

14. CHRISTCHURCH CITY COUNCIL PERFORMANCE REPORT AS AT 30 SEPTEMBER 2008



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

1. The purpose of this report is to update the Council on service delivery and financial performance results for the first three months of the 2008/09 financial year.

EXECUTIVE SUMMARY

2. Attached are appendices showing summaries of:
 - Performance against organisational targets as at 30 September 2008 (Appendix 1)
 - Financial performance as at 30 September 2008 (Appendix 2)
 - Significant capital projects (>\$250,000) as at 30 September 2008 (Appendix 3)
 - Housing Development Fund as at 30 September 2008 (Appendix 4).

Performance against Organisational Targets

3. The **attached** report (appendix 1) shows the Council's forecast performance against its key organisational targets:

Customer: Target is 85 percent Levels of Service delivered to target.

The Levels of Service are those resolved upon by the Council in the 2006-16 LTCCP. Current end of year forecasts put LTCCP Level of Service achievement at **88 percent**, which is slightly above the organisational target of **85 percent**.

4. The current forecast is that 9 percent of the Levels of Service are forecast as likely to fail (red). In summary these include:
 - Animal Control – 100 percent of priority 1 complaints (wandering stock and aggressive behaviour by dogs) responded to within two hours). Unfortunately some customers are not available for interviewing, as they may be in hospital or don't wish to deal with the matter within the two hour KPI timeframe. A new 95 percent target will be proposed for the 2009/19 LTCCP.
 - Animal Control – 100 percent of priority two complaints (all other complaints about dogs) commenced within 24 hours. The shortfall in meeting the target is primarily a result of complaints made between 5pm on Friday and 7pm on Sunday when only two staff are rostered to cover the weekend. Higher priority P1 jobs are attended to first leading to some P2 jobs not being attended to within the 24 hour period. An updated target will be proposed in the 2009/19 LTCCP.
 - Collecting wastewater from properties - Number of wet weather sewer overflows into rivers and waterways, per year (10 year rolling average). It is very likely this KPI will not be met due to the exceptionally wet winter and the consequent number of overflows in July and August 2008.
 - Decision Making - Percent of residents satisfied that the Council makes decisions in the best interests of Christchurch. Staff comments: Unlikely to meet target based on previous result.
 - Enforcing Legislation and Investigating Nuisances - Percent of responses to complaints or requests for investigations completed: 100 percent within 10 working days (simple request); 80 percent within 60 working days (complex request). "Complex" by year's end likely to be achieved, "simple" is likely not to be achieved. The reason for the over delivery in the complex category is that complex matters typically carry significantly higher risk to the Council in terms of publicity, enforcement costs and legal challenges to whatever enforcement action is taken. This over delivery therefore is a deliberate risk minimisation strategy.
 - Regulatory applications processed with statutory time frames (100 percent). The Council is improving the level of applications processed within statutory timeframes, however, the 100 percent target will not be met. A more realistic target will be proposed for the 2009/19 LTCCP.

- Provide quality water to properties - Achieve the highest Ministry of Health water supply grade possible without treatment of water. Ministry of Health have graded some North West zone wells 'Da' due to some wells graded as insecure.
5. A further two percent are forecast as slipping/requiring intervention (amber). These are:
- Treat and dispose of wastewater collected from properties. *Target:* each year the ocean outfall project proceeds within the Council's approved budget and time frame. *Forecast:* the project is currently under budget but due to weather delays unlikely to be commissioned by end of February 2009. Consent into the Estuary expires on 30 September 2009. *Staff recommendation:* Continue monitoring progress of marine works. Pump Station is ready for start-up.
 - Visitor Marketing. (Target: increase in domestic visitor numbers) Target not defined - will be determined as an outcome of Greater Christchurch Visitor Strategy.

