



Notice is given of a Strategy Committee Meeting to be held on:

Date: Tuesday, 24 March 2020

Time: Following the Council Meeting

**Location: Note change of venue to the
Community Centre Lounge, Fairlie**

AGENDA

Strategy Committee Meeting

24 March 2020

Note: This meeting may be digitally recorded by the minute-taker.

Strategy Committee Membership:

James Leslie (Chair)
Stuart Barwood
Anne Munro
Mayor Graham Smith
Emily Bradbury
Murray Cox
Matt Murphy

The purpose of local government:

(1) The purpose of local government is—

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

(2) In this Act, good-quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are—

- (a) efficient; and
- (b) effective; and
- (c) appropriate to present and anticipated future circumstances.

(Local Government Act 2002)

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- 1 OPENING**
- 2 APOLOGIES**
- 3 DECLARATIONS OF INTEREST**
- 4 VISITORS**

5 REPORTS

5.1 ANNUAL PLAN 2020/21 PROGRAMME

Author: Katherine Hill, Senior Corporate Planner
Authoriser: Paul Numan, General Manager Corporate Services
Attachments: Nil

STAFF RECOMMENDATIONS

That the information be noted.

BACKGROUND

Annual Plan Process – Exceptions Approach

Under the Local Government Act 2002 (LGA) the Council is required to prepare and adopt an annual plan for each financial year. The annual plan is the statutory link between the Long Term Plan (LTP) and the annual setting of rates.

The purpose of an annual plan is to—

- (a) present the annual budget and funding impact statement for the year to which the annual plan relates; and
- (b) identify any variation from the financial statements and funding impact statement included in the Council's LTP in respect of the year;
- (c) provide integrated decision making and co-ordination of the resources of the Council; and
- (d) contribute to the accountability of the Council to the community.

In 2014 the LGA was amended to reduce the statutory requirements relating to annual plans, in an attempt to streamline the process and to remove unnecessary duplication with LTPs.

One of the key changes was the removal of the requirement to prepare information that duplicates LTP content, if that content is unchanged from the LTP. This means that only information that is different from the LTP is contained in the annual plan (the 'exceptions' approach).

The other key change was the removal of the requirement to undertake consultation on the annual plan, unless the differences from the LTP are '**significant**' or '**material**', or if the Council chooses to consult. The Council has adopted this approach with three of its previous annual plans, because those plans largely reflected the relevant years in the LTPs, and consultation on the LTP had been extensive.

The proposed process for the upcoming annual plan 2020/21 (Year 3 of the LTP 2018-28) reflects these legislative amendments. Managers have reviewed their budgets for 2020/21. Once reviewed by Executive Management, differences from that outlined in Year 3 of the LTP will be identified and analysed as to whether those differences are 'significant' or 'material'.

The Council's Significance and Engagement Policy is used as a basis for determining whether any changes are '*significant*'. S95A of the LGA notes that a difference, variation, or departure is

‘material’ “if it could, itself or in conjunction with other differences, influence the decisions or assessments of those reading or responding to the consultation document”.

The test is applied both to individual variances in single budgets or activities but also across activities. While a variation in itself may not be material, variations when taken together across the organisation’s activities as a whole may be significant.

Council is only required to undertake consultation if it seeks to progress with any differences from Year 3 of the LTP but, only on those differences. As with the LTP process, the Council is required to produce a Consultation Document, but unlike that process, there is no requirement for the Consultation Document for an annual plan to be audited.

Council’s approach is to treat Year 3 of the LTP 2018-2028 as the starting point for Council and report/workshop variances from this position (refer timeframe table below). Any significant or material differences will be workshopped with Council where the Council may be minded to manage those differences, including deferring to 2021/22 to allow for consultation to be undertaken as part of the upcoming Long Term Plan 2021-31.

Approximate Timeframe

Mid-November 2019 – January 2020	Budget holders review of LTP Year 3 budgets and input of proposed 2020/21 budgets. General Manager review of proposed budgets
19 December	Council workshop outlining exception-type annual plan and process.
February – March	Finance and Executive team review of proposed budgets Variance analysis
April – 5 June	Prepare draft Annual Plan
20 – 30 April	Budgets and Annual Plan presented to Community Boards
5 May	Council adopt variance analysis
12 May	Council workshop budgets and rate implications
12 June	Draft Annual Plan circulated to Councillors
23 June	Adopt Annual Plan

Financial Strategy: Borrowing and Rating Limits

The Council’s Financial Strategy sets limits on rates, rates increases and borrowing. These limits may be breached but any breach must form part of the CEO’s pre-election report. Also an amendment to the LTP may need to be undertaken.

