
ORDINARY MEETING

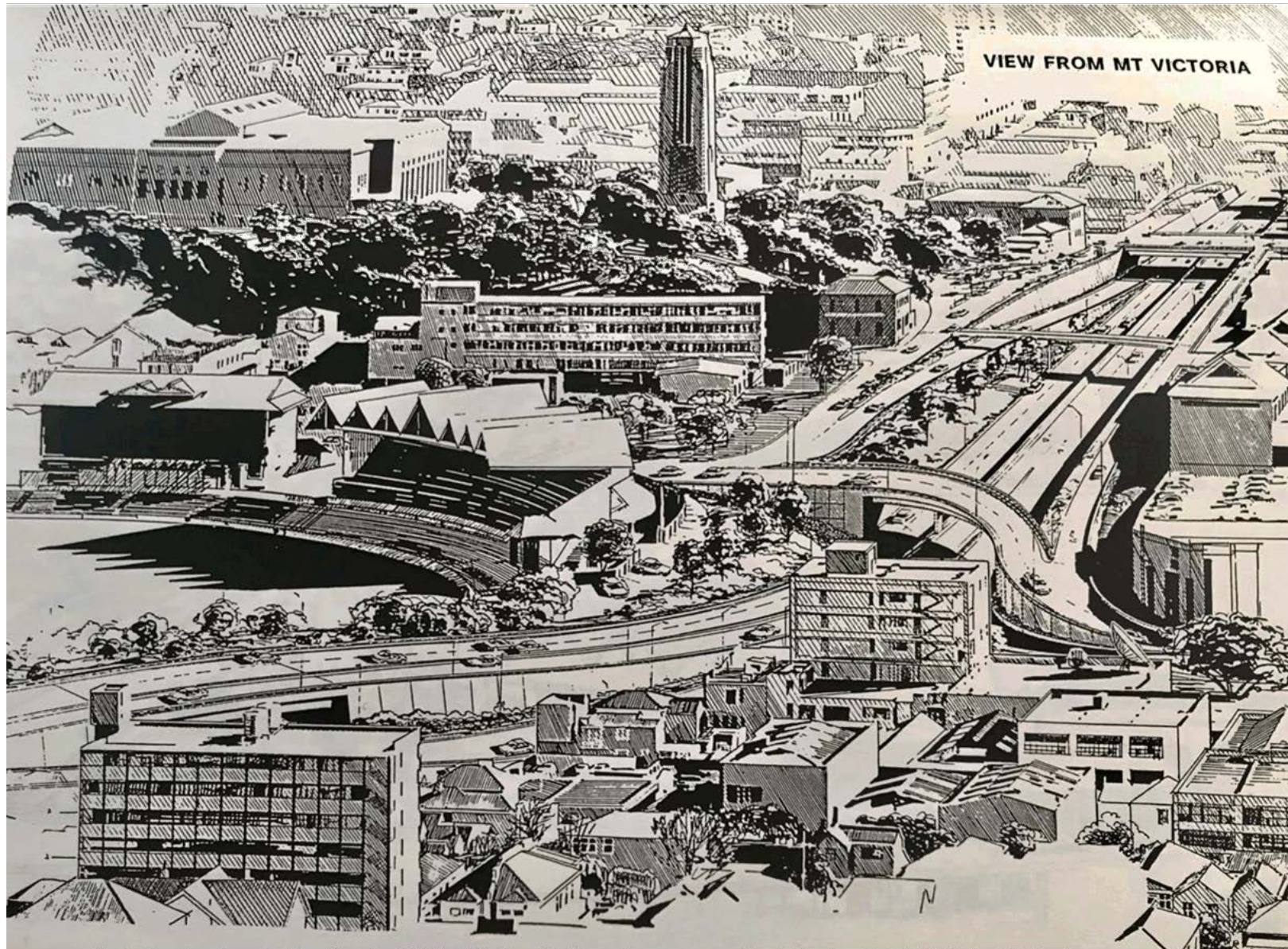
OF

WELLINGTON CITY COUNCIL

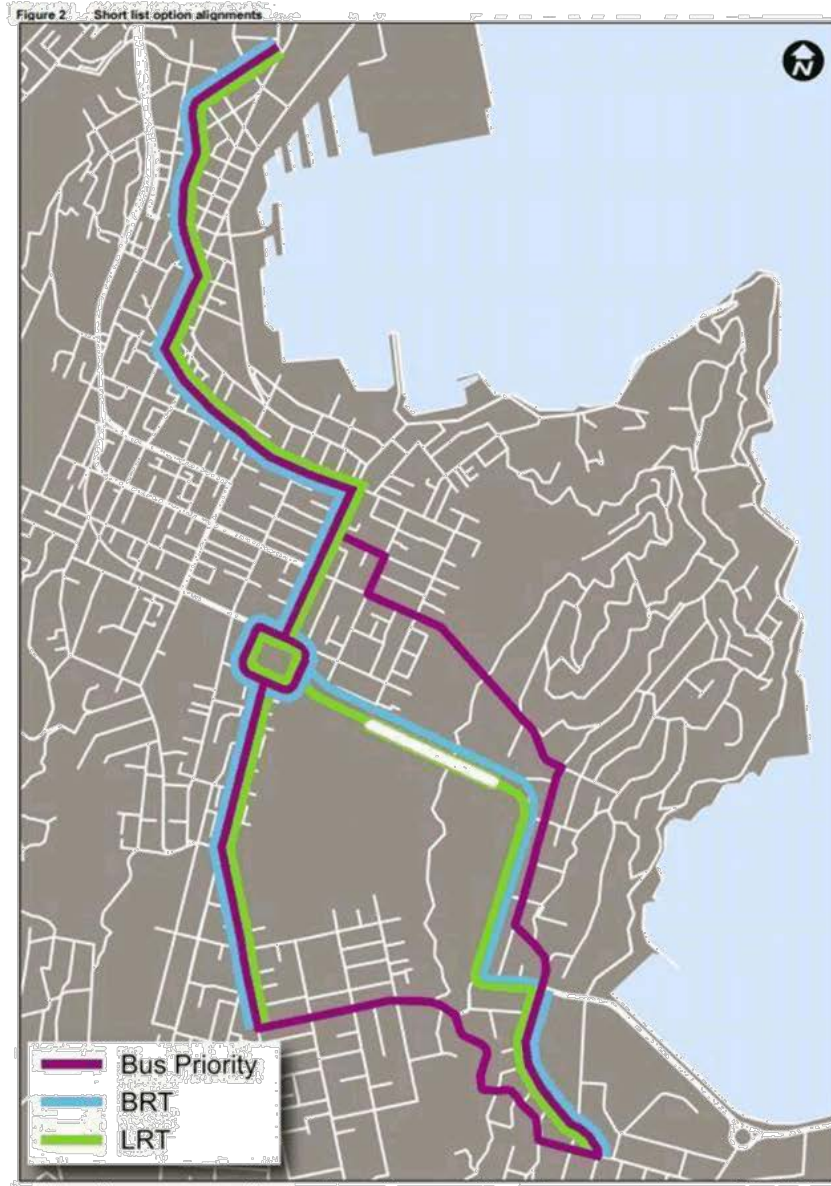
MINUTE ITEM ATTACHMENTS

Time: 9:30am
Date: Wednesday, 26 June 2019
Venue: Ngake (16.09)
Level 16, Tahiwī
113 The Terrace
Wellington

Business	Page No.
2.1 Let's Get Wellington Moving programme endorsement, funding and next steps	
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ORDINARY COUNCIL MEETING
26 JUNE 2019

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

REPORT OF THE LONG-TERM AND ANNUAL PLAN
COMMITTEE MEETING OF 26 JUNE 2019

Members: Mayor Lester, Councillor Calvert, Councillor Calvi-Freeman, Councillor Dawson, Councillor Day (Chair), Councillor Fitzsimons, Councillor Foster, Councillor Free, Councillor Gilberd, Councillor Lee, Councillor Marsh, Councillor Pannett, Councillor Sparrow, Councillor Woolf, Councillor Young.

