



**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL

# Finance, Infrastructure & Performance Committee Agenda

Thursday, 7 November 2024

9.00am

Council Chambers,  
28-32 Ruataniwha Street, Waipawa

*Together we thrive! E ora ngātahi ana!*

## Order Of Business

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- 1 **WELCOME/ KARAKIA/ NOTICES**
- 2 **APOLOGIES**
- 3 **DECLARATIONS OF CONFLICTS OF INTEREST**
- 4 **STANDING ORDERS**

**RECOMMENDATION**

**That the following standing orders are suspended for the duration of the meeting:**

- 21.2 Time limits on speakers.
- 21.5 Members may speak only once.
- 21.6 Limits on number of speakers.

**And that Option C under section 22 *General Procedures for Speaking and Moving Motions* be used for the meeting.**

**Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.**

- 5 **CONFIRMATION OF MINUTES**

Finance, Infrastructure & Performance Committee Meeting – 19 September 2024.

**RECOMMENDATION**

**That the minutes of the Finance, Infrastructure & Performance Committee Meeting held on 19 September 2024 as circulated, be confirmed as true and correct.**



**MINUTES OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL  
FINANCE, INFRASTRUCTURE & PERFORMANCE COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA  
ON THURSDAY, 19 SEPTEMBER 2024 AT 1.00PMM**

**UNCONFIRMED**

**PRESENT:** Chair Brent Muggeridge  
Mayor Alex Walker  
Deputy Mayor Kelly Annand  
Cr Tim Aitken  
Cr Pip Burne  
Cr Gerard Minehan  
Cr Kate Taylor  
Cr Exham Wichman  
Amiria Nepe-Apatu, Pou Whirinaki

**IN ATTENDANCE:** Doug Tate (Chief Executive)  
Nicola Bousfield (Group Manager People and Business Enablement)  
Brent Chamberlain (Chief Financial Officer)  
Dennise Elers (Group Manager Community Partnerships)  
Dylan Muggeridge (Group Manager Strategic Planning & Development)  
Mark Kinvig (Group Manager Community Infrastructure and Development)  
Jane Budge (Strategic Governance Manager)  
Sarah Crysell (Communications and Engagement Manager)  
Ashley Mertens (Communications Support)  
Annelie Roets (Governance Lead)

**1 KARAKIA**

The Chair, Councillor Brent Muggeridge welcomes everyone to the meeting.

**2 APOLOGIES : 24.1**

Moved: Mayor Alex Walker  
Seconded: Cr Exham Wichman

**That the apology for Cr Jerry Greer be received**

**CARRIED**

**3 DECLARATIONS OF CONFLICTS OF INTEREST**

There were no Declarations of Conflict of Interest received.

**4 STANDING ORDERS**

**COMMITTEE RESOLUTION: 24.2**

Moved: Cr Alex Walker  
Seconded: Cr Kate Taylor

That the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers.

- **21.5** Members may speak only once.
- **21.6** Limits on number of speakers.

And that Option C under section 21 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

**CARRIED**

## **5 REPORT SECTION**

### **5.1 LOCAL WATER DONE WELL - UPDATE AND NEXT STEPS**

#### **PURPOSE**

The purpose of this report is to provide an update on the Local Water Done Well Policy Framework, new legislative time frames and the regional work underway on Hawke's Bay Water options.

#### **COMMITTEE RESOLUTION: 24.3**

Moved: Cr Kelly Annand

Seconded: Cr Gerard Minehan

**That the Finance, Infrastructure & Performance Committee notes the Local Water Done Well update report.**

**CARRIED**

The report was introduced by Doug Tate with discussions noting:

- The Council and region is progressing well on the Hawke's Bay Waters Model after adopting the Terms of Reference.
- With the Local Government (Water Services Preliminary Arrangements) Act now in place, we have to develop a Regional Water Services Delivery Plan by September 2025.
- The Regional Recovery Agency is coordinating efforts among the four councils, and cross-council working groups are ensuring alignment.
- Upcoming events, such as the Regional Collaboration Day in Wairoa on 30 September 2024, will enhance communication and planning for effective water services delivery in Hawke's Bay.
- The chair vacated the chair at 13:13pm, and Mayor Alex Walker assumed the chair role from 13:13 pm.
- A paper will come back to council with more specific details on special consultive procedures and detail.

## 5.2 UPDATE ON THE FINANCE, INFRASTRUCTURE & PERFORMANCE COMMITTEE WORK PROGRAMME

### PURPOSE

The purpose of the report is to receive an update on the Finance, Infrastructure & Performance Committee's Work Programme for the remainder of 2024 and into early 2025.

### COMMITTEE RESOLUTION: 24.4

Moved: Cr Kate Taylor

Seconded: Cr Pip Burne

**That the Finance, Infrastructure and Performance Committee receives an update on its 2024 Work Programme.**

**CARRIED**

The report was introduced by Doug Tate which was taken as read.

*The Chair returned to the meeting at 1.22pm and resumed his role as Chair.*

## 6 DATE OF NEXT MEETING

### COMMITTEE RESOLUTION: 24.5

Moved: Chair Brent Muggeridge

Seconded: Cr Kate Taylor

**That the next meeting of the Finance, Infrastructure and Performance Committee be held on 7 November 2024.**

**CARRIED**

## 7 PUBLIC EXCLUDED BUSINESS

### RESOLUTION TO EXCLUDE THE PUBLIC

### COMMITTEE RESOLUTION: 24.6

Moved: Cr Gerard Minehan

Seconded: Cr Exham Wichman

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>7.1 - Public Excluded Resolution Monitoring Report</b>	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

	<p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	
<b>7.2 - Tikokino Road Water Treatment Plant Relocation</b>	<p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>7.3 - Central Hawke's Bay Consumers Power Trust 2024 Trustee Election</b>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

**CARRIED**

**COMMITTEE RESOLUTION: 24.7**

Moved: Cr Gerard Minehan  
 Seconded: Cr Exham Wichman

**That the Finance, Infrastructure & Performance Committee moves into Public Excluded Business at 1.24pm.**

**CARRIED**

**COMMITTEE RESOLUTION: 24.8**

Moved: Cr Kate Taylor  
 Seconded: Cr Pip Burne

**That the Finance, Infrastructure & Performance Committee moves out of Public Excluded Business at 1.52pm.**

**CARRIED**



**8 TIME OF CLOSURE**

The Meeting closed at 1.52pm.

**The Minutes of this meeting will be confirmed at the next Finance, Infrastructure & Performance Committee meeting to be held on 17 October 2024.**

.....  
**CHAIRPERSON**

## 6 REPORT SECTION

### 6.1 FIRST QUARTER FINANCIAL RESULTS FOR THE 2024/2025 FINANCIAL YEAR

**File Number:** COU1-1400

**Author:** Brent Chamberlain, Chief Financial Officer

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** Nil

#### PURPOSE

The purpose of this report is to provide Council with visibility of how Council's finances are tracking for the first three months of the 2024/25 financial year.

#### RECOMMENDATION

**That the Finance, Infrastructure & Performance Committee notes the First Quarter Financial Results for the 2024/2025 Financial Year Report.**

#### SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as of low significance in accordance with Councils Significance and Engagement Policy.

#### BACKGROUND

Council Officers provide quarterly updates to Council and its Committees throughout the financial year, discussing the results and the trends they are seeing across the organisation.

This report is the first of these reports covering the first three months of trading for the 2024/25 financial year.

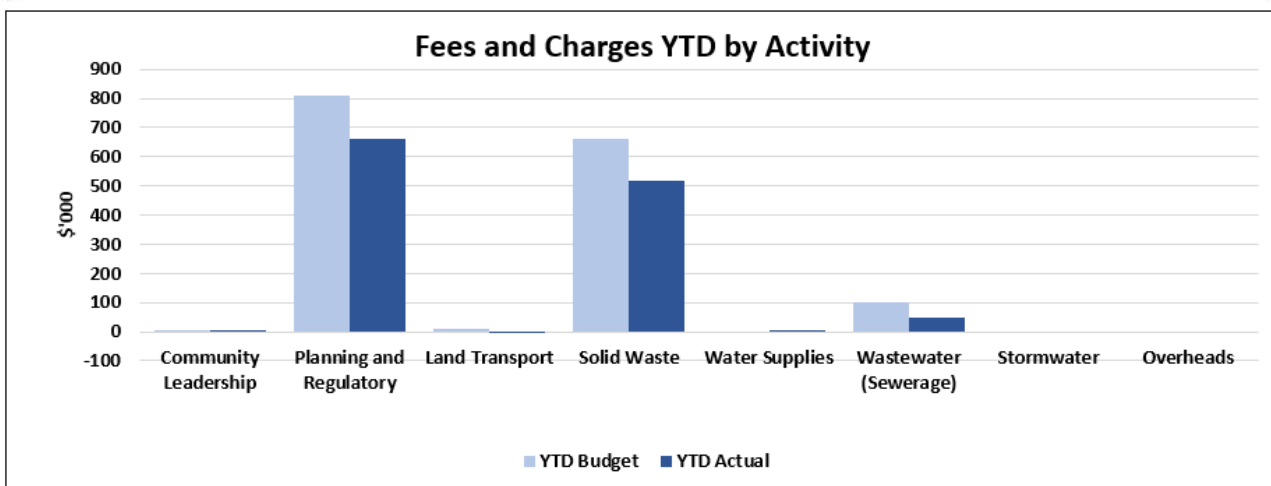
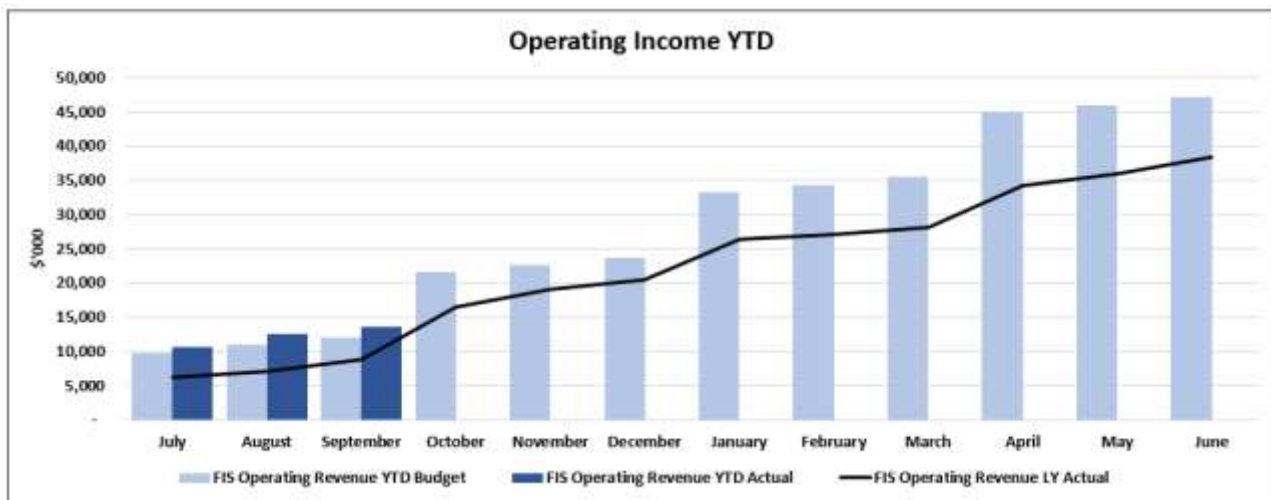
#### DISCUSSION

Council has had a mixed start to the new financial year, as the tail of Cyclone Gabrielle Recovery works continues, the economic environment begins to have an effect on the income relating to consenting and waste activities.

Council's financials are showing significant subsidies and grants for quarter one. Some of this is new funding, and some of this is prior year grants that were not fully spent at year end. Below is a table giving visibility of this income (both operational and capital grants):

Description	Income	Budget	Explanation
NZTA Rooding Recovery	\$2.6m	\$5.7m	99% Funding Assistance Rate (FAR) for projects approved last year, but spent this year
NZTA Rooding BAU	\$2.2m	\$2.2m	59% FAR business as usual maintenance work
Recovery Capability	\$0.7m	Nil	Improve capability to go faster
Economic Recovery	\$0.6m	\$0.1m	Tail end of Covid Recovery funds from prior year
IAF Waipukurau Growth	\$0.9m	\$0.1m	Received \$0.75m towards storm water pond purchase

Description	Income	Budget	Explanation
Other	\$0.9m	\$0.7m	
<b>Total</b>	<b>\$7.9m</b>	<b>\$8.8m</b>	



### Fees and Charges

Fees and Charges are below budget and reflect a worsening in economic conditions across New Zealand.

Resource Consents are \$101k below budget, however due to the timing of this report, there are two large consents that will be invoiced in the following quarter totalling \$188k of expense the activity has incurred in the first quarter, which will significantly improve the budget position for this activity by the end of next quarter. The Building Consents is \$32k below budget. Officers will provide a further briefing to Council for visibility of actions being undertaken to manage the consenting budgets, in response to the drop in income which is expected to continue through the financial year.

Solid Waste is \$143k down across both the landfill and transfer stations. Officers are aware that some of Taranaki’s volumes (mainly Pahiatua’s) is now going to another landfill due to a change in cartage operator who is based in Marton. Officers will be providing a verbal briefing to Council on the actions being taken at the meeting.

Council also receives a volumetric rebate from the Ministry for the Environment, which historically has been used to fund waste reduction education. However, the rules have been changed and officers are exploring whether this can fund part of Council’s recycling costs (waste diversion). This may allow some of the deficit to be offset.

