22. CCC PERFORMANCE REPORT AS AT 31 JANUARY 2008

General Manager responsible:	General Manager, Corporate Services, DDI 941-8528
Officers responsible:	Diane Brandish, Corporate Finance Manager Peter Ryan, Corporate Performance Manager
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PURPOSE OF REPORT

1. The purpose of this report is to update Council on performance and financial results for the first seven months of the 2007/08 financial year.

EXECUTIVE SUMMARY

2. Attached are appendices showing:

- Corporate performance report as at 31 January 2008 (Appendix 1)
- Financial performance as at 31 January 2008 (Appendix 2)
- Capital reprogramming included in Draft Annual Plan 2008/09 (Appendix 3)

Service Delivery Performance

3. The attached report shows Council's most recent forecast against its key targets:

- Customer: 85% Levels Of Service on target;
- Finance: (1) activities within 3% of budget;, and
  (2) capital programme carry-over less than 15%

4. The levels of service are those resolved upon by Council in the 2006-16 LTCCP, along with the performance targets set out in the activity management plans which support the LTCCP. These measures and targets were also resolved upon by the Council.

5. Please note that apart from transactional areas (licensing etc) most Council levels of service cannot generate month to month statistical results. Traditionally this has meant that service performance was not monitored until final results came in at the end of financial year, by which time corrective action was impossible.

6. In order to stay focussed on the targets set by the Council the attached performance results are forecasts made by the accountable Unit Managers. (The concept is just the same as the financial forecasts Council also receives.) This means that Council has the opportunity to see slippages and problem areas in advance. These forecasts proved accurate to final results in 2006-07.

7. In summary the January 2008 report shows that:

- **Customer:** Service delivery is forecast for 82% at year end, short of the organisational target of 85%. Areas flagged as exceptions (slipping or likely to fail) are shown in Appendix 1.

- **Finance:** Over 40% of activities are forecast to be under spent by >3% at year end. Note these results exclude depreciation.

- **Capital Programme:** The last detailed capital programme review estimated the capital carry-forward to be $35m (14.5%). This remains our current estimate although we are conducting a further review of the extent of the forecast carry-forward, which will be reported to the Council at the next quarterly update. Systems and processes are being re-engineered to support more accurate project progress and capital plan reporting.

8. The service performance charts in Appendix 1 show 11**%** of KPIs under management corrective action and 7% that will miss target. Key areas missing service delivery targets are:

- Regulatory services – animal control. Measures are slightly behind target due to longer lead times to fairly inform owners and collate evidence. In addition, priority 1 and 2 complaints are slightly down on response time due to a combination of unavailability of customers and shortage of staff.
- Regulatory services – enforcing legislation and investigating nuisances. Staffing shortages contribute to our inability to fully meet KPIs around swimming pool inspections, timeframes for noise complaints, and time to complete investigations.
- Regulatory services – licensing and registration of premises. Levels of service require all operational liquor premises within the Central City area to be inspected and all premises seeking renewals to be inspected. Due to the high volume, we are adopting a risk-based approach to conducting these investigations, which means that the 100% KPI will not be met.
- Regulatory services – parking enforcement. A change in parking metering has increased the time taken to issue tickets. We are changing staff rostering in an attempt to increase service performance.
- Regulatory services – processing applications. Current performance for regulatory, building consent and PIMs is 80% within statutory timeframes. Staff shortages are affecting performance of applications.
- Streets and transport; carriageways. Amalgamation with Banks Peninsula means that targets for condition index and pavement integrity index need to be re-set.
- Streets and transport - kerb and channel. We are concerned with the contractor's performance and are addressing this directly.
- Democracy and governance – numbers and diversity in deputations. Although we can measure the volume, we are unable to measure the ethnic make-up of deputations. We will seek a change to this KPI for 2008/09.

Financial Performance

9. The current operating result is heavily distorted by LTNZ capital revenue and vested asset shortfalls. These are further commented on in sections 7-9. Excluding these, the operational result to 31 January 2008 of $26m is currently $6.2m ahead of budget (see Appendix 2). Further details are shown in the revenue and operating costs sections below. This positive variance is forecast to reduce to $2.5m by year end.

