

Mayor and Councillors
COUNCIL

24 FEBRUARY 2015

Meeting Status: **Public**

Purpose of Report: For Decision

FUTURE KĀPITI: LONG TERM PLAN 2015 - 35

PURPOSE OF REPORT

- 1 This report is intended to ensure legislatively required components of the Draft Long Term Plan (LTP) are adopted by the Council prior to approval of a Consultation Document on 12 March 2015.

DELEGATION

- 2 Only the Council may approve the components of the Draft Long Term Plan.

BACKGROUND

- 3 The Local Government Act 2002 as amended in 2014 requires councils to consult with their communities on their proposed Long Term Plans through the special consultative procedure (SCP). Requirements for the consultation are laid down in Ss 83 and 93 of the Act (copy attached at Appendix 1).
- 4 The Act expressly forbids councils to consult the community on the draft LTP, instead requiring the production of a consultation document (CD) which may not be simply a summary of the LTP. It requires the council to decide which issues and initiatives proposed in the LTP are significant for the community and must therefore be included in the CD. Details of all initiatives and issues will be documented in the draft LTP which must be available to the public so they can inform themselves more fully before providing feedback on the draft LTP to the council as part of the SCP.
- 5 Elected Members and representatives of Te Whakaminenga o Kāpiti attended a series of workshops in November/December 2014 to discuss the Council's 13 draft Activity Management Plans over the 2015-35 period. A second series of workshops was held in January/February 2015 to develop a shared viewpoint on the activities, their related operational and capital budgets, their levels of service and related performance indicators and the timing and nature of major projects. The workshops were open to the public and members of Grey Power and the Council of Older Persons, in particular, attended them and provided input at various points.
- 6 The Local Government Act requires councils to adopt in draft all the components of the LTP before adoption of the CD. This report recommends Council's adoption of a number of the components relating to Council's groups of activities (see para 28 for details). The components are attached in a series of appendices to this report. The remaining components and the CD itself will be brought to the Council meeting of 12 March 2015 for adoption.
- 7 A table of LTP components and the dates on which the Council will consider them can be found at para 28 below (Table 1). Specifically, this report covers

the following elements of the draft LTP and recommends their adoption by Council:

- Activity statements relating to all 13 of Council's activities. This includes related costs over the life of the LTP and the Key Performance Indicators (KPIs) proposed to measure levels of service (Appendix 2). As required by legislation, each activity statement documents any negative effects the activity may have on the local community.
 - The draft Infrastructure Strategy (Appendix 3)
 - A summary of proposed changes to the public/private funding splits included in the draft 2015 Revenue and Financing Policy (Appendix 4).
 - The draft 2015 Revenue and Financing Policy (Appendix 5).
 - A summary of proposed changes to the draft user fees and charges schedule (Appendix 6) This summary only includes
 - user fees and charges that have increased/decreased more than 2.24% (Local Government Cost Index (LGCI) for 2015/16)
 - new user fees and charges
 - user fees and charges that are no longer required by Council.
 - Appendix 7 contains the Community Outcomes statements and the Council Outcomes for the Community Statements and explains the relationship between them.
- 8 While Council will adopt the *content* of the component parts of the draft Long Term Plan through this report and a further report on 12 March 2015, it should be noted that the *format and ordering* of the components will change during the publication process. It is inevitable that minor editorial changes will be required to some content between its being adopted by Council and publication in the CD or on the Web. Officers recommend delegation to the Mayor, Chair of Corporate Business Committee and Chief Executive the authority to approve such changes.