Council has set the following limit on rates increases for each year of the LTP, including the 2020/21 year:

- *Rates increases will not exceed 6% + Local Government Cost Index (LGCI).*

LGCI is anticipated in the LTP to be 2.2% change on the previous year.

Council has the following limits in relation to debt:

	Maximum Debt \$M	LTP Proposed Debt \$M	Actual Debt
2018/2019 (Year 1)	18.592	2.817m	Nil
2019/2020 (Year 2)	20.068	4.948m	Nil
2020/2021 (Year 3)	21.674	5.873m	

CONCLUSION

The Council is asked to note the information regarding the 2020/21 Annual Plan process.

5.2 LONG TERM PLAN 2021-31 PROGRAMME

Author: Katherine Hill, Senior Corporate Planner

Authoriser: Paul Numan, General Manager Corporate Services

Attachments:

1. Long Term Plan Workstreams Programme  
2. Alicia McKay's Big Picture Workshop Outcomes  

STAFF RECOMMENDATIONS

That the information be noted.

BACKGROUND

The Strategy Committee is tasked with oversight of the Council's long term plan project, including monitoring the progress of the Council's Long Term Plan 2021-31 (LTP) preparation. This report provides the Committee with a broad outline of the proposed process and estimated timeline. Further updates and more detailed workshops will be undertaken with the Committee and Council during the process.

Proposed Timeline

Attached is a broad outline of the proposed timeline for the LTP programme and the key work streams:

Workstream 1 – Base information:

- Environmental Scan
- Climate Change report
- *Funding and Rating Review*
- *Destination Mackenzie*
- *NZTA Bid*

Workstream 2 – Strategic direction:

- Council agree strategic direction
- Confirm key issues
- Vision
- Community Outcomes

Workstream 3 – Performance framework:

- Non-financial performance measures
- Measuring and reporting framework

Workstream 4 – Policy elements:

- Significance and Engagement Policy
- Revenue and Financing Policy

- Development Contributions and Financial Contributions Policy
- Rates Remission and Postponement Policies
- External Liabilities Policy
- Investment Policy

Workstream 5 – Activity Management planning:

- Activity grouping review
- Activity statements
- Develop works programmes
- Activity Management Plans: Governance & Corporate Services, Water, Wastewater, Stormwater, Roading, Planning & Regulatory Services, Community & Township Services, and Tourism, Economic Development & Commercial Activities
- Input Significant Forecasting Assumptions

Workstream 6 – Financial and Infrastructure Strategies:

- Financial Strategy
- Infrastructure Strategy
- Compatibility of FS & IS

Workstream 7 – Financials:

- Budget building
- Forecast financial statements
- Rating information
- Rates calculator

Workstream 8 – Community Engagement/Consultation:

- Engagement Strategy
- Engagement Plan
- Rūnanga engagement
- Key stakeholder engagement
- Community Well-being
- Pre-consultation engagement
- CD preparation
- LTP/CD consultation

Workstream 9 – Audit processes:

- CD Audit
- LTP Audit

Workstream 10 – LTP document preparation and adoption:

- Drafting
- Post decision review
- Adopt LTP
- Circulate including statutory parties
- Media release

Key dates include:

Budget development	October 2020 – January 2021
Consultation Document Audit	February 2021
LTP Consultation	March – April 2021
LTP Audit	May – June 2021
Adoption of LTP	June 2021

Work to date

A strategic workshop was held 4 February 2020 providing an initial discussion of key issues ahead of a strategic Big Picture Workshop with Alicia McKay 14 February 2020 to consider challenges facing the Council at a high level, and identify its preferred actions to address those challenges. The results of that exercise will assist it in identifying Council's strategic aims and setting direction. This strategic work will then provide a context within which the LTP is developed.

Next Steps

The present phase being worked through involves undertaking preparatory work to initiate the LTP programme. This includes:

- Deciding and allocating resourcing;
- Engaging consultant support to review asset plans and the Infrastructure Strategy;
- Developing community engagement strategy, and suitable software to support Council in undertaking community engagement over the whole process, particularly pre-consultation on community well-being and the Long Term Plan;
- Engaging consultant support to review pensioner housing trends and needs;
- Reviewing our approach to key documents;

- Initiating background information gathering (demographics, visitor numbers, land use changes, etc.) in collaboration with the District Plan Review;
- Identifying key policies for review, e.g. the Investment and Liability Policies;
- Review of Council grouping of activities, performance measures and projects.

Managers will then begin work on their proposed 10-year budgets, so that these can be used as a basis for discussion.