The Committee recommends:

ARLINGTON REDEVELOPMENT PROJECT - RESULTS OF CONSULTATION

Recommendation/s

That the Council:

1. Agrees to progress the proposal with Housing New Zealand Corporation.
2. Authorises the Chief Executive to conclude all matters in relation to the project including the execution of the agreement to lease and lease on behalf of Council, noting the requirement of clause 8d.
3. Adopts the amendment to the 2018 Long Term Plan (Attachment 1).
4. Agrees that before Council confirms it is satisfied with HNZ's affordable housing product, as it relates to HNZC's option to transfer ownership of up to 30% of Arlington Sites 1 and 3, approval will be sought through a report to Council or the appropriate Council committee.
5. As part of its requirement under recommendation 4., directs officers to ensure retained affordability across generations is considered

Attachments

Attachment 1. Proposed amendment to the Long-Term Plan 2018-2028

Appendix 1: Proposed Arlington Amendment of the 2018-28 Long-term Plan

The proposed amendment of the 2018-28 long-term Plan (LTP) consists of the insertion of a paragraph into Volume 1 Section 5.3 of the LTP for the development of the Arlington sites 1 and 3. The inserted paragraph is in **bold italics** in the following. This paragraph will appear on page 96 of Volume 1 of the 2018-28 LTP. Volume two of the LTP is unaltered. On approval of the amendment the LTP document and website will be updated.

5.2 Tautoko Hāpori | Community support

By providing libraries, community centres and social housing we foster diverse and inclusive communities and enable people to connect with information and each other.

We provide a wide range of facilities forming part of the city's 'hard' social infrastructure that support community wellbeing. These include libraries, community spaces and social housing.

Activities in this group

- 5.2.1 Libraries
- 5.2.2 Access support (Leisure Card)
- 5.2.3 Community advocacy
- 5.2.4 Grants (social and recreation)
- 5.2.5 Social housing
- 5.2.6 Community centres and halls

Rationale

- *To foster diverse and inclusive communities. Our community facilities are places for groups to come together – strengthening social cohesion, celebrating diversity and making the city a more appealing and welcoming place to live.*
- *To enable people to connect with information and with each other. Our community facilities are places of discovery and learning that allow people to connect with others and exchange knowledge through events and other activities.*

Services we provide

- Access for all Wellingtonians to a wide array of books, magazines, DVD, e-books, e-audio, online journals and e-music tracks through 12 libraries around Wellington
- Access to community spaces, including a citywide network of 25 community centres
- Ensuring residents have the opportunity to participate in communities of choice, accessing support through a variety of mechanisms, including community grants
- Support for community groups, ensuring Wellington's diverse population is supported and embraced by a tolerant, caring and welcoming community
- Subsidised rental for low-income Wellingtonians whose housing is not met by the private sector – we currently house over 4000 people in 2200 units

Key projects/programmes

Housing supply

- *Housing Strategy. We have developed a Housing Strategy that sets a framework for all housing in Wellington. The broad aim of the strategy is for all Wellingtonians to be well housed. The*

strategy covers the full spectrum of housing – from emergency housing, social housing, assisted rental, private rental and assisted ownership through to private ownership. It sets four goals to be achieved over a 10-year period:

- Wellington has a well-functioning housing system
- Homes in Wellington are of good quality and are resilient
- Homes meet the needs of Wellingtonians
- The housing system supports sustainable, resilient and connected communities

The strategy provides a framework for the strategic housing investment plan, as discussed below, as well as housing development initiatives, as discussed in the urban development chapter. The full strategy can be found online at <https://wellington.govt.nz/your-council/plans-policies-and-bylaws/policies/housing-strategy>

