2020 – 21 Annual Plan
(Year 3 of the 2018-28 Long Term Plan)

Council Briefing

11 February 2020

Whangarei District Council

Overview and Purpose of the Briefing

Recap on the last briefing

Budget update (Capex and Opex)

Fees and Charges

Communication approach

Next Steps, and . . .

LTP Heads up

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Recap

Elected members received briefings on 26 November 2019 and 12 December 2019. The matters raised included:

- Overview of the corporate planning cycle including the Long Term Plan, Annual Plan and Annual Report
- Current assumptions and context for the 2020/21 Annual Plan
- Overview of communication and engagement options
- Budget update
- Options for ensuring a realistic starting point, and to manage the capital programme/carryforwards

Option 1 preferred with communication, rather than formal consultation

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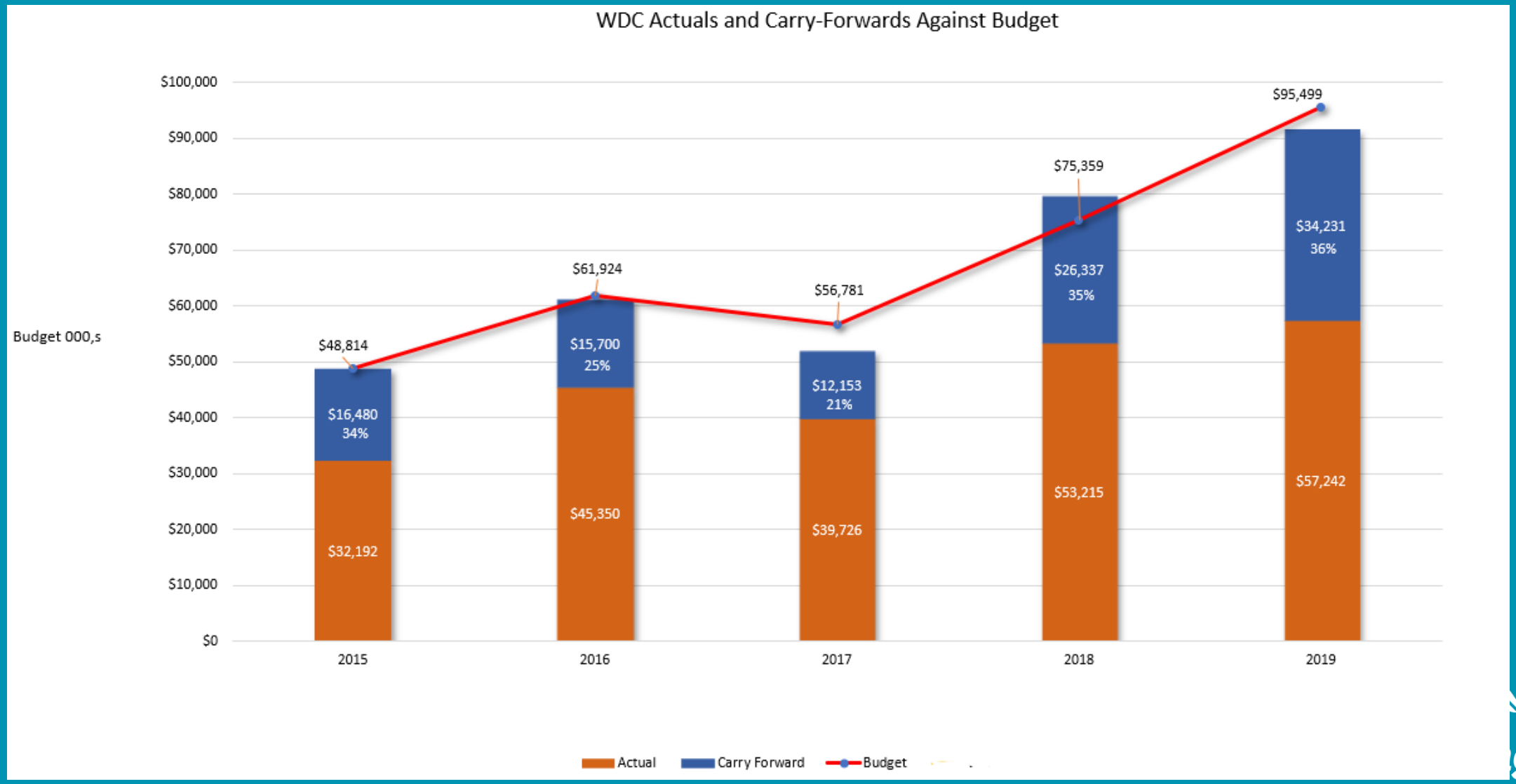
Capex trends



