	2,597	0	212	10,619	10,503	0	115	
Finance Revenue	344	3	0	341	203	13	0	190	
Other Revenue	6,382	11,387	(4,817)	(188)	39,224	50,767	(11,302)	(242)	
Development Contribution Revenue	1,281	875	406	0	3,517	3,500	17	0	
<b>Total Income</b>	<b>144,027</b>	<b>151,150</b>	<b>(4,411)</b>	<b>(2,712)</b>	<b>593,289</b>	<b>612,210</b>	<b>(11,285)</b>	<b>(7,637)</b>	
Personnel	35,149	34,838	0	(311)	138,836	137,060	0	(1,776)	
Contracts, Services, Materials	44,768	54,042	0	9,274	196,817	202,815	0	5,998	
Professional Costs	1,965	4,769	0	2,803	16,191	18,812	0	2,621	
General Expenses	19,154	21,292	0	2,139	84,127	86,199	0	2,072	
Depreciation and amortisation	35,820	37,332	0	1,512	146,736	146,736	0	(0)	
Interest Expense	6,500	5,831	0	(670)	22,964	23,323	0	358	
Internal Recharge and Recoveries	(1,840)	(2,160)	0	(320)	(10,151)	(8,645)	0	1,506	
<b>Total Expenditure</b>	<b>141,516</b>	<b>155,944</b>	<b>0</b>	<b>14,427</b>	<b>595,520</b>	<b>606,300</b>	<b>0</b>	<b>10,780</b>	
<b>COUNCIL NET SURPLUS/(DEFICIT)</b>	<b>2,510</b>	<b>(4,793)</b>	<b>(4,411)</b>	<b>11,715</b>	<b>(2,231)</b>	<b>5,911</b>	<b>(11,285)</b>	<b>3,143</b>	

- Revenue from Operating Activities \$-3.1M (-8%) unfavourable due to Parking Services which is under budget by \$3.2m having been impacted by a lockdown at level 4 for two weeks in August 2021, level 3 for one week in September, and level 2 ongoing.
- Parks, Sports and Recreation is also under budget by \$1.1m and has similarly been impacted by Covid closures in recreation centres and swimming pools. This is largely offset by favourable variances in Transport \$0.6m around timing for advertising income and Waste Operations where landfill revenue is favourable by \$0.5m due to higher volumes.

## Treasury Report

### Summary

- All positions compliant with policy
- Net interest expense is \$0.196m over budget in the month.
- Capex programme was under budget by \$7.3m (26.6%) in the month, \$27.3m, 33.4% YTD

Funding Policy Parameters				
(calculated on a rolling monthly average)				
Period	Minimum %	Maximum %	Actual	Compliant (Y/N)
0-3 years	15%	60%	41%	Yes
3-5 years	15%	60%	17%	Yes
5 years plus	15%	60%	42%	Yes

### YEAR TO DATE commentary

#### Additional YTD variances:

- Other Revenue** is \$5.0m (-44%) unfavourable, which is due to Waka Kotahi (NZTA) roading subsidies being lower than planned due to the NZTA funding decision on low-cost low risk and improvement projects not approved until September.
- Contracts, Services & Materials** are \$9.3m (17%) favourable. Under spending is occurring broadly across the business in the following areas. Parks, Sports and Recreation is under budget \$1.4m driven by the lack of activity with the Covid lockdown, lower than planned maintenance costs in City Housing \$1.0m, the timing of grants costs in Economic Wellbeing \$1.8m and Planning & Environment \$0.6m, Contract costs are under budget in 3 Waters \$1.0m (timing of expenditure and the utilisation of stimulus funding), Building Resilience \$0.8m (timing dependent on the outcome of a court decision concerning intervention on two disputed buildings) and Transport \$1.3m which is behind in their programme as noted above.
- Professional costs** are \$2.8m (59%) favourable, in the main due to timing in Place Planning (work around the District Plan), Climate Change Response and under spending in Property and on Te Ngākau.
- General Expenses** are under budget by \$2.1m (10%). The main variances are Utilities (rates and cleaning), external IT costs and sponsorship.

