



NOTICE OF MEETING

**Notice is hereby given of the Meeting of the
Risk and Assurance Committee to be held in the
Council Chamber, First Floor, Civic Administration
Building, 101 Esk Street, Invercargill on
Wednesday 29 September 2021 at 8.30 AM**

Mr B Robertson (Chair)
Cr R R Amundsen
Cr A J Arnold
Cr W S Clark
Cr A H Crackett
Mr R Jackson
Cr D J Ludlow
Cr I R Pottinger

CLARE HADLEY
CHIEF EXECUTIVE

Risk and Assurance Committee - Public

29 September 2021 08:30 AM

Agenda Topic	Page
1. Apologies	
2. Declaration of Interest	
a. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.	
b. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.	
3. Public Forum	
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13. Urgent Business	
14. Public Excluded Session	

Public Excluded Session

Moved , seconded that the public be excluded from the following parts of the proceedings of this meeting, with the exception of the External Appointees, Mr Jeff Grant and Mr Lindsay McKenzie; namely:

- a) *Confirmation of Minutes of the Public Excluded Session of the Risk and Assurance Committee held on 24 August 2021*
- b) *Confirmation of Minutes of the Public Excluded Emergency Session of the Risk and Assurance Committee held on 6 September 2021*
- c) *Council Litigation Update*
- d) *Tax Risk Governance Policy*
- e) *2021 Audit New Zealand Fraud Questionnaire*
- f) *ICL Project Update*
- g) *Independent Review of Electronic Access - Report by R Buchanan*
- h) *Shadbolt v ICC*

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
a) Confirmation of Minutes of the Public Excluded Session of the Risk and Assurance Committee held on 24 August 2021	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
b) Confirmation of Minutes of the Public Excluded Emergency Session of the Risk and Assurance Committee held on 6 September 2021	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
c) Council Litigation Update	Section 6(a) The maintenance of law including the right to a fair trial; and Section 7(2)(g) Maintain legal professional privilege	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

d) Tax Risk Governance Policy	<p>Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p>
e) 2021 Audit New Zealand Fraud Questionnaire	<p>Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p>
f) ICL Project Update	<p>Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p>
g) Independent Review of Electronic Access - Report by R Buchanan	<p>Section 7(2)(f)(i) Maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority, in the course of their duty</p>	<p>Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p>
h) Shadbolt v ICC - Update	<p>Section 7(2)(g) Maintain legal professional privilege</p>	<p>Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p>

**MINUTES OF THE MEETING OF THE RISK AND ASSURANCE COMMITTEE HELD VIA
THE AUDIO VISUAL PLATFORM OF ZOOM, ON TUESDAY 24 AUGUST 2021 AT 8.30
AM**

PRESENT: Mr B Robertson (Chair)
Cr R R Amundsen
Cr A J Arnold
Cr W S Clark
Cr A H Crackett
Mr R Jackson
Cr D J Ludlow
Cr I R Pottinger
Mr J Grant – External Appointee
Mr L McKenzie – External Appointee

IN ATTENDANCE: Sir T R Shadbolt, KNZM JP
Cr G Lewis
Cr L F Soper
Mrs C Hadley – Chief Executive
Mr M Day – Group Manager – Finance and Assurance
Ms T Hurst – Group Manager – Customer and Environment
Mr S Gibling – Group Manager – Leisure and Recreation
Ms E Moogan – Group Manager – Infrastructure
Mrs J Parfitt – Advisor – Office of the Chief Executive
Mr A Cameron – Strategic Advisor/GM - ICHL
Mr M Morris – Legal Counsel / Deputy Electoral Officer
Mr L Butcher – Project Director – Project Management Office
Ms P Christie – Manager – Financial Services
Ms T Browne – Delivery Manager – Project Management Office
Ms R Suter – Manager – Strategy and Policy
Mr P Patton – Manager – Quality Assurance
Mr J Botting – Team Leader – Finance
Mr S Cook – Manager – Aquatic Services
Mr Nick Bridges – Manager – Procurement
Ms K Davidson – Digital Content Creator
Ms M Cassiere – Executive Governance Officer

1. **APOLOGY**

Nil.

2. **PUBLIC FORUM**

Nil.

3. **MAJOR LATE ITEM**

3.1 Terms of Reference for Independent Review of Electronic Access

Moved Mr Robertson, seconded Cr Ludlow that the Major Late Item, *Terms of Reference for Independent Review of Electronic Access*, be accepted.

The motion, now put, was **RESOLVED** in the affirmative.

4. **DECLARATION OF INTEREST**

Nil.

5. **MINUTES OF THE RISK AND ASSURANCE COMMITTEE MEETING HELD ON 21 JUNE 2021**

A3432968

Moved Mr Robertson, seconded Cr Amundsen and **RESOLVED** that the minutes of the Risk and Assurance Committee held on 21 June 2021 be confirmed.

6. **PROJECT MANAGEMENT OFFICE STATUS REPORT**

A3517119

Ms Erin Moogan and Ms Tess Browne were in attendance to speak to this item. Ms Moogan introduced Mr Lee Butcher as the Project Director for the Project Management Office.

Ms Browne spoke about the main projects which were on the escalated list of risk including the museum project, Branxholme and the Stead Street stop bank project. The museum project was on the list due to issues such as scoping and budget although significant progress had been made on the project through the Reimagining phase.

Ms Browne explained the Branxholme project was on the escalated list because of cost escalations from when the budgets were initially set. The PCG would meet next week to look at the costs and understand where they stood. Ms Browne also noted the Three Waters programme faced challenges due to the state of the industry and constraints in the Southland market, i.e. competition for resourcing, the number of dependencies because of resourcing which would have the potential to create delivery issues. Ms Browne noted that the City Centre Streets projects were on hold due to Covid – 19 lockdown.

Ms Moogan stated the Branxholme project was highlighted due to difference in cost from that budgeted in the Long Term Plan. She noted the \$11.5 million budget, which was a mix of Council and Three Waters stimulus money, was a basic budget. This did not include internal time, contingencies, and had planned for a traditional method of open trenching to deliver the project whereas a significant amount of underground directional drilling would have to be undertaken, and a different route from the one initially planned. Ms Moogan also noted Streetscapes may be at risk in achieving target date as a result of lockdown.

Depending on the contract, some contractors would be entitled to a variation of time contract due to the delay which contractors have incurred.

The main issues highlighted with this item were alignment of projects under tight time constraints which were also closely related to the Covid – 19 lockdown, the watermain issue and the Three Waters issue, as well as budgets.

In response to a query about the impact on financial strategy, it was noted that there would not be major concerns on the strategy at this moment.

Moved Mr Robertson, seconded Cr Clark that the Risk and Assurance Committee:

1. Receives the report "Project Management Office Status Report".

The motion, now put, was **RESOLVED** in the affirmative.

