

Mayor and Councillors
COUNCIL

15 OCTOBER 2015

Meeting Status: **Public**

Purpose of Report: For Decision

ANNUAL REPORT TO 30 JUNE 2015

PURPOSE OF REPORT

- 1 This report presents the Annual Report for the year ended 30 June 2015, which needs to be adopted by the Council on or before the 30 October 2015 pursuant to Section 98 of the Local Government Act 2002.

DELEGATION

- 2 Council has the authority to consider this matter.

BACKGROUND

- 3 The Corporate Business Committee reviewed the draft Annual Report on 8 October 2015 and recommends that *subject to any final changes required from audit, the Annual Report be adopted by Council on 15 October 2015.*
- 4 Ernst and Young have completed their final review of the Annual Report. They have provided a draft audit report that contains an unqualified audit opinion ("clear" audit opinion) for inclusion in the Annual Report. Once Council has adopted the Annual Report, Ernst and Young will sign the audit opinion.

Overview

- 5 This report presents the audited Annual Report, commenting on the Council's service and financial performance during the 2014/15 year against Year Three of the 2012 Long Term Plan and the 2014/15 Annual Plan.
- 6 This report shows that further progress was made in 2014/15 on the remaining Council priorities identified in the 2012 Long Term Plan. The River Recharge with Groundwater and the Waikanae Water Treatment Plant upgrade projects were both completed. In addition the first year of operation of water meters and volumetric charging contributed to a substantial reduction in water use due both to improved identification and repair of leaks and increased conservation. In combination these projects have furthered our aim of ensuring a sustainable water supply for the next 50 years.
- 7 Progress was also made in overseeing the construction of the MacKays to Peka Peka expressway to ensure that development remains within its consent conditions.
- 8 The Council's service performance for each of the 16 activities (pages 17-114) presents key results, significant developments over the year, key performance indicator (KPI) outcomes and a financial summary for each of the activities. The Council uses KPIs to determine and compare its performance in terms of achieving its strategic priorities and meeting its targeted levels of service.

- 9 The following table summarises achievement against the 101 key performance indicators. Overall the Council achieved 82% of its 2014/15 KPI's. The result was 80% in the previous two years.

Key Performance Indicators	Year End Result to 30 June 2015	Percentage of relevant measures
Achieved / ongoing	75	82%
Not achieved	16	18%
Total Relevant KPIs	91	100%
Not relevant	10	
Total KPIs	101	

Financial results

- 10 Council's financial statements, annual report disclosure statement (prudence benchmarks) and cost of activity statements are presented in the Finance and revenue section (pages 115-192) of the draft Annual Report 2014/15.
- 11 Council's financial performance for the year ended 30 June 2015 was \$1.45 million favourable than planned. This was mainly due to negotiating a final settlement from Mainzeal's receivers for additional work required to complete the Coastlands Aquatic Centre and additional subsidies were received from the New Zealand Transport Agency for road repairs caused by the two flood events in May and June 2015.
- 12 The total capital expenditure for the year ended 30 June 2015 was \$5.42 million below budget. This underspend includes efficiency savings of \$1.23 million. Due to project delays, the remaining budget underspend of \$4.19 million has been carried over to the 2015/16 financial year.
- 13 Council's total assets for the year ended 30 June 2015 are \$1.46 billion. Half of this relates to land under roads which was last revalued in 2013/14. The majority of Council's assets are infrastructural assets (stormwater, wastewater, roads, bridges, cycleways and walkways).
- 14 Council ended the financial year with borrowings of \$138 million as planned. A more streamlined approach was taken to managing Council's cash flows and new borrowings during the year.
- 15 Council retained its Standard & Poor's credit rating of A+ for 2014/15. This was a good outcome in a generally difficult environment and helps to reduce Council's borrowing costs.

CONSIDERATIONS

Policy considerations

- 16 There are no policies for the committee to consider in regard to this matter.

Legal considerations

- 17 The draft Annual Report has been prepared to meet the requirements of the Local Government Act 2002. The final Annual Report must contain an auditor's opinion on whether it meets the requirements of the Local Government Act 2002 (the Act). That audit by Ernst and Young was undertaken in August/September 2015.
- 18 As required by the Act, a summary of the Annual Report must also be prepared and audited to ensure that it represents, fairly and consistently, the information regarding the major matters dealt with in the full Annual Report. Ernst and Young have also provided an opinion on the Annual Report Summary.
- 19 The Act requires that the Council, within one month after the adoption of its Annual Report, must make publicly available both its Annual Report and a summary of the information contained in its Annual Report.
- 20 The Annual Report and the Annual Report Summary will be made available to the public on the Council's website and through service centres and libraries as soon as possible after the Council meeting on 15 October 2015.

Financial considerations

- 21 There are no financial or funding implications for the Council to consider.

Tāngata whenua considerations

- 22 A message from Tāngata Whenua has been included in this draft Annual Report.

SIGNIFICANCE AND ENGAGEMENT

- 23 This matter has a low level of significance under Council policy.

Publicity

- 24 A high level communications plan has been developed to support the public release of the Annual Report 2014/15.

RECOMMENDATIONS

- 25 That the Council adopts pursuant to Section 98 of the Local Government Act 2002, the Kāpiti Coast District Council Annual Report for the year ended 30 June 2015 attached as Appendix 1 to this report (SP-15-1719).
- 26 That the Council delegates to the Mayor, Chair of Corporate Business Committee and Chief Executive the authority to approve minor editorial changes to the material contained in the Annual Report 2014/15 (Appendix 1 to Report SP-15-1719) prior to publication.

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ATTACHMENT

Appendix 1: Annual Report 2014/15