

2021 – 31 Long Term Plan Update

17 September 2020

Overview

Agenda for 17 September:

- Strategic approach to capital delivery and carry forwards
- Budget update
- Approach to prioritization on 22 and 23 September
- What could we stop?

Challenges of Developing Capital Projects for the Long Term Plan

- Agenda
 - Project Maturity
 - The Good, Bad and Ugly... in terms of project maturity
 - Project Conception
 - Suggested Long Term Plan capital delivery changes
 - Resourcing

What is Project Maturity?

- Mature projects (Low Risk projects) exhibit the following:-
 - Well defined and scoped: Investigations and Options Reports; Multiple Criteria Analysis (MCA); Risk Analysis and Whole of Life Costing; Detailed project estimates (Project Management Framework (PMF) documentation completed)
 - Detailed program for project delivery including professional services and construction and specialist services (i.e. geotechnical)
 - Developed procurement plan and research on participants
 - Planning/Consenting/Consultation
 - Co-ordination with other projects
 - Resources optimized – internal/external
 - Project transparency and reporting
 - Informed Council
 - Delivery as per program – time/cost/objectives

Where are projects developed (Generalising) ?

- The Good...
 - Often developed from Asset Management Plans (AMP's) –
 - Renewals / Growth projects / Level of Service improvements
 - Resources to develop into a mature project – based on risk
 - Major new 'significant' projects (Example - Whau Valley WTP; New Town Basin Park; Pohe Island projects)
- The Bad...
 - Projects not part of AMP's, but may be within other Council documentation or expressed at a 'high level'
 - Undeveloped projects – concept only, or just a name.
 - Increased risk
 - Inaccurate costing
- Ugly...
 - Projects not part of any strategy/introduced at the last minute...
 - Gondola, just a name
 - Likely to be high risk

‘Like Cheese, mature projects are always better...’

Suggested Changes to LTP Capx Program delivery – Year 1

- Focus Infrastructure spend on:
 - ‘Carry Forward’ projects from previous year. This will be construction funding or ongoing pre-construction funding (design/consulting etc).
 - Renewals that require little or no consultation and no resource consents (projects that are easily deliverable that year).
 - Capx restricted to approximately \$55m(?) for first year of the LTP (excluding major discrete projects such as the Civic Centre or Whau Valley WTP).
 - Commencement funding (first year) of new three year programme for capital works projects:
 - Scoping; Strategic intent and project design; Investigation; Consultation; Resource consenting; Budgeting; Concept/program risk analysis; Concept design; preliminary design; Final design; procurement processes; Construction; Commissioning; Review and Capitalisation.
- *Require the ability to move projects and their funding to match progress of the capital works program within the three year window – with delegations*

Suggested Changes to LTP Capx Program delivery – Years 2 to 10

- Ongoing progress from year 1
 - Build capacity and increase programme by \$5m per year in years 2 and 3 of the plan with corresponding resourcing (approx. 2 additional staff per year)
 - Increase the programme by inflation (LGCI) and for any future staffing to be reviewed through the 2024 – 2034 LTP
 - Work with Council to develop prioritization processes for flexible programmes, with projects, then being managed under delegation

Suggested New Role – Dedicated Capx Programme Engineer/s

- Create position/s for Capx Programme Engineer(s) responsible for:-
 - Scoping,
 - Strategic intent and project design,
 - Investigation,
 - Consultation,
 - Resource consenting,
 - Budgeting,
 - Concept/program risk analysis, (MCA)
 - Concept design,
 - Preliminary design.
 - Preparation of project listing for next LTP

New Role – Capx Programme Engineer – benefits:

- They would hand over the projects to the project managers ready for construction or ready for detailed design. This would allow
 - Work to be smoothed out over the LTP period
 - Avoid projects stalling early on.
 - We would get more certainty around budgets and timeframes
 - Would allow better planning of resources
 - Improved transparency and definition
 - Improved priority ranking
 - IMPROVED VISIBILITY FOR COUNCIL
- It would also help avoid using consultants for non-specialist work.