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Capital Programme

December briefing proposed to cap the capital works programme at $60m (excluding Whau Valley Water Treatment Plant included options for how to proceed with our Annual plan and capital programme:

Option 1	**Carryforwards BAU** – Proceed with planned carry forwards, accepting carry forwards of an estimated $26.3m, and up to $40m
Option 2	**Delete projects –** delete projects to minimise the impacts of carry forwards
Option 3	**Hybrid** – manage carryforwards as per option 1 but proactively engage the community on the issue

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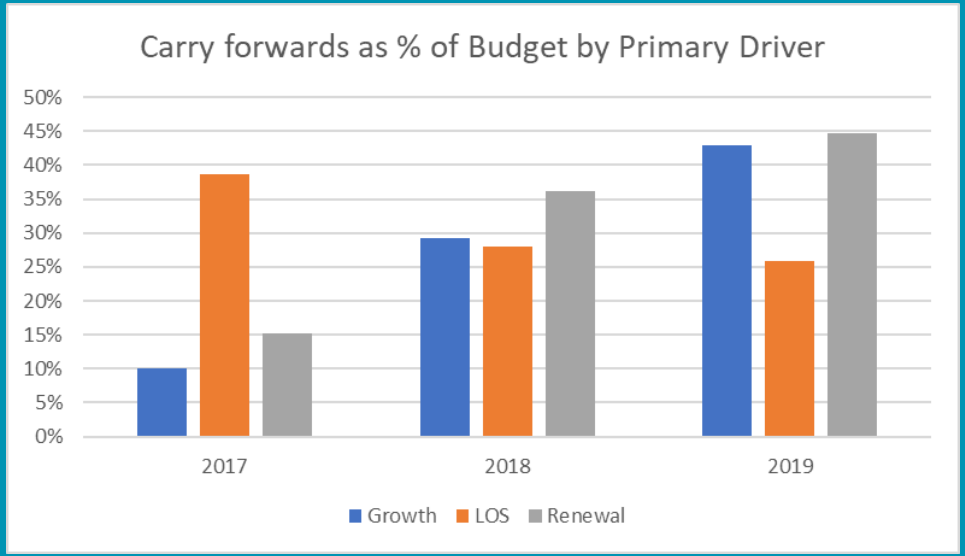
Capex update

- Review of carry forwards by activity/driver
- No clear trends for prioritization
- General Managers have worked with teams to identify recommended carry forwards
- Currently sitting at a $61.9m programme, with further work to be done



Plan to work through the programme in more detail, along with councillor feedback on potential gaps, in the March briefing noting:

- Capex (delivery) and opex (balanced budget) constraints
- Materiality and significance

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Draft capital programme

Changes	Amount $'000	Details
Year 3 of 2018-28 LTP	**84,607**	
Plus timing difference	10,139	Brought forwards and carry forwards
Starting point for 2020-21 Annual Plan	**94,746**	
Less brought forwards to 2019-20	(2,500)	Projects done earlier in current year
Plus estimated carry forwards to 2020-21	*18,540	Based on most recent forecast
Plus brought forwards from future (yrs 4 – 10)	3,410	Projects brought forward to do earlier
Less carry forwards to future	*(28,221)	Projects pushed out to later years
Total 2020-21 programme	**85,975**	
Less Whau valley Water Treatment Plant	(11,267)	
Civic Centre	$12,784	
	$61,924	

