

Quarterly Performance Report

Quarter Two 2021/22

(YTD 1 July 2021 - 31 December 2021)

Nau mai | Welcome

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

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

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Introduction

Purpose

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

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

The report informs three key questions:

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

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

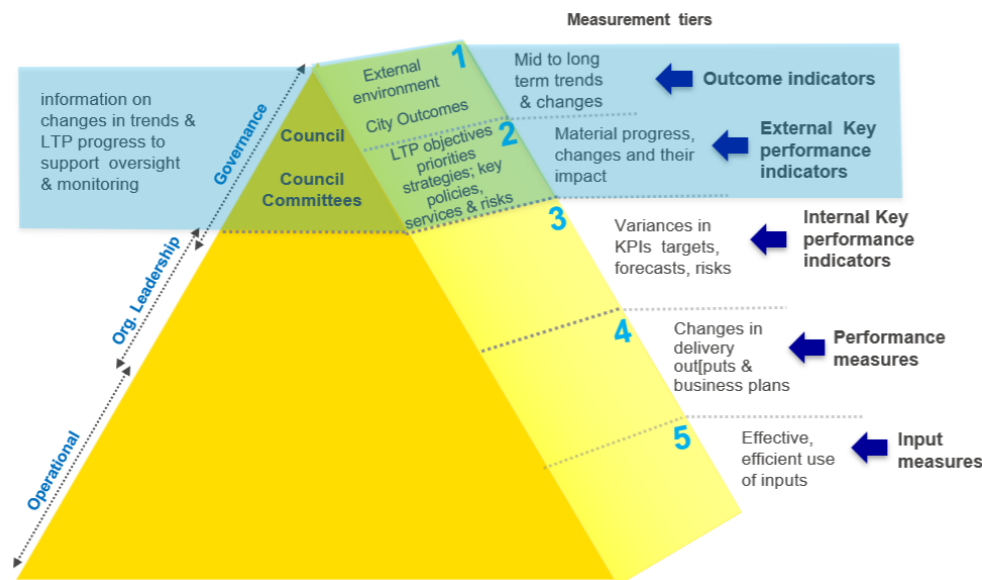
What we report

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

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

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

Figure 1: Monitoring and Reporting framework



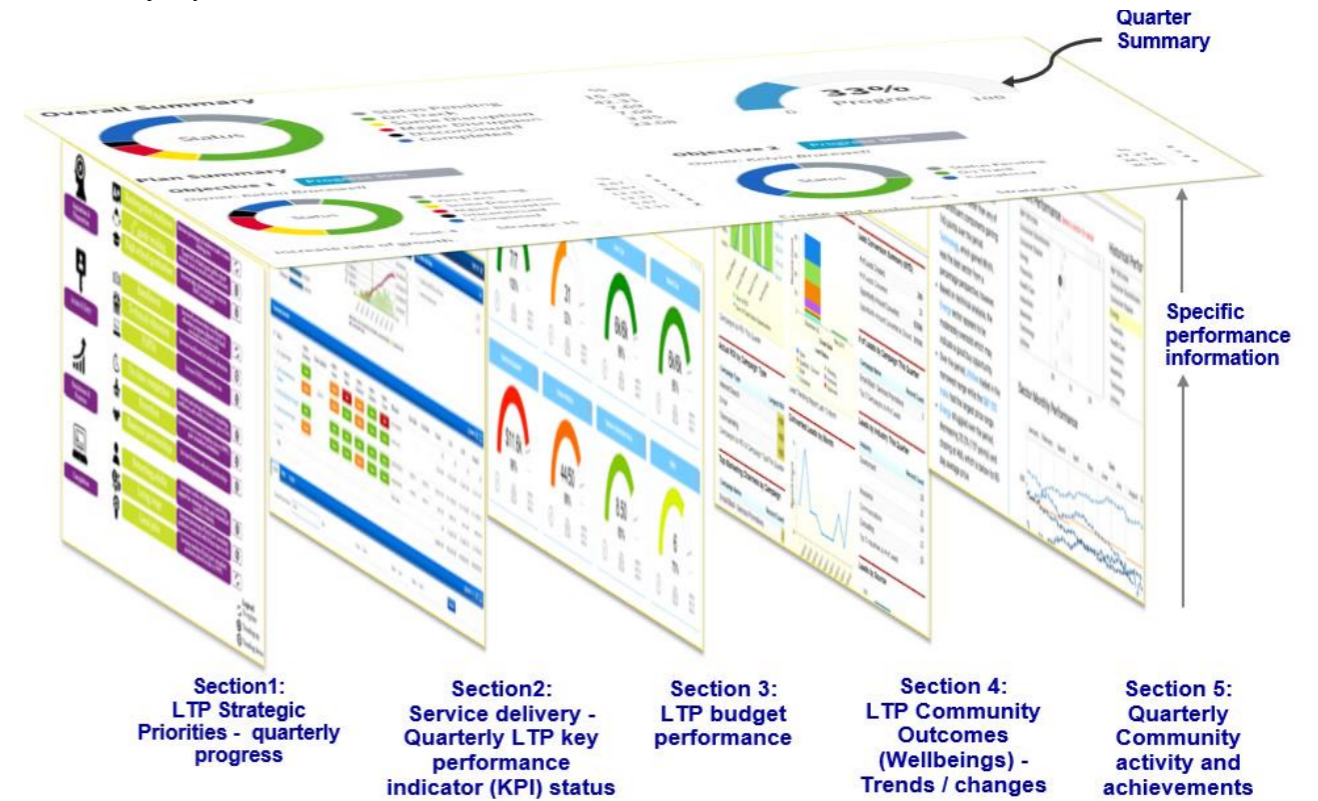
Performance data

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

Report structure and information presentation

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

Figure 2: Quarterly Report Structure



How we report

Exception reporting

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

How we record status

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

LTP Community Outcomes

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

LTP Strategic priorities and supporting work programmes

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

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

Table 1: LTP Community Outcomes and Priority Objectives

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

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

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

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

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

Reporting programme performance

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

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

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

Where we get our data

The Information in this report is sourced from the Council's and CCO business units including Finance, Risk and Assurance and the Project Management Office.



Summary Headlines: Quarter 2 2021

1. Strategic Priority Work Programmes: (Details page 8)

- YTD work programme budget spend continues to lag forecast spend - reflecting sustained pandemic related constraints on delivery (including capacity, scoping etc.)
- A reforecast of the Capital programme is likely to be included with the 2022-23 Annual Plan budget (currently under development).

2. LTP Service Delivery KPIs: (Details page 9) – 63% on track, largely same as Q1

3. LTP Budget Performance: (Details page 12) – underlying favourable position for operational budget, capital programme 33% underspent versus year-to-date budget.