CONSIDERATIONS

Council's service provision through activities

- 9 The Council delivers its services through thirteen activities which are grouped into four clusters. The draft LTP describes each group of activities and
- its levels of service and related performance indicators and targets
 - the major issues it is likely to face over the life of the LTP
 - any potential or actual negative effects of the activity on the local community
 - the operational and capital budgets proposed to deliver the activity
 - where the funding for the activity is derived (rates or fees and charges)
- 10 A performance measures review was undertaken to satisfy the requirements of the Local Government Act to include in the Long Term Plan statements of intended levels of service and specific performance measures and targets that

the Council considers will enable the public to assess the major aspects relating to performance in the activities. The review aimed at ensuring consistency of SMART (specific, measurable, achievable, realistic, time-related) measures across Council and at reducing the number of KPIs to be included in the LTP and Annual Reports. This has resulted in 83 proposed KPIs as compared to the previous 102.

- 11 Under the legislation, Councils must decide which measures and targets will enable the public to assess the major aspects relating to performance in the various activities. The performance measures review was undertaken to satisfy these requirements. The resulting revised KPIs proposed by officers for inclusion in the draft LTP are found in Appendix 2 along with the activities they relate to.
- 12 In addition, councils are now required to incorporate the Government's non-financial mandatory measures in the development of their 2015 Long Term Plans. The performance measures will therefore be reported against for the first time in the 2015/16 Annual Report. The 19 non-financial mandatory measures are identified in the reviewed performance measures and targets included in Appendix 2.
- 13 This report recommends that the Council adopt the draft information on how it proposes to deliver its services detailed at Appendix 2.

Policies

- 14 The Local Government Act 2002 requires councils to include certain policies in their LTPs. The CD may not include these policies but must describe them.
- 15 The 2014 amendment to the Local Government Act required councils to develop new Significance and Engagement, Revenue and Financing and Development Contribution policies as well as a 30-year Infrastructure Strategy.
- 16 The Council adopted the Significance and Engagement policy in November 2014 as required by the legislated deadline of 1 December 2014. However, the policy had not been through a consultation with the community due to time constraints following the passing of the amendment at the end of July 2014. As a result, the Council determined it would consult on the policy at the same time as it conducted its LTP consultation with a view to amending the policy if required. The summary of the policy proposed for inclusion in the draft LTP will be covered in the report to Council on 12 March 2015.
- 17 The proposed draft Infrastructure Strategy is attached at Appendix 3. Officers recommend adoption by the Council for the purposes of consultation.
- 18 The new Revenue and Financing policy and the new Development Contributions policy must be adopted by 1 July 2015 and will be consulted on at the same time as the LTP consultation. The draft 2015 Revenue and Financing Policy is included at Appendix 5. This report recommends adoption of this draft policy by the Council.
- 19 The draft Development Contributions policy will be addressed by a report to the Council meeting of 12 March 2015.

Community Outcomes

- 20 In 2006, the Council adopted a set of Community Outcomes which were the product of an extensive community engagement for which the Council won an award. Aside from two or three low-key challenges on small component parts, those Community Outcomes have remained unchallenged through subsequent LT(CC)P iterations in 2009 and 2012.
- 21 When these Outcomes statements were reviewed by the Council for alignment with the changed purpose of local government in the Local Government Act amendment of 2012, it was decided to retain those statements as still valid descriptions of the community's aspirations for the District. It was recognised, however, that many other agencies and individuals would need to contribute to their achievement making measurement of the effectiveness of the Council's contribution very difficult. As a result, the Council decided to develop a set of Council Outcomes for the Community which would make explicit how the Council will contribute to the achievement of the Community Outcomes and more closely align with the Government's expressed aim that councils focus on their core service provision.
- 22 A Community Reference Group was established which workshopped the original draft Council Outcomes statements and suggested amendments to the Council. On 4 September 2014, a final set of statements was adopted by the Council for consultation through the draft LTP. Both sets of Outcomes statements are included in the draft LTP (Appendix 7) and the relationship between them explained.