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Budget update

- Continue to fine-tune budgets and review after February forecasting is complete
- February forecast will form the basis of our opening position for the 2020-21 Annual Plan
- Capital programme changes (including associated opex)
- Known operational variances
- Current balanced budget benchmark position
- Next steps

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Known Operational Variances (to LTP Y3)

Key changes	Amount	Details
Capex programme changes (*Non-cash and timing differences)*		
Depreciation	($4.1m)	Significant increase in depreciation due to large gain on infrastructure revaluation (June 19) and roading (June 18)
Subsidies and grants	$1.9m	Timing differences due to Capital Programme
Opex on projects	$1.2m	Timing differences due to Capital Programme
Key changes as a result of external factors		
Rental expenses	($1.1m)	Actuals differs to budgeting assumption made
Fees and charges	($0.8m)	Actual revenue lower than LTP budget
Insurance & FBT*	($1.0m)	Changes to premiums as a result of global conditions and additional cover
Electricity*	($0.5m)	Increased pricing
Personnel costs*	($0.6m)	Increased roles
Other opex*	$(0.3m)	Eg, ICT contract/digital platform / civil defence
Borrowing costs	*$1.9m	Interest savings to due lower debt
Key changes as a result of Council decisions/direction		
Additional costs of recycling*	($0.9m)	Cost of processing recyclables has increased
Total impact on operating surplus / balanced budget	**($4.3m)**	

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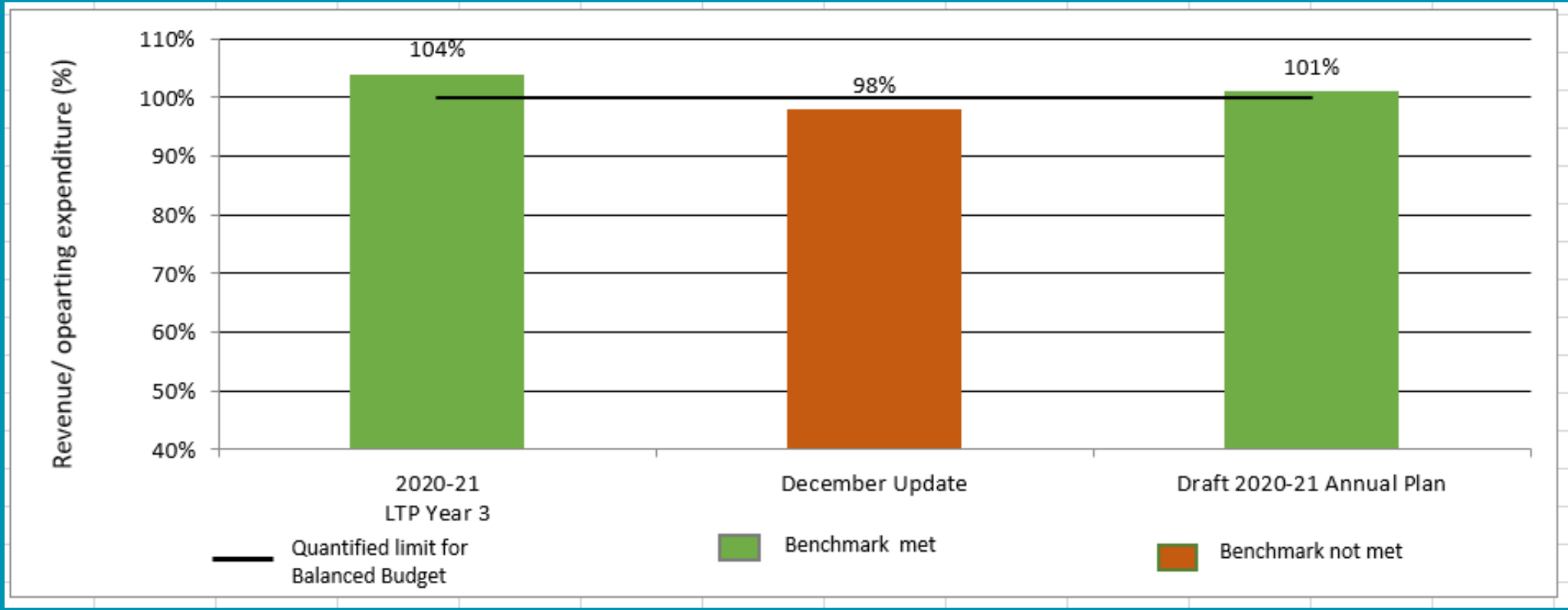
Balanced budget benchmark