Trade Waste revenue is also down \$50k on budget, but this is more a timing issue rather than an ongoing issue.

**Operational considerations**

Currently in Council’s favour is expenditure, however there needs to remain careful cautiousness, being the first quarter and not the peak period of Councils high cost and high volume activities.

As of 30 September, Council is underspent in its staffing budget by \$561k mainly through vacancies, which due to timing are due to filled in the second quarter. Some of the underspend is also offset but contractor cover.

Operational costs are also \$4.5m favourable. Most of this is in Roothing Cyclone Recovery \$3.6m offsetting the lack of subsidies in the income table above.

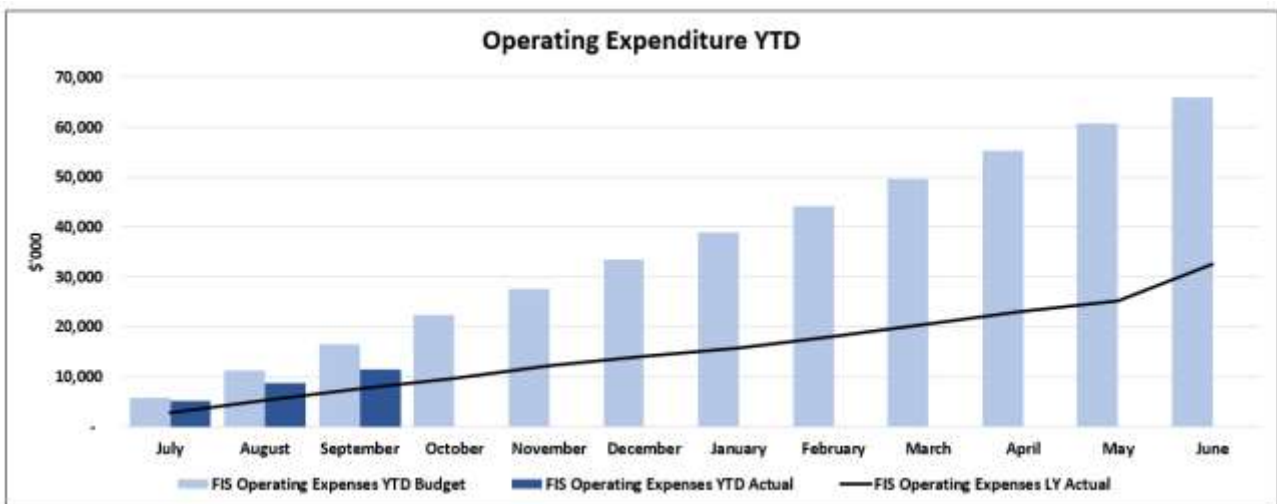
Also offsetting the Solid Waste Income shortfall is a cost savings of \$279k of which more than a third relates to carbon credits which is volume driven.

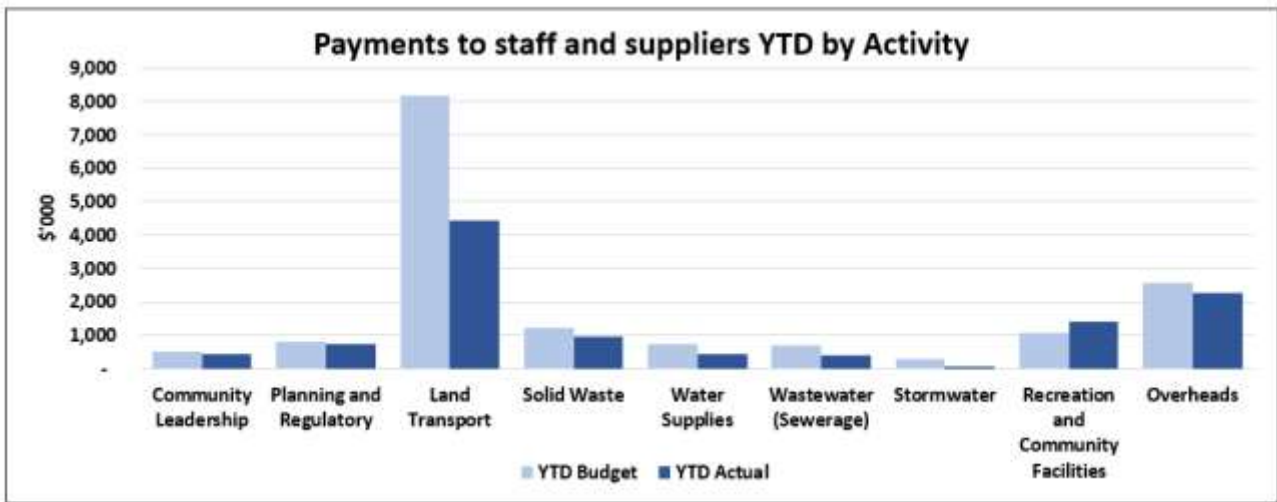
Business as usual roading is also underspent by \$100k which is a timing issue, with the summers sealing programme not having commenced yet.

3 Waters operational costs are under budget by \$850k spread evenly between the water types. This appears to be mainly in the maintenance contracts and timing of invoicing receipt rather than permanent savings.

Going the other way is community facilities which are overspent by \$350k. Again, this is a timing issue – the annual grants have been paid to the community halls, the Community Trust service payment has been made and the annual rates on Council buildings and land has been settled in a single instalment.

Council is also seeing some interest savings to budget \$242k. This relates to starting the financial year with a debt position that was \$5m lower than forecast rather the interest rate itself.





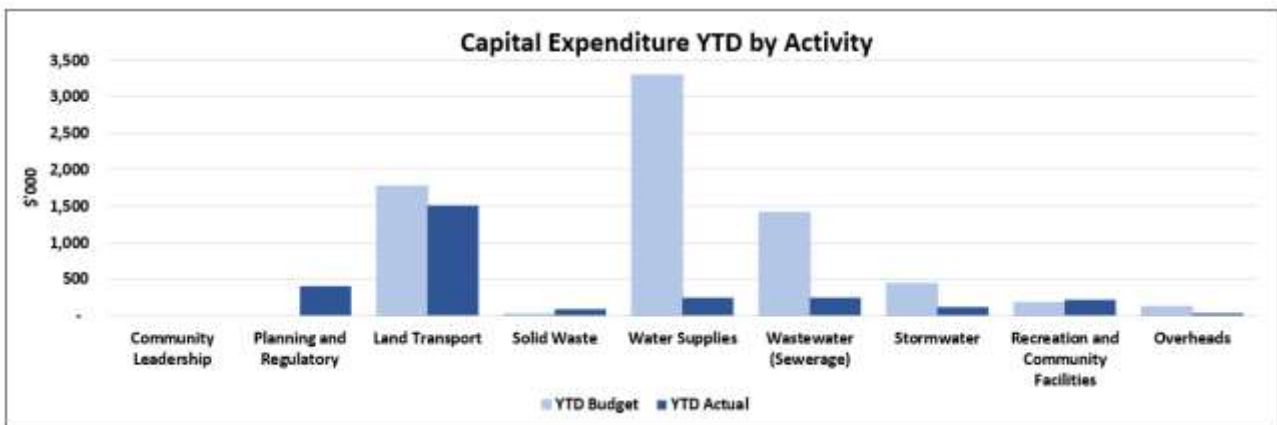
**Capital expenditure**

In terms of capital expenditure Council is currently underspent by \$4.3m.

Land Transport is down \$255k which is timing related and relates mainly to the seal rehab programme which occurs over the summer season.

The 3 Waters programme has had a slow start to the year with most projects being in the design phase and construction occurring over summer. An update on the programme will be provided in workshop, with a financial forecast capital expenditure of the 2024/25 year expected in the coming weeks.

Showing as overspent is planning and regulatory which relates to the recent purchase of the animal pound from the SPCA. The budget for this was actually in the 2023/24 year and this transaction was loan funded so has no rating impact for this year.



During the first quarter Council has refinanced \$8m of loans and drawn an additional \$4m of new debt as detailed in the table below:

<b>Debt Position</b>	<b>Draw Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Amount</b>		<b>Movement</b>
				<b>30/06/2024</b>	<b>Amount Now</b>	
LGFA - Floating Rate	11/07/2022	15/07/2024	6.07%	3,000,000	-	(3,000,000)
LGFA - Floating Rate	17/04/2023	15/04/2025	6.08%	3,000,000	3,000,000	-
LGFA - Floating Rate	10/08/2022	15/04/2026	6.16%	3,000,000	3,000,000	-
LGFA - Floating Rate	17/04/2023	15/04/2026	6.21%	3,000,000	3,000,000	-
LGFA - Floating Rate	8/07/2024	15/04/2026	6.18%	-	3,000,000	3,000,000
LGFA - Floating Rate	15/04/2024	15/04/2027	5.47%	11,000,000	11,000,000	-
LGFA - Floating Rate	17/04/2023	15/05/2028	6.60%	2,000,000	2,000,000	-
				25,000,000	25,000,000	-
LGFA - Fixed Rate	16/01/2024	16/07/2024	5.78%	5,000,000	-	(5,000,000)
LGFA - Fixed Rate	8/07/2024	7/07/2025	5.54%	-	3,000,000	3,000,000
LGFA - Fixed Rate	28/08/2017	25/08/2025	3.85%	2,000,000	2,000,000	-
LGFA - Fixed Rate	16/03/2020	15/04/2027	2.03%	4,000,000	4,000,000	-
LGFA - Fixed Rate	14/12/2022	15/05/2028	6.50%	2,000,000	2,000,000	-
LGFA - Fixed Rate	6/03/2023	15/05/2028	5.70%	6,000,000	6,000,000	-
LGFA - Fixed Rate	8/07/2024	20/04/2029	5.36%	-	6,000,000	6,000,000
				19,000,000	23,000,000	4,000,000
Live ANZ Interest Rate Swap	0/0/00	0/0/00	0.00%	-	-	-
ANZ Standby Facility (\$4,000,000)				-	-	-
<b>Total Debt</b>			<b>5.40%</b>	<b>44,000,000</b>	<b>48,000,000</b>	<b>4,000,000</b>

In addition to the loans detailed above, Officers, in conjunction with its Treasury Advisors Bancorp, have entered into a number of future starting interest rate swaps (a financial instrument that turns floating loans into fixed rate loans). These are detailed below and have locked in some future interest rates. These levels are considered to be more fiscally neutral rather than the current floating rates which, are considered to be economically restrictive.

<b>Forward Start Interest Rate Swap</b>	<b>Start Date</b>	<b>Finish Date</b>	<b>Interest Rate</b>	<b>Amount</b>		<b>Movement</b>
				<b>30/06/2024</b>	<b>Amount Now</b>	
ANZ	31/12/2024	15/04/2026	3.83%	-	5,000,000	5,000,000
ANZ	31/08/2025	15/04/2026	3.46%	-	7,500,000	7,500,000
ANZ	15/04/2026	20/04/2029	3.91%	10,000,000	10,000,000	0
ANZ	15/04/2027	15/04/2030	3.82%	-	7,500,000	7,500,000
<b>Total Swaps</b>			<b>3.76%</b>	<b>10,000,000</b>	<b>30,000,000</b>	<b>20,000,000</b>

The tables below outline how all this fits together showing the operational subsidies/grants revenue, offset by lower fee revenue, and shows paying less in wages, supplier payments, and financing costs.

## **Funding Impact Statement Report**

<b>Sources of Operating</b>	<b>YTD Actuals</b>	<b>YTD Budget</b>	<b>Bud Var</b>
General rates, uniform annual general charges and rates penalties	5,297,565	5,333,720	(36,155)
Targeted rates	2,966,476	3,020,720	(54,244)
Subsidies and Grants for Operating Purposes	2,906,785	1,756,002	1,150,783
Fees, charges	1,467,180	1,816,328	(349,148)
Interest and dividends from investments	137,761	45,156	92,605
Local authorities fuel tax, fines, infringement fees and other receipts	725,457	83,874	641,583
<b>TOTAL</b>	<b>13,501,224</b>	<b>12,055,800</b>	<b>1,445,424</b>
<b>Applications of Operating</b>			
Payments to staff	2,206,688	2,768,105	561,417
Payments to suppliers	8,888,660	13,347,573	4,458,913
Finance costs	557,772	800,061	242,289
Other operating funding applications	(265,028)	(424,998)	(159,970)
<b>TOTAL</b>	<b>11,388,091</b>	<b>16,490,741</b>	<b>5,102,650</b>
<b>Net Operating Cash Flows</b>	<b>2,113,133</b>	<b>(4,434,941)</b>	<b>6,548,074</b>

The capital section shows the lower than budgeted capital expenditure, partly offset by lower subsidies.

<b>Sources of Capital</b>	<b>YTD Actuals</b>	<b>YTD Budget</b>	<b>Bud Var</b>
Subsidies and grants for capital expenditure	4,980,646	7,037,718	(2,057,072)
Gross proceeds from sale of assets	0	15,000	(15,000)
Development and financial contributions	456,811	567,876	(111,065)
Increase (decrease) in debt	4,000,000	4,107,903	(107,903)
<b>TOTAL</b>	<b>9,437,457</b>	<b>11,728,497</b>	<b>(2,291,040)</b>
<b>Applications of Capital</b>			
to meet additional demand	31,942	341,616	309,674
to improve the level of service	1,243,274	1,911,150	667,876
to replace existing assets	1,611,930	5,005,299	3,393,369
Increase (decrease) in reserves	(229,489)	56,250	285,739
Increase (decrease) of investments	375,000	(287,601)	(662,601)
<b>TOTAL</b>	<b>3,032,656</b>	<b>7,026,714</b>	<b>3,994,058</b>
<b>Net Capital Cash Flows</b>	<b>6,404,801</b>	<b>4,701,783</b>	<b>1,703,018</b>
<b>Grand Total</b>	<b>8,517,934</b>	<b>266,842</b>	<b>8,251,092</b>



## **Annual Plan 2025-26**

The annual budget process has kicked off with an initial workshop being held on the 17 October with Elected Members.

