

Long Term Plan Reset Post COVID-19

Council Briefing 7 May 2020

Agenda

Today we will cover the following:

- Recap of where we got to pre COVID-19
- Review the vision and strategic drivers in light of COVID-19
- Work through a revised LTP timeline
- Get direction on early engagement
- Update on Annual Plan consultation document

Recap

In the March Briefings we covered:

- Overview of corporate planning cycle, building blocks of the LTP and LTP process.
- Identification of early direction setting:
 - Rates
 - Early engagement
 - Finance Strategy
- Overview of LTP timeline
- Vision and strategic drivers
- Early Engagement

Then everything changed . . .

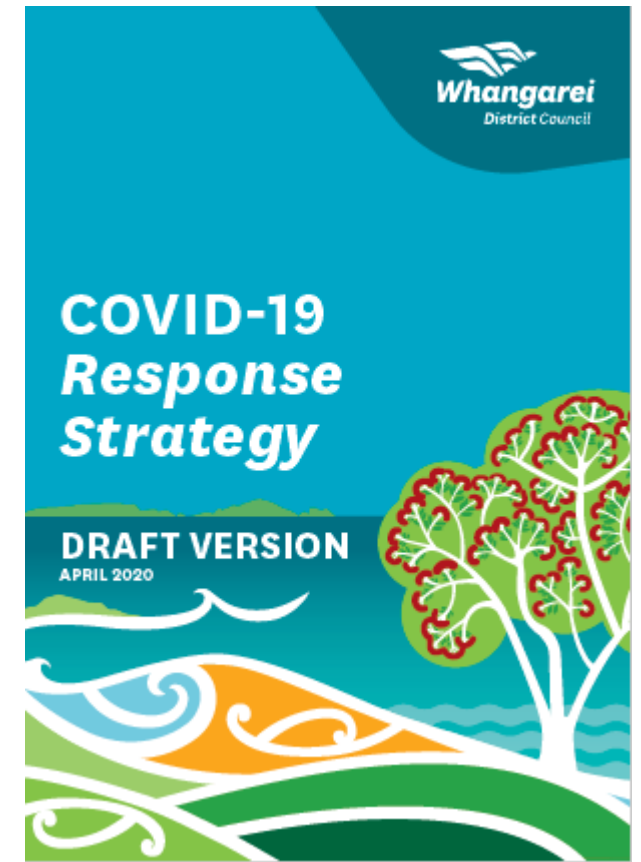
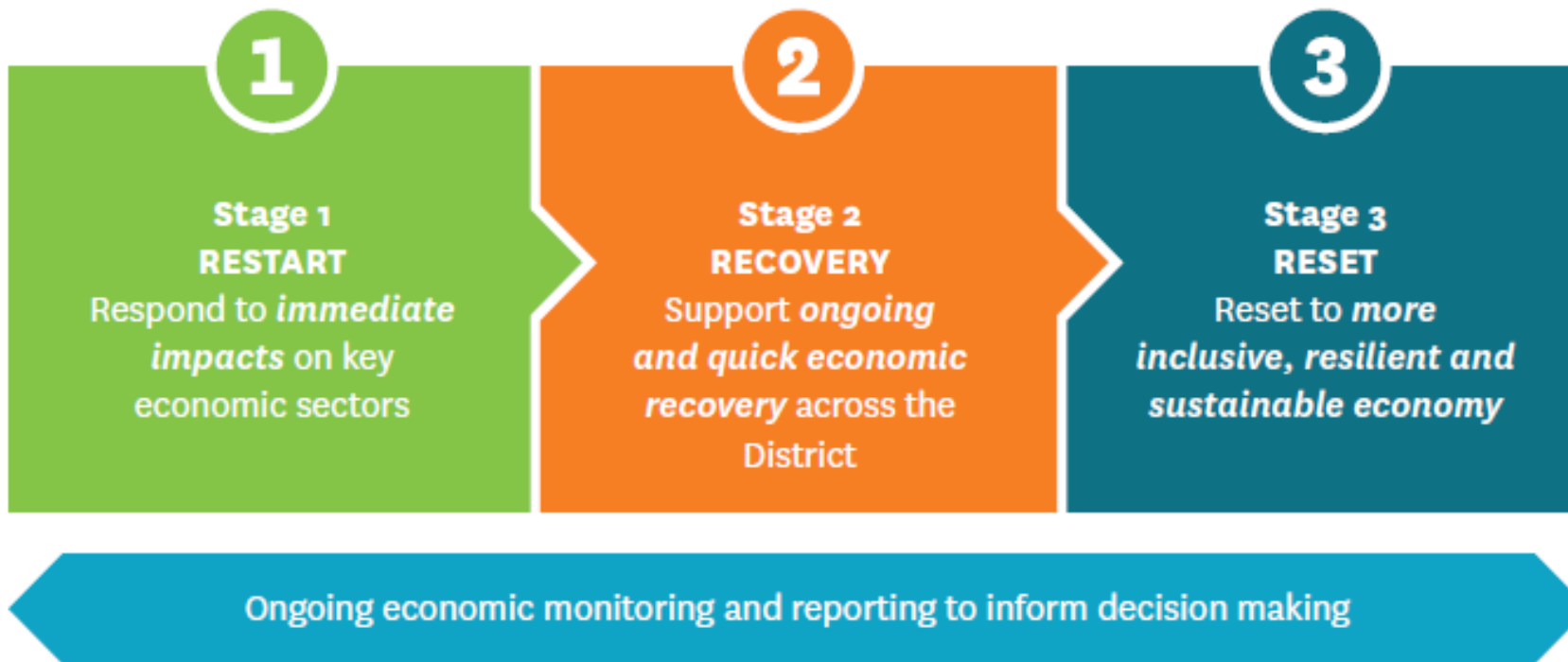
COVID-19