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Opex budget - next steps

- Review of budget after February forecasting
- Further analysis of revenue and expense items to include approved unbudgeted spend (eg WRWC)
- Update opex changes resulting from changes to Capex programme
- Briefing to finalise and walk through final budget

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Fees and Charges

- Key assumptions for 2020-21 Annual Plan
  - Maintaining inflation increase
  - No notable changes recommended for this year

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2020-21 Fees and Charges – next steps

- February Council meeting agenda:
  - Adopt Statement of Proposal for 2020-21 fees and charges
  - Resolve to seek public submissions in accordance with Special Consultative Process
  - Adopt those fees not subject to consultation
- Consultation period 4 weeks beginning 2 March
- Hearings and deliberations (if required) in April
- June Council meeting agenda:
  - Adopt 2020-21 fees and charges

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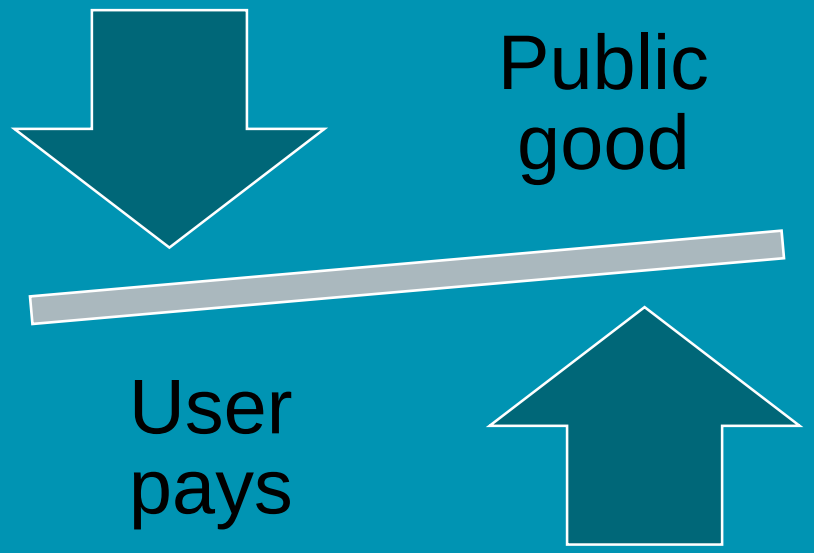
Fees and Charges

- The Revenue and Financing Policy identifies the various sources of funding for activities. This Policy underpins the calculation of Fees and Charges.



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Rolling Review

Undertake a rolling review of fees and charges ahead of the 2021-31 Long Term Plan

- What we will need to consider:
  - Objectives of the review
  - OAG / SOLGM guidelines for fee setting
  - Legal framework
  - Cost of delivering the service
  - Forecasting and budgeting assumptions (including internal allocations)
  - User perceptions (satisfaction / value for money etc)
  - Concessions / discounts

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Communication approach

Our objectives are to:

- Tell the story of Council's work (main core services and benefits to community)
- Let communities know what we are planning in year 3 of the LTP
- Build our connection with the community
- Educate about Council processes

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Approach

Build on last year's Annual Plan campaign featuring the 'BMX Kid'.