Officers are now refining this budget with the intention of bringing back to the December Council meeting an initial revised budget for the 2025/26 financial year. A further report in this agenda is included on the Annual Plan Programme for 2025/26.

## **IMPLICATIONS ASSESSMENT**

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

## **NEXT STEPS**

Officers will continue to monitor the trends identified above, and work to correct them where this is practical.



## **6.2 ANNUAL PLAN 2024/25 - PROPOSED PROGRAMME AND UPDATE**

**File Number:**

**Author:** Brent Chamberlain, Chief Financial Officer

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** Nil

### **RECOMMENDATION**

**That the Finance, Infrastructure and Performance Committee notes the Annual Plan 2024/25 – Proposed Programme and Update report.**

### **PURPOSE**

The purpose of this report is to provide an update on the annual plan process for setting the 2025/2026 budgets and rates.

### **SIGNIFICANCE AND ENGAGEMENT**

This report is provided for information purposes only and has been assessed as of low significance in accordance with Councils Significance and Engagement Policy. However, should the preferred budget be materially different from the Three-Year Plan 2024-2027 (3YP), Council will be required to consult on the Annual Plan.

### **BACKGROUND**

Each year Council undertakes a budgeting process to set its budget and rate settings for the coming year. The 2025/2026 budget starting point will be Councils 3YP, which is year two of the plan.

### **DISCUSSION**

Council in June 2024 adopted the 3YP following full and comprehensive public consultation. The plan focused on key priorities and set the level of investment required between rates, debt and reserves for the current 2024/2025 year. It then gave indicative rate movements for the following two years.

The 3YP Programme focused on the most urgent pressing priorities of critical drinking water upgrades, stormwater and Land Transport Recovery.

Council is about to commence the budget process for the 2025/2026 financial year. The starting point for this process is the indicative rates (Year Two) of the existing 3YP.

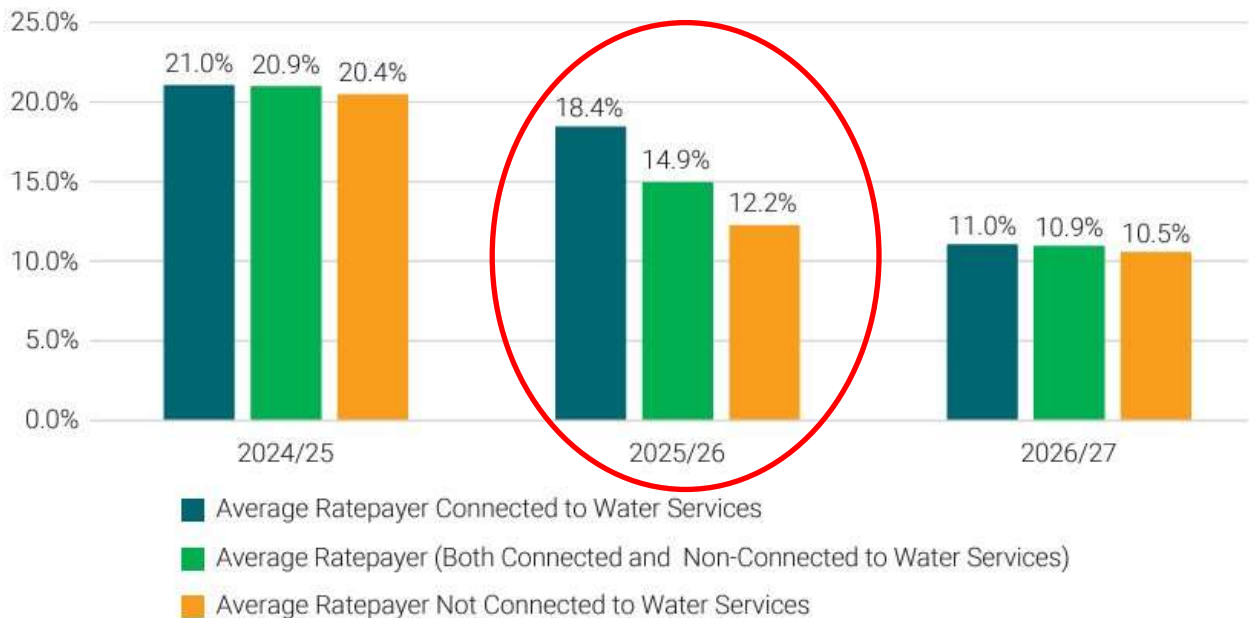
As a reminder, for year two of the 3YP, Council previously indicated an average rates increase of 14.9% as shown below:

### Rates reality



However, this wasn't falling evenly across all ratepayers. Those ratepayers connected to water services have an average of 18.4% rating increase, while non-connected ratepayers would experience only a 12.2% increase.

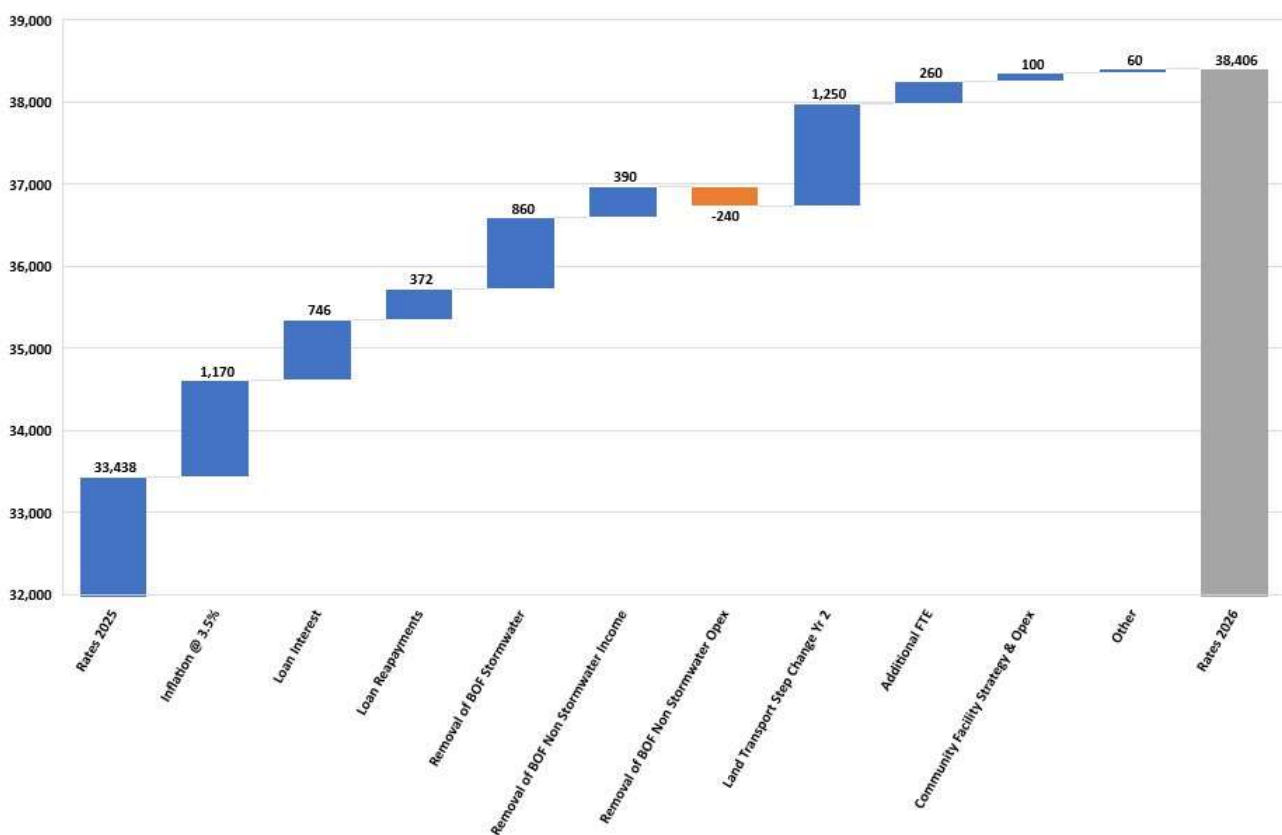
### Average Rates Movement Proposed Year on Year



This budget has been built on several assumptions, such as:

- Inflation running at 3.5% pa.
- Council’s cost of financing 4.75%.
- Council’s roading recovery programme would be receiving a 95% subsidy from NZTA.
- That NZTA’s Three-Year funding envelope would align with Council’s expectation/budget.
- That no new Central Government assistance schemes would be available to Council, and existing assistance would be exhausted.
- That the district wouldn’t be subject to a Cyclone Gabrielle sized event during the year.

Based on these assumptions the waterfall graph below demonstrates the cost drivers of the 14.9% increase in Councils funding requirement from the 2024/25 year to the 2025/26 year.



Already Officers are aware that some of the assumptions used in the 3YP are out of date.

For example, New Zealand’s inflation, as measured by the consumer price index (CPI), has fallen back into Reserve Banks 1-3% pa target zone. This has in turn allowed the Reserve Bank to begin lowering the Official Cash Rate (OCR), which is flowing through into the cost of borrowing.

Council has also had New Zealand Transport Agency’s (NZTA) Three-Year funding envelope confirmed, but this was \$5m less than requested over the three years of the plan. Of this \$5m, Council’s co-funding share is \$2m over three years. Therefore, Council needs to decide whether it lowers its rating requirements or whether it diverts this roading money into unsubsidised or other recovery activities.

At the 31 October Council meeting, an update was provided relating to the 2024/25 Funding Assistance Rate (FAR) and the proposed recovery programme. There are also other potential land transport activities/funds that Council will need to consider how it funds.

There are also some potential headwinds that Council will need to consider. Trends are beginning to show in the first quarters financial monitoring, reported at this meeting. This relates to building and resource consent activity lowering. Officers are working to address this in the current financial year.

If Council wishes to seek further rate reductions there are some options it needs to consider, which include:

- Increase Non-Rates Income – typically this is in the form of external subsidies/grants
- Cut Costs – this could be operational savings, or cutting levels of service
- Smooth/Rephase Council's capital program such as stormwater recovery and the big water story
- Sell underutilised assets.

Currently, Officers are working to provide a baseline budget for Council in December. This will be inclusive of updated capital, renewal and operational forecasts, based on the expected delivery programme for the 2024/25 Financial Year.

Officers will also be re-testing inflation measures and assumptions in the plan.

The indicative programme below is provided on the basis that there are not significant changes that require the use of the Special Consultative Procedure. These are not material in nature that it could trigger the requirement for an amendment to the Long Term Plan/3YP and consultation. Guidance provided by Council at this meeting and in December following the first draft budget baseline being presented will confirm what further actions are required. Council may wish to provide this direction by way of a resolution of the Committee.

From here Officers are planning:

- October - November 2024 – Officers commence a line-by-line review of year two of the 3YP budget.
- 7 November 2024 – Hear Councillors views for rating requirements and receive this report
- 12 December 2024 – Officers will workshop where the first cut of the budget has landed and ask for feedback.
- February 2025 – Council will receive the new revalued rating database from QV
- February 2025 – Council will commence a Land Transport Rating Review
- February/March 2025 – Council will receive refined budget numbers
- June 2025 – Budget adopted, and rates set.

A further formal update is expected to be provided to Councils Strategy, Growth and Community Committee on 12 December 2024.

## **IMPLICATIONS ASSESSMENT**

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Officers have delegated authority for any decisions made.
- Officers have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.

- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

### **NEXT STEPS**

Officers will continue to liaise with Councillors to develop a 2025/26 Annual Plan for further Council feedback.

### **6.3 QV RATING REVALUATION UPDATE**

**File Number:**

**Author:** Brent Chamberlain, Chief Financial Officer

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** Nil

#### **RECOMMENDATION**

**That the Finance, Infrastructure and Performance Committee notes the Quotable Value Rating Revaluation Update Report.**

#### **PURPOSE**

The purpose of this report is to provide and update on the Three-Yearly revaluation of the district's rating database being undertaken by Quotable Valuation.

#### **SIGNIFICANCE AND ENGAGEMENT**

This report is provided for information purposes only and has been assessed as not significant in accordance with Councils Significance and Engagement Policy.

#### **BACKGROUND**

Approximately 59% of Councils rates are based on property values. This is opposed to services delivered such as water/wastewater provisions and rubbish and recycling collections.

These property values are set independently by Quotable Value (QV) and are revised on a three yearly basis. This was last done in September 2021 and is due again in September 2024.

#### **DISCUSSION**

The Rating Valuations Act 1998 requires Council to undertake Three-Yearly revaluations of its district's rating database. These revaluations must be undertaken in compliance with the Valuer-General's rules. The purpose of these revaluations is to ensure that rates are set fairly and are fairly distributed across the district.

QV has been appointed to undertake this year's revaluation of the district's rating roll. This valuation is to be an estimate of the properties market value as at 30 September 2024. This estimate is based on various valuer assumptions and is largely guided by recent property sales across the district.

This valuation will be used by Council when setting the rates for the year, commencing 1 July 2025.

