

1. Report: Whangarei District Council Briefing Tuesday 20 June 2017

Report of a Briefing to the Whangarei District Council held in the Council Chamber, Forum North on Tuesday 20 June 2017 at 9.00am

Present:

Her Worship the Mayor Sheryl Mai, Crs Stu Bell, Crichton Christie, Tricia Cutforth, Shelley Deeming, Sue Glen, Cherry Hermon, Phil Halse, Greg Innes, Sharon Morgan and Anna Murphy

Apologies/Absent

Cr Vince Cocurullo, Greg Martin, Jayne Golightly

In Attendance:

Chief Executive (Rob Forlong), General Manager Corporate (Alan Adcock), General Manager Strategy and Democracy (Jill McPherson), Financial Services Manager (Rich Kerr), Governance Manager (Jason Marris), Planning & Management Accountant (Bronwyn Jeeves), Senior Meeting Co-ordinator (Jennie Thomas)

Facilitators: Jason Marris and Alan Adcock

Her Worship the Mayor convened the meeting and noted Councillors Cocurullo, Martin and Golightly's apologies.

Significance and Engagement Policy

Jason Marris covered the content of the briefing as outlined in the agenda report and attached presentation to seek feedback from Council on the current Significance and Engagement Policy.

What are we doing today?

Asking for your input on our Significance and Engagement policy to see whether we review it.

Why do we have one?

1. To understand where the threshold for consulting is regarding decisions.
2. Provides clarity about how and when communities will be engaged with on topics or decisions.
3. At the outset of a decision-making process, provide certainty about the extent of any public engagement and the form and type of any engagement.

Pre-2002, Councils across NZ were making too many decisions without adequate public consultation. In 2002 Government legislated so Councils would have to undertake more public consultation. Councils tended to become risk adverse. Consultation became robotic and Councils often over consulted. In 2014 our Government recognised this and made amendments to the Local Govt Act and removed some of the restrictions on consultation to recognise the needs of different communities.

The Significance and Engagement Policy provides clarity and certainty on how communities will be engaged with.

What does it have to include

- Our general approach to determining the significance of proposals and decisions
- Any criteria or procedure we use to assess the significance of the issue
- How we will respond to community preferences about engagement on decisions, including the form of consultation that may be desirable
- Must list the assets considered to be strategic assets

Discussion

One of the points we could consider is the terminology. General approach is quite open but quite subjective. Not necessarily a prescribed approach. A positive is the flexibility to adjust.

Our policy – fulfils the criteria

In 2014 Council went through a robust process involved consultation with the community and several workshops and developed our current policy.

The criteria includes:

- General approach to determining the significance of proposals and decisions.
- Any criteria or procedure we use to assess the significance of the issue.
- How we will respond to community preferences about engagement on decisions, including the form of consultation that may be desirable.
- Include strategic assets

Our policy is fulfilling our requirement.

Discussion

Generally, the policy is very good, it provides flexibility.

Determining Significance

Basically, when two or more of these criteria are triggered.

- Impact on Councils direction
- Change in Councils level of service
- Level of public impact and/or interest
- Impact on Councils capability (non-cost) - Staff
- Net Financial cost/revenue of implementation

Discussion

There was discussion on whether we should continue to use two or more criteria to trigger significance. There is the option to reduce it to any one of the criteria. Views were expressed that consulting can be a long and costly process. Mr Marris clarified that if deemed significant this would not necessarily mean a full consultation process would be prompted. Staff would note in their reports deemed significant and the consultation method would then be decided.

The question was asked, “Do staff determine what is significant when writing their reports?” Mr Marris replied that staff have guidance when writing the report. They decide on the significance based on the policy and then how we could engage. Elected Members are the decision makers – council would make the call on consultation.

Other views were that two or more triggers was preferred as it binds us to determine significance and engagement.

There was a comment on the term “deemed to be not significant” used in reports. The public may perceive “deemed to be not significant” to mean not important.

There was discussion on the percentage used for financial cost/revenue of implementation and if the dollar value figures should be lower. For example, \$4 million could be significant for the public.

At present staff make the call on significance. Staff tend to be conservative in their approach and if we need to consult with the community we would. In reality, this Council tends to use the LTP or Annual Plan for consultation. This is a practical and efficient approach.

Further views were that consultation like this can be a bit reactive. We should be mindful of 30/50 plan and need to be putting it into context with community consultation. We should be looking at the longer term and not dealing with adhoc consultation.

Council was advised that a Consultation and Engagement role has been created and there is an opportunity there to consider and coordinate consultation with an overarching view. An umbrella approach considering short, medium and long term consultation could be developed then linked into longer term planning.

Others expressed their satisfaction with the existing policy with minor tweaks. The first four triggers are quite subjective. If we set the bar too low for consulting, decisions won't be able to be made without going out for consultation.