Why?

- No significant changes in Y3, so it makes sense to continue the conversation
- We invested in the video last year with the intention of re-using it
- It was a positive and successful campaign for WDC

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BMX Bike Kid – refresher

- Last year we used a digitally-led video campaign to take our message to the people and reach a wider and younger demographic
- The lead video detailed the highlights of the Annual Plan, while three shorter videos focused on water, roading and community facilities.
- Our BMX kid toured around our district and told our story in a real and accessible way.

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Annual Plan video 2019-20

Campaign result highlights

- Impressions = 411,859. The number of times the Annual Plan videos were served to viewers.
- Reach = 111,504. The number of individual people who viewed at least one video.
- Clicks = 6,609. The number of clicks to the Whangarei District Council website to "find out more".
- Click Through Rate = 1.6%. Clicks as a percentage of impressions. This is a great result, it is not unusual to see similar campaigns with a CTR of 0.5%.

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Key messages

- Commitment to key themes from current LTP:
  - We are a high growth District and Council need to plan for sustained growth over the next 30 years
  - We're investing in our core infrastructure to ensure we properly maintain and replace our roads and pipes
  - We want to keep our District attractive and make it even better to live in

- Showcase projects from Year 3 of the LTP to be delivered in 2020/21:

  - Just add water – including Whau Valley water treatment plant, stormwater and wastewater
  - Going places – roading network, intersection upgrades and cycleways
  - Investing in community– new town basin park, Pohe Island, sports fields and facilities

- Explain any deviation from the Year 3 programme set out in the LTP – what has changed and why?

- Capital works – start to manage expectations around the capital works programme

- We'll be starting to build our 2021-31 Long Term Plan soon. This is a great chance to tell us what you think our District needs over the next 10-30 years.

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Tactics

Update last year's Annual Plan videos with current info:

- Using BMX kid in video and commentating on the previous video
- "We told you about 'x' and now it's happening - show visuals of Whau Valley under construction"
- "We told you about 'y' - look it's done - Kamo Shared Path"
- "Here's what we're doing this year"

- Produce a 'Guide to this year's annual plan'.

These will be supported by other key channels including social media, website, print.