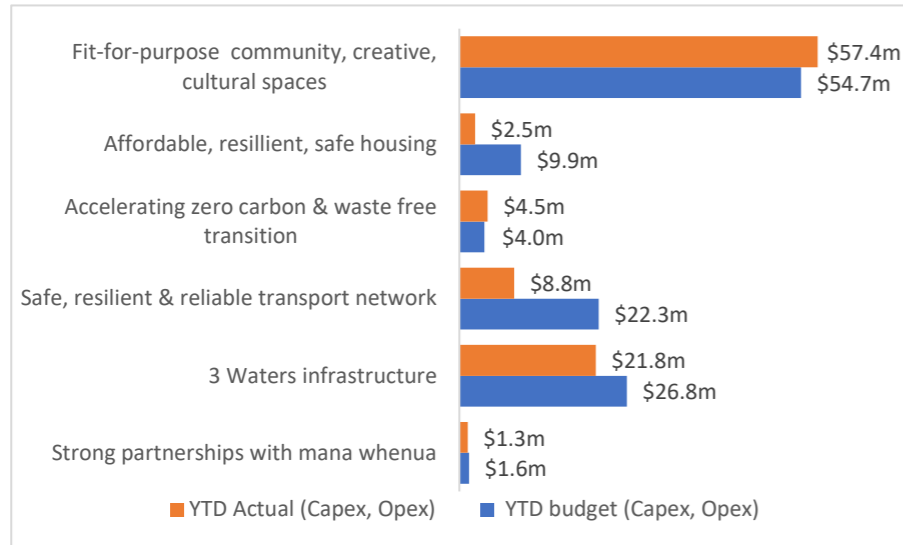
4. Community Outcomes (Wellbeing) Indicators – no updates to report

5. Community activity and achievements report - will be provided for Q3 and year-end

Quarter Two Summary

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

Q2 Capital and Opex Spend - \$22.9m (19%) underspend

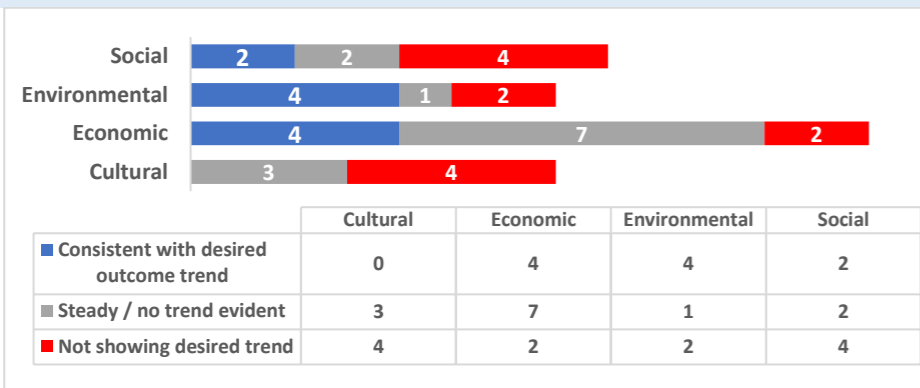


Programme Delivery: There is a material risk that market capacity and capability pressures may constrain the pace of programme delivery.

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

4. LTP COMMUNITY OUTCOMES (WELLBEINGS): Social, and Cultural have the most indicators not showing desired trends.

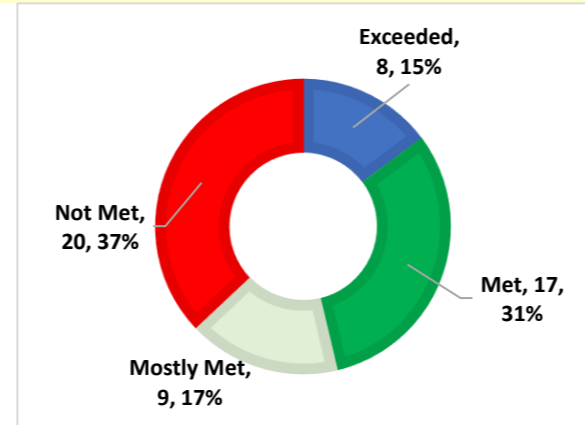
Outcome Indicator trends by wellbeing as at 1 July 2021



- 34% not trending in desired. direction, 29% are consistent with desired trend, and 37% with no trend evident.
- There are no new results to report for Dec 2021.

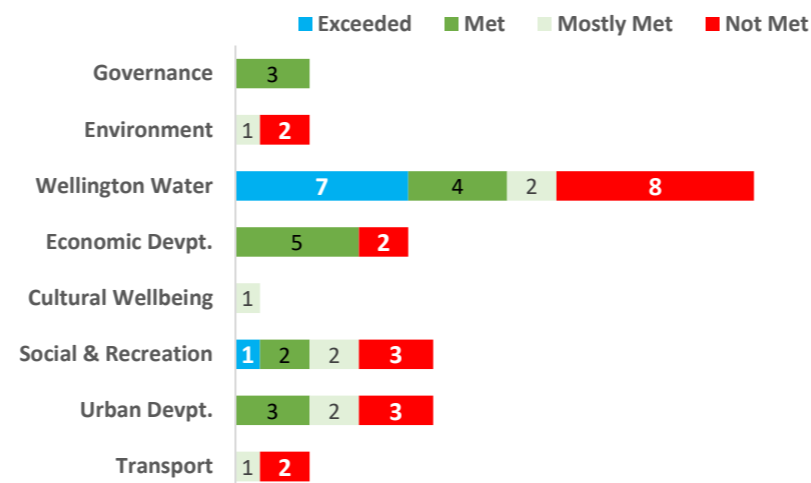
2. LTP SERVICE PERFORMANCE – KPI results largely similar to Q1

Service delivery performance against LTP KPI targets



- Of the 54 performance results for Q2, 28 are performance exceptions (26 of these were also reported in Q1)
- 42 KPI results remain largely unchanged, 11 improved slightly and 1 deteriorated. 63% of KPI achieved.

KPI performance against target for each Activity Area

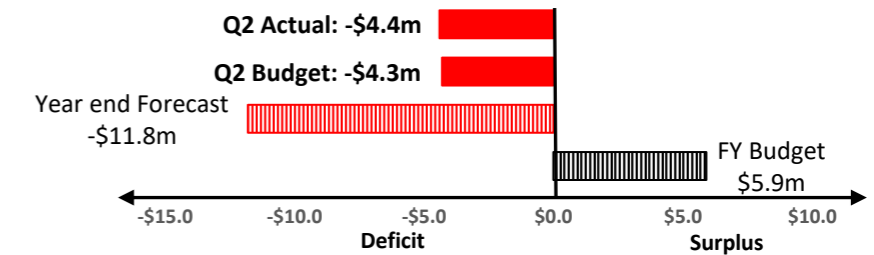


The main exceptions to Activity Area KPI targets relate to:

- Three waters:** 15 exceptions: (14 Q1) flooding measure not met, and seasonal measure for swimming days tracking ahead of target.
- Environment:** Lower waste diverted from landfill showing the impact of lockdowns,
- Social & Rec:** Covid restrictions impacting timeliness for compliance activities. (Graffiti removal exceeded)
- Urban development:** Continued challenges with meeting timeliness for consenting KPIs, management interventions underway
- Transport:** parking occupancy increased from 47% to 55% (against target 70-80%)
- CCOs:** COVID related reduced visitor numbers impacting delivery against SOI for Zoo, WellingtonNZ, and Cable Car.