Financial Performance

6. The key financials for the year are summarised in the table below:

\$000's	Actual	Plan	Variance	Forecast	Plan Year	Variance
Financial Summary						
Operational Funding	-91,658	-91,700	42	-416,198	-416,337	139
Operations Costs	104,053	104,958	-905	416,364	416,471	-107
Operational Deficit/(Surplus)	12,395	13,258	-863	166	134	32
Capital Programme	47,695	60,065	-12,370	276,811	279,953	-3,141
Capital Funding	-30,898	-33,286	2,388	-150,357	-152,325	1,968
Borrowing Requirement	-16,798	-26,779	9,982	-126,454	-127,628	1,173

A cash operating surplus of \$0.9m over budget has been achieved in the first three months. This largely relates to timing differences, and the year end forecast is to be on budget.

Operational Funding

7. Fees and charges are slightly ahead of budget and forecast to remain \$0.5m ahead at year end, mainly due to revenue in the Consents area. This is offset by additional expenditure.
8. Rates and penalties income is expected to exceed budget by only \$0.2m this year.
9. Transfers to funds are forecast to be higher than budgeted by \$0.8m due to more interest earned on special fund balances. This additional interest earned is transferred to the funds (e.g. CEF).

Operational Costs

10. Total costs excluding depreciation are currently under budget by \$0.9m, but this is forecast to reduce to \$0.1m by year end. The major drivers are costs in the Streets area resulting from recent flood emergency damage which is not budgeted for, operational costs at the Art Gallery, and community grants. Management is working on reprioritising expenditure to remain within budget. See the Activities section for further details.
11. Included above, debt servicing costs currently match budget due to delays in borrowing for the capital programme which are partially offset by unplanned borrowing for Central City properties. The delayed borrowing is offset by lower interest receipts. Debt servicing costs are forecast to be under budget by \$0.9m at year end due to capital carry forwards of \$52m.

Capital Expenditure

12. The capital works programme is currently \$11.1m behind budget. Project managers have forecast that this will reduce significantly by year end as shown in appendices 2 and 3. However, management are forecasting that only 82 percent of the programme will be delivered, meaning \$52m of work will be carried forward to 2009/10.
13. Details of the status of significant capital projects (budget over \$0.25m) are detailed in Appendix 3, including expected overspends and initial likely carry-forwards to 2009/10. Carry forwards are believed to be understated at this stage.

Capital Funding Sources

14. Capital grants and subsidies are slightly behind budget and forecast to remain so. This assumes funding for the new Transport Interchange will be received this year.
15. Development contributions drawn are below budget due to use of old Cash in Lieu of Reserves funding first, shown under Special Fund draw downs.
16. The Debt Repayment Reserve has been fully drawn down as the residual funding source for capital expenditure. Borrowing will commence from November.

Activities

17. Community grants are forecast to exceed budget by \$392,000 due to a shortfall of budget in the "Strengthening Communities Strategy" programme. When the agreed \$8.3m funding package was set, \$0.4m of Community Loans were included and should not have been.
18. Art Gallery costs are forecast to exceed budget this year by \$242,000, largely driven by higher LPG costs which currently exceed budget by \$75,000 and will increase to \$180,000 by year end. Revenues are forecast to be short by \$345,000 due to there being no international exhibitions this year and also due to lower than planned sponsorship revenue. Depreciation is currently forecast to be under budget by \$339,000 following the latest revaluation, although this is under review.
19. Carriageway Storm and Flood Damage emergency work is currently overspent by \$0.9m. Although 43 percent of this expenditure is normally subsidised, the existing NZTA approval of \$0.9m for gross expenditure has been exceeded. Management is discussing options with the contractors to remain within the allocated expenditure.

FINANCIAL IMPLICATIONS

20. As above.

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

21. Yes.

LEGAL CONSIDERATIONS

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

22. Yes – there are none.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

23. 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?

24. As above.

ALIGNMENT WITH STRATEGIES

25. Not applicable.

CONSULTATION FULFILMENT

26. Not applicable.

STAFF RECOMMENDATIONS

27. It is recommended that the Council receive the report.