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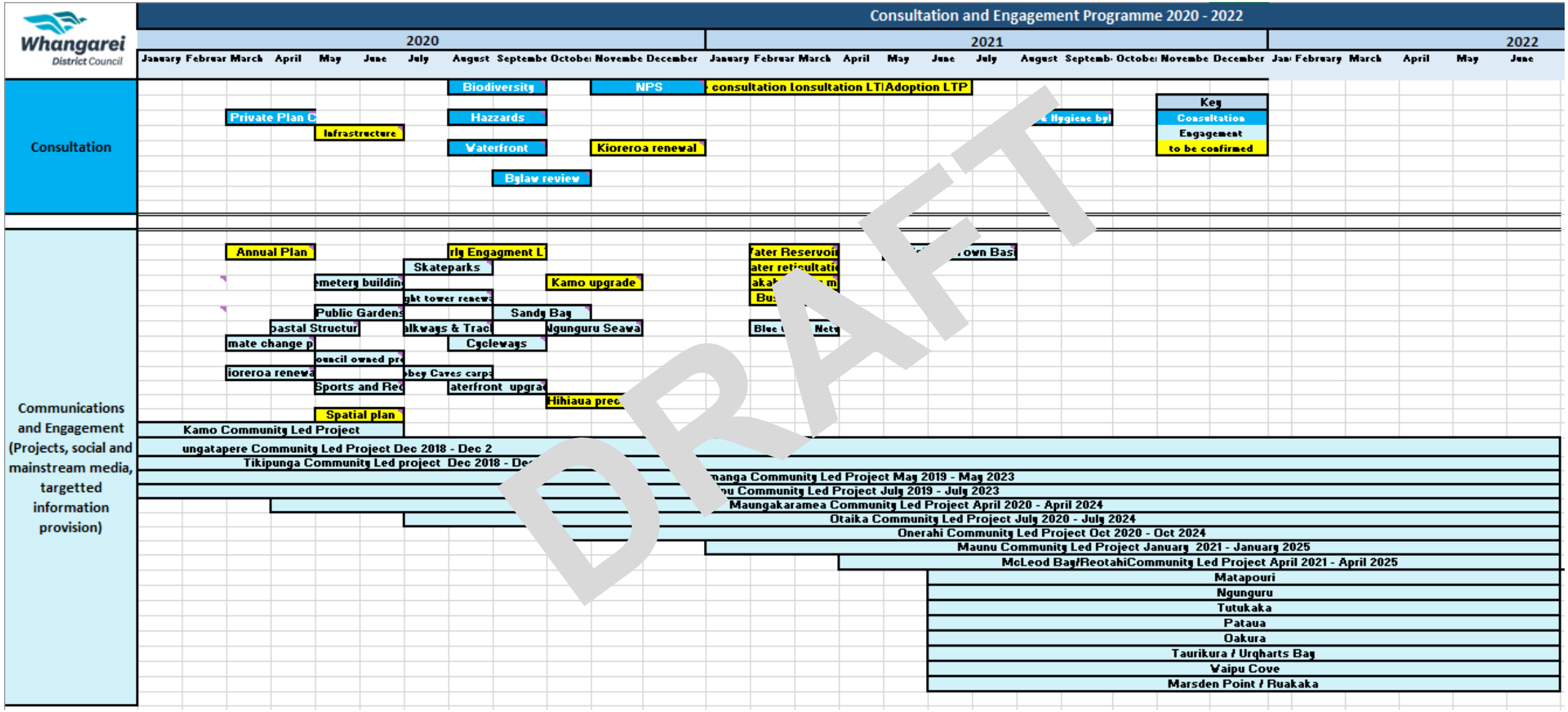
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Consultation and Engagement Programme 2020 - 2022
2020
2021
2022
January Februar March April May June July August Septembe Octobe Novembe December
January Februar March April May June July August Septemb Octobe Novembe December
Jan February March April May June
Consultation
Biodiversity
NPS
consultation lonsultation LTIAdoption LTP
Private Plan C
Hazzards
Hygiene byl
Infrastructure
Waterfront
Kioreroa renewal
Bylaw review
Key
Consultation
Engagement
to be confirmed
Communications and Engagement (Projects, social and mainstream media, targetted information provision)
Annual Plan
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Skateparks
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Kamo upgrade
ght tower renew
Public Gardens
Sandy Bay
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alkways & Trac
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Sports and Rec
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Spatial plan
Kamo Community Led Project
ungatapere Community Led Project Dec 2018 - Dec 2
Tikipunga Community Led project Dec 2018 - De
nanga Community Led Project May 2019 - May 2023
pu Community Led Project July 2019 - July 2023
Maungakaramea Community Led Project April 2020 - April 2024
Otaika Community Led Project July 2020 - July 2024
Onerahi Community Led Project Oct 2020 - Oct 2024
Maunu Community Led Project January 2021 - January 2025
McLeod Bay/ReotahiCommunity Led Project April 2021 - April 2025
Matapouri
Ngunguru
Tutukaka
Pataua
Oakura
Taurikura / Urqharts Bay
Waipu Cove
Marsden Point / Ruakaka
DRAFT

Questions and Comments

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2021 – 2031 Long Term Plan

Work is now underway to prepare for the 2021 – 2031 LTP

Over the next two months we will work with you on:

- Setting priorities for the 2021 – 2031 LTP (February Council)
- Vision and mission statement
- Developing the high level programme

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