7. **WORKING ON WORKING TOGETHER (VERBAL UPDATE)**

Mr Jeff Grant and Mr Lindsay McKenzie spoke to the item. Mr Grant noted that the next phase of the Working on Working Together framework would be subject to the recommendations from the Thomson report. He noted four Working Groups were scheduled to meet last week however they had been postponed due to the Covid – 19 lockdown. Mr Grant provided an update on the work done and noted progress had been made around aspects of support for Councillors, work around the members' expenses and allowances policy as well as around the LGOIMA request process which had been developed to track requests in a better way. Councillors' professional development workshops had been underway through the year. A new template for report writing had been completed which would roll – out in September.

Mr McKenzie noted an external resource had been engaged to collate the good practices from the previous Long Term Process; the outcome would be presented to the Working Group, and then be embedded in the processes and systems of the Council. Mr McKenzie also provided an update on the work done in the communications area.

Moved Mr Robertson, seconded Cr Ludlow that the Risk and Assurance Committee receive the verbal update of Working on Working Together.

The motion, now put, was **RESOLVED** in the affirmative.

8. **TERMS OF REFERENCE FOR INDEPENDENT REVIEW OF ELECTRONIC ACCESS**

A3518974

Mrs Jane Parfitt was in attendance to speak to this item and noted this item was in relation to events which took place on 17 August 2021 and around the range of understandings as to how Council correspondence was treated.

Mrs Parfitt stated that in April 2021, Council had passed a resolution for the Chief Executive to take the necessary steps to support the Deputy Mayor in supporting the Mayor in representing the City, and the need to utilise electronic access to the Mayor's ICC email account and to share information about the Mayor's activities. Mrs Parfitt noted this report was for Council to review the arrangements implemented for electronic communications, to ensure they are lawful, appropriate and meets expectations.

The Chair suggested that the discussion around the report should be around whether a review should be undertaken to clarify the issue and not to litigate the issue itself.

His Worship the Mayor stated that he understood that the work tried to set out responsibilities and clear lines of communication however, it would not give anyone the right to hack his email. His Worship also stated that neither the Chief Executive nor any of the advisors should play any role in choosing who would conduct the review as the Chief Executive was implicated as the alleged party in

the improper use of an email and that the report does not make any distinction between interception and misuse, which was a serious offence.

The Chair noted the report was about Terms of Reference to seek clarity on what was the Council's policy around electronic access, and to seek understanding of whether the basis for support of His Worship and others to manage email accounts was reasonable. Mr Robertson also cautioned His Worship on his use of the word 'hacking' and noted that the discussion was whether support was done in a reasonable manner.

Cr Ludlow noted that when people had legitimate access to email accounts as was included in the policy, the usage of the word 'hacking' was incorrect, as the word implied an illegal activity. This was not the case here, and was, therefore, not an appropriate term.

Cr Clark stated the process should be allowed to play out as people may have opposing views. He noted the report was from Mrs Parfitt who worked as an independent advisor on Working on Working Together and there were no suggestions it was from the Chief Executive. He further stated he was in favour of the Terms of Reference and the recommendation of an independent reviewer as well.

His Worship stated it would be foolish for Council to expose the Chief Executive to criticism by not treating the Chief Executive or her office as an affected party, by being involved in the choice of the independent reviewer. His Worship further stated that by doing this, the Chief Executive would expose her office to accusations of lack of impartiality.

The Chair noted the report was created by Mrs Parfitt. Mr Robertson further noted that he himself, as the Chair of Risk and Assurance, had been consulted about who would be an appropriate reviewer.

His Worship stated that if the use of the word 'hacking' was incorrect, he asked that the Chair suggest an alternative terminology.

The Chair stated that as per the Terms of Reference, the approach which was anticipated in the policy, and anticipated from the April 2021 Council meeting, the terminology would be electronic access in support of His Worship's email account, which was different from the word 'hacking'.

Cr Clark asked to hear from His Worship why he was opposed to the resolution.

His Worship stated he felt the reviewer would not look into his issues and that having an independent reviewer review the Council's operations would not provide a good perception.

Cr Pottinger queried whether the reviewer would also look into the accusation of bullying. Mrs Parfitt noted that the bullying was a completely different issue. This review would be about the wider and broader situation and accusations of bullying would not fall within this scope.

Mr McKenzie noted the Terms of Reference were principled and solid and would serve the Council well.

Cr Soper stated that the recommendations were high level and well put together. She further stated the proposed reviewer, Robert Buchanan, had impeccable references and there could be no better independent reviewer for this task.

Cr Clark noted with regard to the bullying aspect, the Mayor himself or any Councillor could activate a code of conduct which could dovetail with the independent reviewer's visit.

Moved Mr Robertson, seconded Cr Clark that the Risk and Assurance Committee:

1. Receive the report "Terms of Reference for Independent Review of Electronic Access".

Recommend to Council:

2. That the Terms of Reference for an Independent Review of Electronic Access attached as Appendix 1 (A3518975), be adopted.
3. That Robert Buchanan be appointed to undertake the review.
4. That they note the estimated cost of the review is up to \$10,000+GST and it will be accommodated within existing budgets.

The motion, now put, was **RESOLVED** in the affirmative.

Note: His Worship the Mayor voted against the motion.

9. **DRAFT PROCUREMENT POLICY AND MANUAL**
A3505907

Mr Nick Bridges and Ms Rhiannon Suter were in attendance to speak to this item. The procurement policy and manual were to codify the current best practices of the Council to ensure the market would be clear on how Council conducted its procurement activities and how it would support the capital programme. It was noted that this would allow the option for social procurement to be visible as well to support the four well-beings. A workshop on consultation/engagement plans was proposed ahead of the plan being presented to the next Risk and Assurance Committee.

Moved Mr Robertson, seconded Cr Amundsen that the Risk and Assurance Committee:

1. Receive the report "Draft Procurement Policy and Manual"
2. Note the proposed engagement approach and that the draft policy (A3479409) will be brought back for adoption ahead of consultation to the September Risk and Assurance meeting.

The motion, now put, was **RESOLVED** in the affirmative.

10. **CONTINUOUS IMPROVEMENT PROGRAMME UPDATE**
A3498820

Mr Peter Patton was in attendance to speak to the item. In response to a query about whether any of the 16 open items would be of concern to the Committee, it was noted that the items were reasonably minor updates.

In response to a query about the timeline to close the open items, it was noted that the items would be closed off on a more regular basis and the delay was to upskill people on the use of the tracking system.

Moved Mr Robertson, seconded Mr Jackson that the Risk and Assurance Committee:

1. Note the ICC Continuous Improvement Programme Update.

The motion, now put, was **RESOLVED** in the affirmative.

11. **SENSITIVE EXPENDITURE Q3 & Q4**
A3496877

Mr Jaimee Botting was in attendance to speak to the item and requested an addition to the recommendation of the words 'Note the expenditure and agree that it is appropriate'.