3. BUDGET PERFORMANCE YTD

Q2 Net Operating Position - \$4m deficit (on budget)

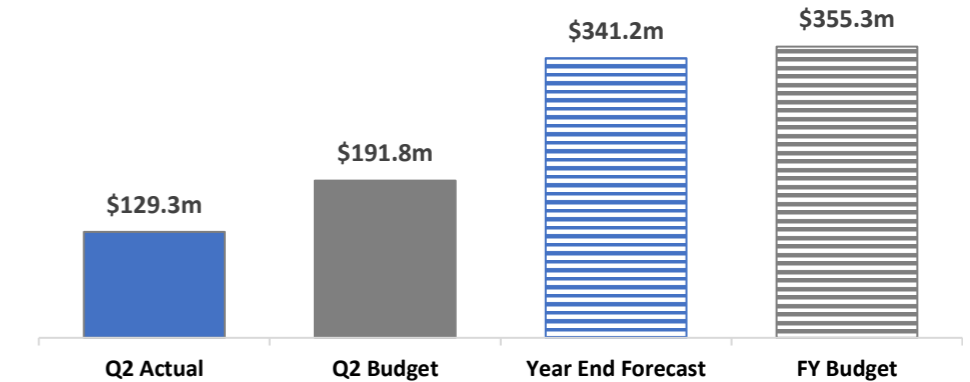


- Net Operating Position:** YTD position is \$0.1m (-3%) unfavourable to budget (actual \$4.4m deficit vs budget of \$4.3m deficit)
- Total Expenditure:** 4% (\$12.8m) favourable to budget
- Revenues:** 4% (\$12.9m) unfavourable to budget (Covid & NZTA related see p13 and Activity Area commentary)

Forecast Year End deficit of \$11.8m

- Forecast year end** position is a deficit of \$11.8m. Unfavourable against a budgeted surplus of \$5.9m

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



- Year to date: Capital:** Budget underspent by \$62.5m (33%)
- Significant variances:** Tākina is over budget. Cycling programme is underspent by \$11.7m. No spend on LGWM projects. Underspending in wastewater network renewals and upgrades and housing upgrades and renewals.
- Forecast:** \$14.1m (4%) year-end underspend on the \$355.3m budget
- FY Budget:** has been revised from \$421.0m to \$355.5m. Reschedule of delivery expectations of Capital projects by \$79.6m and addition of \$13.4m for sludge minimisation were approved in November 2021.



Section 1: LTP Strategic Priorities: Supporting Work Programmes

Quarter two headlines:

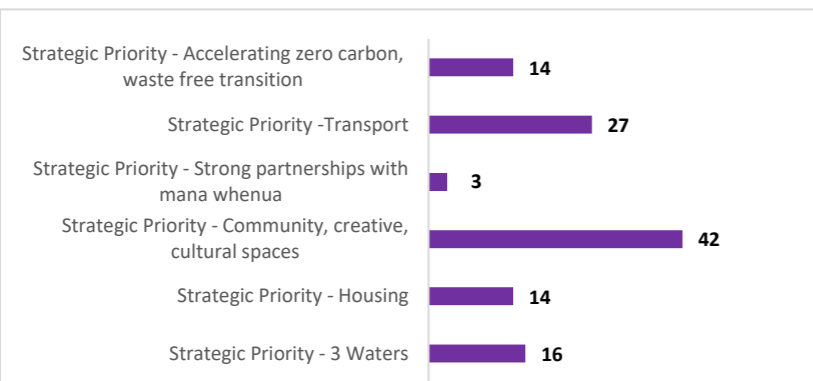
- Although rephased, the LTP work programme remains as published.
- However, the pandemic continues to disrupt construction market capacity, supply chains and work programme delivery progress resulting in a rephasing of the capital programme
- YTD work programme budget spend continues to lag forecast spend - reflecting sustained pandemic related constraints on delivery (including capacity, scoping etc.)
- We have 'carried forward' incomplete or additional work from the last LTP and are forecasting to do continue until the next LTP
- A reforecast of the Capital programme is likely to be included with the 2022-23 Annual Plan budget (currently under development).

Year to Date (YTD) numbers are as at Q2 end - 31 December 2021 and are the total of Capex plus the relevant Opex.

Programmes supporting 2021 LTP Strategic Priorities (52 work programmes with 114 supporting projects)

At the end of Q2 81% of the total YTD (and rephased) capital budget has been spent in a constrained and disrupted pandemic environment

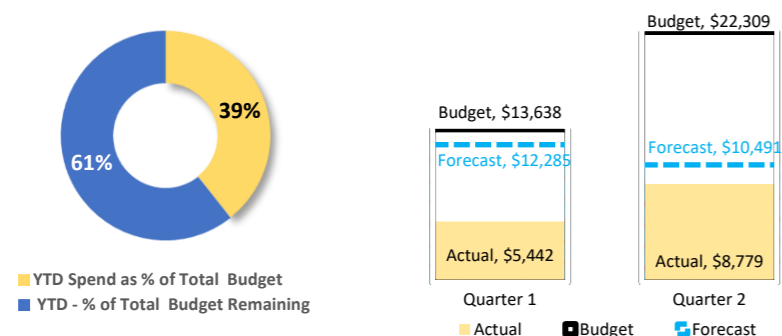
LTP priorities have 45 Work programmes with 114 projects
Number of projects by strategic priority



- The 15 priority projects reported to the Infrastructure Committee are included in the strategic priority project count.

