

10. LTCCP MONITORING REPORT AS AT 31 OCTOBER 2006

General Manager responsible:	General Manager Corporate Services, DDI 941-8540
Officer responsible:	General Manager Corporate Services
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PURPOSE OF REPORT

1. To update the Council on the LTCCP performance (including financials) of the 2006/07 financial year.

EXECUTIVE SUMMARY

2. Attached are appendices showing:
 - LTCCP KPI's as at 31 October 2006 (Appendix 1)
 - Financial Performance as at 31 October 2006 (Appendix 2)
 - Significant Capital Projects as at 31 October 2006 (Appendix 3)
3. This is the second monitoring report for the 2006/07 financial year. The next report will be on the results as at the end of January and thereafter on a two monthly basis. At this stage of the fiscal year, it appears that overall we are generally on track to deliver at both an operating and capital level, and there has been an improved forecast since last month.

LTCCP KPIs

4. October output from the Horizon system that is designed to report our performance against delivery of the KPIs from the LTCCP is attached.
5. Performance at both an Opex and Capex level has improved in October. Details of those KPIs that will not meet the target or need corrective action are also identified in Appendix 1.

Operating Costs

6. Within the Streets and Transport activities, signs remain that contract costs will exceed budget significantly by year end (currently \$0.8m over budget). The activity is currently forecasting an overspend of at least \$2.1m and possibly as high as \$4m. Three elements appear to be one-off costs - storm damage (primarily in the Banks Peninsula area) of \$1.350k, \$500k for power charges and \$300k dump fee costs. The latter two charges relate to expenditure that should have been accounted for last year. We continue to investigate the remaining \$2m potential forecast over-run. If this proves to be a permanent cost increase, ie on-going, then this would have a 1% rate impact in 2007/08 and will be detailed in the draft Annual Plan due to be with the Council in March 2007.
7. Within the Solid Waste area, the negotiated META contract is producing savings helping to offset the above.
8. Total Opex expenditure is forecast to be \$1.5m under budget at year end.

Revenue

9. On-street parking fee income is currently behind budget by \$0.8m. October was the first month that all the new meters and parking bylaws were operational. At this stage the Unit is forecasting a year end shortfall of \$0.6m. This looks ambitious and we will look at this further.
10. Vesting of assets is behind budget by \$3m, principally owing to a recording delay. This is a non cash item. Development Contributions for reserves are ahead of budget, partly offset by contributions in other areas being behind. There is no rate impact as development contributions are reflected in the "surplus".
11. LTNZ subsidies are also behind budget by \$2.3m, which is largely an expenditure timing issue.
12. Currently there is a \$1m revenue shortfall forecast at year end.

Capex

13. Ocean Outfall: There is no change to the forecast to spend \$7.3m more than the 2006/07 budget, but we will be within the overall project budget.
14. Fifth and Sixth Digester: There is no change to the forecast to spend \$5.6m more than the 2006/07 budget, but again we will still be within the overall project budget.
15. Western Interceptor Stage I: This project, which has seen the work scope extended, is not expected to start construction until March 2007. This will see us only spending \$0.8m of the \$4.9m 2006/07 budget.
16. Strategic Land Purchases: These represent \$13.8m of our budget. While we are forecasting to spend the total amount, this remains a difficult area to predict and one of risk to us, regarding delivery of the capital programme.

STAFF RECOMMENDATION

It is recommended that the Council receive the report.