To date QV has begun gathering sales data and submitted a number of questions to council officers, and these include:

- Details of zoning of all properties under the Operative District.
- Details of all Flood/Coastal Damaged properties.
- Details of all Resource Consents issued in the past three years.
- A copy of Council's Earthquake Prone Building Register.

- A copy of Council's Weathertight Home Register (Leaky Homes).
- A copy of Council's Contaminated Land Register.

Officers sought clarity how QV will value flood/weather damaged properties. Below is their response:

*"The following process have been followed by valuers working on revaluations throughout the North Island to identify evidence individual property impact or of market discounts being applied to*

- *Review of any council provided individually impacted properties (BCA tickered/Categorisation framework).*
- *Valuers reviewing hazard maps for their areas – including coastal erosion GIS maps.*
- *Valuers reviewing EQC settled claims for their areas.*
- *Reviewing properties which adjoin areas of heightened risk through the line flow process.*
- *Ensuring sales of any impacted properties are identified."*

Officers have also sought clarity on Future of Severely Affected Land (FOSAL) will be valued. Below is their response:

- *"Valuers will analyse the data to determine whether any of these properties have sold since the Cyclone Gabrielle event, if so sales will be reviewed and analysed.*
- *Analysed sales have then been compared against comparable properties which have sold in the general area but have not been categorised, to determine any impact on value.*
- *If valuers have been able to access council records, individual plans which may contain information relevant to a properties risk assessment have been reviewed.*
- *All Category 2 properties will be externally inspected to attempt to determine extent of damage/potential value impact.*
- *Valuers have been analysing evidence to determine whether there are individual discounts warranted or geographic discounts warranted."*

Below are the timeframes that QV is working towards for the remainder of this process:

<b>Activity</b>	<b>Proposed Date</b>
QV supplies draft files to Office Valuer General	23/01/2025
Audit Signoff of the files is provided	14/02/2025
Owners Notice Sent notifying the proposed outcome of the revaluation	26/02/2025
Last Day of Objection Period for valuation to be challenged	04/04/2025
Objections resolved	31/05/2025
New Valuations used by Council to set rates for the 2025/26 rating year	01/07/2025

Councils' website has been previously updated in July in preparation of the assessment. This can be found [here](#).

Communications collateral from the 2021 QV Revaluation will also be reviewed and updated for use, in early 2025 when the data is available for public review.

## **IMPLICATIONS ASSESSMENT**

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

## **NEXT STEPS**

Officers will continue to work closely with QV, answering any questions they have regarding the district's properties.

Officers will also update communications collateral and update Councillors as required.



## 6.4 LOCAL WATER DONE WELL: ENDORSEMENT TO PROCEED TO BUSINESS CASE DEVELOPMENT

**File Number:**

**Author:** Doug Tate, Chief Executive

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** 1. 27 June 2024 - Confirmed Terms of Reference [↓](#)

### RECOMMENDATION

**That Finance, Infrastructure & Performance Committee:**

1. **Notes the policy and legislative requirements under central Government's Local Water Done Well framework for the future of water service delivery.**
2. **Notes the initial scenario modelling work undertaken to date.**
3. **Endorses the process to progress with the development of a Business Case.**

### PURPOSE

The purpose of this report is to recommend that the Committee endorse the continuation of the joint Hawke's Bay Water work by moving to the development of a Business Case.

Business Case development follows the initial financial modelling undertaken to date and will evaluate Hawke's Bay water services delivery options (within council, council CCO or a multi-council CCO), summarising key financial and non-financial impacts for each council and its ratepayers.

The Business Case will also provide a consistent basis for councils to make an informed decision on a preferred delivery model, ahead of the required public consultation.

### SIGNIFICANCE AND ENGAGEMENT

In accordance with Councils Significance and Engagement Policy this matter has been assessed as having low significance. This report is an update and is only seeking an endorsement of the direction. It does not trigger the requirement for full engagement or wider consultation at this time.

However, the wider issue of Local Water Done Well will trigger significance and will require full consultation. A public consultation strategy is currently being developed in conjunction with the other councils and will commence in early 2025, if Council chooses to endorse the process.

Officers are also engaging with Mana whenua on this topic.

### EXECUTIVE SUMMARY

Central Government has set out clear policy and legislative requirements on councils relating to the delivery of local water infrastructure and services under its Local Water Done Well (LWDW) framework.

In mid-2024, Hawke's Bay Councils (Central Hawke's Bay District, Hastings District, Napier City and Wairoa District) agreed to a Terms of Reference to establish a coordinated, regional approach to LWDW. This built on the previous work of the Hawke's Bay Waters Model, albeit based on a new legislative approach. The Hawke's Bay councils had previously worked together to review their current delivery options and consider a potential regional three waters service delivery option.

The focus of this joint work is to enable each Council to navigate the LWDW requirements, including to take a decision on the best service delivery model.

To meet the new Government requirements, councils must determine future water service arrangements. This means:

- Understanding the current state of water infrastructure and services.
- Understanding the level of investment to be required under LWDW.
- Understanding whether each council can sustainably and affordably deliver that investment.
- Exploring whether there is a better service delivery option available to ensure sustainability and affordability of delivery.

Some initial financial modelling has been undertaken, building on some earlier analysis undertaken by Morrison Low. Three options are being considered, including:

- Council delivered services.
- Central Hawke's Bay Water Service Council-Controlled Organisation (WSCCO).
- Hawke's Bay Regional WSCCO.

This paper seeks to progress to a detailed indicative Business Case, analysing the new delivery options under LWDW.

## **BACKGROUND**

### **Local Water Done Well requirements**

Central Government has set out clear policy and legislative requirements on councils relating to the delivery of local water infrastructure and services under its Local Water Done Well (LWDW) framework. This framework and requirements emerge from a widely held view that there has been historic underinvestment in water infrastructure, and that increased levels of investment are required.

In February 2024, the Government repealed the previous Government's water services legislation and restored continued council ownership and control of water services.

In September 2024, the Government passed transitional legislation for the LWDW framework. This includes requiring councils (either individually or collectively) to develop Water Services Delivery Plans (WSDPs) by September 2025. In these Plans, against the context of new Government regulation and requirements, councils must include an assessment of their water infrastructure, how much they need to invest, and how they plan to finance and deliver these investments through their preferred water service delivery model. Information must cover not less than 10 consecutive financial years from 2024/25.

In December 2024, the final Government bill for Local Water Done Well is expected to be introduced, which will include:

- An expanded range of water service delivery models for councils to choose from (e.g. internal business unit, single-council Council Controller Organisation (CCO), multi-council CCO). Regardless of the model chosen, all water service providers will have to meet clear minimum standards, including meeting regulatory standards and financial sustainability requirements, such as ringfencing of water services revenues for the delivery of water services.
- The ability to access new financing options and increased borrowing capacity for water CCOs established under LWDW. This is important because many councils will need to increase borrowing in order to make the necessary investments to bring water infrastructure up to the standards that will be required under LWDW.
- A new economic regulation regime, implemented by the Commerce Commission, setting requirements for investment sufficiency and ensuring that revenue collected by local water

service providers through rates or water charges is being spent on the level of water infrastructure required.

- A new planning and accountability framework, which will mean water planning is lifted out of LTPs and placed into a more stringent, regulated regime.

The overarching purpose of the Government's changes is for councils – individually or jointly – to publicly demonstrate their intention and commitment to deliver water services in ways that are financially sustainable, meet regulatory quality standards for water network infrastructure and water quality, and unlock opportunities for growth.

This means all councils across the country must change and adapt their provision of water services to meet the new requirements. Financial modelling and analysis of LWDW policy indicates it is highly likely that status quo levels of investment planning and operations will not meet new requirements and standards.

### **Hawke's Bay Water work**

In mid-2024, Hawke's Bay Councils (Central Hawke's Bay District, Hastings District, Napier City and Wairoa District) agreed to a Terms of Reference to establish a coordinated, regional approach to LWDW. This built on the previous work of the Hawke's Bay Waters Model, albeit based on a new legislative approach. The focus of this joint work is to enable each Council to navigate the LWDW requirements, including to take a decision on the best service delivery model.

Prior to the previous Government's Three Waters reforms, councils had worked together to review the current and potential three waters service delivery options for the region. Out of this work, a joint asset-owning CCO Hawke's Bay Water model was the recommended option. This earlier work has been used as a starting point, with a focus on updating the approach to align with the emerging LWDW policy framework.

To meet the new Government requirements, councils must determine future water service arrangements. This means:

- Understanding the current state of water infrastructure and services.
- Understanding the level of investment to be required under LWDW.
- Understanding whether each council can sustainably and affordably deliver that investment.
- Exploring whether there is a better service delivery option available to ensure sustainability and affordability of delivery.

The Government's guidance to councils on LWDW implementation is that during this stage of the process, the focus for councils should be on better understanding financial sustainability requirements and consideration of joint arrangements for water services delivery.

This is the point in the process that Hawke's Bay Councils are at, and is the preparation work needed ahead of public consultation and final council decisions on the future delivery of water services.

To support Hawke's Bay Councils with this stage of the process, PwC has undertaken initial scenario modelling to better understand the financial sustainability of the councils' water services under the new LWDW requirements and what that might look like under different delivery arrangements.

This work is necessary now to enable councils to meet Water Service Delivery Plan requirements in 2025. However, the full context for the work is not yet clear as Government policy work and legislation is still being developed. Undertaking more detailed Business Case work over the remainder of 2024 will give councils the necessary time to consult on the options available to them early next year, in time to deliver and approve single or joint WSDP to Government in the legislated deadline of 3 September 2025.

## DISCUSSION

This section of the report sets out the modelling work completed to date, initial results and provides context from a Central Hawke's Bay perspective.

### Modelling assumptions

Initial financial modelling has assessed each council's water services delivery on its own (with options for in-house delivered services and a single-council Water Services CCO (WSCCO)) as well as through a joint regional WSCCO, which includes Napier, Central Hawke's Bay, Hastings, and Wairoa councils.

Earlier work undertaken by Morrison Low on a regional water services entity has been used as a starting point for LWDW modelling. However, LWDW introduces a number of new considerations including new financing arrangements and financial sustainability requirements that need to be incorporated.

Other delivery models provided for under LWDW (consumer trust owned water organisation and mixed council/consumer trust owned water organisation) have not been part of the initial modelling process, as the focus has been on picking up where the previous local work landed around an asset-owning CCO. In addition, under the current LWDW settings, these models are not able to access LGFA lending or access debt without having to be able to present a track record. Making a decision on a preferred entity to operate under LWDW requirements and access funding opportunities under LWDW does not preclude adapting the delivery model in the future. Guidance provided by DIA to councils on the water services delivery models available under LWDW, the potential financing arrangements for these delivery models, and definitions for key financial sustainability indicators have been used as the basis for assessing each option.

The purpose of the initial modelling is to provide an indication of whether water services delivery under each model would likely be financially sustainable under baseline forecasts, and if not, what the potential financial and investment requirements and impacts would be to achieve financial sustainability utilising LWDW financing arrangements.

The approach to water services regulation has a material impact on financial outcomes. Initial financial modelling has utilised information currently available on investment requirements and economic regulation at this stage in the reform's implementation.

There will be an opportunity to continue to develop and refine financial modelling assumptions as required through the Business Case process, prior to public consultation and decision making.

The approach to water services regulation has a material impact on financial outcomes. Initial financial modelling has utilised information currently available on investment requirements and economic regulation at this stage in the reform's implementation.

There will be an opportunity to continue to develop and refine financial modelling assumptions as required through the Business Case process, prior to public consultation and decision making.

	Central Hawke's Bay District Council delivered services	Central Hawke's Bay WSCCO	Hawke's Bay Regional WSCCO
<b>Baseline forecast</b>	Central Hawke's Bay 3-year Plan forecasts (including 10 year water forecast)		2024-34 Long-term Plan and 2024-27 3-year Plan forecasts*
<b>Water services included</b>	Water supply, Wastewater and Stormwater		
<b>Entity establishment</b>	N/A	FY26	FY26
<b>Borrowing</b>	Central Hawke's Bay District Council borrows from LGFA at council debt-revenue covenant (currently 175% with potential to move to 280% with credit rating).	WSCCO borrows from LGFA at up to 500% of operating revenues.	WSCCO borrows from LGFA at up to 500% of operating revenues.
<b>Water services delivery efficiencies</b>	None assumed	None assumed	Capital delivery and operating cost efficiencies grow at 1% per annum from FY26 - 34 (9% relative to baseline by FY34).
<b>Basis for water services pricing</b>	Baseline forecast adjusted to achieve 10% Funds from Operations (FFO) / Net Debt ratio for 3 waters (from 1 July 2028 onwards).		Baseline forecasts adjusted to: <ul style="list-style-type: none"> <li>• Achieve 10% FFO / Net Debt ratio after capital delivery and operating cost efficiencies.</li> <li>• Regional harmonisation of the average cost per connected property over a 15-year time horizon (by FY40)**.</li> </ul>

\*A 10-year forecast to FY34 was provided by all Councils

\*\*Pricing harmonisation assumes each district's operating revenue / pricing is adjusted to achieve 10% FFO / Net Debt by 1 July 2028 with regional harmonisation on an average cost per connected property basis occurring linearly over a 15-year time horizon (by FY40).

## Initial modelling results

Initial modelling results suggest that relative to Central Hawke's Bay LTP baseline, all options may require additional revenue and investment in water services to be financially sustainable from 1 July 2028.

The Central Hawke's Bay District Council-delivered services and Central Hawke's Bay WSCCO options are expected to have higher pricing outcomes, relative to Central Hawke's Bay's current forecast, to ensure water services are financially sustainable.