Revenue

10. Rates income currently exceeds budget by $2.0m, driven by growth in the rating base due to subdivisions processed late in 2006/07 in preparation for the 2007 city wide revaluation. This impacts corporate revenue in the Operating Result by Group of Activity Table.

11. Capital revenues are currently $19.4m behind budget, and are forecast to remain $17m behind budget at year end. The following two paragraphs give further detail.

12. There is an unfavourable LTNZ subsidy revenue variance of $15.1m, resulting from a change in the interpretation of allowable expenditure. This is forecast to be only slightly better by year end. Included in the forecasted results is $10.6m of subsidy on land purchases for the new Bus Exchange. The LTNZ Board have not yet formally considered funding the Bus Exchange – there can be no certainty until this happens (expected in April).

13. Non cash vesting of assets is currently behind budget by $3.9m. Cash development contributions are ahead of budget by $1.9m. However, this is offset by land contributions being behind plan by $2.9m. Development contributions are reflected in the "surplus" and have no rate impact.

Operating Costs

14. External costs (less internal reallocations) are presently under budget by $2.1m, being primarily timing variances for grants ($1.2m) and contract/asset maintenance costs ($1.8m). This is offset by staff/office costs being over budget by $1.8m, although $0.9m of this has been capitalised. Overall costs are forecast to be $2.5m overspent by year end. $0.8m of this is offset by increased revenue in the building and resource consents area. The balance is spread equally over staff costs and contracts.

15. Debt servicing costs are forecast to be under spent at year end by $3.8m. This is partly due to loans intended for on lending to Tuam Ltd for the new Civic Offices not having occurred, and partly due to later timing of borrowing for this years capex programme than planned. Confirmation of the purchase of the new Civic Offices is due on 28 April 2008 once the resource consents process is completed. Settlement is then expected to occur on 28 May 2008 at which time the loans will be raised.

16. Depreciation is forecast to be over budget by $2.1m at year end, primarily due to the 2007 Roading revaluation causing a $3.0m increase in depreciation over that budgeted for. This impacts the Streets activity.

Capex

17. The capital programme is currently behind plan by $35.0m, excluding vested assets which are $6.7m behind plan. Project managers have indicated potential carry forwards in the range $30m-$35m. Offsetting this, strategic land purchases are forecast to occur earlier than planned, reducing the forecast year end under spend to $12m as shown in Appendix 2.

18. Some specific project reprogramming has subsequently been identified both from and to 2007/08 and has been included where appropriate in the draft Annual Plan 2008/09 for approval. A summary of the proposed reprogramming is set out in the table below and is detailed in Appendix 3.

	Impact on capital programme		
	2007/08	**2008/09**	**Out Years**
07/08 Projects to be Carried Forward			
Resource consent delays	-520	520	
Scoping / design delays	-10,893	9,682	1,211
Other project / strategy dependencies	-5,320	5,302	18
Other delays	-2,848	2,348	500
	-19,581	17,852	1,729
08/09 Projects to be Done Earlier			
Strategic land purchases	16,314		-16,314
Timing changes	1,088	-1,088	
	17,402	-1,088	-16,314
Net Change to Capital Programme	-2,179	16,764	-14,585

FINANCIAL IMPLICATIONS

19. As above.

Do the Recommendations of this Report Align with 2006-16 LTCCP budgets?

20. The report is for information, not a recommendation.

LEGAL CONSIDERATIONS

Have you considered the legal implications of the issue under consideration?

21. Yes – there are none.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

22. Both service delivery and financial results are in direct alignment with the LTCCP and Activity Management Plans.

Do the recommendations of this report support a level of service or project in the 2006-16 LTCCP?

23. As above.

ALIGNMENT WITH STRATEGIES

24. Not applicable.

CONSULTATION FULFILMENT

25. Not applicable.

STAFF RECOMMENDATION

It is recommended that Council receive the report.