### Forecast (Full Year/FY) commentary

The forecast for this report shows the full year expected results, including the following variances:

- Revenue from Operating Activities** is \$7.7m (5%) unfavourable and is largely due to projected losses in Parking \$6.2m, and Parks, Sports and Recreation \$2.4m (both due to the impacts of COVID-19). This is in part offset by a favourable forecast for City Transport \$0.6m.
- Other Revenue** is \$11.5m (23%) unfavourable, which is due to reduced NZTA revenue based on the assumption of reduced spend for the Capital programme.
- Contracts, Services & Materials** are recast to be \$6.0m (3%) favourable. Under spending is forecast to occur predominantly in City Transport \$3.9m through reduced contract spend, City Housing \$1.3m through lower maintenance costs and Property \$0.8m, as well as lower than expected maintenance costs. The budget also contains funding for the Ngauranga to Petone cycle way of \$2.5m. This was expensed last financial year and will therefore be not required. Partially offsetting these will be overspends in Economic Wellbeing by \$1.0m and Corporate Finance \$0.9m in grants costs.
- Professional costs** are forecast to be \$2.6m under budget. This is in Place Planning \$0.5m on the District Plan (offset to some extent by higher contract spending), Te Ngākau \$0.5m (offset by internal personnel costs), Let's Get Wellington Moving \$0.4m and City Transport \$0.6m.

### Borrowings

- Total committed borrowing facilities as at the end of September were \$1.032bn providing headroom of \$250.5m.
- Our liquidity ratio under current policy is 120%.
- Total net borrowings at the end of September were \$781m.
- Gross borrowings were \$1.03bn.
- The next maturities are in November 2021 - pre-funded.

### Investments

Deposits	Sept-21
General deposits	\$60m
Deposits for pre-funding	\$61.5m
Cash	\$128.5m
Total funds on for month	\$250.m

## Activity Area Financial Performance

1 July 2021 - 30 September 2021

### All Activity Areas - generally on track; emerging revenue at risk

Total All Activity Areas - Q1 Budget Performance (\$000s)						
	Actual	Budget	Variance	%	YE Forecast	YE Budget
Revenue	(144,027)	(151,150)	(7,124)	5%	(593,289)	(612,210)
Expenditure	141,516	155,944	14,427	9%	595,520	606,300
Net operating expenditure	(2,510)	4,793	7,304	152%	2,231	(5,911)
Capital expenditure	54,359	92,801	38,442	41%	354,300	420,968

### Environment - generally on track

Environment - Q1 Budget Performance (\$000s)							
	Actual	Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(6,970)	(6,490)	480	-7%	(26,622)	(26,544)	Favourable due to higher volumes of contaminated waste received at the landfill
Expenditure	49,614	53,685	4,070	8%	208,851	213,818	Favourable YTD due to lower than planned contracts costs across both street cleaning and water network maintenance and reduced stormwater rates expenditure
Net operating expenditure	42,644	47,194	4,550	10%	182,229	187,273	Favourable YTD, predominantly due to reduced contracts costs across both street cleaning and water network maintenance and reduced stormwater rates expenditure. Revenues were also favourable with higher-than-expected landfill income
Capital expenditure	13,686	19,345	5,659	29%	77,735	79,485	Favourable variance for the first quarter, predominantly due to contracts savings across the wastewater network, both renewals and upgrades, reservoir upgrades and the delay in upgrades at the zoo

### Cultural Wellbeing - on track

Cultural Wellbeing - Q1 Budget Performance (\$000s)							
	Actual	Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(332)	(242)	90	37%	(950)	(967)	Immaterial variance both YTD and forecasted.
Expenditure	7,003	7,821	818	10%	25,370	24,629	Favourable YTD with under spending in the City Events programme and a temporary YTD saving across Capital of Culture grants. The higher cost of grants in the Cultural Grants Pool is the main driver of the year end forecast position
Net operating expenditure	6,671	7,579	908	12%	24,420	23,662	Favourable YTD with the under spending in the City Events programme and a temporary YTD saving across Capital of Culture grants. The higher cost of grants in the Cultural Grants pool is the main driver of the year end position
Capital expenditure	15,041	12,687	(2,354)	(19%)	56,008	51,017	Over budget on the Tākina project due to it being ahead of programme. This is expected to continue for the remainder of the year