Initial modelling for the Multi-Council WSCCO suggests the short-medium term pricing may be similar to Central Hawke's Bay's baseline, with pricing being lower than the baseline in the second half of the LTP period.

The Business Case process will further develop key modelling assumptions that impact financial sustainability and pricing to support community consultation on service delivery options.

It is noted that financial modelling to date does not paint a full picture of the various options. Three Year Plan/LTP projections are not reflective of the investment and revenue requirements that councils/water entities will face under the LWDW regulatory regime. Even current Council Asset Management Plan data paints a need for higher investment than that provided for in the Three Year Plan/LTP.

Central Hawke's Bay District Council delivered services	Central Hawke's Bay WSCCO	Hawke's Bay Multi-Council WSCCO
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Baseline forecasts			
Financial sustainability requirements	Investment sufficiency	Central Hawke's Bay is planning renewals investment above its forecast depreciation. The Business Case process will further assess investment sufficiency (for all councils).	In totality, may require some additional investment to meet sufficiency requirements.
	Financing sufficiency	Under baseline pricing assumptions, Central Hawke's Bay is likely to require more revenue for water services to be financially sustainable.	Insufficient revenue to meet financing sufficiency requirements under baseline forecasts.
Indicative impacts to achieve financial sustainability (utilising LWDW financing arrangements)			
Indicative pricing impact (relative to LTP baseline)		Likely higher overall timeframes (short-term and long-term) compared to the 3-year Plan baseline.	Potential for lower pricing (relative to baseline and other options) as benefits of regional WSCCO are realised.
Credit rating considerations		Revenues and debt on balance sheet. Potential to impact credit rating.	Contingent liability (credit rating impact depends on WSCCO revenue / debt).

### Multi-council CCO

The regional CCO model is one of the core options of the LWDW policy and is designed to benefit from scale and enable efficiencies. Given the new central Government requirements and settings, it offers potential benefits for the Hawkes Bay community, including:

- **Greater efficiency and standardisation:** Improving the coordination of resources, optimising service delivery and reducing costs for consumers relative to other options.
- **Relief from financial burdens:** Water-related revenues and debt becoming off-balance sheet for shareholding councils effectively relieves the rates burden, freeing up financial capacity for other non-water related activities.
- **Improved Capital Delivery:** A multi-council WSCCO is likely to bring additional procurement and capital delivery capabilities, leading to more effective execution of water infrastructure projects.
- **Increased Resilience:** Enhanced resilience in three waters service provision is crucial for managing risks associated with climate change and natural hazards, facilitated by coordinated planning and resource allocation.
- **Enhanced Funding and Investment:** Improved access to funding and financing tools ensures necessary upgrades to water and wastewater systems, reducing pressure on rates and accelerating critical infrastructure projects.
- **Improved Water Quality and Services:** Increased investment through a WSCCO translates into improved water quality and service, ensuring the Hawkes Bay region has equitable access to affordable three waters services
- **Futureproofing:** The multi-council WSCCO is designed to be adaptable, future-proofing our water services for regional collaboration and increased efficiency in the future.
- **Decision-making and strategy:** Operational and financial decisions, consistent with a Statement of Expectations from shareholding councils and statutory objectives, will be the responsibility of a Board comprised of independent and professional directors. Councils would agree how to appoint and remove directors, for example through a shareholder council. The

CCO would be responsible for preparing a Water Services Strategy in consultation with shareholding councils.

### **Council-decision making next steps**

This paper represents the first decision-making Stage Gate for Councillors, and is the opportunity for each Council to formally endorse proceeding through the Business Case process, as set out in the Hawke's Bay Water Terms of Reference.

On the basis that Council endorses this process, PwC will work with Council staff and the RRA (as project managers) to complete an indicative Business Case.

Further detail on the indicative Business Case is set out in the Business Case section below.

### **Business Case development**

To reach a decision around delivery options and approach to the Water Services Delivery Plan (WSDP), a more detailed indicative Business Case is required, analysing the new delivery options under LWDW.

Key pieces of work that will be progressed as part of the Business Case include:

- Evaluation of Hawke's Bay water services delivery options (council-delivered services, council WSCCO or Multi-Council WSCCO), summarising key financial and non-financial impacts for each council and ratepayers
- Refining and finalising modelling assumptions as required for each service delivery option, including water investment requirements, revenue requirements, efficiencies, and other impacts such as potential stranded overheads (costs that would remain with councils under some options).
- Provide a consistent basis for councillors to make an informed decision on a preferred scenario, and a common information source for councils to develop proposals for public consultation.

The purpose of the Business Case is not to develop detailed implementation arrangements for each of the options (e.g. organisational design or commercial arrangements). Following public consultation and council decision-making, further work will be required to further develop the preferred service delivery option as part of preparing the WSDP.

### **Communications and engagement plan**

The LWDW Comms and Engagement Group, with representatives from each council, is developing a strategy for public consultation with the intention of being able to commence in early 2025, if agreed by councils.

The proposed approach to consultation is to combine efforts and use a 'regional' voice where appropriate, while also taking into account the existing relationships and unique ways in which each council consults its communities on significant issues.

This combined approach would see one co-branded consultation document outlining the proposed joint approach to water services delivery, with an overall summary on each of the counter-factuals for each council. High level marketing would be co-branded (e.g. PRs, radio and regional print advertising), while promotion through each council's 'owned' channels would be targeted (e.g. social media, direct mail, etc.).

Mana whenua involvement and engagement is being supported by Keriana Brooking.

Once preferred options have been identified, it is anticipated that each council will consult with their respective mana whenua bodies at a local level and will focus on discussing and reaching an

understanding with mana whenua on the nature of involvement with the options being explored. This will occur prior to public consultation commencing.

### **Central Hawke's Bay Context**

Central Hawke's Bay District Council has well understood the implications for three waters investment, since making a major step change in investment in its Three Water assets since 2017. The [Long Term Plan 2021 – 2031 – Facing the Facts](#) and its corresponding Financial Strategy (see page 149), required one of three things to occur for the long term delivery of three waters:

- Gain credit rating.
- Requiring a capital contribution from ratepayers, additional to rating.
- Three Waters Reform occurs.

Since the development of the Long Term Plan 2021 – 2024 and the Three Year Plan 2024 – 2027, Councils understanding of the impacts of Three Water has further developed. The additional pressures of Cyclone Recovery, delays to proposed three waters reform, significant inflationary pressures and regulatory expectations, have meant that much of Councils Three Waters programmes have significantly grown in cost and complexity. Council and its community is also challenged by affordability, when layered with the other impacts of roading recovery and service delivery across its other activities.

The next stage in developing a business case is a logical and sound approach in ensuring the options for the Local Water Done Well are appropriately considered. Even in the event that Councils sought to endeavour to go alone or an alternate position, this work and optionality would still need to be considered and completed.

### **OPTIONS ANALYSIS**

Three possible options for Council to consider are:

#### **Option 1: Endorse the process to progress with the development of a Business Case (recommended)**

Council proceeds with the development of a business case to test the wider assumptions, estimates and outcomes sought from a future Hawke's Bay Water model.

#### **Option 2: Seek further advice**

The matter is left on the table, and the Chief Executive sources additional advice for Councils consideration.

#### **Option 3: Provide alternate directions to the Chief Executive**

Council provides alternate directions to the Chief Executive, and these are reported back to Council at a future date.



	<b><u>Option 1</u></b> <b>Endorse the process to progress with the development of a Business Case (recommended)</b>	<b><u>Option 2</u></b> <b>Seek further advice</b>	<b><u>Option 3</u></b> <b>Provide alternate directions to the Chief Executive</b>
<b>Financial and Operational Implications</b>	No implications. This has been considered as part of the 2024/25 work programme.	Relative to the further advice sought, there may be no implications.	Relative to the directions provided, will be the financial and operational implications. If significantly different to the proposed way forward, the implications may trigger requirements for other decisions of Council.
<b>Long Term Plan and Annual Plan Implications</b>	No implications at this time.	No implications at this time.	Implications may be identified depending on the direction provided.
<b>Promotion or Achievement of Community Outcomes</b>		Relative to the further advice sought, this approach may still promote Councils wider strategic outcomes sought.	
<b>Statutory Requirements</b>	The key statutory requirement at this time is the current and emerging Local Water Done Well Legislation and Economic regulation that will inform water services plans.	The key statutory requirement at this time is the current and emerging Local Water Done Well Legislation and Economic regulation that will inform water services plans.	The key statutory requirement at this time is the current and emerging Local Water Done Well Legislation and Economic regulation that will inform water services plans. If Council provide alternate direction, this will need to align within these requirements.
<b>Consistency with Policies and Plans</b>	There are no obvious implications at this time.	There are no obvious implications at this time.	Depending on the direction of Council this may trigger issues relating to Significance and Engagement.

### Recommended Option

This report recommends **Option 1 - Endorse the process to progress with the development of a Business Case** for addressing the matter. This is essentially a first step to consider delivery options and approach to the Water Services Delivery Plan (WSDP). It will be collating the modelling data to date and analysing the potential delivery options.

### IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.

- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

## **NEXT STEPS**

On the basis that the Committee endorses the recommended option, Officers will continue to provide updates on the work and continue to work with councils across the region on the Local Water Done Well Business case.

## Terms of Reference – Hawke’s Bay Water

### 1. Background

There are significant challenges ahead for the delivery of water services. Ageing infrastructure demands from growth, resilience challenges, the face of climate change and natural disasters, and increasing environmental standards signal increasing investment requirements. Alongside this, Hawke’s Bay councils are committed to working together with mana whenua to ensure that te mana o te wai is at the centre of decision-making on water. The region wants to address these challenges and aspirations in the most cost-effective manner for residents.

The Government has released the first set of policies on the delivery of local water infrastructure and services. These policies and legislative changes establish the Local Water Done Well (LWDW) framework and the transitional arrangements for a new water services system for New Zealand.

Under the LWDW legislation, councils (either individually or collectively) will be required to develop Water Services Plans by mid-2025, as well as take decisions around a future model of water service delivery for their communities. Further information on the policy detail, and the policy areas expected to be included in future legislation is available on the [DIA website](#).

Hawke’s Bay Councils will need to go through the process of determining whether there is appetite, and a feasible business case, for establishing some form of regional water service entity – with a focus on implementing LWDW in a way that best serves Hawke’s Bay communities. Work on a joint Water Services Plan is likely to be contributory work to a decision on a joint water services entity.

In recognition of the existing cross-council coordination function of the Regional Recovery Agency (RRA), it has been agreed between Wairoa District Council, Napier City Council, Hastings District Council and Central Hawke’s Bay District Council that the RRA will take on the role of coordinating the region’s approach to LWDW with a focus on enabling a decision by councils on whether to pursue a joint water services entity.

This Terms of Reference sets out the detail of this arrangement, covering the objectives and scope of the work, the approach the RRA will take, oversight and reporting, as well as information on the team, their deliverables, timetable, and budget.

### 2. Objectives and scope

The objectives of this work are to:

- Provide central coordination across the four councils of the work on future water services delivery in the Hawke’s Bay region in the context of the LWDW policy and legislative framework.
- Support engagement with mana whenua, agencies, and other stakeholders.
- Provide a primary point of contact with central government, representing local connections and context.
- Facilitate the work on LWDW to a critical decision-making point for the Hawke’s Bay region – specifically, to enable the four Councils to take a decision on whether to pursue a regional model for water services delivery.

Decision-making, specifically on how to implement LWDW, is not in scope of this work. By law, decision-making responsibility sits with the Councils, who will consider decisions following

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engagement with mana whenua, and subject to the usual legislative requirements around process, engagement and decision making.

### **3. Approach**

The RRA will act as an independent programme manager, facilitator, and central point of connection between the Councils and partners, supporting the decision-making process around whether to pursue some form of regional water services entity.

This will involve implementing key tasks:

- Developing the work programme for evaluation and assessment of options and material to inform decision-making, including the development of a business case.
- Delivering programme management, the work programme, including development of effective plans, processes, budgeting, reporting, and monitoring of risks and issues
- Identifying and supervising workstreams, key milestones and immediate gateways to decision-making
- Ensuring the decision-making process meets the requirements of all stakeholders involved and draws extensively on expertise from council officers and mana whenua.
- Facilitating engagement with councils, mana whenua, government agencies and other stakeholders to foster collaboration and consensus.
- Supporting the Councils (particularly Mayors) as appropriate to engage with mana whenua partners on development of the work.
- Serving as the key point of contact and regional advocate with central government regarding LWDW policy development and implementation, including ensuring alignment of regional initiatives with evolving policy frameworks.
- Managing and administering the budget allocated for this work, including engaging consultants as required.

### **4. Team**

A Project Manager will be appointed, with the agreement of the four councils, to provide programme management, planning and advice to the senior leadership of the RRA and across the Chief Executives and nominated senior executives of the four collaborating councils. The Project Manager will report to the Chief Executive of the RRA.

The Project Manager will be supported by a small team appropriate to the extent of the work programme. These staff/contractors will be in addition to existing RRA staff, so as not to detract from the core work of the recovery. There will also be external support on specific tasks, such as modelling, which will be managed through appropriate procurement processes.

The team will also engage, along with appropriate Council personnel, with key interested/supporting parties such as Standard and Poor's (S&P) and the Local Government Funding Agency (LGFA).

### **5. Oversight and Reporting**

There will be frequent and open lines of communication between the RRA and Wairoa District Council, Napier City Council, Hastings District Council and Central Hawke's Bay District Council.

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The Councils will receive fortnightly written reports on the work, covering progress, matters for discussion/decision, and upcoming milestones.