Priority 3: The transport infrastructure is a safe, resilient & reliable (\$000)

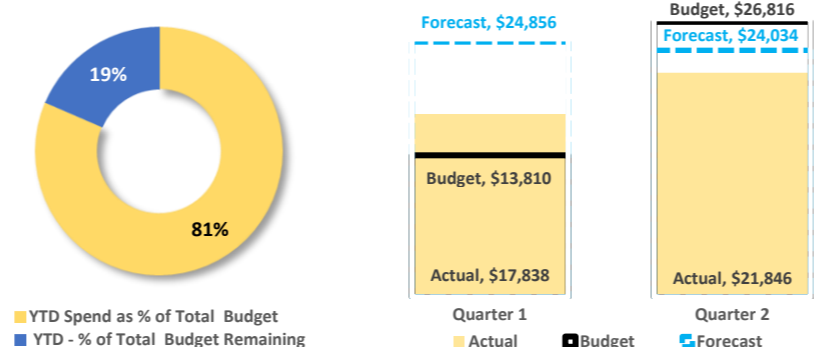
YTD (Cpx+Opx) budget spend **LTP 3yr. Capital Budget**



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

Priority 1: functioning, resilient, reliable 3 Waters infrastructure (\$000)

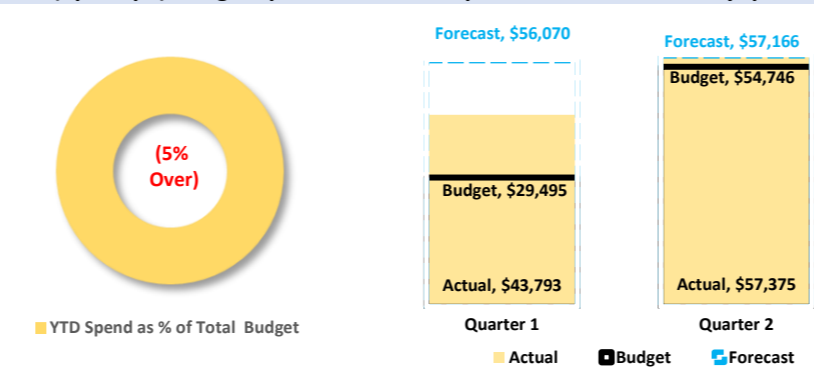
YTD (Cpx+Opx) budget spend **YTD spend, actual, forecast by quarter**



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

Priority 4: Resilient, fit-for-purpose, community, creative cultural spaces (\$000)

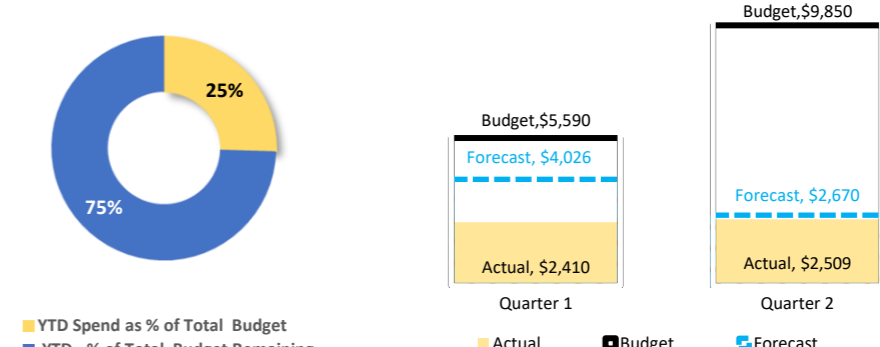
YTD (Cpx+Opx) budget spend **YTD spend, actual, forecast by quarter**



- The community investment plan review will inform our year investment in community, creative and cultural spaces
- Tākina & St James overspent (timing of programme delivery), offset by Te Matahihi & Town Hall underspend

Priority 2: Affordable, resilient & safe housing (\$000)

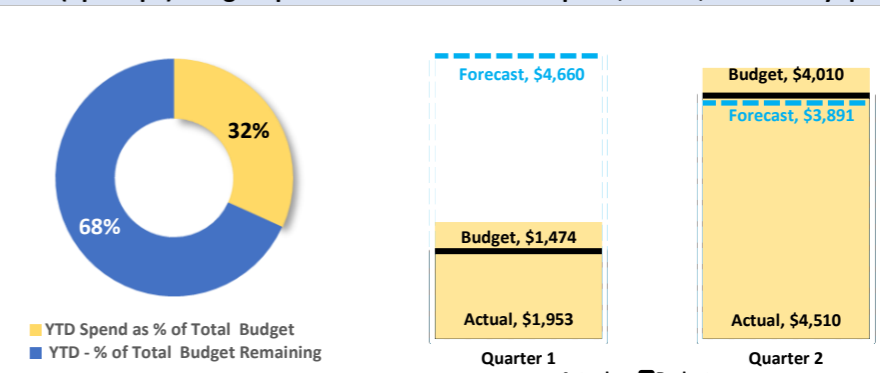
YTD (Cpx+Opx) budget spend **YTD spend, actual, forecast by quarter**



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

Priority 5: An accelerating zero carbon & waste free transition (\$000)

YTD (Cpx+Opx) budget spend **YTD spend, actual, forecast by quarter**

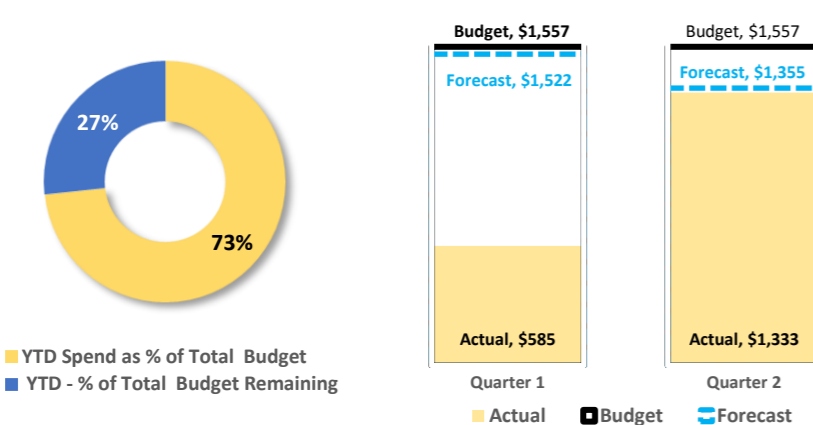


- Includes priority projects Residual waste disposal (Southern Landfill), Sludge Minimisation project

There are on-going material pressures over the next 3 years that are likely to constrain pace of implementation or delivery.

