

Council Briefing Agenda

Date: Thursday, 19 November, 2020

Time: 1:00 pm

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

Elected Members: Her Worship the Mayor Sheryl Mai
(Chairperson)

Cr Gavin Benney

Cr Vince Cocurullo

Cr Nicholas Connop

Cr Ken Couper

Cr Tricia Cutforth

Cr Shelley Deeming

Cr Jayne Golightly

Cr Phil Halse

Cr Greg Innes

Cr Greg Martin

Cr Anna Murphy

Cr Carol Peters

Cr Simon Reid

For any queries regarding this meeting please contact
the Whangarei District Council on (09) 430-4200.

1. Apologies

2. Reports

2.1. Approach to Draft LTP and supporting documents

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3. Closure of Meeting

2.1 Financial modelling and draft supporting documentation for the 2021 – 2031 Long Term Plan

Meeting: Council Briefing

Date of meeting: Thursday 19th November 2020

Reporting officer: Dominic Kula

1 Purpose

To update councillors and seek feedback on the financial modelling and draft supporting documentation for the 2021 – 2031 Long Term Plan (the LTP).

2 Background

Development of the LTP has been a councillor led process involving:

- Early identification of councilor priorities for the LTP (Nov – Feb).
- Determining the vision and strategic drivers for the LTP (May, post COVID)
- LTP building blocks and activity briefings (June – August)
- Early direction setting on financial parameters, levels of service and councillor requests (August)
- Councillor prioritization of requests, and matters arising from asset management plans (Sept)
- A councilor led capex deliver session (Sept)
- Working through the outcomes of financial modelling, and obtaining collective direction for development of supporting documents for the draft LTP (Oct)

This Briefing provides an opportunity to get feedback/direction on more detailed financial modelling, along with the draft supporting documents, including any changes recommended prior to bringing back a draft for Audit.

3 Discussion

At the Briefing of 20th October councillors reviewed the outcomes of modelling 'first 15' capex projects alongside the business as usual programme for the 10 years of the LTP.

The modelling showed the financial impact of including requests, with staff making recommendations on opex requests that could either be accommodated within the financial parameters (notably the balanced budget benchmark) or through BAU/contestable grant funding (noting that grant funding would be subject to a separate approval process).

At the Briefing, and in line with direction provided through the councillor capex delivery session, the potential for higher debt levels associated with large one offs was worked through. In doing so it was agreed that direction from the subsequent workshop on theatre options would also be feed into the draft plan for consideration.

It was also noted that the teams are still working through the Asset Management Plans and Infrastructure Strategy, and until we have that information we won't have a clear picture of

renewals to depreciation for core assets. As such staff stressed that further changes may be required to align renewals to depreciation.

Staff also stressed that in the case of Transportation the scale of the programme would be challenging to deliver, and Council may not receive full subsidy from NZTA. As such options to reduce expenditure in Transportation were presented.

3.1 Financial modelling and supporting documents to the LTP

The Briefing was a critical step in the LTP process as a collective view was required in order to progress detailed financial modelling and develop supporting documents in time for Audit to commence in December.

At the Briefing staff received clear (but not unanimous) direction from councillors that they were comfortable to proceed on the basis of the modelling and recommendations presented (noting that theatre options would be incorporated as a result of direction in a separate workshop). The key exception to this was for Transportation, where the extent of support for recommended reductions was not clear.

Since the Briefing of 20 October staff have used the direction provided to work through the detailed financial modelling and supporting documents that need to be adopted for Audit on 17 December 2020. This is a significant body of work.

While documents will still be in 'rough draft' the intent of this Briefing is to enable early review and feedback by elected members on a 'no surprises' basis. Where possible draft documentation will therefore be provided under separate cover prior to the meeting.

However in some cases, particularly for larger strategies that rely on inputs from other areas, this may not be possible. For these documents elected members will be worked through where the document is currently at, key issues identified and the options for addressing those issues.

3.2 Summary of supporting documents

- **Growth Model / Activity profiles / Levels of Service**

For each Activity Profile, there will be a clear link between the activities of each group and how it contributes to community outcomes.

The Activity Profiles will also clearly show the levels of service and associated performance measures. Where there is a proposed change from the 2015 – 25 LTP, this will be explained and justified within each profile.

The approach taken to setting levels of service and performance measures is to ensure they appropriately relate to the outcomes sought by the community, that they can be easily measured and monitored through either Council managed data sources, residents survey or external agency data sources (such as NZTA).

- **DC Policy/Charges**

This policy covers charges relating to the growth component of capital expenditure.

- **Infrastructure Strategy**

The purpose of this strategy is to identify the significant infrastructure issues for Council over a 30-year management period, along with the principal options for managing those issues and the implications of those options.

- **Finance Strategy**

This strategy sets the financial parameters within which Council will operate and fund its operations and capital programme for the next 10 years.

- **Rates, Remission and Postponement Policies and the Revenue & Finance Policy**

These policies will be covered in detail in the Briefing of 17 November

Feedback provided by councillors in this Briefing will inform a 'final draft' of these documents, to be worked through in the Briefing on 08 December. Following that Briefing documents will be finalised for adoption on 17th December.

Audit will be onsite from 07 December 2020 to commence Audit.