Budget update / prioritisation

Always a difficult/iterative process to balance doing the best by our community (and assets) with what we can afford/deliver. This process has been no different . . .

Staff requests have been QA'd for alignment to a Council commitment/priority/strategy. For prioritization next week we will categorize those that 'made the cut' by Elected Member/Submission/Staff, group them and include details of:

- Description
- Reason/Justification/Implications if not funded
- Costs across the life of the plan

Requests that did not align with a council priority/strategy will be provided to Council at the end of prioritization to see if there are any that you want to 'swap in'

Approach to prioritisation

The proposed approach for the session (which is split over two days) is that:

- An overview of new requests
- Councillor questions/clarification of staff on the requests
- A simple scoring system is then used by councillors prioritise requests:

0 = Out

1 = Low priority

2 = Medium priority

3 = High priority

You are either 'in or out' – each request must be scored, if it is not scored it receives a 0

With prioritization complete, staff will then collect the lists, add up the scores and report back with a prioritized list of projects. An iterative process to identify which projects sit 'above the line' (can be funded/delivered) and 'below the line' (can't be).

We will then bring the full project list back, along with discussion of financial parameters (if required)

Approach to prioritisation

For this first round of prioritization there is no limit or 'quota' on the points, however there needs to be genuine assessment (not everything can be a high priority). In allocating a score you can also consider the:

- Strategic priorities you have identified for this triennium
- Recently adopted Council strategies and policies
- Key issues identified through the activity briefings

Consideration could also be given to requests which align with more than one of the strategic priorities.



Position

While services and cost structures have increased over time we still have *“rates and operating expenses among the lowest in the country”* (2019 Taxpayers' Union Report)

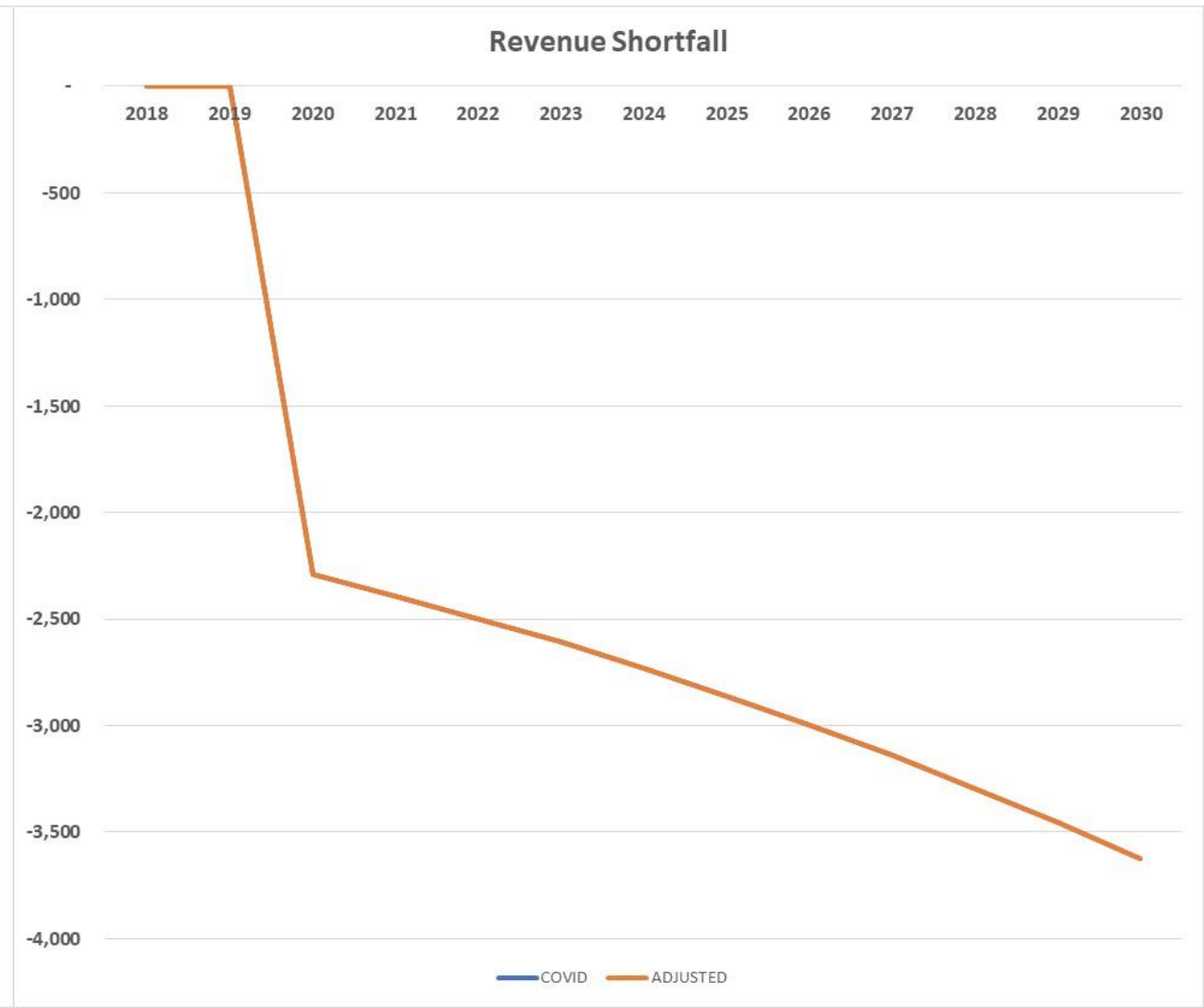
However, we need to consider our approach post COVID-19:

- Over what period do we want to recover lost revenue?
- What can we stop doing?

If we don't recover COVID 19 revenue it will impact what we can achieve within this plan and we may need to adjust services (i.e. we may have to 'stop doing things' regardless).



Recovery



Activities we could stop doing

Staff have considered this in the preparation of this Long Term Plan, and in response to the COVID 19 rates adjustment. We have also looked at work undertaken through the 2015 LTP.

At a high level there are a number of areas that could be looked at. However, at this stage we have not carried out a detailed estimate of cost savings

Any activities that we stop doing that impact on levels of service and will need to be included in the Consultation Document for the LTP

Looking back . . .

2015 'the District at a crossroads' – working group looked at options to reduce costs, increase capacity and minimize rates increases:

- Decreasing Aquatic Centre support
- Decreasing sports field user subsidy
- Reducing planting and flags
- increasing cost recoveries (i.e. regulatory)
- Reducing services in some areas (rates rebate/Maori liaison)
- Reducing community safety initiatives
- Closing an Information Centre

No easy decisions (i.e. reduction in transfer station operating hours). 2015 LTP introduced a 'step change in rates', followed by LGCI + 2%.



Lets swap lists . . .

Governance and strategy

- Reducing governance reporting/support
- Reducing Committees/Briefings/Working Groups
- Non-statutory plans and policies
- Stop responding to central government

Community

- Community development project, community safety
- Reduction of library services and facilities
- Subsidy and assistance for events
- Reduced hours for facilities such as Clapham Clocks
- Reduce grants (frequency and amount)

Infrastructure

- Close transfer stations and reduce recycling
- Focus only on core services – less projects
- Sporting facilities and maintenance
- Annual planting and beautification
- ‘Responsible risk’/’hands off engineering’