- **The Strategic Housing Investment Plan (SHIP).** This programme of work includes the redevelopment and intensification of Council-owned land or existing social housing sites to increase the supply and quality of affordable and social housing in Wellington. This work will deliver towards our goal of providing 750 new social and affordable housing units over the next 10 years.
 - We have a programme to upgrade existing Council social housing throughout the city. We are approximately halfway through this programme of work and have \$146 million of capital expenditure in the budget over the next 10 years to upgrade our remaining social housing units. As we progress this work, we propose to leverage a proportion of those land/sites we own – either through lease arrangements or disposal – to attract investment from other housing providers, central government and developers to deliver affordable housing (in conjunction with the Council's social housing).
 - *During 2019 we will enter into an agreement with Housing New Zealand Corporation (HNZC) for the development of Arlington sites 1 and 3. HNZC expects to build between 230 and 300 homes on the site – a mix of social and affordable housing, including up to 40 supported living units for tenants with complex issues. The site would be leased to the Crown for 125 years. HNZC will retain an option to buy up to 30% of Arlington sites 1 and 3 so part of the site can be developed as affordable homes for sale. HNZC will be responsible for the design, redevelopment, social housing service management, funding and maintenance of the site. HNZC will develop the site with reference to the existing Council's masterplan for the redevelopment of the site. The Council will receive \$1 million, which will be reinvested into the Council's social housing portfolio. There will be little or no additional cost to ratepayers and it is proposed that progress milestones will be jointly monitored by the Council and HNZ.*
 - We have budgeted an additional \$22 million of capital expenditure and \$10.7 million of operational expenditure over the next 10 years to catalyse SHIP's development programme. Funding will be used for master planning, geotechnical work, developing partnership proposals and preparing sites ready for development. The overall objective will be to recover some of this through increasing land value prior to disposal and/or by maximising the land for optimal development.
 - Construction of the Council's social housing units will be funded through the existing Social Housing Upgrade Programme (and revenue from any disposal / lease of surplus land). The assumption is that construction of affordable housing units will be funded and delivered by development partners.



To the reader

Independent auditor's report on Wellington City Council's amended 2018–28 long-term plan

I am the Auditor-General's appointed auditor for Wellington City Council (the Council).

The Council adopted its 2018–28 long-term plan (the plan) on 27 June 2018.

A long-term plan must contain a report from the auditor on:

- whether the plan gives effect to the purpose set out in section 93(6) of the Local Government Act 2002; and
- the quality of the information and assumptions underlying the forecast information in the plan.

We issued an unmodified opinion on the plan in our report dated 27 June 2018.

The Council has since consulted on a proposed amendment to the plan. The amendment to the plan is set out in page 96 of Volume One of the plan (incorporating 2019 Amendment) (the amended plan).

Following the consultation process, the Council has decided to amend its plan. The amended plan replaces the previously adopted plan.

The amended plan must contain a report from the auditor that either confirms or amends the previous audit report issued when the plan was adopted.

My report is below.

I carried out the work for this report using the staff and resources of Audit New Zealand. This work was completed on 26 June 2019.

Report confirming our previous opinion

Our work for this report focused only on the amendment and its effect on the plan. We did not repeat the audit work we did on the plan when it was originally adopted.

As a result of this work, we do not consider it necessary to amend our previous opinion which was included in our report on the plan as originally adopted.

I confirm that our previous audit opinion on the plan as originally adopted issued on 27 June 2018 is not affected by the amendment to the plan.

As for our opinion on the plan prior to it being amended, this report does not provide assurance that the forecasts in the amended plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the amended plan.

Basis of this report

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We did not evaluate the security and controls over the electronic publication of the amended plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to amending the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the amended plan to be free from material misstatement.

I am responsible for reporting on whether the amendment to the plan affects my previous audit report on the plan as originally adopted. I do not express an opinion on the merits of the plan's policy content.

Independence and quality control

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to this report on the Council's amended 2018–28 long term plan and all legally required external audits, we provided an assurance report on certain matters in respect of the Council's Debenture Trust Deed and performed a review of the revenue and expenditure of the Clifton Terrace car park managed by the Council on behalf of the New Zealand Transport Agency. These assignments

are compatible with those independence requirements. Other than these assignments. We have no relationship with or interest in the Council.