Moved Mr Robertson, seconded Cr Pottinger and **RESOLVED** that the Risk and Assurance Committee:

1. Receive the report "Sensitive Expenditure".
2. Note the expenditure and agree that it is appropriate.

12. **QUARTERLY FINANCIAL REPORT – 30 JUNE 2021**
A3509611

Ms Patricia Christie and Mr Jaimee Botting were in attendance to speak to the item. Ms Christie noted that the report had been presented to the Performance, Policy and Partnerships Committee and brought to the Risk and Attendance Committee in case there were any risk issues within the report.

In response to a question as to which areas needed to be confirmed prior to the operating surplus number being presented, it was confirmed areas such as year – end accruals, confirmation of doubtful debt positions, Three Waters stimulus money and shovel ready money. Work needs to be done on the revenue to be recognised for this year and what liabilities need to be shown in the balance sheet. 90% of the current variance was in relation to the Three Waters stimulus money and recognition of revenue.

When asked whether there were areas under stress due to the inability to fill vacancies and impact on service delivery, it was noted that there were areas which were vacant, due to lack of people with relevant skills, which had impacted on ability to comfortably meet KPIs.

Moved Mr Robertson, seconded Cr Ludlow that the Risk and Assurance Committee:

1. Receive the report "Quarterly Financial Report – 30 June 2021".
2. Notes for the quarter ending 30 June 2021
 - This is the draft quarterly report and not the draft annual report. Year-end accounting adjustments are still to be applied which will lower the current reported operating surplus towards a breakeven performance.

- Council has a draft operating surplus of \$4.9 million
- Capital programme spend was in line with the forecast

The motion, now put, was **RESOLVED** in the affirmative.

13. **URGENT BUSINESS**

Nil.

14. **PUBLIC EXCLUDED SESSION**

The Chair noted that there were changes to the reasons to two agenda items for Public Excluded Session and noted that:

The reason for Public Exclusion for the Council Litigation Update would be Section 7(2)(g) - To protect legal professional privilege

The reason for Public Exclusion for the Internal Audit Programme Update would be Section 7(2)(a) - Protect the privacy of natural persons, including that of deceased natural persons legal professional privilege; and Section 7(2)(j) - Prevent the disclosure or use of official information for improper gain or improper advantage.

Moved Mr Robertson, seconded Cr Ludlow and **RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting, with the exception of the External Advisors, Mr Jeff Grant and Mr Lindsay McKenzie; namely:

- a) *Confirmation of Minutes of the Public Excluded Session of the Risk and Assurance Committee meeting held on 21 June 2021*
- b) *Council Litigation Update*
- c) *Internal Audit Programme Update*
- d) *2021 Annual Report and Insurance Renewal Matters*
- e) *EIL Director Appointments*
- f) *ICL Project Update*
- g) *Shadbolt v ICC (Verbal Update)*

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
a) Confirmation of Minutes of the Public Excluded Session of the Risk and Assurance Committee meeting held on	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would

	21 June 2021	industrial negotiations)	exist under Section 7
b)	Council Litigation Update	Section 7(2)(g) To protect legal professional privilege	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
c)	Internal Audit Programme Update	Section 7(2)(a) Protect the privacy of natural persons, including that of deceased natural persons legal professional privilege Section 7(2)(j) Prevent the disclosure or use of official information for improper gain or improper advantage.	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
d)	2021 Annual Report and Insurance Renewal Matters	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
e)	EIL Director Appointments	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
f)	ICL Project Update	Section 7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

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|--------------------------------------|--|---|
| g) Shadbolt v ICC
(Verbal Update) | Section 7(2)(g)
Maintain legal
professional privilege | Section 48(1)(a)
That the public
conduct of this item
would be likely to
result in the disclosure
of information for
which good reason for
withholding would
exist under Section 7 |
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There being no further business, the meeting finished at 11.40 am.

**MINUTES OF AN EMERGENCY MEETING OF THE RISK AND ASSURANCE
COMMITTEE HELD VIA THE AUDIO VISUAL PLATFORM OF ZOOM ON MONDAY
6 SEPTEMBER 2021 AT 11.00 AM**

PRESENT: Mr B Robertson (Chair)
Cr R R Amundsen
Cr A J Arnold
Cr W S Clark
Cr A H Crackett
Mr R Jackson
Cr D J Ludlow
Cr I R Pottinger
Mr L McKenzie – External Appointee
Mr J Grant – External Appointee

IN ATTENDANCE: His Worship the Mayor, Sir T R Shadbolt
Cr R L Abbott
Cr P W Kett
Cr G D Lewis
Cr M Lush
Cr N D Skelt
Cr L F Soper
Mrs C Hadley – Chief Executive
Mrs J Parfitt – Advisor – Office of the Chief Executive
Mr R Donnelly – Legal Counsel – Preston Russell
Mr M Day – Group Manager – Finance and Assurance
Mr A Cameron – Strategic Advisor/GM – ICHL

1. **APOLOGY**

Cr Crackett for lateness

Moved Mr Robertson, seconded Cr Arnold and **RESOLVED** that the apology be accepted.

2. **MAJOR LATE ITEM**

2.1 ***Six Month Review – Findings and Next Steps***
A3531024

Moved Cr Amundsen, seconded Mr Jackson and **RESOLVED** that the Major Late Item, *Six Month Review – Findings and Next Steps*, to be considered in Public Excluded Session, be accepted.

Note: The Chair advised that given the subject, he intended that all Councillors (non-members of the committee) would be able to speak and vote on the matter under discussion.

3. **PUBLIC EXCLUDED SESSION**

Moved Mr Robertson, seconded Cr Abbott and **RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting, with the exception of the External Advisors, Mr Jeff Grant and Mr Lindsay McKenzie; Mr Riki Donnelly of Preston Russell, and Mr Richard Thomson, report author; namely:

(a) Six Month Review – Findings and Next Steps

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
a. Six Month Review – Findings and Next Steps	Section 7(2)(a) Protect the privacy of natural persons, including that of deceased natural persons.	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

There being no further business, the meeting finished at 12.57 pm.

TO: RISK AND ASSURANCE COMMITTEE
FROM: JANE PARFITT (ADVISOR TO THE OFFICE OF THE CE)
AUTHORISED BY: CLARE HADLEY (CHIEF EXECUTIVE)
MEETING DATE: WEDNESDAY 29 SEPTEMBER 2021

WORKING ON WORKING TOGETHER UPDATE

SUMMARY

Given the Committee held an emergency meeting recently to discuss the Six Month Review and Next Steps, this is a relatively short report. Its main focus is budget and risk. It asks the Committee to note that work is underway to implement Council resolutions with regard to the Next Steps in the Working on Working Together Project.