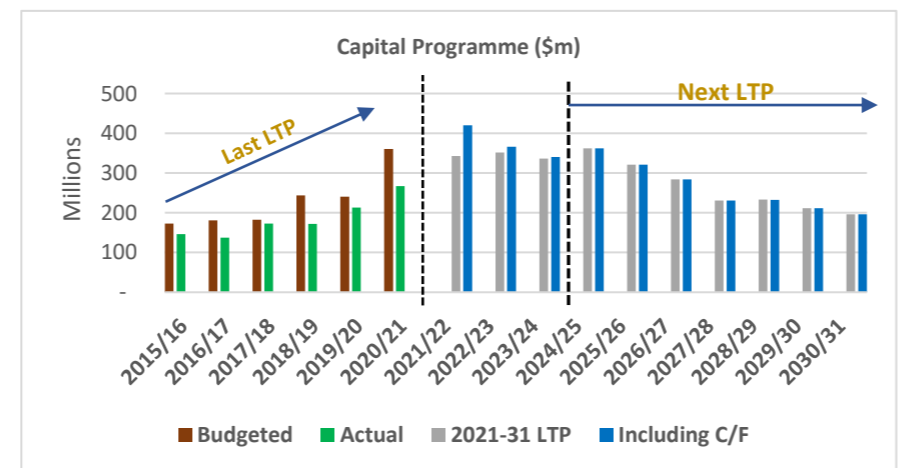
Priority 6: Strong partnerships with mana whenua (\$000)

YTD (Cpx+Opx) budget spend **LTP 3 yr. Capital Budget**



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

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



* Capital projects spend is an indicator of work programme delivery

On-going disruption of the pace of delivery remains the key risk to progressing LTP work programmes

Any increase in the **pressures** driving this risk (see below) will further slow in-flight projects and disrupt projects at planning stage.

Key pressures driving risks to delivery:

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

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

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



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

Quarter two headlines:

- Areas of under-performance – 3 waters (flooding, compliance, timeliness); consenting timeliness; and ongoing impacts of COVID restrictions: waste diversion, compliance inspection activities, CCO’s visitation, and parking occupancy.
- 63% of KPIs were within 10% or exceeded targets (67% reported in Q1)
- Of the 54 performance results reported for Q2, there are 28 exceptions to report, 26 of these were also reported in Q1
- 42 (78%) KPI results remain largely unchanged
- 11 improved slightly and 1 deteriorated (there was a further flooding event in December 2021)

Key Performance Indicators (KPIs) - Key variances

Key KPI variances for Q2 were largely those that were reported for Q1

Environment - key Q2 KPI variances				
KPI	Target	Result	Variance	Variance comment
2.2 Volume of waste diverted from landfill	10,000	8,555	-14%	<ul style="list-style-type: none"> No Covid-19 restrictions have meant that operations are running without interruption and thus, tonnage diverted is back to normal levels, largely closing Q1 variance.
Number of complaints about the drinking waters (per 1000 connections)	≤10	7.7	23%	<ul style="list-style-type: none"> Exceeded
Number of complaints about the stormwater system (per 1000 connections)	≤10	4.4	56%	<ul style="list-style-type: none"> Exceeded
Median response time for attendance for water network urgent call outs	≤60 minutes	80	-33%	<ul style="list-style-type: none"> The median attendance time decreased from 109 min in Q1 to 82 min in Q2
Median response time for resolution for water network urgent call outs	≤4 hours	2.8	30%	<ul style="list-style-type: none"> Exceeded Response times across the region generally improved this quarter, as expected, and COVID-19 Alert levels 3 and 4 enabled a further opportunity to reduce outstanding jobs. WWL continue to manage increasing workloads and capacity issues that have an impact on response and resolution times.
Median response time for attendance for water network non-urgent call outs	≤36 hours	21.5	40%	
Median response time for resolution for water network non-urgent call outs	≤5 days	1.7	66%	
Dry weather wastewater overflows, expressed per 1000 connections	0	4.1	Not met	<ul style="list-style-type: none"> An environmental health mitigation project is underway and targeting environmental health improvements at catchments across Wellington City Council. A target of zero overflows is unachievable, especially given the poor condition of network assets. However, the result for Q2 (1.8) is well within the annual regional standard target of 20 overflows per 1000 connections.
Compliance with the resource consents for discharge from the sewerage system -total number	0	3	Not met	<ul style="list-style-type: none"> GWRC issued two abatement notices for <ul style="list-style-type: none"> the unauthorised discharge of partially treated wastewater to the Coastal Marine Area from the WWTP during the period 29/10/21 – 04/11/21. the unauthorised discharge of wastewater from the MPWWTP discharge that occurred during the period 01/07/20 – 30/06/21 An infringement notice was received by Wellington Water on 26 July for a discharge of non-compliant effluent water quality from the Moa Point Wastewater Treatment Plant. The cause was damage in a clarifier, causing the suspended solids in the effluent discharge to above the consented value The review of the operations of our Wastewater Treatment Plants in the Wellington Metropolitan area was completed in December 2021. We are now working with stakeholders for feedback on the recommendations of the review.

Environment - key Q2 KPI variances (continued)				
KPI	Target	Result	Variance	Variance comment
Number of flooding events	<2	3	-50%	<ul style="list-style-type: none"> New exception The Wellington region experienced a series of heavy rainfalls in early December, disturbing various parts of the network. In Wellington City, two of these events were categorised as flooding events. In Wellington City, a total of nine residential properties were confirmed to have flooded on two occasions. WWL are working closely with the affected customers to close out the work.
Number of habitable floors per 1000 connected homes per flooding event	0.13	0.8	-515%	
Median response time to attend a flooding event	≤60 minutes	5475 (3.8 days)	-9025%	
Number of wastewater reticulation incidents per km of reticulation pipeline (blockages)	≤0.4	0.2	50%	<ul style="list-style-type: none"> Exceeded
Median response time for wastewater overflows (attendance time)	≤60 minutes	168	-180%	<ul style="list-style-type: none"> WWL observed the work volume stabilising down to normal levels in Q2 after numerous heavy rain events throughout the winter months. WWL anticipate seeing further improvements in the coming quarters as they clear the backlogs. The median attendance time decreased from 305 min in Q1 to 168 min in Q2. Response times across the region generally improved this quarter, as expected, and COVID-19 Alert levels 3 and 4 enabled a further opportunity to reduce outstanding jobs. WWL continue to manage increasing workloads and capacity issues that have an impact on our response and resolution times. The median resolution time decreased from 32.8 h in Q1 to 22.8 h in Q2.
Median response time for wastewater overflows (resolution time)	≤6 hours	22.8	-280%	
Days (%) during the bathing season (1 November to 31 March) that the monitored beaches are suitable for recreational use	90%	100%	11%	<ul style="list-style-type: none"> New exception Seasonal measure progress as at Q2, final result will be available after Q3. Current result -Exceeded
2.6 Achievement of measures within Wellington Zoo's Statement of Intent	Refer SOI	2 of 6 (7 total) KPIs met during the quarter	Not tracking to plan	<ul style="list-style-type: none"> Not tracking to plan: Visitors: behind YTD target due to the Covid-19 lockdown; Council operating grant per visitor; Trading Revenue per visit (exc. grants and interest); Percentage of operating costs generated by the Trust On track: Student & Education Visits and Trust generated income as a percentage of the Council grant.
Economic Development- key Q2 KPI variances				
KPI	Target	Result	Variance	Variance comment
WellingtonNZ				
3.1 Value of expenditure generated from events (including business, performance, and major events)	\$37m	\$21.6m	Not tracking to plan	<ul style="list-style-type: none"> Due to impact of Covid Alert Levels restricting events, we believe that this KPI is at risk of not being achieved.
3.1 The number of Wellington Region residents that attend events	250k	104k	Not tracking to plan	<ul style="list-style-type: none"> Due to impact of Covid Alert Levels restricting events, we believe that this KPI is at risk of not being achieved.