### Governance – generally on track

Governance - Q1 Budget Performance (\$000s)							
	Actual	Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(89)	(132)	(43)	33%	(480)	(528)	Immaterial variance YTD.
Expenditure	4,302	6,909	2,607	38%	28,644	29,714	Favourable YTD, due to lower-than-expected remuneration costs arising from vacancies with consequent lower allocations as well as lower contract and consulting costs
Net operating expenditure	4,213	6,777	2,565	38%	28,163	29,186	Favourable YTD, due to a lower-than-expected remuneration costs arising from vacancies with consequent lower allocations as well as lower contract and consulting costs
Capital expenditure	0	297	297	100%	1,187	1,187	Under budget in the Climate Change Response programme however this is a timing variance with full expenditure expected by year end

### Economic Development - on track, forecasting COVID effects to adversely impact future revenue

Economic Development - Q1 Budget Performance (\$000s)							
	Actual	Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(2,778)	(2,087)	691	33%	(8,792)	(8,326)	Favourable due to the higher-than-expected revenue in Venues in July and August although the recent COVID-19 lockdown is expected to impact future income levels
Expenditure	6,785	8,715	1,929	22%	36,063	35,315	Favourable as grants payments in the Events fund and Destination Wellington have not been incurred to date
Net operating expenditure	4,007	6,628	2,621	40%	27,271	26,989	Favourable due to higher-than-expected revenues in Venues and delays in the payment of grants through the Events fund and Destination Wellington
Capital expenditure	363	3,203	2,840	89%	5,200	13,543	Under budget, on Wellington Venues renewals and the St James Theatre. The budget for the St James project is across two activities and strategies (the other being Urban Development) and while this strategy is forecast to be under budget, the project is expected to be ahead of plan by year end

### Social and Recreation - COVID impacting revenue in Q1

Social and Recreation - Q1 Budget Performance (\$000s)							
	Actual	Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(10,496)	(11,391)	(895)	8%	(43,688)	(45,354)	Reduced revenues, mostly due to COVID-19 related restrictions on the use of public swimming pools during the quarter.
Expenditure	36,105	37,823	1,718	5%	136,552	140,039	Favourable YTD, predominantly due to reduced expenditure across housing operations and maintenance and facilities management fees
Net operating expenditure	25,609	26,432	823	3%	92,864	94,685	Favourable overall budget variance, primarily as a result of reduced expenditure across housing maintenance and facilities management fees. This more than offset the drop seen in public swimming pools revenue due to the COVID-19 related restrictions placed on the use of the facilities
Capital expenditure	3,458	8,913	5,454	61%	42,830	52,290	Under budget due to reduced expenditure across building and infrastructure maintenance for housing upgrades and renewals, public conveniences and pavilions and savings to aquatic facilities contracts

Urban Development - generally on track

Urban development - Q1 Budget Performance (\$000s)							
	Actual	Budget	Variance	%	YE Forecast	YE Budget	Comment
<b>Revenue</b>	(5,166)	(5,102)	64	(1%)	(20,651)	(20,413)	Immaterial variance YTD.
<b>Expenditure</b>	11,131	12,332	1,201	10%	50,800	49,501	Favourable due to timing around earthquake risk building projects, and some of the Build Wellington programme. The forecast variance is due to allocated costs being higher than planned across a number of areas
<b>Net operating expenditure</b>	5,965	7,230	1,265	17%	30,149	29,088	Favourable due to timing around earthquake risk building projects, and some of the Build Wellington programme. The forecast variance is due to allocated costs being higher than planned across a number of areas
<b>Capital expenditure</b>	11,202	14,189	2,987	21%	68,757	70,851	Predominantly under budget due to delays to the Housing Investment Programme and Suburban Centre upgrades. The net position includes some overspends across Earthquake Risk Mitigations mostly from the St James project