A 'once in a century' public health shock that is having a profound impact on economic and financial systems around the world and in New Zealand.

In response to Council has Council has moved swiftly to implement a mix of short and medium term responses, these include:

- Endorsing an initial Economic Recovery Strategy
- Endorsing a \$3m COVID-19 Relief budget through the Annual Plan
- Endorsing a reduction in the planned rates through the 2020-21 Annual Plan
- Releasing a draft COVID-19 Response Strategy

Response Strategy Framework



Respond to immediate impacts on key economic sectors

Actions from Economic Recovery Package

Emphasis on partnership with hapu, government and business

Provide and prioritise the services that allow businesses to operate

Partnership/support from COVID-19 Local Government Response Group.

Support ongoing economic recovery across the District

Focus on our capital programme for projects with economic benefit

Prioritise central government funding opportunities

Focus on city centre revitalisation and inner city living

Reset a more resilient and sustainable economy

Advocacy to central government for key projects (Port, Navy, Road and Rail)

Importance of strategic partnerships to deliver projects

Implementation of Climate Change Action Plan and Sustainability Strategy

Use of technology and green tech to support resilience and sustainability

The Long Term Plan journey . . .

2008-2012

- Stalled with GFC, addressed urgent wastewater

2012-2015

- Significant use of property sales revenue to fund new/renewal of assets

2015-2018

- Catch-up rates increase to have annual revenues to fund both operating and capital expenditure

2018-2021

- Consolidating catchup, but balancing/managing growth and increasing community expectations

2021-2024 - ????



Vision and Strategic Drivers: the ‘why’

1. Provide a consistent direction for the LTP and supporting documents
2. Give a framework for communication / formal consultation
3. Will inform your decision making and prioritisation

This is the first step in the process . . . but can be tested/refined

2018 + endorsed priorities

2018 – 28 LTP	Priorities for the 2019/22 Triennium for consideration through the LTP
Vision: <i>A vibrant, attractive and thriving District</i>	<ul style="list-style-type: none">• Transport (Roding and Public Transport)• Revitalising the City Core• Potential Northport expansion/Navy relocation• Sustainability (including waste minimisation)• Housing
Key Strategic Drivers: <ul style="list-style-type: none">• <i>Focus on core assets</i>• <i>Getting ready for the future</i>• <i>Making our District an even better place to live</i>	

Changes proposed (March)



Areas where we will work with partners for improvement:

- Transport (Roading and Public Transport)
- Revitalising the City Core
- Potential Northport expansion/Navy relocation
- Sustainability (including waste minimisation)
- Housing

Delivering on Levels of Service (the standard to which Council provides its services) committed to through our Long Term Plan

Core business underpinning all that we do, including:

- Delivery, maintenance and replacement of physical assets
- Strategy, planning and engagement

COVID-19 Response Strategy

Vision:

“A vibrant,
attractive and
economically
thriving District”

Strategic Drivers:

Amendment of the March
proposed Strategic Drivers
to align with the COVID-19
Response Strategy
Recovery Framework...