Karen Young

Karen Young, Audit New Zealand
On behalf of the Auditor-General, Wellington, New Zealand

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

26 June 2019

Karen Young
Appointed Auditor
Audit New Zealand
PO Box 99
Wellington 6064

Dear Karen

Letter of representation for the audit of the long-term plan, as amended

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of Wellington City Council (the Council's) amended Long Term Plan (LTP) for the 10 years commencing 1 July 2018.

When the Council adopted its LTP, you reported on:

- the extent to which the LTP gives effect to the purpose set out in section 93(6) of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the LTP.
- In the case of an amended LTP, you are required to issue a new report, confirming or amending the audit report made when the LTP was adopted. The new report for the amended LTP is to sit with the previous audit opinion.

This representation letter is given to you in connection with your responsibility to give that report.

We understand that your audit was carried out in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we understand you took into account particular elements of the Auditor-General's Auditing Standards and International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

We acknowledge that actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material, and that you express no opinion as to whether the forecasts will be achieved. We also acknowledge that you do not express an opinion on the merits of any policy content of the amendment to the LTP.

Wellington City Council

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We confirm, to the best of our knowledge and belief, as it applies to the amendment to the LTP, the following representations:

General

- 1 The Council accepts that it is responsible for having an LTP that meets the requirements of the Act responsible for having an LTP:
- 2 In complying with the requirements of the Act in relation to amending the LTP, we have acted in such a manner and included in the amended LTP such detail as we consider on reasonable grounds to be appropriate.
- 3 The amendments to the LTP have been prepared using the best information currently available to the Council in respect of those amendments. All other forecast information in the LTP that is not affected by the amendments remains the same as when the LTP was originally adopted.
- 4 The LTP, as amended has been prepared and is consistent with Council's own policies and strategies and the strategies and policies of other organisations where appropriate.
- 5 There are no uncorrected misstatements.

Underlying Information and Assumptions

- 6 The forecast information relating to the amendment to the LTP has been properly prepared on the basis of the underlying information and the assumptions adopted. The assumptions and information underlying the forecast information are reasonable and supportable in the context of Council's position and have been based on the best information currently available to Council in respect of the amendment. The assumptions are consistent among themselves, consistent with the current strategies and plans of the Council and have been consistently applied.
- 7 All significant assumptions relating to the amendment to the LTP have been included in the preparation of the forecast information, and have been clearly identified in the LTP. Where significant assumptions have a high level of uncertainty that uncertainty has been stated and the potential effects of the uncertainty on the forecast financial information have been provided.
- 8 The amendments to the LTP include all the items of operating expenditure and capital projects related to the matters subject to amendment, which the Council reasonably expects will be undertaken in the period covered by the plan. All other operating expenditure and capital projects are consistent with the original LTP.
- 9 The forecast of capital expenditure and operating expenditure relating to the amendment to the LTP are supported by, and consistent with, the underlying information in the asset management plans and the infrastructure strategy.

- 10 The records maintained by Council were adequate for the preparation of the Council's LTP, as amended.
- 11 We have made available to you all supporting documentation on the underlying information and assumptions used to prepare the LTP, as amended.
- 12 All minutes of relevant meetings of the Council and its sub-committees held to date have been made available to you for inspection, including summaries of recent meetings for which minutes have not yet been prepared or approved.

Performance framework

- 13 The forecast information and proposed performance measures relating to the amendment to the LTP provide an appropriate framework for the meaningful assessment of the actual levels of service. The performance measures reflect the intended levels of service for those activities the Council has chosen to undertake in response to community consultation and legislative requirements. Proposed performance targets are based on the equivalent basis of reasonable and supportable assumptions and underlying information.

Systems and processes

- 14 The Council accepts that it is responsible for establishing and maintaining systems and processes designed to provide reasonable assurance as to the integrity and reliability of the forecast information. The Council has maintained effective systems and processes and they have operated to generate accurate and reliable forecast information.