RECOMMENDATIONS

That the Risk and Assurance Committee

- 1. Receive the report “Working on Working Together Update”.**
- 2. Note that the projected 2021/22 budget is within the initial amount signed off by Council in November 2020.**
- 3. Note that work is underway to implement the “Next Steps” which Council resolved to implement following the 6 Month Review by Richard Thomson.**
- 4. Note the Risk Register was updated by the PGG on 1 September and it will be updated to reflect the outcomes of the six monthly review when the PGG next meet on 6 October.**

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> N/A

5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i>
	N/A

FINANCIAL IMPLICATIONS

Council authorised a budget of \$310,000 for 2020/21 financial year. The actual spend for the 2021 financial year was \$243,347.

A budget of \$420,000 has been provided in the Long Term Plan for 2021/22. The current work plan is expected to be delivered within that budget.

SIX MONTHLY REVIEW AND NEXT STEPS

Richard Thomson’s six monthly review and an officer’s report recommending next steps was received by the Committee at an emergency meeting on Monday 6 September. The Committee provided a suite of recommendations to Council the following day. Council resolved to adopt all the recommendations.

The Project Directorate is in place. They prepared a report on behalf of the Project Governance Group (PGG) Chair for Council on 28 September and are in the process of preparing a report for the next PGG meeting on 6 October. They have also developed a project plan covering the remainder of the year to ensure Council resolutions are implemented

There has been a slight hiatus because of the delay to the delivery of the Thomson report, but no traction has been lost.

Risk

The risk register was presented to the PGG when they last met on 1 September.

Changes are shown in red.

Post mitigation likelihood has increased for risk 4 (Political concerns are raised about scope, process and/or the advice received) and decreased for risk 5 (Communications are not effective and misunderstandings arise, particularly in the community, with staff and with Central Government).

Risks that remain medium/high or high and unchanged include 6 (Lack of willingness by Council to take action based on advice from this project), 9 (The potential to lose focus on the foundations to the governance framework) and 10 (The work group outputs are not accepted by members of Council).

Appendix A

Project Directorate - Risk Register								
	Event	Consequences	Impact	Likelihood	Mitigations	Person Responsible	Post – Mitigation Likelihood	Update at 30 August 2021
1.	Unable to find suitable external appointees	<i>Governance improvementstake longer and Councillors revert to the status quo</i>	H	L/M	<i>Very high priority being given to sourcing suitable appointees.</i>	PD/CEO	L	CLOSED
2.	Specialist resources are unavailable within project timelines	Inability to deliver within planned timeframes	M	M	Ensure that the need for any external specialist resource is identified early to ensure they can be engaged when required.	PD	L/M	Current specialist external resources are scheduled to finish at the end of July. Contractors are supporting on an as required basis
3.	The work groups don't deliver within the required timelines	Inability to deliver an ambitious approach within planned timeframes	M	M	Recalibrated Phase 2 delivery dates – more than 80% now completed or on track. Phase 3 to be reassessed after 6 month review complete.	PD	L	Workgroup tasks are almost complete

Project Directorate - Risk Register								
	Event	Consequences	Impact	Likelihood	Mitigations	Person Responsible	Post – Mitigation Likelihood	Update at 30 August 2021
4	Political concerns are raised about scope, process and/or the advice received	Political pressures both within and external to Council can potentially affect timing and achievement of outcomes	M	M	Active management by CEO and Independent Governance advisor. Keep DIA well informed	Independent Governance Advisor	M	Likelihood increased Recent publicity doesn't reflect well on how Council functions
5	Communications are not effective and misunderstandings arise, particularly in the community, with staff and with Central Government	Poor communications to all stakeholders will impact assurance and engagement with the process	H	H	1. Actively develop and manage frequent high level updates from the CE 2. Comms Framework developed (complete) 3. Bring on additional comms support resource (complete)	Strategic Comms Manager	M	Likelihood decreased Strategic Communications manager now in place

Project Directorate - Risk Register								
	Event	Consequences	Impact	Likelihood	Mitigations	Person Responsible	Post – Mitigation Likelihood	Update at 30 August 2021
6	Lack of willingness by Council to take action based on advice from this project	The status quo becomes a default and the project objectives are not achieved	M	M/H	Communicate frequently in a style that is acceptable to Council. Make notes from all work streams available to all EMs.	CE/PD/ External Appointees	H	Recommendations and outputs (eg Building on Council Charter, MOU etc) not getting traction or full engagement.
7	Budget is not adequate and Council are unwilling to commit more	Work is unable to proceed to schedule and/or some work streams drop off	H	L	Recast prior to 21/22 year (complete). Keep Governance group informed and owning the budget. High end of most likely is starting point	PD	L	No Change. Budget on track.

Project Directorate - Risk Register								
	Event	Consequences	Impact	Likelihood	Mitigations	Person Responsible	Post – Mitigation Likelihood	Update at 30 August 2021
8	Council staff do not have capacity or capability to support the project	Deadlines which impact the implementation of change not met	H	H	Ensure budget is available for external resources, and internal capability is built before contractors transition out	PD	M	Although contractors filling in, with the departure of the project director, this remains a risk.
9	The potential to lose focus on the foundations to the governance framework	The focus shifts to the detail of the tasks we've set ourselves rather than achieving the necessary change outlined in the Thomson Report	H	M	Regularly reflect back to the Thomson Report and how we're progressing the response to the key issues raised	PD/PGG/ External Appointees	H	The 4 foundations are in place. Strategies to support embedding the values are being implemented

Project Directorate - Risk Register								
	Event	Consequences	Impact	Likelihood	Mitigations	Person Responsible	Post – Mitigation Likelihood	Update at 30 August 2021
10	The work group outputs are not accepted by members of Council.	Council's reputation suffers and the changes recommended in the Governance Review are not implemented in accordance with the Council resolutions.	M	H	Work towards consensus decisions even if deadlines are not met	External Appointees	M/H	No change

Post Mitigation Assessment	Dec 2020	Feb 2021	March 2021	March/ April 2021	May 2021	June 2021	July 2021	Aug 2021
High	1	1	2	2	3	3	2	2
Med/high	1	1	2	3	2	1	1	1
Med	1	2	2	2	2	1	2	3
Low/med		2	2	1	1	2	2	1
Low	5	1	1	1	1	3	3	2
Closed		1	1	1	1			1

TO: RISK AND ASSURANCE COMMITTEE
FROM: PETER PATTON – QUALITY ASSURANCE MANAGER
AUTHORISED BY: MICHAEL DAY – GM FINANCE AND ASSURANCE
MEETING DATE: WEDNESDAY 29 SEPTEMBER 2021

INTERIM – INTERNAL AUDIT PROGRAMME UPDATE

SUMMARY

This paper will provide an update on the status of recommendations made in the Deloitte Internal Audits conducted May/June 2021.

