LTP Prioritisation

22 and 23 September 2020

The plan . . .

Feedback from some councillors identified two components / steps they were seeking through the LTP process

22/23 September:
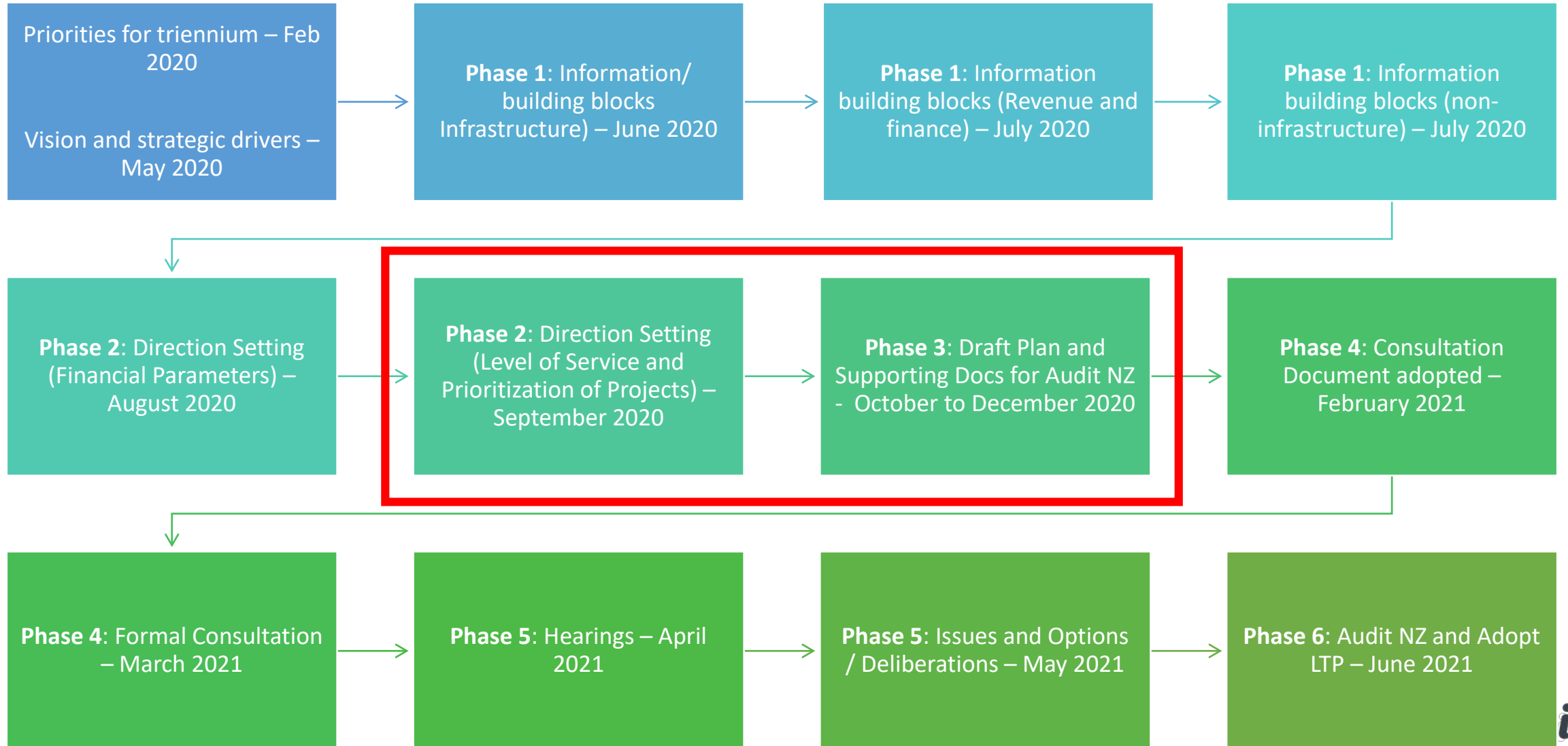- 'What projects Council wants to deliver'