At key moments in the work, the Council Chief Executives and Mayors will be presented with a series of smaller decision-making gateways to ensure the work does not pursue pathways not endorsed at a council governance level.

The RRA Board will also provide a level of governance oversight of the RRA's work as a part of the Board's broader governance role over the organisation, noting that the councils are the clients and decision makers in respect of the work.

The Project Manager will be responsible for managing the budget allocated to this work and will include regular updates on expenditure as part of this reporting. This work will be overseen by the Chief Executive and Deputy Chief Executive of the HB Regional Recovery Agency.

## 6. Deliverables

The deliverables for this work include:

- Engagement of project management capability.
- Engagement of S&P to conduct a Rating Evaluation Service, and other technical/expert consultants where required (possibly in conjunction with Government).
- Design and coordination of immediate gateways in decision making, in collaboration with council officers and mana whenua.
- Regular reporting for the four councils and the RRA Board.
- Council-by-council workshops.
- A public engagement strategy.
- Development of a Business Case to support Council's ultimate decision making and consultation.
- Work to support the development of Water Service Delivery Plan(s).

Note that each council will be responsible for undertaking their own post-Business Case evaluation.

## 7. Timeline

Under LWDW, councils will be required to develop Water Service Delivery Plans by mid-2025 (12 month following assent of the Local Government (Water Services Preliminary Arrangements) Bill (the Bill)). In order to meet that deadline, the four Councils will need to take early decisions on whether a joint approach will be taken to developing the Plan.

Further specific detail and timeframes of the Government's policy will be released in the coming weeks and months as DIA provides further guidance on the water service delivery plan requirements following the Bill's enactment, and the policy decisions for the enduring settings for the new system are announced. The councils' work programme will respond to this emerging detail.

In the context of what is currently known about LWDW, the following is a high-level programme of work:

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**Stage 1: June-August 2024**

- Formalise staffing arrangements, including recruitment of a project manager.
- Confirm funding support from DIA for this work.
- Initial design of work programme, with a focus on gateways to decision-making (to be finalised on the enactment of Transitional Provisions legislation and announcement of further policy decisions by central government in mid-2024).
- Develop a stakeholder engagement plan, with an immediate focus on council-by-council workshops, and mayoral engagement with PSGEs.
- Develop an initial communications plan to bring the public on the journey on the need for water reform.
- Engage with central government on the Transitional Provisions legislation, including through the select committee process (expected to be enacted by August 2024).
- Engage with central government on the detail of Water Services Delivery Plans (guidance expected in August 2024).
- Commence work on drafting a joint Water Services Delivery Plan, including working with the four Councils to consolidate all of the information required from each on their water services (as set out in Section 11 of the Bill).
- Engage credit rating agency S&P to conduct a Ratings Evaluation Service analysing how various options for governance, shareholding and operational decision-making of a regional entity will be viewed by S&P. This will have particular regard to the question of whether and how a regional water entity would gain balance sheet separation from the Councils, the impact on existing Council's credit ratings, and the impact this might have on Council balance sheets (as well as the entity's ability to source financing). This will include analysis of how transitional and draft legislation might contribute to balance sheet separation, for example the roles and requirements of a new water services regulator.
- Engage with LGFA on its views around the financing of water services entities and the effect the creation of an entity would have on the Councils' ability to borrow if an entity were established.

**Stage 2: September-December 2024**

- Continue with the work programme and stakeholder engagement, with the focus being on the (approximate) end of year deadline for councils to inform DIA on whether they will be submitting an individual or joint Plan.
- Develop analysis and recommendations to the Councils on a joint water services entity.
- Develop and agree a consistent methodology for 3 waters asset valuations and undertake revaluations across the 4 councils' water assets.
- Engage with central government on the policy detail of the Local Government Water Services Bill (due to be introduced in December 2024).

**Stage 3: January-August 2025 – *if joint approach to Plan agreed***

- Draft joint Hawke's Bay Water Services Delivery Plan.

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- Finalise Business Case – the case for change – to support Council decision making on whether to establish a joint water services entity.
- Dependent on council decision-making, undertake public engagement on proposed joint water services entity.
- Engage with central Government on the Local Government Water Services Bill, including through the select committee process (expected to be enacted by mid-2025).
- August 2025 (approximate) deadline for councils to submit final Plan to DIA.

## 8. Budget

The RRA will utilise non-recovery funding to support the programme through funding from the four Councils. Funding is being utilised from currently unspent and previously allocated Transition Funding and other funding through the DIA. Funding commitments are as follows:

	<b>TSP – total remaining</b>
<b>Wairoa</b>	\$165k
<b>Napier</b>	\$500k
<b>Hastings</b>	\$500k
<b>CHB</b>	\$165k
<b>TOTAL</b>	\$1.33M

The funding will be held by Hastings District Council on behalf of the councils.

Indicative allocation of the funding is expected to cover:

- Engagement of analytical and programme management capability to sit within the RRA (\$326k).
- Resource the RRA in a programme coordination capacity (\$81.5k).
- Ensure expert input from councils by making funding available to backfill responsibilities or engage consultants to help with data provision and analysis (\$205k).
- Financial support for engagement and co-design with partners (\$190k).
- Fund the Rating Evaluation Service process to understand the optimum design of a would-be entity for balance sheet separation and access to lending (\$136k).
- Resource support from expert consultants (e.g. legal, economic and modelling, change management) (\$272k).
- Begin a public communications and engagement activity (for pre-engagement and socialisation to get to the point of decision-making) (\$122.5k).

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## 6.5 KEY PROJECT STATUS REPORT - #BIGSTORMWATER STORY

### File Number:

**Author:** Ben Swinburne, Three Waters Manager

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** 1. Key Project Status Report #thebigstormwaterstory - Oct 2024 [↓](#)

### RECOMMENDATION

**That the Finance, Infrastructure and Performance Committee notes the #BigStormwaterStory status report October 2024.**

### PURPOSE

The purpose of this key project status report serves as an opportunity to report to Elected Members on the progress on #thebigstormwaterstory.

### SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as of low significance in accordance with Councils Significance and Engagement Policy.

### BACKGROUND

The formation of #thebigstormwaterstory was identified as one of our Elected Members priorities and a key Pou in the Cyclone Gabrielle Recovery Plan.

The work programme has been broken up into three core workstreams, being the operational maintenance programme, capital works programme, and development of an overarching strategy that will incorporate community and mana whenua views to inform the future work programme.

Having now adopted the Three-Year Plan 2024-2027, Officers are focussed on delivery, while refining the programme to ensure it is value for money, fit for purpose and sustainable moving forward. Key activities have included:

- Planning delivery based on an increased operational work programme.
- Focus on delivery of key programmes 'at pace' as part of a revised capital works programme based on reducing flood risk, and
- Operationalising new levels of service measures relating to open drain maintenance and inspection.

### DISCUSSION

The detail outlined is contained in the attached key project status report. In summary:

- The operational maintenance focus has shifted toward smaller drainage channels. The major drainage channels have either recently had corrective maintenance (following Cyclone Gabrielle) or form part of the capital works bank stabilisation programme. Year to date (until mid-October) 2145 metres of vegetation clearance and excavations have been undertaken, with more continuing under a planned programme of work. Additional procurement is being planned to involve a variety of smaller, local contractors into the work programme. Physical



works activity is planned to increase in the next few months aligning with the spring/summer weather.

- The capital works programme, based on the stormwater 'Quick Wins' report completed following Cyclone Gabrielle, is progressing with most projects in the planning phase. Priority has been given to projects that are able to be actioned quickly. A procurement approach, aligned with the operational programme, aims to avoid procurement delays while also meeting Elected Member objectives to better utilise our smaller local contracting market. A timetable for this is shown in the attached report.
- Work on the overarching strategy has deliberately slowed recently, as meaningful engagement with community is required. Officers have considered that in order for meaningful engagement to be achieved, communities' confidence in delivery of both the operational and capital programmes needs to be increased through greater visibility of work occurring across the network.

An opportunity to provide openings for smaller local contractors has been identified in both the operational and capital works space. Council has set clear expectations on the need to support the local economy and build capability and capacity of local contractors who operate within the District and Region.

Many of the local contractors have historically worked for private clients with relatively simple forms of contracts or agreements. Council aims to provide new opportunities for local contractors by removing barriers to entry without compromising health and safety, public liability and quality. This will enable successful contractors to build a track record, build capability and capacity to undertake increasingly more complex work within the district, and across the Region.

Procurement of the stormwater works provides an opportunity to create a panel of local contractors with relatively simple tendering procedures and terms of engagement. This procurement is planned to start in November and expected to be completed early in December 2024.

The next #thebigstormwaterstory update is planned for early 2025.

## **IMPLICATIONS ASSESSMENT**

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council Officers have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.



**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL



**#the BIG.  
Stormwater Story**

## Key Programme Status Report

July – October 2024

*Together we Thrive! E ora ngātahi ana!*

# KEY PROGRAMME STATUS REPORT- The Big Stormwater



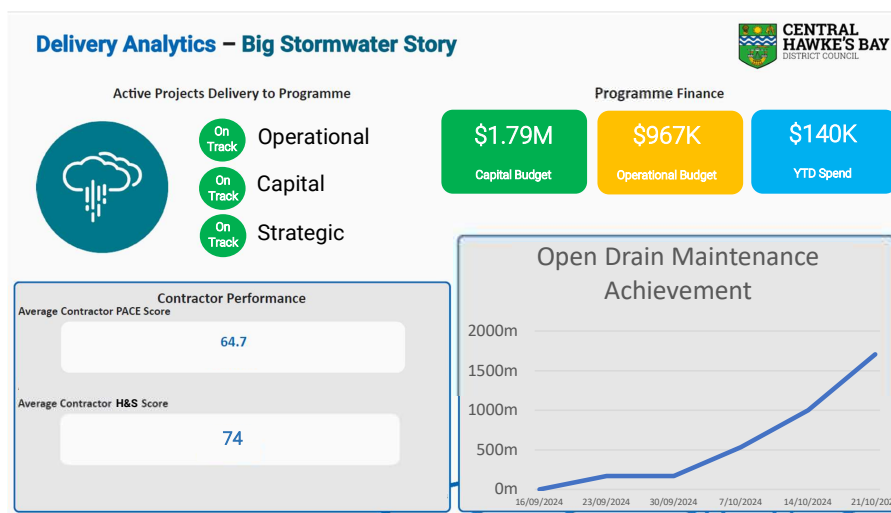
**Programme Objectives:**

The Big Stormwater Story is Central Hawke’s Bay’s planned approach to how the stormwater activity is managed, through engaging with community to understand expectations and agree on levels of service, then planning and implementing a programme of works to ensure that the network achieves that level of service.

It is expected that this will enable people, property, and the environment to be better protected from the adverse effects of flooding, erosion and stormwater pollution.

To achieve this Council will:

- Manage stormwater with regard to financial investment and social, cultural and environmental benefits.
- Contribute to the protection and enhancement of the waterways, rivers, and other water bodies.
- Minimise adverse effects of overland flow and flooding.
- Reduce the amount of stormwater contaminants getting into the rivers and lake.
- Ensure the provision of effective stormwater systems incorporating affordability and industry best practice.



## KEY PROGRAMME STATUS REPORT- The Big Stormwater



### Executive Summary:

The operational programme has commenced with a small amount of physical and enabling works happening throughout the townships, this is expected to significantly increase in the next few months. The capital works programme has so far consisted mostly of planning work, with physical works expected to commence early in the new year. A key part of this is a planned procurement to incorporate smaller local contractors into both programmes where possible. In the interim existing contract relationships have been utilised to ensure operational levels of service remain achievable. Spend is projected to increase over the remainder of the financial year as projects progress into construction phase and larger operational packages are delivered.

The importance of how we manage stormwater, as we continue to recover from Cyclone Gabrielle, and the heightened community focus on the activity has meant officers have needed to adapt from the historic approach where stormwater was often deprioritised comparatively to drinking and wastewater. Officers have identified that additional focus is needed to build communities confidence in the management of our networks, through visibility of physical works and meaningful and informed engagement.

In addition to this:

- Strategic engagement is expected to progress significantly in the next few months with a drafted partnership and engagement plan and the opportunity for continued engagement with focus groups and Mana Whenua.
- Hydrologic modelling is being undertaken for both Porangahau and Takapau to assess flood risk and tie in with HBRC scheme reviews and flood mitigation planning.