RECOMMENDATIONS

That the Risk and Assurance Committee:

- Note the Interim – Internal Audit Programme Update and that an additional seven actions have been completed.**

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> No
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> No consultation required

PURPOSE

This report provides an update on the current status of recommendations provided by Deloitte in the following reports:

- TechnologyOne Post Implementation Review
- Cash Handling and Petty Cash Review
- Accounts Payable Review

ICC INTERNAL AUDITS - DELOITTE

The table below shows a summary of the number of recommendations made and how many have been resolved and remain outstanding.

Review	Number of recommendations		
	Made	Closed	Open (Deloitte risk rating)
TechnologyOne Post Implementation	11	6	5 (no rating assigned)
Cash Handling & Petty Cash	20	5	15 (13 moderate, 2 low)
Accounts Payable	19	4	15 (12 high, 3 moderate)
Total	50	15	35 (↓7)

The recommendations closed since the last report include:

1. TechnologyOne Review
 - a. Recruitment of a TechnologyOne system administrator,
 - b. System processes to be established to prevent the raising of zero value requisitions that can be retrospectively update,
 - c. System processes to be established to prevent the purchasing of products with no purchase order,
 - d. Training – develop a network of Super Users,
 - e. Stakeholder Engagement and Communication – communicate and share the good news with the team to keep them engaged with the evolution of the system.

2. Cash Handling/Petty Cash Review
 - a. Animal Care Facility to restrict access to the safe keys,
 - b. Safe combinations to be change on a periodic basis.

TO: RISK AND ASSURANCE COMMITTEE

FROM: LEE BUTCHER, PROGRAMME DIRECTOR

AUTHORISED BY: ERIN MOOGAN, GROUP MANAGER – INFRASTRUCTURE

MEETING DATE: WEDNESDAY 29 SEPTEMBER 2021

PROJECT MANAGEMENT OFFICE STATUS REPORT
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SUMMARY

This report is to update the Council on the status of Strategic Projects being delivered by the Project Management Office.
--

RECOMMENDATIONS

That the Risk and Assurance Committee receives the report “Project Management Office Status Report”.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> No
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> N/A

REPORT

Attached is the Project Management Office Status Report to Risk and Assurance as at 21 September 2021 (refer to **Appendix 1** – A3551564).

ICC PMO Programme Dashboard

Report to 16 September 2021

Programme Sponsor: Erin Moogan

Programme Lead:

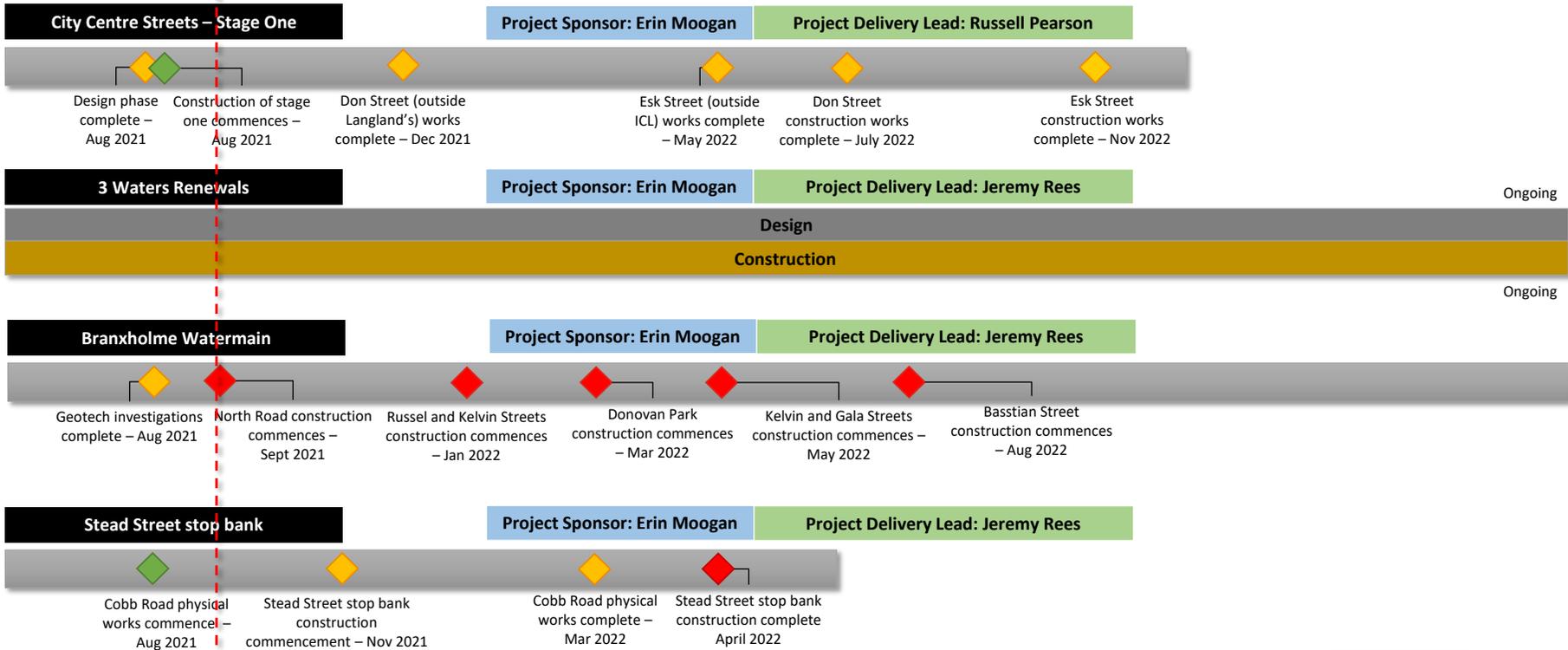
Lee Butcher



PROGRAMME SCHEDULE

2021							2022										2023							
J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J

HORIZONTAL PROJECTS



STRENGTHENING / REFURBISHMENT



LEGEND:

- Green diamond: No/Low likelihood of not meeting date
- Yellow diamond: Medium likelihood of not meeting date
- Red diamond: Significant likelihood of not meeting date
- Black diamond: Milestone Completed
- Blue diamond: Dates still TBC

ICC PMO Programme Dashboard

Report to 16 September 2021

Programme Sponsor: Erin Moogan

Programme Lead:

Lee Butcher



PROGRAMME SCHEDULE

2021							2022										2023							
J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J

STRENGTHENING / REFURBISHMENT

Anderson House

Project Sponsor: Erin Moogan

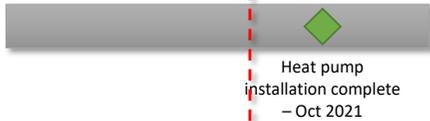
Project Delivery Lead: Heather Guise



Healthy Homes

Project Sponsor: Erin Moogan

Project Delivery Lead: John Wallace



ICC Museum Project – Reimagining Phase

Project Sponsor: Erin Moogan

Project Delivery Lead: Lee Butcher



CAB Refurbishment

Project Sponsor: Erin Moogan

Project Delivery Lead: Lee Butcher



LEGEND:

- ◆ No/Low likelihood of not meeting date
- ◆ Medium likelihood of not meeting date
- ◆ Significant likelihood of not meeting date
- ◆ Milestone Completed
- ◆ Dates still TBC

ICC PMO Programme Dashboard

Report to 16 September 2021

Programme Sponsor: Erin Moogan

Programme Lead:

Lee Butcher



PROGRAMME FINANCIALS

Project Budget	Spend to date			Overall forecast				
Project	Budget	Actuals	Remaining	Forecast	Budget	Variations	RAG	Comments
City Centre Streets – Stage one	\$ 18,902,873	\$ 1,434,728	\$ 17,468,145	\$ 18,947,800	\$ 18,947,800	\$ -		
Stead Street stop bank	\$ 15,500,000	\$ 1,130,817	\$ 14,369,184	\$ 15,500,000	\$ 15,500,000	\$ -		
Braxholme Watermain	\$ 11,500,000	\$ -	\$ 11,500,000	\$ 24,700,000	\$ 11,500,000	-\$ 13,200,000		Project estimate issued by WTP shows a cost difference of \$13.2M over available funding. There is also RISK this figure could be higher once design for the directional drilling is completed
Anderson House	\$ 1,400,000	\$ 167,339	\$ 1,232,661	\$ 1,400,000	\$ 1,400,000	\$ -		Tender price received within budget, but amber status will remain until mid way through construction
CAB Refurbishment	\$ 15,885,000	\$ 75,574	\$ 15,809,426	\$ 15,885,000	\$ 15,885,000	\$ -		
Museum	\$ 40,000,000	\$ 255,654	\$ 39,744,346	\$ 54,000,000	\$ 40,000,000	-\$ 14,000,000		Funding gap exists between approved LTP budget and proposed project allowance.
Water Tower	\$ 1,429,000	\$ 92,784	\$ 1,338,784					Project deferred. Close out of design documentation remains.
Healthy Homes	\$ 800,000	\$ 242,623	\$ 557,377	\$ 800,000	\$ 800,000	\$ -		Project is tracking for October completion. Payment claims expected on completion of all documentation.
Programme total	\$ 104,216,873	\$ 3,233,993	\$ 100,982,880	\$ 105,287,873	\$ 102,787,873	-\$ 27,200,000		

3 Waters Renewal	Budget	Forecast	Actuals
	2021/2022	2021/2022	2021/2022
Stormwater	\$ 4,685,000	\$ 4,785,000	\$ -
Water	\$ 4,645,709	\$ 4,670,282	\$ -
Sewer	\$ 3,555,000	\$ 3,805,000	\$ 7,489
Stimulus – Water (Capital)	\$ 480,000	\$ 760,000	\$ 50,000
Stimulus – Sewer (Capital)	\$ 550,000	\$ 570,000	\$ -
Stimulus – Sewer (Operational)	\$ 370,000	\$ 750,000	\$ 90,000
Stimulus – Water (Operational)	\$ 930,000	\$ 250,000	\$ 50,000
Programme total	\$ 15,215,709	\$ 15,590,282	\$ 197,489

ICC PMO Programme Dashboard



Report to 16 September 2021

Programme Sponsor: Erin Moogan

Programme Lead:

Lee Butcher

PROGRAMME STATUS																		
PROGRAMME HEALTH STATUS (1 = Green (OK), 2 = Amber (ON WATCH), 3 = Red (ESCALATE))											ISSUES WATCH LIST							
ID #	ITEM	City Centre Streets	Stead Street stop bank	Anderson House	CAB Refurb	Museum	Branxholme Watermain	3 Waters Renewal	Water Tower	Healthy Homes	DESCRIPTION	ID #	RISK TYPE	RAG STATUS	DESCRIPTION	ACTION / MITIGATION	DATE RAISED	DATE CLOSED
1	Schedule										The 10 day level 4 lockdown and levels 3 and 2 restrictions are likely to have an impact on the PMO projects in terms of programme, costs and resourcing. Once realised these will be reported against. Branxholme programme to be recast	1	Design		Museum	Ensuring design and business case process align with each other and achieve ICC objectives	Sept-21	
2	Financials										There is likely to be additional costs received related to Covid-19 level 4 lockdown across most PMO projects. Branxholme Watermain funding resolution required to allow project to proceed as over budget by \$13.2M	2	Stakeholder		City Centre Streets	Resolving outside dining whilst managing any political tension between projects.	Sept-21	
3	Scope									Branxholme Watermain scope cannot be reduced but team to explore any potential cost savings. Directional drilling is a high risk item.								
4	Resources										Museum appointment of external consultants is complete. CAB programme has been adjusted with procurement for PM services about to commence.							
5	Dependencies										3 Waters is tracking as red due to reliance on contractors to perform and forecast availability.	RISKS WATCH LIST						
6	Quality										Overall, quality of both design and current works in progress are being managed across PMO projects.	ID#	RISK TYPE	RAG STATUS	DESCRIPTION	ACTION / MITIGATION		
7	Stakeholder										City Centre Streets has a register of concerns, queries and comments from retailers and other affected businesses that are being addressed by Downer. ICL and ILT coordination continues. Museum Reimagining has multiple stakeholders involved and a stakeholder engagement plan has been prepared to ensure lines of communication and responsibility are clear during this phase.	1	Covid-19		Covid-19 lockdown, additional restrictions under alert levels 3 and 2 and consequential impacts.	Ongoing Covid-19 restrictions are likely to have a considerable impact on the PMO projects in terms of programme, cost, and resourcing. This risk is difficult to mitigate. PCG to monitor and manage where possible.		
8	Benefits										Benefits are being reported as clearly identified across all projects.	2	Schedule		Stead Street Stop bank – Completion date may need to be changed from April 2022 to June 2022.	Awaiting confirmation with regards to whether formal approval from MBIE is required or not.		
9	Health & Safety										Health and Safety Controls across PMO programme will require additional rigour with particular emphasis on major projects	3	Branxholme		Multiple risks associated with Branxholme – certainty on costs / prioritization of ICC projects to fund overrun, design resolution and programme	All design to be completed by xmas and project tendered Jan 22 for certainty of pricing by March / April 22 Programme to be recast to reflect revised methodology		
Overall											Overall, it is early days to report the affect the Covid-19 lockdown and alert level 3 and 2 restrictions will have on the PMO projects. We should have a better picture of this impact over the next reporting period.							