29 September:
- 'How Council delivers projects', including the potential for different mechanisms for delivery
- Activities / projects we could stop doing (included on the agenda for the 17 September Briefing)

Overview

Agenda for 22 and 23 September:

- Critical path to Draft LTP by end of year
- Overview of the approach today
- Prioritisation session

Timeline for the LTP

Priorities for triennium – Feb 2020 Vision and strategic drivers – May 2020	**Phase 1**: Information/ building blocks Infrastructure) – June 2020	**Phase 1**: Information building blocks (Revenue and finance) – July 2020	**Phase 1**: Information building blocks (non-infrastructure) – July 2020
Phase 2: Direction Setting (Financial Parameters) – August 2020	**Phase 2**: Direction Setting (Level of Service and Prioritization of Projects) – September 2020	**Phase 3**: Draft Plan and Supporting Docs for Audit NZ - October to December 2020	**Phase 4**: Consultation Document adopted – February 2021
Phase 4: Formal Consultation – March 2021	**Phase 5**: Hearings – April 2021	**Phase 5**: Issues and Options / Deliberations – May 2021	**Phase 6**: Audit NZ and Adopt LTP – June 2021

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Critical path

In order to deliver a draft LTP by the end of the year, direction from Council is needed on the programme of the projects (capex and opex).

This direction will enable the following steps to be taken, which are essential for the draft Long Term Plan and the Consultation Document:
- Balanced budget benchmark result for each year
- Balanced budget will help determine the next course of action:
  - Opex cuts to get to a balanced position
  - How many of the 'priorities' can we factor into the budget and/or the appetite for
    - an unbalanced budget
    - further rates increases
- Debt levels
- Activity funding impact statements to determine appropriate levels of targeted rates (which also impacts balanced budget)

The list . . .

The LTP process has been built around your 'strategic drivers', feedback and direction. As such, the Opex and Capex lists cover new funding aligned to:

- The priorities Council developed through strategic sessions at the start of this triennium (adopted in February and reconfirmed in May)

- Councillors requests from the Briefings on 05th, 12th and 25th Aug

- Asset management funding **where this could be directly aligned to a commitment, priority, strategy or decision of Council**

Advice throughout this process has been that we have significant constraints in terms of both the balanced budget benchmark (opex) and our ability to deliver (to be discussed on the 29th). Difficult decisions/tradeoffs will need to be made

Restart our District by getting the basics right and focusing on our core business

Recovery of our District through reviewing our levels of service / key projects and delivering on our commitments

Reset of our District - raising the bar through new activities and/or levels of service

Not included at this stage

In addition, some requests relate to direction that Council will make separately to the prioritisation process, or through future LTP processes. These include:

1. **Parihaka Mast** where there is an existing BAU budget of $900k and a workshop scheduled for 13 October to consider this matter.

2. **Regulatory services** where there is a workshop to work through costs, the potential for enhanced services and options to pay for any changes (i.e. fees/cost recovery) on 07 October.

3. **New Airport Evaluation** where there is $5m for evaluation in BAU but no additional budget for land purchase provided for. While land purchase is unlikely to be required in the first three years of the next LTP, and there is significant uncertainty around what form this could take, it is anticipated that this would be required in the 2024 – 2034 LTP (if the project is to proceed beyond the evaluation stages).

4. **Commercial Property** where the potential for to include debt capacity for property purchases has been discussed. This was not a specific priority identified by Council but can be covered through consideration of the of the Financial Strategy and PRR

We also haven't included requests made by councillors outside of the process/chambers . . .

Approach to prioritization?

Prioritization will involve:

- Councillors making an individual assessment of your priorities in order to land on a collective view (if you don't genuinely rank your priorities we cannot get this)
- Staff will be 'roaming' for questions/clarification
- Councillors individually score each request via a simple scoring system:

    0 = Out
    1 = Low priority
    2 = Medium priority
    3 = High priority

- You are either in or out, if a request is not scored it will receive a 0

With prioritization complete, staff will then collect the lists from Councillors and add up the scores and report back with prioritized list of projects. This may require further refinement.

Whangarei
District Council