Social and Recreation - key Q2 KPI variances				
KPI	Target	Result	Variance	Variance comment
5.3 Alcohol licences - premises inspected within target timeframes (%)	100%	15%	-85%	<ul style="list-style-type: none"> Covid alert levels prevent any high-risk premises inspections, and new staff with training
5.3 Food registrations - premises (%) inspected within Food Act regulation required timeframes (new business and existing businesses)	100%	59%	-41%	<ul style="list-style-type: none"> Covid alert levels and MPIs preference for remote checks at level 2 has created a backlog of verifications to be completed
5.3 Graffiti removal – response time frames (%) met	80%	93%	16%	<ul style="list-style-type: none"> Exceeded - Proactive action means the team is keeping on top of requests and exceeding timeframes.
5.3 Public toilets - response timeframes (%) met	95%	69%	-27%	<ul style="list-style-type: none"> Contractors struggling to get sufficient resources to complete jobs. Resourcing is proving to be an ongoing issue which has led to jobs being responded to slower than required.

Urban Development - key Q2 KPI variances				
KPI	Target	Result	Variance	Variance comment
6.2 Building consents (%) issued within 20 working days	100%	78%	-22%	<ul style="list-style-type: none"> Managerial actions are underway to address performance gap. Capacity issues with structural engineering firms to review building consents continues to affect timeliness. Management is undertaking several interventions to address the problem, recruiting additional external expertise, recruiting for an internal structural engineer and seeking expressions of interests for additional firms to provide review services.
6.2 Land Information Memorandums (LIMs) (%) issued within 10 working days	100%	4%	-95%	<ul style="list-style-type: none"> LIM team has had significant staff shortages impacting delivery timeliness. Recruitment efforts have brought the team to close to full headcount which will address the timeliness issue in the third quarter of the year.
6.2 Resource consents (non-notified) (%) issued within statutory time frames	100%	65%	-35%	<ul style="list-style-type: none"> In terms of the statutory timeframes not being met, we are still attempting to recruit for several vacant positions. This is not limited to WCC but is a nationwide problem. Wellington Water are also having difficulties recruiting and due to this, a large proportion of the consents requiring their input are going overtime, compounding this issue.

Transport - key Q2 KPI variances				
KPI	Target	Result	Variance	Variance comment
7.1 Achievement of measures within Wellington Cable Car Limited Statement of Intent	Refer SOI	1 out of 4 (6 total) KPIs progressing to target	Not tracking to plan	<ul style="list-style-type: none"> Quality: User satisfaction: on track Reliability: 98.57% vs 99% target Visitation: Passenger trips: Not met for Q2 mostly due to Covid lockdown Fare revenue: Not met for Q2 Environmental: an annual measure Health & Safety: an annual measure
7.2 City parking peak occupancy (% utilisation)	75%	55%	-27%	<ul style="list-style-type: none"> Car Park occupancy continued to increase in the 2nd quarter with the peak occupancy averaging 55% as opposed to 47% in Quarter 1.

Key changes from previous quarter:

- 2.4 The total number of complaints re sewage Q1 results updated, YTD Q2 now **met** (13.6 vs target <15)
- 2.5 Number of flooding events -new exception – target for the year was two or less whereas the number of flooding events at end of Dec was three -**not met**.
- 2.5 Days (%) during the bathing season (1 November to 31 March) that the monitored beaches are suitable for recreational use - new exception - tracking for Q2 to **exceed target**
- 2.6 Achievement of measures within Karori Sanctuary Trust (Zealandia) Statement of Intent, now 10 of 12 KPIs are **tracking of target**
- 3.1 WellingtonNZ: Direct Economic Impact of WellingtonNZ's activities and interventions – estimates based on available data indicate measure is **tracking to plan**
- 4.1 Achievement of measures within Wellington Museums Trust (Experience Wellington) Statement of Intent, one reported measure is **tracking to plan**
- 5.1 Achievement of measures within Basin Reserve Trust Statement of Intent, now within 10% of target, now 3 of 5 available results **tracking to plan**
- 5.3 Dog control - response time frames (%) now **within 10% of target**



Section 3: LTP Budget Performance

Quarter two headlines:

- At the end of December 2021, the YTD Net operating expenditure shows an unfavourable variance to budget of \$0.1m (-3%).
- The underlying position is however a positive variance.
- A payment to World of WearableArt (WOW) was made in December totalling \$3.62m, if this had been included in the budget the YTD Net operating expenditure variance to budget would be \$3.5m (44%).
- This result at the end of Q2 is a positive position considering the pressures and headwinds expected in Q3 and Q4.
- Revenue is under achieved by \$12.9m (-4%), offset by operating expenditure underspend by \$12.8m (4%).
- Capital expenditure is currently \$62.5m (33%) underspent, the full year forecast underspend is \$14.1m (4%) by year end.

Budget performance

Consolidated financial performance 1 July 2021 – 31 December 2021

Consolidated Performance								
	YTD				Full Year			
	Actual \$000's	Budget \$000's	Non-Op Var \$000's	Op Var \$000's	Forecast \$000's	Budget \$000's	Non-Op Var \$000's	Op Var \$000's
Rates & Levies Revenue	196,028	196,406	0	(377)	392,812	392,812	0	0
Revenue from Operating Activities	71,863	76,927	0	(5,064)	149,975	154,615	0	(4,641)
Investment Revenue	5,389	5,698	0	(309)	10,778	10,503	0	275
Finance Revenue	1,032	7	0	1,026	779	13	0	766
Other Revenue	14,574	22,764	(7,991)	(199)	41,402	50,767	(9,799)	434
Development Contribution Revenue	1,740	1,750	(10)	0	3,517	3,500	17	0
Total Income	290,626	303,550	(8,001)	(4,923)	599,262	612,210	(9,782)	(3,166)
Personnel	69,897	69,486	0	(411)	141,722	137,060	0	(4,662)
Contracts, Services, Materials	99,352	104,519	0	5,167	196,214	202,815	0	6,602
Professional Costs	4,252	9,471	0	5,220	16,743	18,812	0	2,069
General Expenses	40,152	42,625	(328)	2,801	84,731	86,199	(326)	1,794
Depreciation and amortisation	71,609	74,393	0	2,784	147,807	146,736	0	(1,071)
Interest Expense	13,528	11,661	0	(1,866)	26,473	23,323	0	(3,150)
Internal Recharge and Recoveries	(3,748)	(4,325)	0	(577)	(2,647)	(8,645)	0	(5,998)
Total Expenditure	295,041	307,830	(328)	13,117	611,042	606,300	(326)	(4,417)
COUNCIL NET SURPLUS/ (DEFICIT)	(4,414)	(4,279)	(8,329)	8,194	(11,781)	5,911	(10,108)	(7,583)

Key () deficit / overspend / under-achieved revenue

- Revenue from Operating Activities \$-5.1M (-7%) unfavourable due to Parking Services which is under budget by \$5.7m having been impacted by a lockdown at level 4 for two weeks in August 2021, level 3 for one week in September, and level 2 ongoing.
- Parks, Sports and Recreation is also under budget by \$1.4m and has similarly been impacted by Covid closures in recreation centres and swimming pools.
- This is largely offset by favourable variances in the Quarry \$1.1m and Waste Operations where landfill revenue is above budget by \$1.5m due to higher volumes.