### Risk and Issues Assessment

Key Issues Impact on Project Objectives	Yes	No	Explanation and Proposed Resolution
Are there scope control problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A medium-term programme has been scoped at a high level prior to the finalisation of the overarching strategy. Operational works are programmed to align with Council levels of service.
Will target dates be missed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The work programme is progressing as per scheduled, with the cyclone response physical works being completed, leading into a structured maintenance programme currently underway. Capital works are progressing and planned to use the summer weather window.
Will project budgets be overrun?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Specific project budgets will be defined through the project planning phases. Recent and current work packages for corrective and preventative open drain maintenance have all been delivered within quoted contract costs

## KEY PROGRAMME STATUS REPORT- The Big Stormwater



Are there quality problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	None at this stage
Are there resource problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Resourcing is not currently an issue. Recent and planned procurements are aimed toward flexibility in resourcing physical works contractors
Are there risk management problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Programme risks have been developed and are regularly reviewed, detailed risk registers and workshops will be held for each work package
Are there issues with key stakeholders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Community focus on the activity is high, with a number of questions being posed about actions undertaken. Meetings with key stakeholders are proposed where we will be able to share information about the works programme, including works already underway. These stakeholder meetings will also present an opportunity for early engagement on the overarching strategy. Mana whenua relationships are good with some partnership being achieved at Officer level.
Are there communications problems?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Officers are aligning communications with physical works activities to allow visibility and build community confidence in the increased programme and management of stormwater assets. This is expected to allow for proactive and meaningful engagement on issues and development of the overarching strategy. Additional focus is being placed in this area including a review of our Communications and Engagement plan and a planned increase in communications in November.
Are there health and safety issues?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Health and safety proactively managed by contractors and focussed on in Key Results Areas

## KEY PROGRAMME STATUS REPORT- The Big Stormwater



### Key Programme Risks

Risk	Mitigation	Residual Risk Level
Scope changes affecting programme delivery	Robust change management assessment and mitigations	Significant
Cost Increases	Align scope and schedule to estimate realistic costs Regular check ins and reconciliation of actual spend to forecasts	Moderate
Stakeholders unaware of stormwater improvements	Communications and Engagement plan review and planned increase in communications through November, aligning with the increase in operational works	Significant
Inability to deliver to timeframes	Agree realistic timelines for each milestone at programme level Allowance of adequate time contingency	Significant

Likelihood	Consequence				
	1 - Insignificant	2 - Minor	3 - Significant	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Rare	Low	Low	Low	Low	Low

### Communications and Engagement

Community confidence in stormwater delivery is currently lower than desired. The implementation of the operational programme allows for an increase in the volume of communication and stakeholder engagement, with a goal to increase confidence in the management of these assets and delivery of the increased programme.

Officers have a communications campaign planned for November, focussing on community hot topics. This will report on works completed and works upcoming as the programme ramps up, opportunities for community to connect more with the activity will be explored, in particular involvement in plantings and educational material on stormwater management and how we all play our part. We are also aiming for a comprehensive update and an ability for the focus groups to engage with us in November, aiming to both collect and share information. Three iterations of a quarterly newsletter have been shared with this group and we have created a community focused [webpage](#) which will display our future updates to the programme.

Prior to the focus group meetings, officers continue to collect collateral from the physical works being undertaken. This is to prepare for a lift in the level of communication with key



**KEY PROGRAMME STATUS REPORT- The Big Stormwater**



stakeholders and community, reducing the risk that community are unaware of the work that is happening and to allow for more meaningful engagement on the overarching strategy and the future management of the network.

Engagement to inform the Stormwater strategy will be key to ensuring a fit for purpose strategic direction and ultimately work programme that details our communities long term vision and goals for the management of stormwater. A detailed communications and engagement plan has been drafted to structure engagement through the development of the strategy. This is being implemented and will continue to be reviewed as this work ramps up.

Mana whenua also play a significant role in our engagement plan, and future stormwater works. We will build off existing partnerships developed through the cyclone response works, and existing relationships.



Figure 1: Pipe blockage clearance in Cook St, Waipukurau undertaken August 2024

## KEY PROGRAMME STATUS REPORT- The Big Stormwater



### Operational Programme

<b>Ongoing</b>	July 2024 <small>START DATE</small>	June 2025 <small>END DATE</small>	\$680K <small>2024/5 BUDGET</small>	\$31K <small>SPEND TO DATE</small>
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<b>Scope:</b> Building off the cyclone response corrective programme, addressing deferred maintenance in drainage channels, meeting levels of service and undertaking preventative maintenance	
<b>PROGRAMME</b>	Some smaller works have started, with a plan to ramp up through summer. Delivery of the majority of these works will be procured utilising smaller local contractors.
<b>BUDGET</b>	On track for spend when seasonally appropriate. Opportunity has been realised for cost efficiencies by utilising/building current contractual relationships to get work commenced – it is expected that through a procurement approach aiming to utilise smaller local contractors that further cost efficiencies could be gained.
<b>RISK</b>	Robust risk management of physical works occurring. Methodology and prioritisation supported by consultant inputs.

With major channels performing at design conditions, the focus for operational maintenance has shifted toward smaller drainage channels, allowing cost efficiencies to be realised through works rollout. Since the beginning of the financial year, 2145 metres of vegetation clearance and excavations have been undertaken, utilising risk-based prioritisation. Additional procurement is being planned spanning the operational and capital programmes to include a wider variety of smaller, local contractors into the work programme. Work is projected to increase through the coming months to align with seasonal cycles relevant to open channels.

LOS Measure	Progress (metres)	June 2025 Goal	LoS (% of Network)
Inspections	5415m (37%)	14500m	100%
Vegetation clearance	1707m (24%)	7250m	50%
Excavations	438m (15%)	2900m	20%



KEY PROGRAMME STATUS REPORT- The Big Stormwater



Figure 2: Minor excavation in Brogden St, Otane. Undertaken October 2024



Figure 3: Major excavation in Watts St, Waipawa. Undertaken July 2024

**KEY PROGRAMME STATUS REPORT- The Big Stormwater**



**Capital Programme**

<b>PLANNING</b>	10% PROGRESS	June 2024 – June 2025	\$2M 2024/5 BUDGET	\$200k SPEND TO DATE
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<b>Scope:</b> Action a programme of easily implemented capital works to make immediate improvements to the performance of the stormwater network.	
<b>PROGRAMME</b>	Most projects are in planning phase with some transitioning to procurement. Physical investigations and enabling works are underway concurrently with procurement to progress projects at pace.
<b>BUDGET</b>	Budget allocation and programme costs remain undefined until detailed planning phase.
<b>RISK</b>	Detailed risk analysis to be undertaken as planning phase develops, main risk lies in affordability and continued investment to the programme

We have actioned the advice received from our technical experts to build our capital programme including undertaking a survey of lower Waipawa piped networks, and from this, assessing feasibility of piped network upgrades in the area with reference to our hydraulic models.

We have worked with our prioritisation matrix to bring some projects forward in the programme, and stagger physical and design packages. As the capital programme has been developed from the Beca Quick Wins report, these projects have all been developed to reduce the risk of flooding and so prioritisation to date has been based on deliverability and budget phasing. Scoping from consultant partners has been commissioned for each individual project with some deliverables received.

The initial capital works package will be the bank stabilisation programme, improving the open drain networks of Waipawa and Waipukurau. While physical works are programmed to commence in February, an accelerated contractor procurement approach in conjunction with operational works procurement is expected to accelerate this. Piped network performance upgrades are also planned with a small number of new installations.

Proposed Stormwater Capital Programme 2024 /2025

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
<b>Bank Stabilisation</b> Plantings, reprofiling and armouring network wide	Plan and Design		Procurement		Construction					
<b>McGreevy Street</b> Upsize and redesign	Plan and Design			Procurement		Construction			Close	
<b>Mt Herbert Culvert</b> Upsize and redesign	Plan and Design				Procurement	Construction			Close	
<b>Duck Creek Wetland</b> Earthworks and planting	Plan and Design				Procurement	Construction			Close	
<b>Takapau Modelling</b> Hydraulic Analysis	Investigation and engagement			Model Build			Validation			
<b>Porangahau Modelling</b> Hydraulic Analysis	Investigation and engagement			Model Build			Validation			

**Stormwater Strategy**

<b>Planning</b>	5% PROGRESS	Sept 2023 START DATE	Jun 2024 END DATE	\$250k BUDGET	\$50K SPEND TO DATE
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<b>Scope:</b> To engage with community on how stormwater should be managed across the district, understand expectations and agree on outcomes, then create a strategy document with a clear vision, purpose, principles and measures that sets out a clear strategic direction and informs decision making	
<b>PROGRAMME</b>	Work and engagement has been delayed to align with outputs from operational and capital programme, this has been done to support meaningful engagement in the strategy
<b>BUDGET</b>	Offers of service to support the strategy development are within budget
<b>RISK</b>	Risks have been initially identified. Ongoing identification and management of risk will occur.

The structure and draft content for the strategy has undergone development, but the major work lies in engagement and incorporating community feedback into the strategy. A strategy partnership and engagement plan which details communications, engagement activities and partnership with key stakeholders has been developed in collaboration with mana whenua. Engagement is planned to increase over the next few months and into the new year, aligning with works output (and communications output) from the capital and operational side of the activity. As well as engaging with the focus groups and other key stakeholders, councillors will also see progress on the strategy presented in workshops in the new year, prior to finalisation and a request for adoption.



## **6.6 PROPOSED CHANGE TO WEIGHT BASED CHARGING - WAIPUKURAU TRANSFER STATION**

**File Number:**

**Author:** Robert Hon, Environmental Waste Manager

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** Nil

### **PURPOSE**

The purpose of this report is to consider changing from volume-based charges to weight-based charges at the Waipukurau Transfer Station for both general waste and green waste disposal and agree on an implementation date.

### **RECOMMENDATION**

**That the Finance, Infrastructure and Performance Committee approves the proposed weight-based charges for general waste and green waste at the Waipukurau Transfer Station, effective from Monday 9 December 2024.**

### **EXECUTIVE SUMMARY**

Following the weighbridge installation at the Waipukurau Transfer Station in July 2024, officers have completed the necessary due diligence and are ready to introduce weight-based pricing at the Waipukurau transfer station. Officers propose that weight-based pricing is introduced on Monday 9 December 2024.

These changes align with the Council's intention in the Three-Year Plan (3YP) and current Council's Waste Management and Minimisation Action Plan and Environmental and Sustainability policy.

### **BACKGROUND**

The Council operates transfer stations in Waipukurau and Pōrangahau. At both sites, charges are based on volume.

A major focus for Council has been the vision of achieving a Waste Free Central Hawke's Bay (CHB). This vision, established through the Waste Management and Minimisation Strategy in 2019, introduced three targets:

- To increase diversion from landfill to 70% by 2040.
- To increase diversion from landfill to 48% by 2025.
- To increase participation in kerbside recycling services (measured through set-out rates) to 60% by 2025.

The installation of a weighbridge at Waipukurau transfer station seeks to improve waste data collection, providing actual weights and accurate data on the count and types of waste the district is producing. This data will allow Council to target effective waste minimisation initiatives and improve our ability to track and measure waste diversion.

This approach is consistent with the vision of our Waste Minimisation Plan 2019 and our Environmental and Sustainability Strategy 2019-2023, which aims to work with community to ensure "Together we are successful environmental guardians, ensuring future generations THRIVE here".

In 2022, Council was awarded funding from the Ministry for the Environment (MfE) to install a weighbridge into the Waipukurau Transfer Station. Construction was 92 percent funded by MfE and began on site at the end of May 2024.

As part of the 3YP Deliberations report: Trade-off Area 4 – Service reductions and efficiencies to Council on the 30 May 2024 available on Councils website [here](#), Officers outlined the intention to move to a weight-based charge. This included completing a due diligence period and returning to Council seeking approval for the changes to the waste fees and charges.

## DISCUSSION

The current volume pricing structure incentivises customers to maximise waste volumes. It also requires operators to make subjective decisions on the volumes of waste and capacity of customers vehicle. This can lead to some particularly challenging conversations for the contract staff.

The community too is often confused about how costs are charged.

The shift to a weight-based system aims to result in:

- Fairer and simpler fee structure.
- Better cost recovery for the service.
- Lower disposal fees for smaller waste disposers, 60% of our customers.
- Higher disposal fees for larger waste disposers, 40% of our customers.
- Reduces subjective decision-making and resulting points of contention when charging.
- Incentivises waste diversion and behaviour change, as the disposal fees more accurately reflect the true costs of waste disposal.
- Provides accurate data for better waste-related decision making in the future.

The following sections provide an overview on how the system is proposed to work. It highlights any operational changes required and proposes a recommended pricing structure. It also highlights the potential financial impacts and other tangible benefits from the change.

### Minimum charges

Officers propose to introduce a minimum charge per transaction - a standard approach across all weight-based transfer stations. This charge is a baseline fee regardless of the waste's weight. It accounts for the weighbridge's limitations as it measures in 20kg increments and assists in recovering the ongoing operational costs of the weighbridge.

### Pre-paid Council Bags

The new system will continue to allow customers to dispose of pre-paid council bags for free. This will maintain equity to customers who prefer using Council pre-paid bags.

A customer with a mix of a pre-paid council bag and other waste will receive a discount per each pre-paid bag, currently \$3.60 per bag. The number of the bags and value of the discount will be displayed on a receipt for transparency. This is likely to be a rare instance.

Should the discount result in the price being less the minimum charge, the minimum charge will still apply. This will likely encourage customers to dispose of their waste more appropriately.

Officers and the operators considered alternative approaches, such as placing a bag disposal station before the weighbridge. However, these were discounted due to space constraints and operational challenges.

Officers intend to monitor, review this system and if changes are required, updates will be brought back to the Committee.

### Simplified prices

The change results in the 35+ fees being replaced by just two; one for general waste and one for green waste. The change also allows for the elimination of additional surcharges for items like fridges, whiteware, or electronic waste.

These surcharges, used to cover the costs for further processing prior to disposal like removing refrigerant gas from fridges. However, this cost can be effectively recovered through the items weight or through waste minimisation levy funds. This streamlined pricing minimises confusion and contention for both operators and customers.

### Proposed Prices

In establishing this proposed price structure, Officers have modelled total estimated tonnage against a range of pricing. Officers have sought to ensure the proposed price aligns with the projected revenue estimated in the 3YP 2024 – 2027.

Officers recommend the following proposed price per tonne based on the above analysis:

Proposed Fees	Rate per tonne (incl. GST)	Min Charge (incl. GST)
Refuse	\$ 390	\$12
Green Waste	\$ 140	\$ 8

Officers intend to monitor and review the proposed charges per tonne, to ensure Council remains 'on track' to achieve its projected revenue for the Transfer Stations. If further changes are required, updates will be brought back to the Committee.

