

Report To: Council

Meeting Date: 25 August 2026
Subject: 2025/26 Carry Forwards
Type: Decision Required
Author(s): Tina Hitchen
Chief Financial Officer

1 Purpose of Report

- 1.1 The purpose of this business paper is to seek approval to carry forward unspent 2025/26 operational and capital budgets to the 2026/27 financial year.

2 Suggested Resolutions

- 2.1 The following are suggested resolutions only and do not represent Council policy until such time as they are adopted by formal resolution.

- 1 The business paper on 2025/26 Carry Forwards be received.
- 2 Council approve the carry forwards of \$6,960,700 of unexpended 2025/26 capital budget and \$96,000 operational budget to the 2026/27 financial year as follows:

Capital Expenditure

Activity	Capital Project	Carryover \$	Comment
Leadership (\$126,600)	Aerial photography	37,600	Project delayed due to weather. New aerals will be flown during 2026/27.
	Connectivity improvements and renewals	20,000	Project is to upgrade connectivity for some WDC sites such as LMC. This also includes the implementation of connectivity solutions for transfer stations once a preferred solution is identified.
	End user devices	54,000	Ongoing equipment replacement. Device costs have increased by 25% over the past 6 months driven by a global shortage of RAM.
	IT hardware renewals	15,000	Ongoing IT hardware renewals including audio and/or visual components for WDC sites.
Recreation and Property (\$416,700)	Centennial Park development	101,300	Continuation of the development of Centennial Park.
	Eketone Street sections development	315,400	Continuation of the development of sections. To be funded as part of Better Off Funding.
Solid waste (\$1,303,000)	Te Kuiti transfer station improvements and renewals	20,000	Te Kuiti transfer station upgrade of weighbridge software and installation of safety signage and traffic markings
	Te Kuiti transfer station accessway renewals	250,000	Internal roading repairs and addressing potholes along with drainage improvements. This budget has been reallocated from the original Transfer station improvements budget.

Activity	Capital Project	Carryover \$	Comment
	Te Kuiti landfill capping	1,003,000	This carryover includes \$597,000 of the original capping budget allocated in the 2026/27 Annual Plan <u>plus</u> a reallocation of \$406,000 from the original Transfer station improvements budget.
	Te Kuiti resource recovery centre improvements	30,000	This budget has been reallocated from the original Transfer station improvements budget. This project includes increasing the capacity of the resource recovery centre to support more reusing of materials and reducing waste to landfill. To be funded from Waste Minimisation Levy funds.
Stormwater (\$651,000)	Te Kuiti stormwater improvements	173,000	Stormwater renewal work committed and work is underway.
	Te Kuiti stormwater – Eketone Street	120,000	Project is related to development of the Eketone Street sections. To be funded by Better Off Funding
	Te Kuiti stormwater main renewals and minor works	191,500	Planning for Te Kuiti stormwater main renewal is underway, with delivery targeted within the 2026/27 year.
	Te Kuiti stormwater catchment management plan renewals	92,000	Outstanding items identified in the catchment management plans will be actioned during 2026/27.
	Te Kuiti stormwater resource consent renewal	14,500	Stormwater resource consent work is underway. Once the draft resource consent is received, staff will finalise for lodgment with Waikato Regional Council.
	Rural stormwater renewals	51,000	The 2025/26 budget allocation was too small to enable any meaningful renewal works, so will be combined with the 2026/27 budget to delivery of viable programme of renewals.
	Rural stormwater catchment management plans	9,000	Outstanding items identified in the catchment management plans will be actioned during 2026/27.
Roads (\$4,463,400)	Storm damage renewals from July and October 2025 events	3,504,400	Continuation of road renewals as a result of the July and October weather events that damaged the roads network.
	Storm damage renewals from April 2026 event	569,000	Road renewals as a result of the April weather events. This is a reallocation of the remaining unspent budget from the 2022 and 2023 weather events.
	Roading renewals (including structures component replacements, drainage renewals)	390,000	Continuation of roading work programmes that are currently in progress.

Operational Expenditure

Activity	Operational Project	Carry Over \$
Leadership – reallocation of unspent audit fees budget	Unspent operational budgets reallocated to IT consultants fees to support IT projects including workflow design and automation and connectivity upgrades.	96,000

3 Background

- 3.1 At the end of the 2025/26 financial year, a number of projects and programmes that were either in progress and not completed or the start date was delayed due in part to availability of contractors, weather conditions, internal resourcing and prioritisation of other work programmes.
- 3.2 The incomplete capital projects will continue into the 2026/27 financial year and therefore, the unexpended budgets will need to be carried over into the 2026/27 budget.
- 3.3 The proposed carry forwards will not impact the adopted 2026/27 funding requirement as all the carryover budgets have a funding source either through subsidies, reserves or debt.
- 3.4 The operational programmes that were incomplete, have been rated for and the rates were collected during the 2025/26 financial year.

4 Commentary

CAPITAL PROJECTS

- 4.1 Total capital projects to be carried forward is \$6,960,700. The total revised capital programme for 2026/27 including the proposed carryovers will be \$29.7 million. Of the total revised budget, the forecast roads capital expenditure is \$24 million (81%) including emergency reinstatement and storm event repairs, which will be largely funded from NZTA.

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OPERATIONAL PROJECTS

- 4.2 The audit fees budget for 2025/26 was increased to allow for an audit of the anticipated LTP amendment following the transfer of waters assets and services. As no LTP amendment was required, the associated audit did not proceed and the budget remains unspent. It is proposed that the unspent budget for audit fees in Leadership is reallocated to support the delivery of IT projects.

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BETTER OFF FUNDED PROJECTS

- 4.3 Included elsewhere in the agenda is an update on the Better Off Funding. The 2026/27 budgets (revenue and expenditure) will be revised to incorporate the updated information.

5 Analysis of Options

- 5.1 Council has the option to approve the carryover budgets as proposed in the business paper or alternatively amend the carryover budgets. The majority projects are committed and/or in progress and reducing the available budget would negatively impact the completion of these projects.

6 Considerations

RISK

- 6.1 There is reputational risk associated with not approving the carry forward of these budgets to complete capital and operational projects as WDC has collected the rates for these projects and programs and not delivered them.
- 6.2 There is risk that the carryover of these projects may have negative impact on the delivery of the projects planned for the 2026/27 financial year.
- 6.3 There may be a risk of reducing service levels and/or increased long run costs due to escalating maintenance needs, potential emergency repairs and increased risks of disruption if the planned projects are not completed.

CONSISTENCY WITH EXISTING PLANS AND POLICIES

- 6.4 The approval of the proposed carryovers is consistent with existing plans and policies.

SIGNIFICANCE AND COMMUNITY VIEWS

- 6.5 The planned expenditure was already included in the relevant LTP and/or Annual Plan and the decision is of low significance when measured against WDC's Significance and Engagement policy

7 Recommendation

- 7.1 It is recommended that Council approve the proposed carry forwards.