COVID-19 Response Strategy Tools which we can think about through the LTP Process

- **Finance** – Revenue and Financing Policy, Rates, Finance Strategy
- **Regulatory** – e.g. RMA
- **Support and Partnership** – e.g. Expert advice, facilitation, partnership with businesses, hapu, government
- **Infrastructure** – e.g. capital works to support recovery
- **Future planning** – e.g. Growth strategy, spatial planning
- **Advocacy** – e.g. political advocacy for government investment
- **Organisational culture** - e.g. whole of council approach

LTP building blocks and COVID-19 Response Strategy tools

The development of the LTP is supported and directed by a number of key documents

As Council progresses through the development of the LTP challenging decisions, direction setting and trade-offs will be required to implement the Response Strategy:

Finance
Regulatory
Support and Partnership
Infrastructure
Future planning
Advocacy
Organisational culture

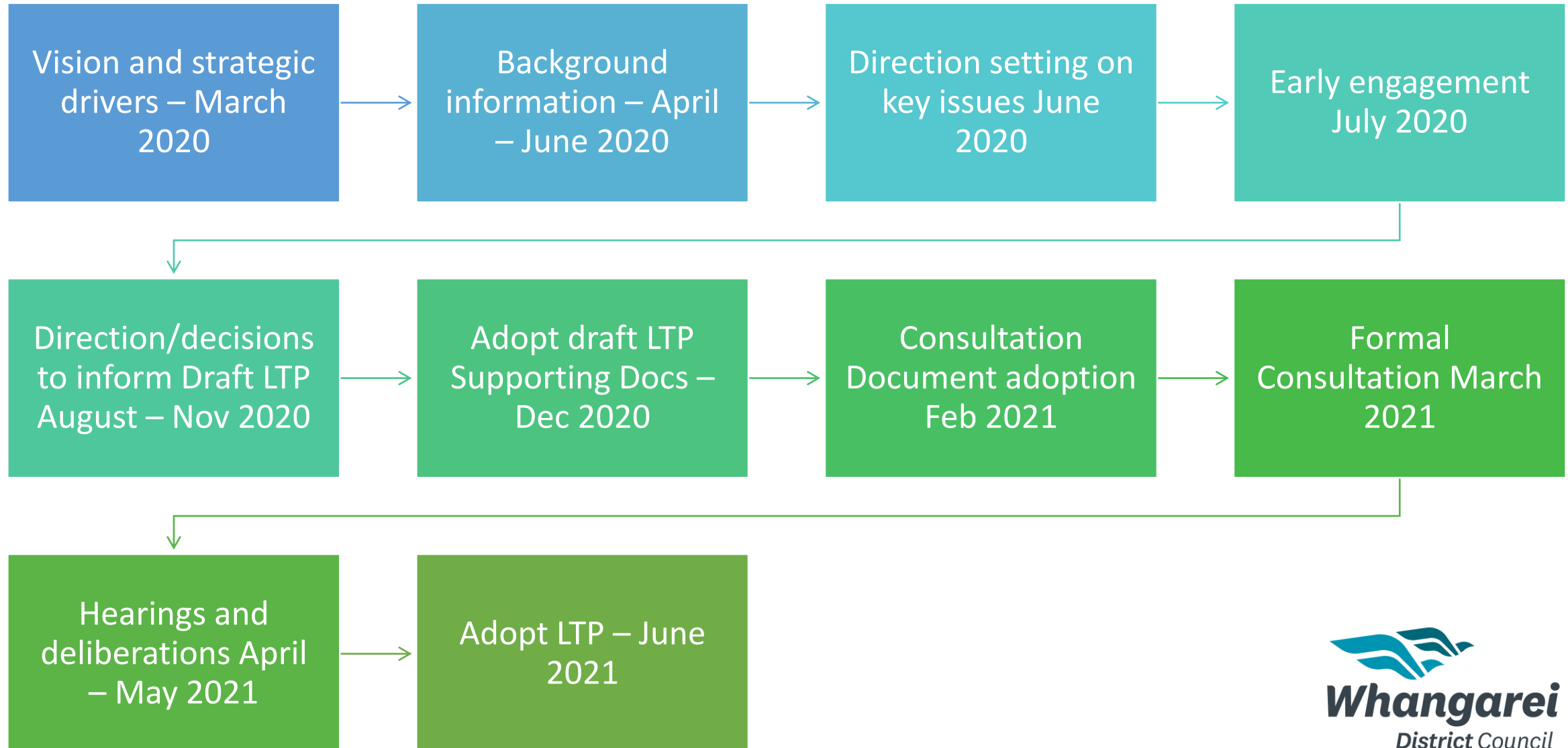


Long Term Plan - Key early decisions

To drive the Long Term Plan and provide structure for any early engagement we will need direction and decision making on a number of issues

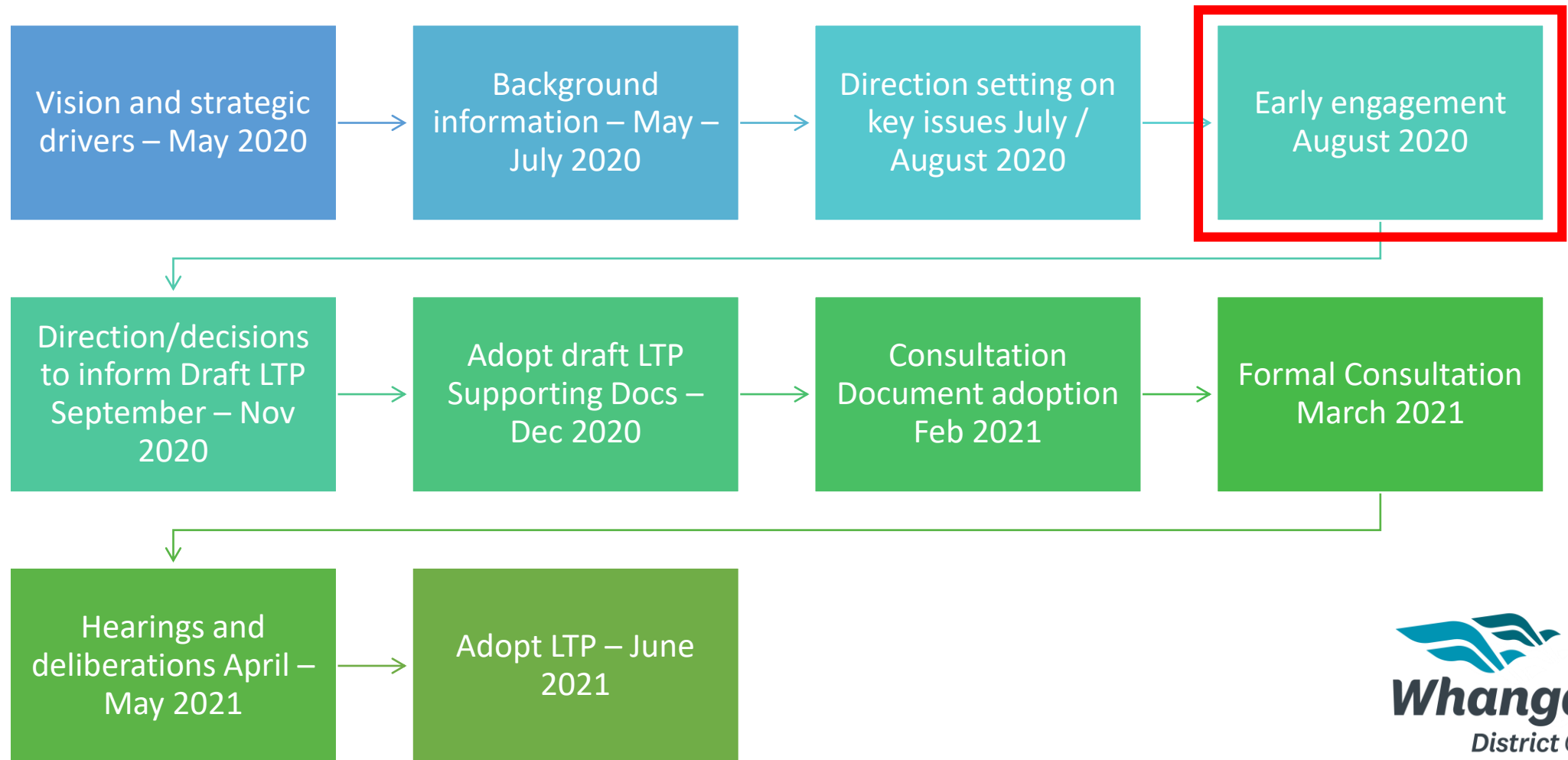
Issue	Direction
Rates	Whether to undertake a rates review?
Early engagement	Whether to seek feedback from our community prior to formal consultation, and what issues should frame any informal engagement?
Finance and Infrastructure Strategies	Early direction on the key assumptions underpinning our strategies (i.e. rates, debt levels, balanced budget, LoS etc)

