

Mayor and Councillors
COUNCIL

12 MARCH 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 the Long Term Plan Consultation Document (CD). It further seeks the Council's adoption of the CD.

DELEGATION

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

BACKGROUND

- 3 The Local Government Act (LGA) 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 – copies of these sections of the Act were circulated to Council as Appendix 1 of report SP-15-1500.
- 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 and January/February 2015 at which a number of the Draft LTP components were discussed. 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 Council adopted most of the components of the draft LTP relating to its activities at a Council meeting of 24 February 2015. Queries from Elected Members at that meeting and directions indicated at the subsequent public workshop of 25 February 2015 have necessitated some changes to some of the material adopted which go beyond the "minor editorial changes" level delegated to the Mayor, Chair of Corporate Business Committee and Chief Executive for approval. They are included in the appendices to this report. Officers recommend their adoption.

- 7 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 the remaining components of the draft LTP not adopted on 24 February 2015. They are attached in a series of appendices to this report. For the most part, they address financial issues.
- 8 Specifically, this report covers the following elements of the draft LTP required by Schedule 10 of the Local Government Act 2002 and recommends their adoption by Council:
- The District overview (Appendix 1)
 - The Financial Strategy and Financial Forecasting Assumptions (Appendix 2)
 - A summary of the Significance and Engagement policy (Appendix 3)
 - Replacement activity statements, including updated cost of activity statements (Appendix 4)
 - Capex schedules (Appendix 5)
 - Accounting policies (Appendix 6)
 - Forecast Financial Statements and Statement of Reserve Funds (Appendix 7)
 - The Funding Impact Statements (Appendix 8)
 - Projected number of rating units (Appendix 9)
 - Council Controlled Organisations (Appendix 10)
 - Schedule of Fees and Charges (Appendix 11)
 - Long-term plan disclosure statement (Financial Prudence) – (Appendix 12)
 - Governance structure (Appendix 13)
 - Economic and demographic statistics (Appendix 14)
 - Changes to Part 9 of Rates Remission Policy (this was the only section Council indicated it wished to change during workshops (Appendix 15)
 - Balancing the budget (Appendix 16)
- 9 While Council will adopt the *content* of the remaining component parts of the draft Long Term Plan through this report, 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

Changes to previously adopted material

- 10 Appendix 4 contains a set of activity statements replacing those the Council adopted on 24 February 2015. These replacement statements include updated

cost of activity statements. Officers recommend adoption of this replacement material which would override the adoption decision made on 24 February 2015.

Financial Considerations

- 11 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.
- 12 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 \$148m in 2015/16, reaching a peak level of \$197m in 2022/23 and averaging \$171m over the life of the Long Term Plan. Our capital expenditure is forecast to be \$22m in 2015/16 and averages \$29m over the next 20 years.
- 13 The financial implications of the programme proposed in the draft Long Term Plan have been discussed in open workshops and briefings. The operational and capital budgets, together with the resulting rates increases and borrowings levels are fully documented in the appendices to this report.
- 14 The Financial Strategy is detailed in Appendix 2 and officers recommend its adoption.
- 15 Also included, at Appendix 5, are a full set of capex schedules as required by legislation. They give a level of detail about capital expenditure which is not given in the cost of activity statements.
- 16 The Funding Impact Statement in Appendix 9 incorporates the proposed changes to the funding mechanisms proposed as part of the rating system review. The proposed changes are set out in the CD.

Policy considerations

- 17 Appendix 3 contains a summary of the Significance and Engagement S&E Policy adopted by the Council on 27 November 2014. The Council agreed to adopt the Policy on that date as there was a legal requirement to do so before 1 December. However, since the amendment to the LGA requiring this policy adoption and setting the deadline had only been passed at the end of July 2014, it was not possible to undertake the level of consultation the Council would have preferred on the policy prior to adoption. Consequently, the Council determined to engage with the community on the policy as part of the LTP consultation with a view to changing the policy if necessary depending on the community feedback received.
- 18 Officers recommend Council adopts the summary of the S&E Policy at Appendix 3 for inclusion in the CD.

Legal considerations

- 19 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, the components of the draft LTP are being audited by Ernst and Young. Their opinion will be tabled at the meeting of 12 March 2015.

Tāngata whenua considerations

- 20 The ART Forum of the three local iwi – Te Ātiawa, Ngāti Raukawa and Ngāti Toa Rangatira – will provide a vision statement for inclusion at the beginning of the draft LTP. Aside from this input, Te Whakaminenga o Kāpiti representatives 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

SIGNIFICANCE AND ENGAGEMENT

Degree of significance

- 21 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 para 3).

Consultation

- 22 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.
- 23 Council can combine its consultation on all policies that are part of or adjunct to the LTP, into a single process, using the special consultative procedure (s83A). This simplifies consultation for the community who may have views on more than one policy or LTP component, and reduces the administrative complexity and costs that would be otherwise required to
- conduct multiple simultaneous consultations
 - conduct separate hearings
 - provide separate responses to submitters.
- 24 The following are proposed to be included in the combined consultation:
- all long term plan components adopted by Council
 - the Consultation Document
 - Significance and engagement policy
 - Development contributions policy (subject of report number SP-15-1522)
- 25 Officers recommend that Council adopts this approach to combined consultation.

Engagement planning

- 26 The engagement plan is focused on consultation on Council's proposal.
- 27 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 was briefed in detail on the proposed consultation on 25 February 2015.

Publicity

- 28 A communications and engagement plan has been developed for the draft LTP on which Councillors were fully briefed on 25 February 2015.

RECOMMENDATIONS

29 It is recommended:

- 29.1 That the Council adopts the contents of the draft Long Term Plan contained in Appendices 1 - 16 attached to report number SP-15-1519.
- 29.2 That the Council agrees to combine the consultations on the Long Term Plan, the Significance and Engagement Policy and the Development Contributions Policy into a single special consultative procedure.
- 29.3 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 1 - 16 of SP-15-1519 prior to publication.

Report prepared by	Approved for submission	Approved submission	for
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ATTACHMENTS

- 1. APPENDIX 1: THE DISTRICT OVERVIEW**
- 2. APPENDIX 2: THE FINANCIAL STRATEGY AND FINANCIAL FORECASTING ASSUMPTIONS**
- 3. APPENDIX 3: SUMMARY OF SIGNIFICANCE AND ENGAGEMENT POLICY**
- 4. APPENDIX 4: REPLACEMENT ACTIVITY STATEMENTS, INCLUDING COST OF ACTIVITY STATEMENTS**
- 5. APPENDIX 5: CAPEX SCHEDULES**
- 6. APPENDIX 6: ACCOUNTING POLICIES**

- 7. APPENDIX 7: FORECAST FINANCIAL STATEMENTS AND STATEMENT OF RESERVE FUNDS**
- 8. APPENDIX 8: FUNDING IMPACT STATEMENTS**
- 9. APPENDIX 9: PROJECTED NUMBER OF RATING UNITS**
- 10. APPENDIX 10: COUNCIL CONTROLLED ORGANISATIONS**
- 11. APPENDIX 11: SCHEDULE OF FEES AND CHARGES**
- 12. APPENDIX 12: LTP FINANCIAL PRUDENCE DISCLOSURE STATEMENT**
- 13. APPENDIX 13: GOVERNANCE STRUCTURE**
- 14. APPENDIX 14: UNDERPINNING ECONOMIC AND DEMOGRAPHIC DATA**
- 15. APPENDIX 15: RATES REMISSION POLICY – CHANGES TO PART 9**
- 16. APPENDIX 16: BALANCING THE BUDGET**