Transport – COVID effects materially reducing revenue in Q1

Transport Q1 - Budget Performance (\$000s)							
	Actual	Budget	Variance	%	YE Forecast	YE Budget	Comment
<b>Revenue</b>	(8,926)	(12,343)	(3,417)	28%	(45,000)	(52,137)	Unfavourable variance YTD due to a significant reduction in Parking revenues reflecting the impact of COVID-1
<b>Expenditure</b>	21,576	23,989	2,413	10%	90,882	95,131	Favourable YTD due to the ongoing delays on contract costs in LGWM and cycleways planning. Additionally, there has been reduced Parking and Enforcement expenditure with the reduction in enforcement activity
<b>Net operating expenditure</b>	12,650	11,646	(1,004)	-9%	45,882	42,994	Unfavourable variance YTD due to a significant reduction in Parking revenues reflecting the reduction in enforcement activity due to COVID-19 measures. Much of the revenue reduction was, however, offset by savings in expenditure as a result of the ongoing delays on contract costs with LGWM and cycleways planning
<b>Capital expenditure</b>	7,665	23,307	15,642	67%	65,861	106,056	Under budget on a number of projects, the largest being contracts for cycling network renewals. There are other significant contracts savings across footpath upgrades, wall, bridge, and tunnel renewals and chip seal renewals. There has also been no spend during the quarter for services against the LGWM Early Delivery activity

Council - revenue pressures and capital programme risks are having a material adverse impact in Q1

Council - Q1 Budget Performance (\$000s)							
	Actual	Budget	Variance	%	YE Forecast	YE Budget	Comment
<b>Revenue</b>	(109,269)	(113,364)	(4,095)	4%	(447,105)	(457,940)	Unfavourable due to lower than planned NZTA Income with the Capex programme being under spent
<b>Expenditure</b>	5,000	4,671	(329)	(7%)	18,358	18,151	Immaterial variance YTD
<b>Net operating expenditure</b>	(104,269)	(108,693)	(4,424)	4%	(428,747)	(439,788)	Unfavourable due to lower than planned NZTA Income with the Capex programme being under spent
<b>Capital expenditure</b>	2,944	10,860	7,916	73%	36,721	46,539	Under budget mainly due to delays in the Civic Precinct programme of works, commercial property renewals and the Quarry. This trend is expected to continue for the remainder of the year



## Section 4: LTP Community Outcomes (Wellbeings)

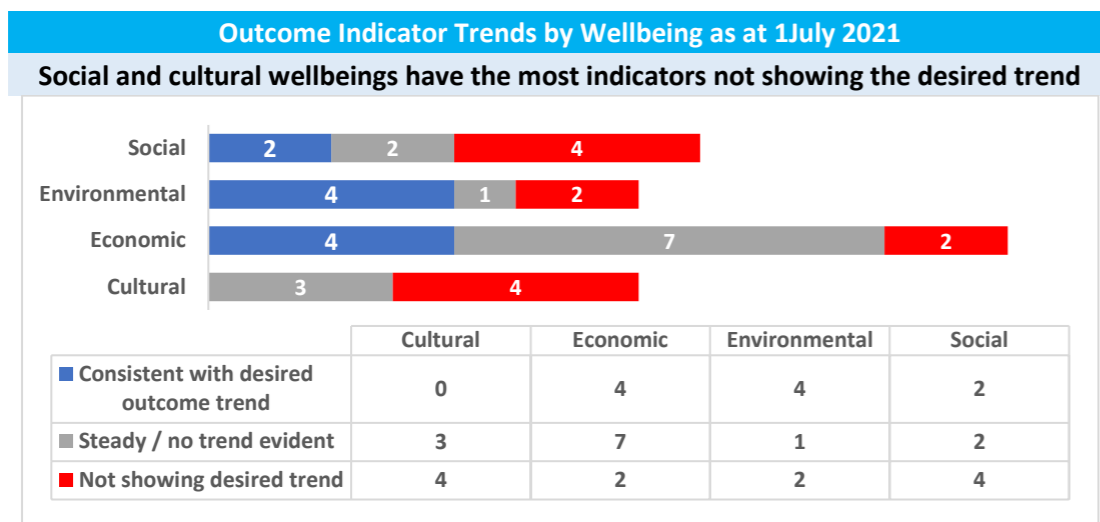
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### Quarter one headlines:

- In the 2021-31 LTP, the suite of outcome indicator measures was simplified and aligned to the four community wellbeings.
- Outcome indicators contribute to a view of how the City is changing over time and where the Council might focus investment programmes
- Outcome indicator trends reflect local, regional, and national social, cultural, environmental and economic influences as well as the contribution of the Councils operations.
- The starting position across all indicators 12 not trending in desired. direction, 10 are consistent with desired trend, and 13 with no trend evident.
- Social and Cultural wellbeings have the most indicators not showing the desired trend.
- LTP outcome indicator information is recorded every 12-18 months meaning material changes in LTP outcome indicator trends are generally observed over 3 to 5 years.

# LTP Community Outcomes (Wellbeings): Trends in Outcome indicators and indicators

Outcome indicators contribute to a view of how the City is changing over time and where the Council might focus investment programmes



**Legend: Outcome Trend direction and desired status**

<b>Arrow direction</b>	Shows the indicator trend - Increasing or decreasing over time
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Desired status colour	
Indicates status in relation to desired trend	Following the desired trend (favourable)
	Not following the desired trend (unfavourable)
	Trend stable or not evident over measurement period

- A trend requires three or more data points
- Data for the new indicators (4) in the LTP will be updated in subsequent reports as it becomes available

Outcome indicator trends as at 1 July 2021 (subsequent reports will contain analysis of particular trends)

**Environmental – largely favourable trends**

Indicator	Desired trend & status	2016/17	2017/18	2018/19	2019/20	2020/21	Actual trend direction
Renewable energy total capacity installed (fuel capacity MW)	<b>Increasing</b>	Solar 2.93 Wind 60.93 Biomass 5 Fresh water 0.988	Solar 3.69	Solar 4.69	Solar 5.48	Solar 6.64 Wind 60.93 Biomass 5 Fresh water 0.988	↗
Total city greenhouse emissions	<b>43% reduction by 2030</b>	5.7 tonnes (2016*)	NR	NR	5.045 tonnes (2019*)	NR	No trend
Kilograms of waste to landfill per person	<b>Decreasing to 400kg by 2026</b>	466	500	452	461	418	↘
Residents' perceptions that "Wellington's air pollution is a problem"	<b>Decreasing</b>	new	2014: 15%	2016: 22%	2018: 19%	2020: 26%	↗
Residents' perceptions that "Wellington's water pollution (including pollution in streams, rivers, lakes and in the sea) is a problem"	<b>Decreasing</b>	new	2014: 45%	2016: 50%	2018: 53%	2020: 67%	↗
Open space land owned or maintained by the Council – square metres per capita	<b>Increasing</b>	194.3	191.5	201.96	202.04	202.57	↗
Access to park or green space	<b>Increasing</b>	new	58%	63%	75%	81%	↗

\*Result based on emissions reports: 2016 Christchurch Community Carbon footprint and 2019 WCC greenhouse gas inventory summary report