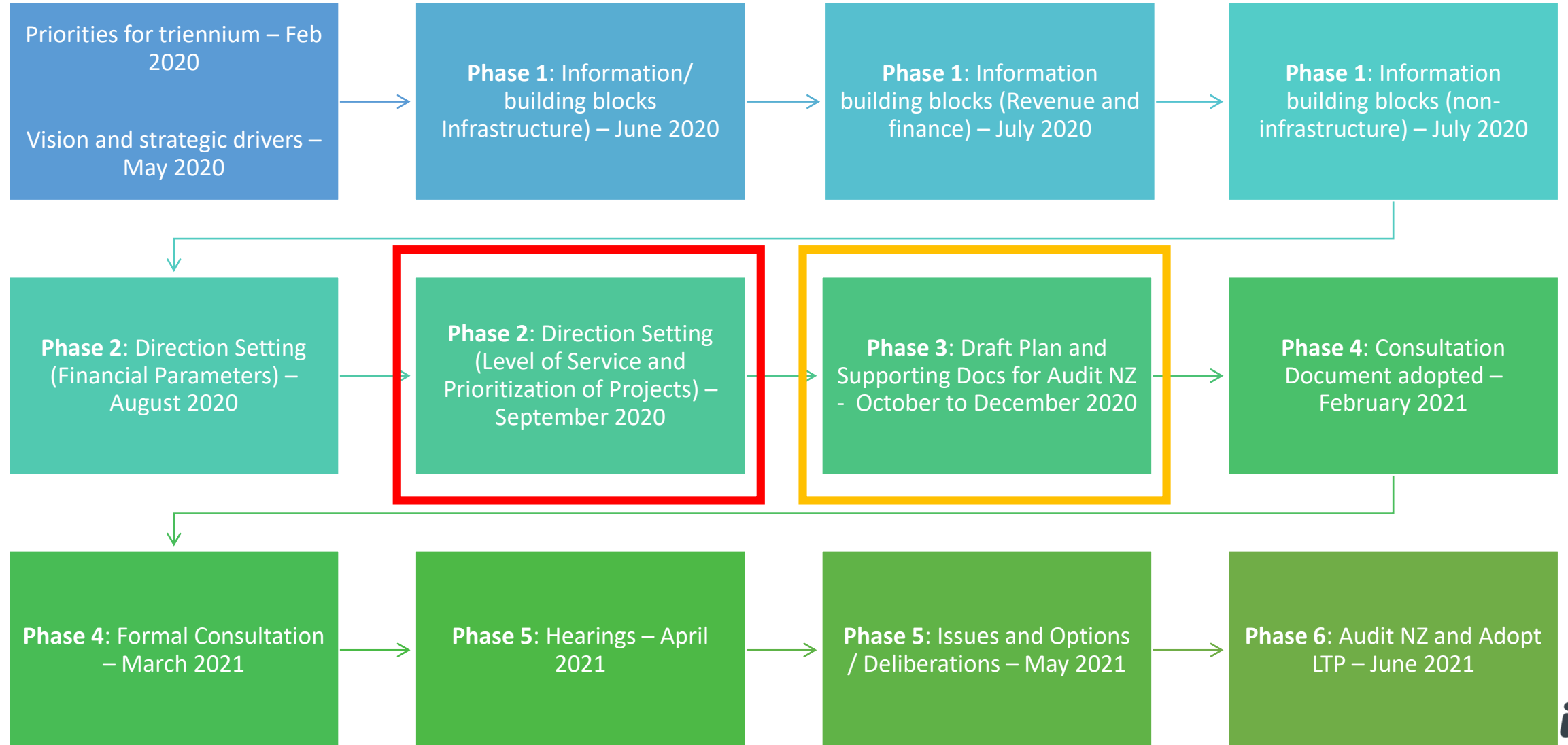
Planning and development

- Reduce planning advice and support
- Extend timeframes and less consultation
- ‘Responsible risk’/’hands off approvals’

Support services

- Reduce internal support for the organization (ICT etc)

Next Steps - LTP Process: Timeline



Next steps

- List of new requests distributed to Councillors on Friday 18 September
- Councillor prioritisation (22 and 23 September, with additional sessions if required)