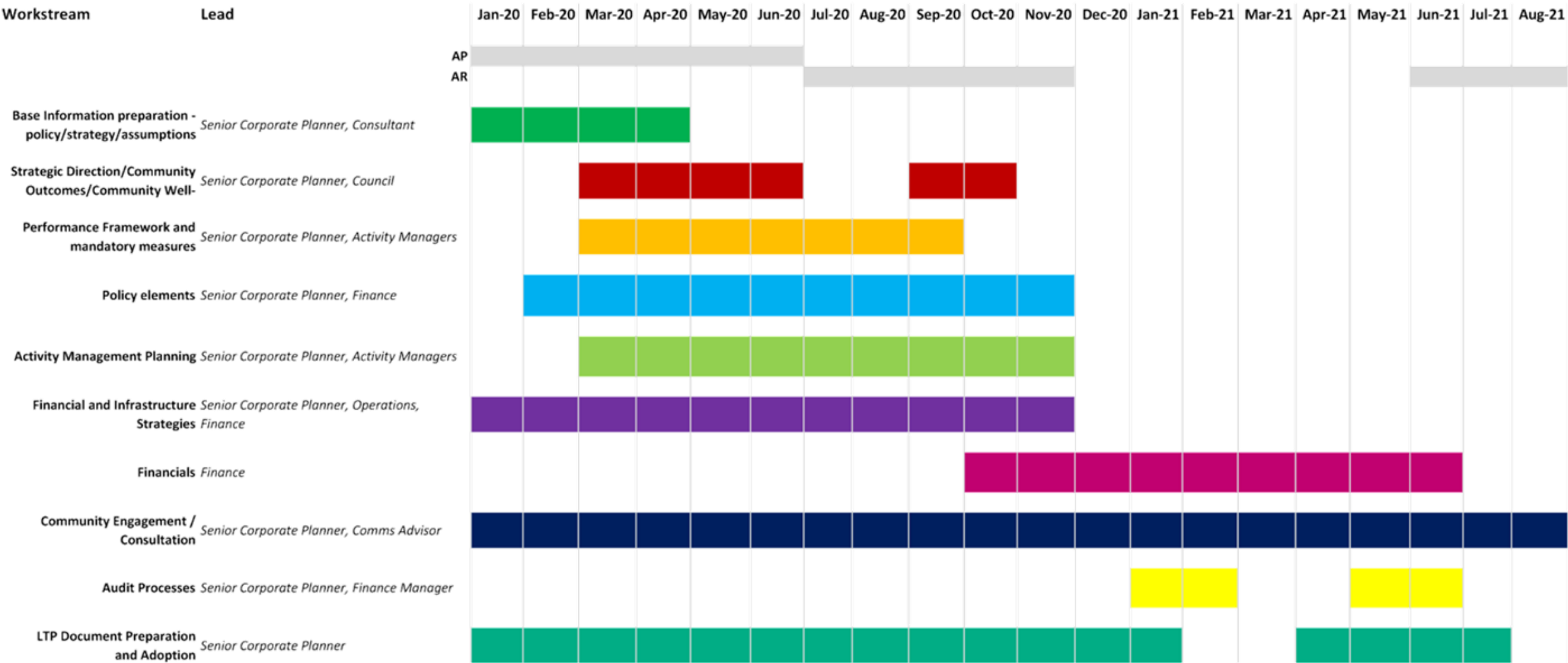
Further workshops with Council on the forecasting assumptions, key issues, budgets and rates impact will be undertaken later in the year.

Challenges/Risks

While the LTP is core business and is our key planning document, it is a significant and multi-faceted project which involves considerable management and staff time. The proposed timeline is ambitious and there is a risk that the timeframes will not be achieved if sufficient resources are not available to get the required work done, or if other priorities arise.

CONCLUSION

The LTP is a significant programme of work. Current workloads generated by development and activity in the District are putting pressure on staff and management, and to accommodate additional LTP tasks is challenging. This will be managed by a mix of regular monitoring of progress, engaging additional resource as required for key aspects of the programme, seeking to make the process as efficient as possible and reviewing how much we put in to it.





THE BIG PICTURE

MACKENZIE DISTRICT COUNCIL

FOSTERING OUR COMMUNITY

OUR BIG ISSUES

Environmental
sustainability

Managing
tourism

Affordable
housing

Strengthening
communities

Funding
constraints

Iwi and
partner
relationships

OUR KEY OUTCOMES

Treasured
Environment
35%

Sustainable
Communities
35%

Thriving
Economy
20%

Diverse
District
10%

WHAT'S NEXT

Commercialise
Council assets

Develop new
funding
strategy

Build facilitation
and partnership
capability

Invest in key
relationships

Undergo town
planning for
community
facilities

Proactive
District Plan
engagement

Outsource
service delivery

Council and
community
disaster
planning