TO: RISK AND ASSURANCE COMMITTEE

FROM: NICK BRIDGES, PROCUREMENT MANAGER; AND RHIANNON SUTER, STRATEGY AND POLICY MANAGER

AUTHORISED BY: MICHAEL DAY – GM FINANCE AND ASSURANCE

MEETING DATE: TUESDAY 24 AUGUST 2021

ADOPTION OF DRAFT PROCUREMENT POLICY FOR CONSULTATION
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SUMMARY

This report provides the draft Procurement Policy for adoption for consultation.
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RECOMMENDATIONS

That the Risk and Assurance Committee:

- 1. Receive the report “Adoption of Draft Procurement Policy for Consultation”.**
- 2. Note the engagement plan outlined in the report.**
- 3. Adopt the Draft Procurement Policy (A3479409) for engagement.**

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> N/A
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> Yes
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> None
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Following completion of internal engagement, engagement with key stakeholder groups is recommended and the proposed approach detailed here.

BACKGROUND

The draft procurement policy (and procurement manual that supports the policy) have been developed as a means of communicating to our employees and suppliers that we have a robust whole of Council process and to ratify Councils commitment to the supply market in terms of:

- a. Obtaining value in the expenditure of public money
- b. Ethical and fair treatment
- c. Probity, accountability and transparency
- d. Social equity
- e. Fostering local business

Some examples of common social procurement approaches which may be considered are provided below. It can be seen how weighting to achieve one or more goal can offset other goals.

- a. **Economic** – Procurement may support economic wellbeing of the community through seeking best value for money for the ratepayer
- b. **Social** – Two common areas of consideration supporting social wellbeing are:
 - a. Local business – Council could seek to procure from local businesses by providing favourable terms
 - b. Employment of vulnerable groups – Terms can be implemented given weighting to companies who show they are employing vulnerable groups, such as people who have been recently unemployed, refugees and disabled people.
- c. **Cultural** – Procurement may give weighting to services provided by Tangata whenua and / or Maori business
- d. **Environmental** – Weighting can be given to suppliers which can show they are addressing key issues such as climate change or freshwater standards. Alternatively the relative impact on these outcomes by a service can be considered.

The Procurement manual recognises the New Zealand practices in evaluating proposals that includes considering:

- a. Methodology
- b. Quality
- c. Technical
- d. Track Record
- e. Capability and Capacity
- f. Social Procurement (includes local business)
- g. Sustainable Procurement
- h. Value for Money (Price)

The weightings will not be the same for each procurement and for procurements over \$100,000 (where an existing contract or All of Government Contract does not exist) a procurement plan will be developed by the business and reviewed and approved by Procurement. The weightings for each attribute are included in the Procurement Plan.

The draft procurement policy also supports the Councils Risk Management Framework in the areas of:

- a. Due Diligence
- b. Probity
- c. Legislative Compliance
- d. Considering All of NZ Government Policies and Procedures

The Procurement process requires managing a range of stakeholder groups (who may at times have conflicting expectations) and this has been recognised by identifying the interests of these stakeholders are in Appendix One of the Policy:

- a. Council Requirements for Staff Executive and Councillors
- b. Local Government Act
- c. Council Controlled Organisations
- d. Auditor General
- e. NZ Government Broader Procurement Outcomes (including NZ Treasury Better Business Case Guide)
- f. Emergency Response (Civil Defence)
- g. Confidentiality, Privacy and Conflicts of Interest
- h. Sustainable and Social Procurement
- i. Construction Industry
- j. Legislative Compliance
- k. Council Insurance
- l. International Guidelines on Responsible Business Conduct

The draft procurement policy is aligned to the processes frequently use by Group Infrastructure and the objective is to align the Council to a single Procurement Practice.

The Group Infrastructure Roading Activity Procurement Strategy for 2019-2022 (A2703290) with both referencing NZ Government Processes. The Infrastructure document has a detailed focus on the activities, the expected costs and suppliers in the roading market. The draft procurement policy more on the procurement process and does not conflict with the Infrastructure document.

All of Government Contracts can include local suppliers (e.g. fleet purchases) and the Council can take advantage of All of Government Pricing and buy locally (e.g. OfficeMax for stationary).

POLICY DEVELOPMENT

The draft policy has been developed by referring to:

- a. Other NZ Council Procurement Policies
- b. NZ Government Transport and Commercial agencies that specialise in Procurement (e.g. NZTA and MBIE)
- c. Recognising that recent developments such as Sustainable (Environmental) and Social (People) procurement needs to be recognised in the procurement process.

The procurement manual details how Council will manage higher risk and higher spends that may include financial due diligence and engaging the services of a Probity Auditor to provide independent advice that a fair and processes has been followed during a tender.

The draft policy has been workshopped with both Councillors and activity managers to identify areas of priority and areas for improvement.

Following the workshop, Councillors agreed that they supported social and sustainable procurement to support community wellbeing being included within the policy and that the following areas were priorities: supporting local business; supporting disadvantaged groups and enabling improved environmental outcomes.

Managers identified a range of process issues which will be addressed to support the successful roll out of the policy.

SIGNIFICANCE

In large part, the procurement policy is about standardising good practice and as such is not significant in relationship to the Significance and Engagement Policy. Nevertheless, Council has significant buying power. In 2019/20 Council spent over \$63 million with a wide range of different suppliers.

Any change to procurement practices will impact a large number of businesses directly. As such this issue is of high interest to business stakeholders.

In addition, the draft policy allows for social procurement which is an issue of interest to a wide range of stakeholders and the ratepayer.

Implementing social procurement is by its nature political. There is potential for Council to support the four community wellbeings through its procurement approach. Some of the examples of social procurement given in the report above show how seeking to achieve one form of wellbeing can impact others.

Implementing best practice procurement should improve Council's practices which has the potential to improve the delivery of the capital work programme particularly.

The issue is of medium to high significance as defined by the Significance and Engagement Policy and the need to engage should be balanced with the importance of implementing good procurement practices in a timely manner.

ENGAGEMENT

The special consultative procedure is not required and given the urgency of implementing good procurement practice, a shorter period of engagement is recommended. Formal hearings are not required.

It is recommended that a targeted engagement approach be taken with two areas of focus:

- Engagement with business stakeholders to seek feedback on the technical and process aspects of the procurement policy with the goal of identifying any potential pitfalls and supporting a smooth implementation process for the policy.
- Engagement with public (including ratepayers) to give Council an indication of which areas of social procurement the local community believes are important and in what balance.

The following engagement approach is proposed:

- 4 October - Policy, framework, FAQ document and submission form are made available on the Council website, at the Civic Administration Building, the Library and the Bluff Service Centre, as well as at the Chamber of Commerce, Great South and the major accountancy firms.
- 4 October – Social media campaign commences
- w/c 4 October – engagement event, possibly in partnership with the Chamber of Commerce.
- 22 October – Submissions close.
- 2 November – Possible second Council workshop on social procurement / four wellbeings (30 mins).
- 8 December – Report on engagement / Policy adopted by Risk and Assurance.