Confirmation was sought on the Net capital expenditure > 10%. Staff replied that this related to Capex expenditure for particular projects greater or less than 10% of rates taken. Net operating expenditure would equate to > \$2.125 million.

Confirmation was also sought on what value was used for capital project variation. What value would trigger consultation – the variation difference or total cost of the project? We need to consider that the value of these projects in the LTP were consulted on with the public. If the project costs go up, must we go back and consult, or if the difference is less than 10% of total rates do we not? The advice given was that staff would come back to council on that variation and then part of that process would be for Elected Members to decide on further consultation. We may need some clarity around this in our policy. Council already have the ability to consult if they decide to, but something to consider.

Consulting our communities - key points

We can consult with our communities at any time on any decision.

If a decision is significant – we will generally report to Council or the Committee and discuss how we are going to consult with our community.

If a decision is not 'significant,' a decision will be based on an assessment of the significance and what engagement is proposed.

Discussion

Discussion on terminology used. The word consult is used in an ambiguous way. We need to clarify what we are meaning when using the word consult. Some Elected Members would like to see the word engagement used instead of consult. There was agreement that the policy could be amended to be clearer and more user friendly.

There was a query regarding the Event Centre and whether it was listed as a strategic asset - has it been formally handed over? Staff to follow up.

Forms of engagement our policy

1. Special consultative procedure (SCP) – is the most rigorous of our consulting. Some required by law and some are not. May not be significant but we still have the ability to consult. Highest level of consultation.
2. S82 of the LGA
When using S82 you must under S82A make publicly available
 - Proposal and the reasons
 - Analysis of the options
 - A draft of the plan, policy or document
 - Prepare a consultation document if it is an Annual Plan.

Discussion

There was discussion on consultation being too complex for the public to understand. This is evident with low numbers attending public consultation meetings. We need to encourage people to engage. The public want to engage on areas of interest not on policies. They are reluctant to come and discuss process.

Mr Marris replied that our new Consultation and Engagement officer may be able to address this issue with guidance.

For other forms of engagement there is a spectrum of things that we can do. It is quite flexible and has a range of possibilities. It is up to the Committee, Council and staff what process would be undertaken.

Positives of our policy

1. Short, succinct and mostly clear
2. Covers all that it needs to
3. Provides flexibility for decision makers

Discussion

Make user friendly for the public. We need to involve the community early. The community need to be able to shape the consultation process. We should also consider what community we are engaging with. Fit for purpose engagement is the key for positive consultation. Elected members know their communities the best. If we were to consult on the policy how would we get feedback? Hard to get the community to buy in on consultation on a policy. How do we demystify it so we can pull the essence out to get the feedback?

There has been some comment back from the community that in past consultation processes, feedback was given but there was no response back from Council. The community would like an understandable process and then see us implementing this process. The community will engage in what interests them.

Legislation has made a simple process quite difficult. We hope to demystify it and help in this space.

Involvement of Maori - we should discuss with Te Kārearea in terms of engagement. There needs to be an understanding on what our policy is and how it is implemented in the document. We must consult with Maori – it is in the Act. We need to decide if we are going to amend the policy in a major way first and then decide if there needs to be any engagement.

There were different views on, if we were to make in depth changes to the Policy, the best way to review it would be. It was felt that it would be lost in the LTP process. Another view expressed was that it would be best in the LTP as it would be cost effective and timely.

Room for improvement

Could be more user friendly. Provide one that is more easily understood. It is written as a policy and this doesn't necessarily translate well for community understanding. The policy could be more engaging. Could involve more context and detail on when we involve Maori. Have to have a process for engagement for Maori. Te Karearea is a starting point but could expand. Editorial changes to make more easily understood.

Discussion

The sense from the meeting was that Elected Members would like to see minor changes made to the Policy. Changes mainly around making the Policy more user friendly. The feedback provided doesn't trigger the need for an intensive review.

Her Worship the Mayor summarised that from the responses received today that the Significance and Engagement Policy only needed minor changes based on that feedback and these will be brought back to Council for adoption.

Draft Annual Plan

Alan Adcock covered the content of the briefing as outlined in the agenda report and attached presentation which is to present the 2017/18 Annual Plan and clarify any issues before adoption.

Purpose of the briefing

Is to confirm there are no 'significant and material' differences to Year 3 of the Long Term Plan, to provide a Financial Overview and to run through adjustments that have been made to reflect:

- Revised inflation forecasts
- Increased staff numbers
- Opening Debt position
- CapEx carry forwards
- Changes in circumstances/assumptions
- Prior changes to 10-year CapEx program

Comparisons to LTP Financials and Benchmarks

The biggest difference in the Financials is that inflation is only 1.9 % compared to the 2.5% predicted. The opening debt being lower gives us an interest saving. The overall picture is very similar. We are meeting all the benchmarks quite comfortably.