### Comparison with other Councils

The proposed pricing is on the lower end compared with our neighbouring Councils. However, we are mid-range when compared with peer councils, such as Wairoa, Tararua, and Horowhenua.

Council	Refuse Per tonne (incl GST)	Green waste Per tonne (incl GST)
Tararua District Council	\$468	\$130
Hastings District Council - Henderson Transfer Station	\$435	\$161
Wairoa District Council - Wairoa Transfer Station	\$400	\$150
Napier City Council - Redclyffe Transfer Station	\$396	\$144
<b>Central Hawkes Bay District Council – Waipukurau Transfer Station</b>	<b>\$390</b>	<b>\$140</b>
Horowhenua District Council - Levin Transfer Station	\$313	\$145

### Proposed price vs. current prices

Officers analysed the impacts of the new prices on customers using weight data collected over a trial period and completed further analysis.

The table below compares the fees by vehicle type for an average load under the current volume-based prices compared with the proposed weight-based prices.

<b>Refuse</b>	<b>Average Weight</b>	<b>Current volume-based prices.</b>	<b>Proposed weight- based prices.</b>
Car Boot load.	30 kg	\$16	\$12.00 (min charge)
SUV Boot load	40 kg	\$18	\$15.60
Ute	160 kg	\$52	\$62.40
Medium trailer with no cage	220 kg	\$52	\$85.80
Medium trailer with cage	280 kg	\$86	\$109.20
Large Trailer with cage	460 kg	\$150	\$179.40

<b>Green Waste</b>	<b>Average Weight</b>	<b>Current volume-based pricing</b>	<b>Proposed Weight-based pricing.</b>
Car Boot load.	40 kg	\$10	\$8.00 (min charge)
SUV load	60 kg	\$11	\$8.40
Ute	220 kg	\$24	\$30.80
Medium Trailer with no cage	260 kg	\$24	\$36.40
Medium Trailer with large cage	320 kg	\$46	\$44.80
Large Trailer with cage	360 kg	\$75	\$50.40

The trial data suggests that smaller waste disposers make up approximately 60% of total customers. These smaller customers will pay less than the larger waste disposers. The larger waste disposers are mostly commercial customers.

### **Other matters**

The following section discusses other benefits and concerns should the change be implemented.

- **Incentivising waste diversion**

Weight charges provide direct feedback to customers on the amount of waste being disposed. This provides a financial incentive to divert waste before it reaches the disposal stream. This will likely encourage behavioural change.

Studies show a strong correlation between larger waste producers adopting more sustainable waste practices as they pay a fairer share of the waste disposal costs. For example, builders are now incentivised to change how they demolish a building to maximise waste diversion to avoid higher disposal costs.

- **Improved service**

Customers are unlikely to be incentivised towards using smaller vehicles to dispose of waste. Customers now can use the most appropriate vehicle to dispose of their waste without being financially disadvantaged.

- **Better data capture**

Officers will be able to collect more accurate data on the amount of waste received and the amount of waste diverted from the transfer station. This allows officers to confidently make more accurate forecasting, budgeting and future operational decisions.



- **Processing times**

The change requires longer processing times of 2- 3 minutes per transaction, impacting negatively on customer experience. Officers and the service operators have implemented a change management plan, introducing small operation changes monthly to manage customer frustration. However, this frustration is likely to be minimal, as this is a standard practice across other councils and customers will be aware of this pricing structure.

## RISK ASSESSMENT AND MITIGATION

The following table summarises the identified risks and relevant mitigation measures.

Risks	Effect	Mitigation Measures
Negative feedback from the community.	Reputation risk.	Manageable with clear and concise communication around <ul style="list-style-type: none"> <li>• the changes,</li> <li>• why they are necessary</li> <li>• Options to reduce waste and costs.</li> </ul> Messaging communicated through written, verbal and visual (e.g. video) collateral.
Preferential use of Pōrangahau Transfer Station.	Financial & Operational Risk.	Considered low risk due to the distance to the Pōrangahau Transfer Station and the limited opening hours.
Negative impacts on customer experience.	Operational Risk.	Manageable through: <ul style="list-style-type: none"> <li>• A comprehensive communication plan using written, verbal and visual (e.g. videos) collateral.</li> <li>• Improved operator customer services.</li> <li>• Progress the change management plan to the final phase.</li> </ul> It is noted that frustration levels will reduce as both customer and operators get accustomed to the change.
Reliance on electric and internet connections and a functional weighbridge.	Operational Risk.	Manageable through: <ul style="list-style-type: none"> <li>• Business Continuity Plan (BCP)</li> <li>• Maintenance programme.</li> </ul>

## STRATEGIC ALIGNMENT

As outlined earlier in this report, this shift to a weight-based system, supports the vision outlined in Councils Waste Minimisation Plan 2019 and our Environmental and Sustainability Strategy 2019-2023, which aims to work with community to ensure "Together we are successful environmental guardians, ensuring future generations THRIVE here".

It also supports the achievement of the three targets established through the Waste Management and Minimisation Strategy in 2019.

## DELEGATIONS OR AUTHORITY

The Committee have the delegation to approve this change to fees and charges, as a committee-of-the-whole.

**SIGNIFICANCE AND ENGAGEMENT**

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed to be as of some significance. This change was signalled and consulted on as part of the 3YP process.

**OPTIONS ANALYSIS**

Three possible options for Council to implement these changes are as follows:

**Option 1 – Status Quo - No change**

Council makes no change to fees and charges and retains the current volume pricing.

**Option 2 – General waste weight-based charges only**

This approach sees tonnage charges introduced for General Waste only. This provides for a long-term transition to weight-based charges.

**Option 3 – General waste and green waste-based charges**

This is Officers preferred approach, seeing all waste charged by Weight.

	<b><u>Option 1</u></b> <b>No change- Status Quo.</b>	<b><u>Option 2</u></b> <b>Implement general waste weight-based charges only.</b>	<b><u>Option 3</u></b> <b>Implement both general waste and green waste weight-based charges.</b>
<b>Financial and Operational Implications</b>	No change	There is no major financial implication. The forecast rates are based on estimated current tonnages. It is not preferred however from an operational perspective, resulting in issues relating to the subjectivity of volume assessment	There is no financial implication. The forecast rates are based on estimated current tonnages.
<b>Long Term Plan and Annual Plan Implications</b>	No change	Some reduction in general rates requirements for service than proposed.	More reduction in general rates requirements for service than proposed.
<b>Promotion or Achievement of Community Outcomes</b>	No change	Encourages general waste diversion and creates local opportunities for processing diverted materials.	Encourages general waste and green waste diversion and creates local opportunities for processing diverted materials.

	<b><u>Option 1</u></b> <b>No change- Status Quo.</b>	<b><u>Option 2</u></b> <b>Implement general waste weight-based charges only.</b>	<b><u>Option 3</u></b> <b>Implement both general waste and green waste weight-based charges.</b>
<b>Statutory Requirements</b>	No change	Reduces risk of Statutory breaches by improving waste data reporting & progresses current WMMP action plan.	Reduces risk of Statutory breaches by improving waste data reporting & progresses current WMMP action plan.
<b>Consistency with Policies and Plans</b>	No change	Consistent with Council’s Environmental and Sustainability policy and current WMMP action plan.	Consistent with Council’s Environmental and Sustainability policy and current WMMP action plan

**Recommended Option**

This report recommends **Option 3 – Implement weight-based charges** for both general waste and green waste at the Waipukurau Transfer Station.

**NEXT STEPS**

If the recommendation is approved, Officers will proceed with the prepared communications plan and the necessary training of transfer station operators targeting implementation by Monday 9 December 2024.

## **6.7 INSOURCING, VALUE FOR MONEY AND SERVICE DELIVERY EXCELLENCE UPDATE**

**Author:** Mark Kinvig, Group Manager - Community Infrastructure and Development

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** Nil

### **PURPOSE**

The purpose of this paper is to confirm Councils position on infrastructure insourcing and set out Central Hawke's Bay District Councils 'Service Delivery Excellence' focus areas over the forthcoming Three Year Plan.

### **RECOMMENDATIONS**

**That the Finance, Infrastructure and Performance Committee:**

- 1. Receives the paper titled 'Insourcing, Value for Money and Service Delivery Excellence'.**
- 2. Supports not prioritising the insourcing of services at this current time.**

### **BACKGROUND AND DISCUSSION**

Council is seeking improved value for money outcomes from its services and has requested advice on the considerations associated with the insourcing of physical works activities such as traffic management and stormwater activities.

At the 19 September 2024 Infrastructure, Finance and Performance meeting, Officers and an independent contractor from The Resolve Group Ltd., presented on the considerations associated with the insourcing of activities and how Council can achieve improved value for money over time. These presentations are available on Councils website.

The discussion paper provided an independent assessment of the advantages and disadvantages of insourcing, including the establishment of a CCTO/CCO to deliver works such as traffic management and minor stormwater works. It should be noted that the establishment of a CCO to deliver 3 waters was out of the scope as this matter is being considered under Local Water Done Well with the other regional councils.

The discussion paper concludes on balance that the most significant opportunity for Council to achieve greater value for money is to grow its capacity and capability as a 'smart client' and lift 'Service Delivery Excellence' maturity over time.

This requires an ongoing focus and maturity on the front end with good community-centric strategy, planning and procurement along with robust contract management and ongoing asset management.

To this end, progressing any focus on insourcing of services and activities relating to key activities is not recommended at this time.

### **Service Delivery Excellence**

Following previous direction from Council and the focus being placed on Elected Member priorities, Officers are identifying areas for improvement across Community, Infrastructure and Development and other Groups to enable 'Service Delivery Excellence'.

The Land Transport function in particular is an opportunity to engage with Council on levels of service, tactical prioritisation and the procurement of all physical works and professional services due to be implemented over the next 24 months.

An update on the Land Transport Improvement Plan will be presented to the Committee in December 2024 providing progress on all areas of improvement and a delivery programme for the next 24 months.

Recent Section 17a reviews have identified improvements in the land transport area and the Land Transport Improvement Plan is responding to these reviews, which align well with the proposals set out in this paper.

In a refreshed approach to Councils Supplier Improvement Programme, operationally Council are focussed on lifting a framework based on Service Delivery Excellence across all Council Groups which responds to one of Council's **Big Moves – 'Accountable Delivery'**.

The draft operational framework sets out end state goals for each of the areas, which are being targeted within the Three-year Plan period. Areas of focus include the following:

- Strategy and planning.
- Project management.
- Asset management.
- Procurement.
- Contract management.
- Risk management.
- Performance management.
- Culture of accountability, ownership and performance.

### **We are making progress**

The Community Infrastructure and Development Group is making good progress in the achievement of Service Delivery Excellence where the significant expenditure occurs, with examples set out below:

- Refinement of team structures in response to delivery expectations e.g. Land Transport and Project Management Office (PMO).
- Establishment of an independent delivery advisor to uplift PMO capability.
- Improvement in PMO practices and ways of working including the introduction of new project management software.
- Strengthening in-house capability and capacity in the Land Transport Team and completion of standard operating procedures.
- Improved transport network coordination to improve community experience and value.
- Improved planning and delivery of land transport priorities over the next 24 months with greater visibility and engagement opportunities provided to Elected Members.
- Establishment of the 'Service Delivery Excellence Forum' with suppliers, to increase engagement levels with Council's suppliers on programme, procurement and collaboration with an emphasis on growing local supplier capability and capacity.
- Increasing maturity and visibility of key organisational risks and associated management practices.

- Establishment of key result areas, which can be used as a basis for setting expectations with suppliers and measuring performance.
- Plans in place to set out the strengthening of asset management practices in 3 waters with support from an independent 3 waters asset management advisor.
- Increased visibility of delivery performance and achievements against Three Year Plan programmes.

Delivery of the new maintenance contract procurement programme over the next 24 months will also provide an opportunity to embed Service Delivery Excellence values and behaviours into externally delivered services.

It should be noted that whilst good progress is being made, many of these improvements require time and committed focus to fully embed. The strengthening of Group Plans, individual Performance Development Plans and end of year measurement practices will support the achievement of Councils goals and objectives over time.

### **RISK ASSESSMENT AND MITIGATION**

There are no significant risks directly associated with this paper.

### **STRATEGIC ALIGNMENT**

Strengthening service delivery and growing Council's 'smart client' focus will ultimately improve delivery of Council's objectives for our community. This also supports Councils objective of 'durable infrastructure' under our strategy of 'Together we Thrive'.

### **DELEGATIONS OR AUTHORITY**

### **SIGNIFICANCE AND ENGAGEMENT**

This paper

### **NEXT STEPS**

Officers will continue with the implementation of the Service Delivery Excellence initiative and provide ongoing visibility of planning, delivery and performance achievements across all aspects of Councils activities.

**7 DATE OF NEXT MEETING****RECOMMENDATION**

That the next Finance, Infrastructure & Performance Committee to be confirmed following adoption of the 2025 Council meeting schedule in December 2025.

**8 PUBLIC EXCLUDED BUSINESS****RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

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

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

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>8.1 - Public Excluded Resolution Monitoring Report</b>	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information  s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities  s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>8.2 - Racecourse Road Water Renewal Contract C1215 - Variation</b>	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities  s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>8.3 - Three Waters Procurement Plan - 2024/25 Year Programme Delivery</b>	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage,	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information

	<p>commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>for which good reason for withholding would exist under section 6 or section 7</p>

**9 TIME OF CLOSURE**