Treasury Report

Summary

- All Positions Compliant with policy
- Net interest expense is \$0.384m over budget in the month

Funding Policy Parameters (calculated on rolling monthly basis)				
Period	Minimum %	Maximum %	Actual	Compliant (Y/N)
0 - 3 years	15%	60%	22%	Yes
3 - 5 years	15%	60%	28%	Yes
5 years plus	15%	60%	50%	Yes

YEAR TO DATE commentary

Additional YTD variances:

- Rates & Levies Revenue is \$0.4m unfavourable, of which \$1.9m is metered water revenue.
- Finance Revenue is favourable by \$1.0m which is due to interest revenue.
- Other Revenue is \$8.2m (-36%) unfavourable, which is due to NZTA roading subsidies being lower than planned due to under spending on Capex projects.
- Contracts, Services & Materials are \$5.2m (5%) favourable. Under spending is occurring broadly across the business in the following areas: lower than planned maintenance costs in City Housing \$1.2m, the timing of grants costs in Economic Wellbeing \$1.5m and Planning & Environment \$1.2m, Contract costs are under budget in Building Resilience \$1.5m (timing dependent on the outcome of a court decision concerning intervention on two disputed buildings) and Transport \$2.1m which is behind in their programme as noted above
- Professional costs are \$5.3m (55%) favourable, in the main due to timing in Place Planning (work around the District Plan), Climate Change Response and Māori Outcomes, and under spending in Property and on Te Ngakau.
- General Expenses are under budget by \$2.5m (6%). The main variances are Utilities (rates), Insurance and external IT costs.
- Depreciation is \$2.8m (4%) favourable due partly to slower than expected capitalisation and budget assumptions for asset revaluations.

Forecast (Full Year/FY) commentary

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

- Revenue from Operating Activities is \$4.6m (3%) unfavourable and is largely due to projected losses in Parking \$6.5m, Parks, Sports and Recreation \$2.3m (both due to the impacts of COVID-19). This is in part offset by a favourable forecast for the Quarry \$1.8m and Waste Operations \$2.4m
- Finance Revenue is favourable by \$0.8m which is due to interest revenue.
- Other Revenue is \$9.4m (18%) unfavourable, which is due to reduced NZTA revenue based on an assumed reduced Capex programme spend, the original revenue was based on LTP capex programme, \$27m of which was rescheduled (all of which does not attract the full NZTA subsidy).
- Personnel is \$4.7m including \$2.2m in salaries and \$1.2m in other leave.
- Contracts, Services & Materials are \$6.6m (3%) favourable. Under spending is forecast to occur predominantly in City Transport \$1.2m through reduced contract spend, City Housing \$1.5m through lower maintenance costs and Property \$1.9m, also due to lower anticipated maintenance costs. The budget also contains funding for the Ngauranga to Petone cycle way of \$2.5m. This was expensed last financial year and will therefore be unspent.
- Professional costs are forecast to be \$2.1m (11%) under budget. This is in Property \$1.3m for facilities management costs, Transport \$0.5m engineering fees and Te Ngakau \$0.5m.
- General Expenses \$1.5m (2%) are expecting to be under budget. The main contributors to this are IT costs \$0.9m, Rates expense \$1.5m. Offsetting this are Security costs of \$1.1m over budget.

Borrowings

- Total committed borrowing facilities as at the end of December were \$1.000bn providing headroom of \$235m.
- Our liquidity ratio under current policy is 118%.
- Total net borrowings at the end of December were \$826m.
- Gross borrowings were \$1,105bn.
- The next maturities are in March 22 pre-funded. Currently all debt is prefunded through Dec 22

Investments

Deposits (ex cash) were at \$185m. \$105m will be held on deposit for prefunding. Current Cash Balance \$93.5m

Deposits	DEC -21
General deposits	\$80m
Deposits for pre-funding	\$105m
Cash	\$93.5m
Total deposits for month	\$278.5m

Activity Area Financial Performance

1 July 2021 – 31 December 2021

Total All Activity Areas - Q2 Budget Performance (\$000s)						
	Actual	Budget	Variance	%	YE Forecast	YE Budget
Revenue	(290,626)	(303,550)	(12,924)	-4%	(599,262)	(612,210)
Expenditure	295,041	307,830	12,789	4%	611,042	606,300
Net operating expenditure	4,414	4,279	(135)	-3%	11,781	(5,911)
Capital expenditure	129,311	191,785	62,474	33%	341,212	355,315