Legislative compliance

- 15 The Council accepts that it is responsible for ensuring that all applicable aspects of the Act for amending the LTP have been complied with. To the best of its knowledge the Council has complied with all legislative requirements in amending the LTP.
- 16 The Council has followed the decision-making provisions of Part 6 of the Act in making decisions about the content and options considered for inclusion and exclusion when amending the LTP.
- 17 The Council has followed the special consultative procedure in amending the LTP. All changes to the underlying information resulting from consultation have been appropriately reflected in the LTP, as amended.
- 18 We have a significance and engagement policy that outlines the Council's approach to determining the significance of proposals and decisions in accordance with section 76AA of the Act.
- 19 The Council has considered the balanced budget requirements outlined in section 100 of the Act, and is managing its revenue, expenses, assets, liabilities and general financial dealings prudently as required by sections 101 and 101A of the Act. We have made

adequate provision to meet the expenditure needs of the Council identified in the LTP, as amended.

20 The Council has adopted and applied the following policies in the development of the LTP, as amended:

- A revenue and financing policy that complies with section 103 of the Act and has been prepared after consideration of the matters outlined in section 101(3) of the Act.
- An investment and liabilities management policies that complies with section 105 and 104 of the Act.
- A policy on development contributions or financial contributions that complies with section 106 of the Act.
- A policy on remission and postponement of rates on Maori freehold land that complies with section 108 of the Act.
- Rates postponement policy adopted under section 110.
- Rates remission policy adopted under section 109 of the Act.

These policies have formed the basis for the financial parameters used in the preparation of the LTP, as amended.

21 All the information, required by schedule 10, Part 1 of the Act, has been included in the LTP, as amended.

22 All the information, required by the Local Government (Financial Reporting and Prudence) Regulations 2014, has been included in the LTP, as amended.

Generally Accepted Accounting Practice

23 The accounting policies applied to the forecast financial statements comply with generally accepted accounting practice and are those that the Council intends to use in the future for reporting historical financial statements. Any change in accounting policy from policies previously applied and reported in historical financial statements has been disclosed in the LTP, as amended.

24 The estimated impact of the revaluation of service delivery assets has been incorporated into the LTP, as amended.

25 The forecast financial information has been prepared and presented in accordance with FRS-42 *Prospective financial statements*.

- 26 The accounting policies and financial forecast information have been prepared in accordance with the accounting policies.
- 27 The Council's assumption regarding future price changes on the forecast financial information is based on best information currently available in respect to the amendments to the LTP and all other forecast information is consistent with the original LTP.

Publication of the LTP and Related Audit Report on the Council's website

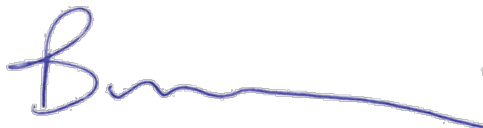
- 28 The Council accepts that it is responsible for the electronic presentation of the audited LTP, as amended.
- 29 The electronic version of the audited LTP, as amended and related audit report presented on the website are the same as the final signed version of the audited LTP, as amended and audit report.
- 30 We have clearly differentiated between audited and unaudited information in the construction of the Council's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- 31 We have assessed the security controls over audited forecast information and the related audit report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- 32 Where the audit report on the full amended LTP is provided on the website, the amended LTP is also provided in full.

These representations are made at your request, and to supplement information obtained by you from the records of the Council and to confirm information given to you orally.