Financial Considerations

- 23 The financial implications of the programme proposed in the draft LTP have been previously discussed in open workshops and briefings. The operational and capital budgets along with proposals as to sources of funding are fully documented in Appendix 2 where they are shown alongside the activities they relate to.
- 24 It should be noted that the proposed Resource Consent fees are set under Section 36 of the Resource Management Act 1991 and are subject to a special consultative procedure. The Resource Consent fee setting process will use the Long Term Plan special consultative procedure to avoid duplication.
- 25 The Council's proposed financial strategy for the next 20 years is focused on achieving a balance. The strategy will deliver affordable rates to the community, minimise Council's borrowings and optimise capital spending. Collectively, these are the factors that define the levels of service that Council provides to the Community.
- 26 Our proposed average rates increase for 2015/16 is 4.2% and the 20 year average is forecast to be 3.3%. Our borrowings are forecast to be \$146m in 2015/16, reaching a peak level of \$194m in 2023/24 and averaging \$171m over the life of the Long Term Plan. Our capital expenditure is forecast to be \$22m in 2015/16 and averages \$30m over the next 20 years.
- 27 The financial strategy will be presented to the Council on 12 March 2015, once all financial elements have been completed. It should be noted that some costs associated with major capex projects will not be available for Council discussion

until the 12 March 2015 meeting. Any costs approved by Council as part of an appendix to this report which require updating before consultation will be the subject of briefings and a recommendation in the report to the 12 March 2015 meeting. Decisions made at the 12 March 2015 meeting will over-ride decisions made in the adoption of the appendices to this report. Officers recommend the Council adopts the draft activity budgets as detailed at Appendix 2 of this paper.

Components of LTP for adoption

28 The component parts of the LTP which officers recommend the Council adopt are noted in Table 1 below along with the dates on which officers propose the Council formally adopts them.

TABLE 1

LTP component	Adoption date
Statement of Compliance	12 March 2015
District overview	12 March 2015
Groups of activities	
- Description, purpose, major projects and programmes	24 February 2015
- Levels of service and related performance indicators	24 February 2015
- Cost of Activity statements (opex and capex budgets)	24 February 2015
- Groups of activities capex schedules	12 March 2015
Other financial information	
- Infrastructure Strategy	24 February 2015
- Revenue and Financing Policy (including exceptional changes to user fees and charges)	24 February 2015
- Forecast financial statements and previous year's financial statements	12 March 2015
- Financial Strategy	12 March 2015
- Funding impact statement (including rates policies)	12 March 2015
- Projected number of rating units	12 March 2015
- Reserve funds	12 March 2015
Summary of Significance and Engagement Policy	12 March 2015
Council Controlled Organisations	12 March 2015
Forecasting assumptions	12 March 2015

Appendices				
- Group of Activity Statements	Funding	Impact		12 March 2015
- Accounting policies				12 March 2015

Legal considerations

- 29 The process for consulting on the CD and underpinning draft LTP meets the requirements of the Local Government Act 2002 for a SCP. In addition, components of the draft LTP are being audited by Ernst and Young. A verbal update on that audit process will be provided to Council at the 24 February 2015 meeting

Tāngata whenua considerations

- 30 Implicit in the delivery of the proposed LTP work programme is the need to work with all three local Iwi. Te Whakaminenga o Kāpiti have contributed their vision for the general future of the Kāpiti Coast for the 2015-35 Draft Long Term Plan – this content will be included in the 12 March 2015 report to Council for information. They have been present at the Council table throughout the workshops and other discussions relating to the development of the draft LTP and will be invited to make a submission to this process.
- 31 It should be noted that one of the components of the LTP explicitly required by the legislation is a section on *Development of Māori capacity to contribute to decision-making processes*. This requirement is addressed by the description of the Tāngata Whenua activity which is found at Appendix 2 and by a systematic embedding of elements of the tāngata whenua vision across all activities.

SIGNIFICANCE AND ENGAGEMENT

Degree of significance

- 32 This matter has a high degree of significance, and it is significant under Council's Significance and Engagement policy. As a consequence, the decisions will trigger extensive consultation as part of the planned Draft LTP special consultative procedure (see paras 3 and 4 and Appendix 1).