Staff Increases

There has been a movement in numbers over the course of year to deal with the increase of activity in the district. Building Consents are up 29%, Resource Consents are up 25% and property sales up which increases workloads for various departments of Council. These activities are majority funded by fees paid. There have been incremental increases through the year to March. Since March three roles have been created with staff taking over from contractors and another six additional roles have been created.

Discussion

Building Consents and Resource Consents are funded mainly through fees. 35% is for public good. Elected members deal with a number of enquiries regarding why things (consents) are taking so long. Are we under resourced in this area?

Mr Adcock replied that often it is the matter of finding employees to fill these roles. We budget for 100% occupancy but often there is a gap, we then have to bring contractors in to do the work. Wages are approximately \$1 million favourable each year but this is offset by increased contract costs.

Changes from LTP Y3 – Capex and Debt

For the Annual Plan, we use the November carry forwards. There has been further increases since that time and this figure will need adjustment. Debt is reducing.

Capex program looks challenging

In August we look at actuals and do a revised budget. In the Annual Plan the projects have been funded for and are rated. We are rating projects in the LTP. We don't take them out and carry them forward without recalibration.

Changes from LTP Y3 – Capital Projects

Adjustments have been made for a variety of reasons.

Discussion

There were views expressed that Council is taking too long to catch up on/complete capital projects from the LTP. Council should not be overstretching its capital works programme when setting the LTP. We need to consider that when projects are carried over costs can increase for that project. If projects are put into the LTP and they are not completed there is the risk that Council will get recommendations from the public to drop projects. We need to have a realistic figure in the LTP to help to manage the community's expectations. We need a programme we can deliver on.

Mr Adcock responded that once the One Building and delayed IT projects were removed from the equation we have around \$10 million dollars in carry forwards. He also advised that a Manager's role has been established in Infrastructure and Services who will be specifically accountable for projects. Sometimes contractors don't have the capacity to complete the projects in the timeframes we set. There is no intention to drop projects.

There was a point raised about Council's ability to purchase land out of capital. There seemed to be no provision in the Annual Plan for if we wish to purchase a commercial property. This could restrict Council buying a strategic piece of commercial land without consultation and within a quick timeframe if required. Mr Adcock advised that property can be purchased with a Council resolution.

Mr Adcock also clarified that Infrastructure are only \$10 - \$11 million behind on projects. A possible way of achieving the objectives in the LTP would be to schedule a light first year. This would assist in catching up on projects. Some of the Elected Members expressed their agreement with this approach. There is the belief that growth will continue. Council also needs to consider staff and contractors and their availability/ability to progress these projects.

The question was asked "Do additional projects add to our carry forwards?" Mr Adcock replied that usually a decision would be made to include the additional project and then a decision needed on what is not going to proceed. How do we balance community expectation around projects? We

make our best estimate in the LTP but make changes in Annual Plans. Projects can be added by resolution. It is Council's prerogative to bring in extra projects but still need to continue with our balanced budgets.

There was a view expressed that at times Council make decisions on projects without considering the impact on our overall Plans. We don't always look at what effect we are having on our budget. This information is not included in reports and we are making decisions in isolation. Possibly, in future, if we are making decisions outside of the LTP and Annual Plan, we need to be advised of the impact this will have on the Long Term and Annual Plans. It is also the obligation of Elected Members to be asking for, as well as staff providing, details.

It was clarified by Mr Adcock that surpluses contribute to the debt profile at the beginning of the next financial year.

Discussion on the bike park project on Pohe Island. Disagreeing views from Bike Northland and the Parks Department on a playground being built in certain location. Project is at this stage suspended.

Mr Forlong responded to some of the points raised by Elected Members. He advised that carry forwards were challenging but Elected Members needed to be mindful that of the \$17 million capital works carried forward, \$7 million was for Support Services (largely One building and IT projects still to be completed) so essentially this is only \$10 million carried.

Infrastructure and Services have reduced carry forwards about the same value as last year. It will take a while to get things turned around and we have to allow for growth.

Mr Forlong advised that Council, as the owner of the Ballance building, has received a Dangerous Building Notice. This means we are going to have to procure demolition quickly. There was discussion on the cost associated with this demolition. Health and safety requirements have changed markedly regarding asbestos removal and we can't do it ourselves as we can't carry that risk.

Summing up

- Lots of adjustments but no material and significant changes to LTP Year 3.
- Virtually no public / media comment
- Our community appears to have accepted the view that "We are sticking to our plan..."

Mr Adcock advised that errors were to be corrected and minor adjustments were still to be made to the Annual Plan. A finalised version of the Annual Plan will be available this week.

The meeting closed at 11.32 am