Yours sincerely



Justin Lester
Mayor



Kevin Lavery
Chief Executive



Wellington City Council Forecast Statement of Comprehensive Revenue and Expense For the year 2019/20					
	LTP 2018/19 \$000	Annual Plan 2019/20 \$000	Variance to LTP \$000	Variance to LTP %	Notes
Revenue					
Rates	310,705	325,857	15,152	4.9%	1
Revenue from operating activities					
Development contributions	2,000	2,000	-	0.0%	
Grants, subsidies and reimbursements	40,708	32,367	(8,341)	-20.5%	2
Other operating activities	142,965	146,386	3,421	2.4%	3
Investments revenue	24,196	25,861	1,665	6.9%	4
Fair value gains	4,262	8,672	4,410	103.5%	5
Other revenue	1,100	7,337	6,237	567.0%	6
Finance revenue	13	13	-	0.0%	
Total Revenue	525,949	548,493	22,544	4.3%	
Expense					
Finance expense	24,918	24,902	(16)	-0.1%	
Expenditure on operating activities	366,116	407,555	41,439	11.3%	7
Depreciation and amortisation expense	117,158	124,573	7,415	6.3%	8
Total Expense	508,192	557,030	48,838	9.6%	
Total operating surplus/(deficit)	17,757	(8,537)	(26,294)	-148.1%	
Share of equity accounted surplus from associates and jointly controlled entity	-	-	-	0.0%	
Net surplus before taxation	17,757	(8,537)	(26,294)	-148.1%	
Income tax expense	-	-	-	0.0%	
Net Surplus	17,757	(8,537)	(26,294)	-148.1%	
Other comprehensive revenue and expense					
<i>Items that will be reclassified to surplus/(deficit)</i>					
Fair value through other comprehensive revenue and expense					
Fair value movement - financial assets - net	-	-	-		
<i>Items that will not be reclassified to surplus/(deficit)</i>					
Revaluations:					
Fair value movement - property, plant and equipment - net	-	204,856	204,856	0.0%	
Cash flow hedges:					
Fair value movement - net					
Fair value through other comprehensive income					
Fair value movement - financial assets - net					
Total other comprehensive revenue and expense	-	204,856	204,856	0.0%	
Total Comprehensive Revenue and Expense	17,757	196,319	178,562	1005.6%	

- 1 This is consistent with the proposed rates increase of 3.9%, once 1% growth in the ratepayer base is taken into account.
- 2 Reduction in NZTA grants for Capex \$8.6m, anticipated in LTP -
- 3 The 18/19 funding included LED street lighting programme (\$2m), additional funding for walls, bridges, tunnels (\$1m), and \$8m for cycling projects which did not continue into 19/20. Increases from 18/19 to 19/20 came from footpath funding of \$3m.
- 4 Shows an increase in Building Consent revenue \$1.5m, Parking \$1.4m, other fee increases; in line with anticipated LTP increases
- 5 Mainly due to an increase in the dividend from Wellington International Airport Ltd
- 6 Valuation increase on investment properties owned by WCC (held for lease value/capital growth)
- 7 A forecast gain on disposal of land at Shelly Bay \$4.75m; A forecast increase in the Plimmer Bequest \$650k income to develop Newlands Park
- 8 Contract costs increase \$11m, of which \$3m is inflation. A \$9m increase was anticipated in the LTP
- 9 \$17m deed of release/loss on disposal re Arlington 1 and 3; Additional \$3.575m library costs due to closure of Central library
- 10 Personnel costs : net increase is \$6.3m in salaries, includes remuneration increases \$1.3m, additional staff \$4.4m
- 11 Depreciation increase due to the increase in underlying asset value due to property revaluation and new capitalisations