**Social – largely unfavourable trends**

Indicator	Desired trend & status	2016/17	2017/18	2018/19	2019/20	2020/21	Actual trend direction
Youth participation in sport and recreation. 5–17-year-olds (surveyed on activity within last 7 days)	<b>Increasing</b>	95.9%	95.6%	95.0%	NR	NR	No trend
Housing Affordability Index	<b>Increasing (a lower index indicates improved affordability)</b>	5.9	5.9	5.7	6	7.4	↗
Healthy Housing stock - House is damp ('not damp' increasing)	<b>Decreasing</b>	NR	NR	2016: 22%	2018: 28%	2020: 26%	No trend
Percent of residents who have confidence in Council's decision-making	<b>Increasing</b>	every 2nd year	2014: 42%	2016: 40%	2018: 46%	2020: 30%	↘
Local government elections voter turnout	<b>Increasing</b>	2013: 41.1%	2016: 45.6%	NR	2019: 40.1%	NR	↘
NZ Deprivation Index (Decile 10 areas are the most deprived areas)	<b>Improving</b>	2013: avg 4.09	NR	2018: 3.8 average	NR	NR	↘
Perception of overall quality of life	<b>Improving</b>	new	2014: 89%	2016: 87%	2018: 88%	2020: 91%	↗
People's sense of community with others in their neighbourhood	<b>Increasing</b>		2014: 53%	2016: 58%	2018: 53%	2020: 45%	↘



**Cultural – largely unfavourable trends**

Indicator	Desired trend & status	2016/17	2017/18	2018/19	2019/20	2020/21	Actual trend direction
Residents' perception that Wellington has a rich and diverse arts scene	<b>Increasing</b>	90.0%	93.0%	90.0%	87.9%	85.9%	↘
Acceptance of ethnic diversity	<b>Increasing</b>	80.0%	81.0%	82.6%	83.8%	82.2%	No trend
Quality of neighbourhood	<b>Improving</b>	new	2014: 89%	2016: 89%	2018: 90%	2020: 89%	No trend
People's sense of pride in the area	<b>Improving</b>	new	2014: 89%	2016: 82%	2018: 88%	2020: 76%	↘
Residents' perceptions that heritage items contribute to the city's unique character	<b>Improving</b>	91.0%	92.5%	92.0%	87.0%	80.6%	↘
Residents' perceptions that heritage items contribute to the community's unique character	<b>Improving</b>	71.0%	75.4%	75.8%	66.1%	59.1%	↘
People's perception of city	<b>Improving</b>		2014: 92%	2016: 89%	2018: 94%	2020: 89%	No trend
An indicator on progress on Māori outcomes is to be developed	<b>To be developed</b>						New indicator

**Economic – trends inconclusive**

Indicator	Desired trend & status	2016/17	2017/18	2018/19	2019/20	2020/21	Actual trend direction
Projected net migration	<b>Increasing</b>						New Indicator
Economic diversity (HHI industry diversity)	<b>Increasing</b>	NR	64	65.2	64.8	66.4	No trend
Gross Domestic Product (GDP) per capita	<b>Increasing</b>	118,240	119,938	122,240	128,746	Est. 133k	↗
Unemployment rate	<b>Decreasing</b>	4.9%	4.3%	4.1%	3.6%	5.0%	No trend
Youth NEET (not in education, employment or training) – as a proportion of 15 to 24-year-olds	<b>Decreasing</b>	9.2%	7.3%	6.9%	6.6%	NR	↗
Average annual household income	<b>Increasing</b>	120,979	130,448	141,615	146,977	151,483	↗
Number of houses under construction	<b>Increasing</b>						New indicator
Number of building consents issued	<b>Increasing</b>	869	1136	978	1428	1896	↗
Residents' perceptions that the transport system allows easy access to the city	<b>Improving</b>			44%	61%	53.10%	No trend
Residents' perceptions of public transport services (ease of access)	<b>Improving</b>	new	2014: 87%	2016: 85%	2018: 85%	2020: 82%	No trend
Residents' perceptions of public transport services (affordability)	<b>Improving</b>	45%	45%	38.20%	41%	41.70%	No trend
Residents' perceptions of public transport services (reliability)	<b>Improving</b>			16.40%	34%	32.70%	↘
Means of travel to work (at least weekly use of public transport)	<b>Increase of 40% by 2030</b>	New indicator	NR	2018: 50%	NR	2020: 42%	↘
Number and type of road accidents	<b>Decreasing</b>	78	70	87	52	71	No trend
Change from previous year in the number of road crashes resulting in fatalities and serious injury*	<b>Decreasing</b>	-19	-8	17	-35	19	No trend
Māori economic growth (TBC contribution to GDP for Wellington City)	<b>Increasing</b>						New indicator