Key: () = revenue / net opex surplus

Variance () = overspend / under achieved revenue

Governance - YTD Budget Performance (\$000s)							
	Actual	YTD Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(226)	(264)	(38)	-14%	(502)	(528)	Immaterial variance YTD. Forecast favourable variance in Rates and Archives.
Expenditure	11,431	15,167	3,736	25%	29,583	29,714	Favourable YTD, due to a continuation of the lower than expected remuneration costs arising from vacancies and professional costs due to the timing of the work programmes in Māori Initiatives and Climate Change Response.
Net operating expenditure	11,205	14,903	3,698	25%	29,081	29,186	Favourable YTD, due to a continuation of the lower than expected remuneration costs arising from vacancies and professional costs due to the timing of the work programmes in Māori Initiatives and Climate Change Response.
Capital expenditure	873	594	(279)	-47%	1,228	1,187	Over budget due to the Public EV Chargers programme being ahead of plan.
Environment - YTD Budget Performance (\$000s)							
	Actual	YTD Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(14,932)	(13,290)	1,641	12%	(29,159)	(26,544)	Favourable due to higher volumes of contaminated waste received at the landfill. This is forecast to continue.
Expenditure	103,262	107,347	4,085	4%	213,830	213,818	Favourable YTD due to underspends in Stormwater and lower than planned contracts costs in the street cleaning activity within Gardens, beaches and green open spaces.
Net operating expenditure	88,331	94,057	5,726	6%	184,672	187,273	Favourable due to higher volumes of contaminated waste received at the landfill. There are also underspends in Stormwater and lower than planned contracts costs in the street cleaning activity within Gardens, beaches and green open spaces.
Capital expenditure	30,514	43,084	12,570	29%	90,781	90,660	Under budget predominantly in wastewater network renewals and upgrades, reservoir upgrades, Sludge Minimisation and upgrades at the zoo. The Coastal activity is ahead of plan but that is temporary and expected to be on budget.
Economic Development - YTD Budget Performance (\$000s)							
	Actual	YTD Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(3,619)	(4,171)	(552)	-13%	(8,616)	(8,326)	Unfavourable due to the decreased revenues across Wellington Venues following the COVID-19 Delta outbreak. Revenue is expected to pick up in the 2nd half of the year.
Expenditure	14,908	17,511	2,603	15%	35,348	35,315	Costs are down with the lack of events as well as no expenditure for Grants payments in Destination Wellington. Costs are expected to rise later in the year with activity.
Net operating expenditure	11,289	13,340	2,051	15%	26,732	26,989	Revenues and costs are lower due to impacts of COVID-19 on Wellington Venues. Grants payments in Destination Wellington are lower than planned YTD but costs and revenues are expected to rise later in the year with anticipated higher activity.
Capital expenditure	1,331	6,593	5,262	80%	4,769	13,163	Under budget, on Wellington Venues renewals and the St James Theatre. The budget for the St James project is across two activities and strategies (the other being Urban Development) and while this strategy is forecast to be under budget, the project is expected to be ahead of plan by year end.

Cultural Wellbeing - YTD Budget Performance (\$000s)							
	Actual	YTD Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(469)	(484)	(14)	-3%	(989)	(967)	Immaterial variance both YTD and forecasted.
Expenditure	12,248	13,714	1,466	11%	25,619	24,629	Favourable YTD with the City Events expenses below budget and a temporary YTD saving across Capital of Culture grants and additional expenses expected in City Events.
Net operating expenditure	11,778	13,230	1,452	11%	24,630	23,662	Favourable YTD with the City Events expenses below budget and a temporary YTD saving across Capital of Culture grants and additional expenses expected in City Events.
Capital expenditure	31,387	24,772	(6,615)	-27%	56,378	51,017	Over budget on Takina which is forecast to continue to be ahead of plan for the remainder of the year.
Social and Recreation - YTD Budget Performance (\$000s)							
	Actual	YTD Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(21,517)	(22,694)	(1,178)	-5%	(43,962)	(45,354)	Reduced revenues, mostly due to restrictions on the use of public swimming pools. This is expected to continue.
Expenditure	72,628	72,929	301	0%	141,892	140,039	Favourable YTD, predominantly due to reduced expenditure across housing operations and maintenance and Community property and facilities. Higher consulting and security costs in Libraries and maintenance in swimming pools is driving the forecast position.
Net operating expenditure	51,111	50,234	(877)	-2%	97,930	94,685	Unfavourable as there are reduced revenues, mostly due to restrictions on the use of public swimming pools due to COVID-19. Costs are tracking lower than budget, predominantly due to reduced expenditure across housing operations and maintenance and Community property and facilities. Higher consulting and security costs in Libraries and maintenance in swimming pools however is driving the forecast position.
Capital expenditure	8,865	20,946	12,081	58%	30,980	36,472	Under budget due to reduced expenditure across housing upgrades and renewals, public conveniences and pavilions and aquatic facilities, though the latter is forecasted as timing related only with deferred spend until later in the year.
Urban Development - YTD Budget Performance (\$000s)							
	Actual	YTD Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(10,319)	(10,405)	(86)	-1%	(19,747)	(20,413)	Immaterial variance YTD. In the second half of the year lower income is expected through building consent fees and in the Housing Investment area.
Expenditure	22,072	24,655	2,583	10%	51,013	49,501	Favourable due to deferred earthquake risk building projects, still forecasted to be spent in full by the end of the year. That expenditure will impact the year end position as will higher District Plan costs.
Net operating expenditure	11,753	14,250	2,497	18%	31,267	29,088	Favourable due to deferred earthquake risk building projects. This though has been forecasted to be spent in full by the end of the year. That as well as higher District Plan costs and lower building consent revenue are the cause of the projected year end position.
Capital expenditure	25,483	27,158	1,675	6%	64,109	56,607	Under budget due to delays to the Housing Investment Programme and Suburban Centre upgrades with much of this expected to last the full year. The net position includes some overspends across Earthquake Risk Mitigations in the St James project.
Transport - YTD Budget Performance (\$000s)							
	Actual	YTD Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(19,404)	(25,617)	(6,213)	-24%	(45,305)	(52,137)	Unfavourable variance YTD due to a significant reduction in Parking revenues reflecting the impact of COVID-19.
Expenditure	44,139	47,728	3,590	8%	92,291	95,131	Favourable YTD due to lower than planned depreciation, lower expenditure in cycleways planning and reduced Parking and Enforcement expenditure with the reduction in enforcement activity.
Net operating expenditure	24,735	22,111	(2,624)	-12%	46,986	42,994	Unfavourable variance YTD due to a significant reduction in Parking revenues reflecting the impact of COVID-19. Costs YTD are down due to lower than planned depreciation, lower expenditure in cycleways planning and reduced Parking and Enforcement expenditure with the reduction in enforcement activity. The lower parking revenue is the main driver of the forecast position.
Capital expenditure	20,977	46,833	25,856	55%	63,159	70,070	Under budget on a number of projects. There has been no spend on LGWM projects and the Cycling programme is currently under budget by \$11.7m. Under spending is also occurring in footpath upgrades and wall, bridge and tunnel renewals. The forecast position is due to under spending in all of these with the exception of LGWM.
Council - YTD Budget Performance (\$000s)							
	Actual	YTD Budget	Variance	%	YE Forecast	YE Budget	Comment
Revenue	(220,141)	(226,624)	(6,483)	-3%	(450,982)	(457,940)	Unfavourable as a result of lower than planned NZTA Income on CAPEX work and metered water revenue.
Expenditure	14,353	8,778	(5,574)	-63%	21,466	18,151	Unfavourable through higher organisational costs, this variance includes the unbudgeted payment to WOW of \$3.62m.
Net operating revenue	(205,788)	(217,846)	(12,058)	-6%	(429,516)	(439,788)	Unfavourable as a result of lower than planned NZTA Income on CAPEX work, metered water revenue and higher organisational costs.
Capital expenditure	9,880	21,806	11,926	55%	29,809	36,138	Under budget mainly due to delays in the Civic Precinct programme of works, commercial property renewals and the Quarry. Under spending is expected to continue in most of these areas.