Wellington City Council					
Prospective Statement of Financial Position					
For the year 2019/20					
	LTP	Annual Plan	Variance	Variance	Notes
	2018/19	2019/20	to LTP	to LTP	
	\$000	\$000	\$000	%	
Assets					
<i>Current assets</i>					
Cash and cash equivalents	440	10,660	10,220	2322.7%	1
Other financial assets	-	120,000	120,000	0.0%	1
Receivables and recoverables	36,140	54,581	18,441	51.0%	2
Recoverables from non-exchange tran	14,000	-	(14,000)	-100.0%	3
Receivables and recoverables	50,140	54,581	4,441	8.9%	
Prepayments	13,530	22,130	8,600	63.6%	2
Inventories	874	1,617	643	66.0%	
Non-current assets classified as held fi	-	-	-	0.0%	
Total current assets	65,984	208,988	143,904	221.1%	
<i>Non-current assets</i>					
Derivative financial assets	-	-	-	0.0%	
Receivables and recoverables	-	-	-	0.0%	
Other financial assets	14,315	14,667	352	2.5%	
Intangibles	31,072	26,709	(4,363)	-14.0%	3
Investment properties	241,913	263,740	22,727	9.4%	4
Property, plant & equipment	7,224,938	7,566,684	341,746	4.7%	5
Investment in controlled entities	5,071	5,998	927	18.3%	
Investment in associates and jointly controlled	19,465	19,465	0	0.0%	
Total non-current assets	7,535,874	7,897,263	361,389	4.8%	
Total Assets	7,600,958	8,106,251	505,293	6.6%	
Liabilities					
<i>Current liabilities</i>					
Derivative financial liabilities	-	-	-	-	
Exchange transactions and transfers payable	60,154	54,160	(5,994)	-10.0%	
Taxes payable (instead of Taxes and transfers	12,900	9,574	(2,426)	-20.2%	
Exchange transactions and transfers payable	72,154	63,734	(8,420)	-11.7%	6
Revenue in advance	14,388	15,277	889	6.2%	
Borrowings	125,000	126,000	1,000	0.8%	7
Employee benefit liabilities and provisio	8,416	9,528	1,112	13.2%	8
Provision for other liabilities	8,882	11,546	2,664	30.0%	9
Total current liabilities	228,840	226,085	(2,755)	-1.2%	
<i>Non-current liabilities</i>					
Derivative financial liabilities	-	62,495	62,495	0.0%	10
Exchange transactions and transfers payable	630	-	(630)	-100.0%	
Borrowings	506,309	676,962	170,653	33.7%	7
Employee benefit liabilities	1,311	1,227	(84)	-6.4%	8
Provisions for other liabilities	23,384	32,129	8,745	37.4%	9
Total non-current liabilities	531,634	772,813	241,179	45.4%	
Total Liabilities	760,474	998,898	238,424	31.4%	
Equity					
Accumulated funds and retained earning	5,111,237	5,105,094	(6,123)	-0.1%	
Revaluation reserves	1,716,629	2,045,106	328,477	19.1%	11
Hedging reserve	-	(62,495)	(62,495)	0.0%	10
Fair value through other comprehensive revenue	2,888	3,744	856	29.6%	
Restricted funds	9,750	15,904	6,154	63.1%	12
Total Equity	6,840,484	7,107,354	266,870	3.9%	
Total Equity and Liabilities	7,600,958	8,106,251	505,293	6.6%	

- 1 WCC now has a pre-funding policy on major projects eg the Convention and Exhibition Centre, and this has led to us holding more cash/short term investments to improve liquidity
- 2 Overall increased insurance premium from year to year has led to an increase in the prepayment
- 3 Reduction in net book value due to annual amortisation charge on software.
- 4 The revaluation was higher than originally expected
- 5 Higher than anticipated increase in net book value due to the revaluation of operational land & buildings
- 6 Forecast payables for 19/20 flow on from the forecast opening balance at June 18; this had reduced significantly compared with the estimate made a year earlier.
- 7 Gross Borrowings have increased by \$170m due to pre-financing policy (see 1) but net borrowings only by \$50m, as we have deposits of \$120m and cash has increased by \$10m
- 8 Increased payroll costs has led to an increase in payroll liabilities, including PAYE and leave accruals
- 9 This is due to an increase in the weather tight homes provision (which covers claims against WCC)
- 10 Movements in the hedging reserve are caused by unrealised gains/losses on the interest rate swaps we purchase to hedge our borrowings - this is due to forecast declining interest rates over the period
- 11 An increase in the fair value of our assets due to the 3-yearly revaluation
- 12 Self-insurance reserve increase \$1.4m (this reserve covers the excess on our insurance policy) in 19/20. During 17/18 there was an actual \$8m increase in the reserve (transferred from previous surpluses) which was not reflected in the LTP balance, and \$2.75m was used up to meet claims.