Consultation already undertaken

- 33 All formal consultation will take place as part of the SCP between 20 March and 24 April 2015. During the drafting phase of the Draft LTP, a Community Reference Group was established which workshopped the Draft Council Outcomes and offered feedback on the Council's priorities. In addition, Community Boards have been briefed on the LTP process.

Engagement planning

- 34 The engagement plan is focused on consultation on Council's proposal.
- 35 The Local Government Act requires the use of a Special Consultative Procedure for councils' Long Term Plans. An extensive consultation programme using a variety of channels is planned for the LTP which gives effect to the requirements

of the amended Local Government Act. Council will be briefed in detail on the proposed consultation on 25 February 2015.

Publicity

- 36 As noted above, a communications and engagement plan has been developed for the draft LTP and Councillors will be briefed on the details of it on 25 February 2015.

OTHER CONSIDERATIONS

- 37 A significant matter which the Council will bear in mind when making its decisions on funding of levels of service and projects and programmes is the issue of affordability as it applies to this District. Councillors have been briefed on this matter and a detailed analysis of affordability impacts will be presented to Councillors before final LTP decisions are made in May and June 2015. The detailed analysis is dependent on specific analyses of the 2013 Census figures from the Department of Statistics which are not available at time of writing.
- 38 Broadly speaking, the Kāpiti Coast District has a lower average household income than the national figure. At the 2006 Census, some 35% of the Kāpiti population lived at or below the poverty line (defined as 50% of the national median household income which was \$25,500 per annum). The Council's detailed analysis will quantify the impacts of rates increases on a representative sample of households. In doing so it will make an assessment of the wider impact of those increases combined with the cost of access to Council and other services.
- 39 While an affordability assessment is not a mandatory element of the LTP, the context-setting introductory part of the draft LTP will acknowledge this consideration.

CONCLUSION

- 40 Attached in Appendices 2 - 7 are a number of the component parts of the draft LTP, relating to the Council's activities, that are required by the Local Government Act 2002 Schedule 10 Part 1 Cl 1 – 17. This report recommends the Council adopt these components as the basis for a document that will be used to consult with the community on the Draft 2015 – 35 Long Term Plan. As indicated in Table 1 para 28, the remaining components required for the draft LTP and the proposed Consultation Document will be the subject of a report to Council on 12 March 2015.

RECOMMENDATIONS

- 41 It is recommended:
- 41.1 That the Council notes that the 2014 amendment to the Local Government Act 2002 requires the production of a Consultation Document as the basis for consultation on its Long Term Plan;
- 41.2 That the Council notes that the 2014 amendment to the Local Government Act 2002 requires the Council to adopt all the component parts of its draft Long Term Plan prior to the adoption of the Consultation Document;

- 41.3 That the Council adopts the contents of the draft Long Term Plan contained in Appendices 2 – 7 attached to report number SP-15-1500.
- 41.4 That the Council delegates to the Mayor, Chair of Corporate Business Committee and Chief Executive the authority to approve minor editorial changes to the material contained in Appendices 2 – 7 of SP-15-1500 prior to publication.
- 41.5 That the Council notes that the remaining components of the draft Long Term Plan will be presented for adoption in a report to Council on 12 March 2015.

Report prepared by	Approved for submission	Approved for submission
Alison Lash	Wayne Maxwell	Stephen McArthur
Senior Advisor, Research, Policy and Planning	Group Manager, Corporate Services	Group Manager, Strategy and Planning

ATTACHMENTS

1. **Appendix 1:** Local Government Act 2002 Consultation Requirements for Long Term Plan.
2. **Appendix 2:** Groups of Activities Draft Content for Long Term Plan.
3. **Appendix 3:** Draft Infrastructure Strategy
4. **Appendix 4:** Summary of Proposed Changes to the Public/Private Funding Splits included in the draft 2015 Revenue and Financing Policy
5. **Appendix 5:** Draft 2015 Revenue and Financing Policy.
6. **Appendix 6:** Summary of Changes to User Charges and Fees (excluding LGCI inflation increases)
7. **Appendix 7:** Community outcomes and draft Council Outcomes statements