GOVERNANCE AND SUPPORT - DRAFT OPERATING BUDGET 2026/27

Department: Finance

EXECUTIVE SUMMARY

1 This report provides an overview of the draft operating budgets for the Annual Plan 2026/27 for the Governance and Support Services Group, as shown at **Attachment A**. A draft funding impact statement is shown at **Attachment B**. The following activities are provided for:

- Business Information Systems (BIS)
- Civic and Governance
- Corporate Leadership
- Council Communications and Marketing
- Customer Services
- Finance
- People, Projects and Risk
- Corporate Policy
- Fleet Operations

2 A schedule of proposed fees and charges for the 2026/27 year is also presented at **Attachment C**.

3 This report asks the Council to adopt the draft operating budget for the purposes of developing the Annual Plan 2026/27.

RECOMMENDATIONS

That the Council:

a) **Adopts** for the purposes of developing the Annual Plan 2026/27:

i) The draft 2026/27 operating budget for the Governance and Support Services Group as shown/amended at Attachments A and B.

ii) The draft 2026/27 fees and charges schedules for the Governance and Support Services Group as shown/amended at Attachment C.

OPERATING BUDGETS

4 The 2026/27 draft operating budget is $53.700 million. This is an increase of $199k (0.4%) from the 2025/26 year. The following sections explain the revenue and expenditure changes from the previous year.

Revenue

Rates

5 The Governance and Support Services group includes the corporate support activities of Council and realises investment revenue (such as interest and dividends received from Dunedin City Holdings Limited 'DCHL' and the Waipori Fund).

6 Each corporate activity is funded through a combination of rates revenue, external revenue and internal revenue (charged to other council activities). After allowing for the Council investments which return a net surplus, the required rates revenue for the Governance and Support Services Group is $2.357 million.

7 The Governance and Support Services group includes the $1.250 million of rates funding for the stadium, as outlined in the Dunedin Stadium Property Debt Repayment Options report on this agenda.

External revenue

8 External revenue has decreased from $20.276 million to $20.113 million, a decrease of $163k (0.8%), as the 2025/26 year included recovery revenue from Otago Regional Council for the 2025 Election.

Fair value gain

9 Fair value gains have increased from $1.332 million to $1.470 million, an increase of $138k (10.4%), representing an increase of the anticipated unrealised fair value gains on the Waipori Fund. Fair value gains represent the movement in market value of investments.

Grants and subsidies

10 Grants and subsidies have decreased from $2.019 million to $445k, a decrease of $1.574 million (78.0%), reflecting a reduction in Better off Funding and is aligned with the programme. The operating grant continues to be administered corporately and allocated to relevant activities via internal revenue as costs re incurred. The 2026/27 year is the final year of this funding.

Internal revenue

11 Internal revenue has increased from $29.002 million to $30.019 million, an increase of $1.017 million (3.5%), primarily due to an increase in corporate charges of $952k, in line with the CPI, and an increase in the allocation of funding from 3 Waters to Finance for Local Water Done Well ringfencing requirements.

Expenditure

Personnel costs

12 Personnel costs have increased from $20.103 million to $21.131 million, an increase of $1.028 million (5.1%). This increase includes a general salary increase and a provision for Council wide annual leave changes resulting from the general salary increase.

Operations and maintenance costs

13 Operations and maintenance costs have decreased from $8.369 million to $7.865 million, a decrease of $504k (6.0%), primarily due to:

a) 2025 Election costs of $778k have been removed.

b) Council Communications and Marketing have savings of $34k due to reduced website maintenance contractor costs.

c) Fleet Operations costs have decreased by $55k, due mainly to expected reduction in the cost of fuel consumption, however partly offset by an increase in the cost of mechanical repairs.

d) Business Information Systems contracted services costs reduced by $136k due to a change in the document management system.

e) IT consultancy has decreased by $190k due to reclassification of expenditure to consumables and general costs line.

f) These decreases have been partially offset with an increase in the IT managed services contract. Contract costs increased $764k (18.0%), which is in line with the contract awarded during 2025.

Consumables and general costs

14 Consumables and general costs have increased from $10.537 million to $11.804 million, an increase of $1.267 million (12.0%), primarily due to increases in councillor remuneration ($214k), audit fees ($302k), software licence fees ($464k), and postage costs ($97k).

15 The reclassification of IT consultancy of $190k for Project Management Support and Cloud Architecture has been moved to consumables and general from operations and maintenance costs.

16 The Te Au Torara grant of $60k has been recoded from the Corporate Policy activity to Community Partnerships and has now been included in the grants list.

Internal charges

12 Internal charges have decreased from $9.444 million to $8.038 million, a decrease of $1.406 million (14.9%), mainly reflecting the reduction of Better Off Funding.

Depreciation costs

17 Depreciation has decreased from $2.969 million to $2.598 million, a decrease of $371k (12.5%), reflecting changes in timing and spend on project completion. This has resulted in lower deprecation than previously forecast.

Interest costs

18 Interest has increased from $1.793 million to $1.943 million, an increase of $150k (8.4%). Debt allocation will be reviewed before May 2026 which will result in a change to the interest allocation between activity groups.

FEES AND CHARGES

19 LIM fees have increased by 5% in alignment with the increasing cost of processing.

Signatories

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Attachments

	Title	Page
A	Draft Operating Budget 2026/27	
B	Funding Impact Statement - Governance and Support	
C	Draft 2026/27 fees and charges - Governance and Support Services	

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities, and promotes the social, economic, environmental and cultural well-being of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	✓	☐	☐
Economic Development Strategy	✓	☐	☐
Environment Strategy	✓	☐	☐
Arts and Culture Strategy	✓	☐	☐
3 Waters Strategy	✓	☐	☐
Future Development Strategy	✓	☐	☐
Integrated Transport Strategy	✓	☐	☐
Parks and Recreation Strategy	✓	☐	☐
Other strategic projects/policies/plans	✓	☐	☐

The Governance and Support Services Group activities primarily contribute to the objectives and priorities of the above strategies.

Māori Impact Statement

Council budgets impact broadly across all Dunedin communities, including Māori. The adoption of Te Taki Haruru – Māori Strategic Framework signals Council's commitment to mana whenua and to its obligations under the Treaty of Waitangi. Mana whenua and matāwaka will have the opportunity to engage in the Annual Plan 2026/27 consultation process.

Sustainability

The Annual Plan 2026/27 is not proposing any changes to that provided for in the 9 year plan 2025-34. Major issues and implications for sustainability are discussed in the Infrastructure Strategy and financial resilience is discussed in the Financial Strategy of the current 9 year plan 2025-34.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

This report provides draft budgets for the Governance and Support Services Group for inclusion in the Annual Plan 2026/27.

Financial considerations

Financial considerations are detailed in the report.

Significance

The 9 year plan 2025-34 budgets were considered significant in terms of the Council's Significance and Engagement Policy, and were consulted on. Variations to those budgets are discussed in this report. The draft budgets will be included in the Annual Plan 2026/27 and will be consulted on.

Engagement – external

There has been no external engagement in developing the draft budgets for the Governance and Support Services Group.

SUMMARY OF CONSIDERATIONS
Engagement - internal Staff and managers from across Council have been involved in the development of the draft budgets.
Risks: Legal / Health and Safety etc. There are no identified risks.
Conflict of Interest There are no known conflicts of interest.
Community Boards Community Boards will have an opportunity to engage in the Annual Plan 2026/27 consultation process.