Original Long Term Plan timeline



New - Long Term Plan timeline

COVID-19 has set back the LTP programme by 2 months, which is putting constraints on the overall programme, particularly the delivery of a Draft LTP for the end of the year. This has knock on implications:



Early Engagement?

- In response to COVID-19 Council is now undertaking consultation on the Annual Plan, this is occurring very late
- This will mean limited time between consultation on the Annual Plan and early engagement on the LTP. This which is likely to cause confusion and consultation fatigue
- Consultation on the Annual Plan will be targeted towards Council's response to COVID-19, providing valuable information to guide the development of the LTP priorities
- We also need time to see the real (as opposed to forecast) impacts of COVID19 before we develop a plan
- As a result Early Engagement is not recommended. In its place we recommend a more comprehensive communications programme incorporating what we learn from Annual Plan consultation
- This would feed into the Draft LTP

Next Steps

- Confirm the Vision Statement and Strategic Drivers
- Begin the information briefings on the Infrastructure Strategy and Asset Management Plans

Annual Plan Update

- Consultation Document Overview
- Consultation/communications update
- Financial update



Annual Plan – Consultation Document Overview

- Short and concise – 8 to 10 pages
- A key mechanism for communicating our response to COVID-19 for the year ahead
- Clearly explains the rates increase option we are recommending for 2020-21, along with the other options considered
- Highlights that the recommended rates increase for 2020-21 enables funding to be set aside for a Relief Package (summary provided)
- Highlights that external funding (i.e. ‘shovel ready projects’) has been sought to bring forward/enhance LTP projects and create stimulus
- Highlights the balance needed in setting rates at an affordable level for the community, while providing sufficient funding to deliver on core services, and the programmes our community expects
- Notes that ‘out of scope’ submissions will be considered in development of the LTP, and through operational processes

Annual Plan – Consultation/Communications Update

- Consultation period of **3 weeks** from 15 May to 4 June 2020
- Distribution and promotion of the Consultation Document through multiple channels including:
 - Electronically - Council's website, Facebook, radio
 - Physically – print media, Council facilities (when open), other community locations where possible
 - Electronically to community, resident and ratepayer groups, Te Huinga, and other stakeholders
- Submissions can be made electronically, via post and/or delivered to Council offices (when open). Facebook comments will be collated and themed outside formal submission process.
- Enable people in over 70 or vulnerable categories to provide a verbal telephone submission prior to the closure date of the submission period.
- No community meetings or formal hearings due to COVID-19, and time restrictions
- Communications programme to run alongside consultation:
 - Will outline predicted impact of COVID-19, and Council's short term (2020-21) and longer-term response strategy leading into the next long-term plan (LTP)
 - Signals Council's commitment to resilience through relief, advocacy, partnership and support as part of a broader 'reset'

Annual Plan – Financial Update

The capex programme needed to be revisited in light of increased carry forwards from the 19/20 year due to Covid 19. Our approach has been to:

- Retain projects that allow us to maximise subsidies and minimise balanced budget impacts
- Revisit projects that have had an increased carry forward to find corresponding amounts
- Factor in any other changes that are likely to impact next years capex programme
- Acknowledge the timing of projects may need to be adjusted as a result of CIP applications

\$67.1m programme (excluding Whau Valley and Civic Centre) bringing the total programme to \$90.7m. \$4.8m increase from our previous draft, majority in Transportation.

As a result of feedback on 30 April we have modelled an overall rates rise of 2.2%. Targeted rates for water and Hikurangi Swamp Scheme remain as per our Long Term Plan.