CONCLUSION

To align with best practice it is essential that the Council have a procurement policy. As a result of Council's significant buying power and the political nature of the decision to implement any social procurement practices, a period of engagement with the public and key stakeholders is recommended to inform the implementation of the policy and framework.



DRAFT PROCUREMENT POLICY

Effective from TBC

1. Scope

This policy covers activities associated with the purchasing of all goods and services by or on behalf of the Council. It applies equally to the Council, community boards, the management team, all departments and staff – permanent, temporary or contract, with the exception of:

- Employment payments
- Grants, sponsorship and Koha payments
- Property transactions including purchasing and leasing of Council-owned property and the leasing of property to the Council
- Payments to government and regulatory bodies including all forms of taxation and levies
- Treasury and financial instruments
- Court awarded and negotiated settlements

2. Procurement Principles

The policy allows for but does not require social and sustainable procurement. Where practicable Council will utilise social and sustainable procurement approaches to support community wellbeing outcomes, with a particular focus on supporting local business, supporting disadvantaged groups and enabling improved environmental outcomes.

A. Obtaining Value in the Expenditure of Public Money

Procurement outcomes that deliver the best value in the expenditure of public money ensure the optimal use of Councils resources. The policy framework promotes procurement practices that will result in best value for money outcomes.

A key principle of value for money is that 'lowest price' does not always represent the best outcome when evaluating alternative offers. When selecting a supplier, achieving value for money involves determining the extent to which the proposed solutions will deliver the optimum combination of whole-of-life cost and quality (non-cost) factors.

Factors which may be considered in assessing value for money include "The Four Local Government Wellbeing's - social, economic, environmental, cultural" and in summary includes:

• contribution to council priorities	• social and sustainability objectives
• quality and fitness for purpose	• financial and operational soundness
• efficiency and effectiveness	• risk and opportunity
• whole of life costs	• service, support and warranty

The achievement of value needs to be considered within the context of creating 'community value' which may mean total cost will increase when sustainability and social issues for part of the evaluation process.

B. Ethical and Fair Treatment

Providing for ethical and fair treatment of participants refers to conducting all dealings with suppliers in an open, honest and impartial manner and respecting their rights and obligations. Council must seek to ensure this principle is reflected throughout the procurement process, particularly through:

- open and competitive procurement processes (where practicable and appropriate)
- providing suppliers with equal opportunity to supply to Council
- straight forward and user friendly market approach documents
- clear and unambiguous evaluation criteria and methodology communicated to potential bidders
- consistent processes and feedback on decisions
- access to a timely, effective and responsive complaints process
- effective, concise and clear communication and provision of information to all suppliers.

C. Probity, Accountability and Transparency

Probity, accountability and transparency refers to ensuring the integrity of the procurement process and actions taken by Council employees and/or representatives. All procurement shall be undertaken in a manner that ensures council are accountable for their actions:

- appropriate record keeping and documentation and the transparency of decision making
- adherence to the Council Code of Conduct and project financiers (e.g. NZ Government Agencies) integrity processes
- the identification and management of actual or potential conflicts of interest
- the confidentiality of all commercial and private information.

D. Social equity

Social Equity is a commitment to promoting diversity, acceptance, fairness, compassion, inclusiveness and access for people of all abilities. A focus is placed on citizens who are underrepresented and people with less opportunity. Social equity contributes to building stronger and more resilient communities. Depending on the nature of the procurement, Council will explore opportunities to engage social enterprises to provide works, goods and services.

E. Fostering local business

Procurement activity should contribute to having efficient and cost-effective local suppliers that support a dynamic and innovative local economy. The Council will

ensure advantages from local procurement are recognised and considered in procurement decisions, local businesses are encouraged to explore unique and innovative initiatives, social procurement initiatives are progressed to provide economic and employment opportunities to communities in the Council area. Where practicable, procurement processes should not limit opportunities for local suppliers.

F. Exceptions to this policy

The Executive Leadership Team or if required the Chief Executive, may approve a variation from the requirements of this policy for an individual purchase process. This may be due to limited suppliers, specialist contractors / consultants or perceived low risk or value of the procurement process.

Any person seeking alternative procurement must document;

- that the variation sought is in accordance with the principles detailed in the preceding Procurement Principles.
- the reasons for variation; and
- the level of risk to the Council’s objectives in letting the contract, applying the Council’s Risk Criteria

3. Governance

ESTIMATED Dollar Value		Approval Mechanism	Purchasing Option
\$0 - \$20k Plus GST	Direct Appointment – One quotation/ Supplier Panel	Purchase Order Credit Card # Contracted Supplier	Delegated Financial Register
\$20k to \$100k Plus GST	Minimum of Three written quotes (if possible)	Purchase Order # Contracted Supplier	Delegated Financial Register
For tenders estimated to be under \$200,000 emailed to Tenders@icc.govt.nz or GETS can be used. If the aim is to target local business for promoting local economic development then the Council Procurement Tender email can be used.			
\$100k - \$200k Plus GST	Restricted or Open Market Tender / Supplier Panel	Tender Initiation Checklist with non-price weightings Contract Award Recommendation	Delegated Financial Register Group Manager Finance and Assurance and relevant GM recommends tender call and approves Tender Recommendation
Council will advertise all tender estimated to be \$200,000 or over on GETS unless otherwise recommended by the relevant GM and approved by GM Finance and Assurance.			

ESTIMATED Dollar Value		Approval Mechanism	Purchasing Option
\$200k - \$500k Plus GST	Open Market Tender / Supplier Panel	Tender Initiation Checklist with non-price weightings Contract Award Recommendation	Delegated Financial Register Group Manager Finance and Assurance and relevant GM recommends tender call and approves Tender Recommendation
Over \$500,000 Plus GST	Open Market Tender	Tender Initiation Checklist Full Tender Evaluation Plan Tender Recommendation (full version)	As above with CEO approval required and reporting to Council if Contract \$500,000 or more
Over \$5m Plus GST	Open Market Tender	As above and Probity Advisor / Probity Auditor maybe appointed	As above and Probity Advisor Checklist completed or Probity Auditor appointed with Probity Auditor Report released prior to approvals. (GM Finance and Assurance / CEO to decide)

Council Policies and documents that support this policy

Requirement	Detailed in:
Approvals	Financial Delegations
Risk Management	Risk Management Framework Policy and Process
Behaviour	Standards of Conduct - Code of Conduct Conflict of Interest Declarations
Process	Procurement Manual Appendix 1 - Managing Expectations Appendix 2 - Procurement Process Stages
Planning	Market RFx Initiation Template
Contract Templates and rules	Procurement Templates : Terrace Publications (TP) Website: https://terracepublications.com/ MBIE Procurement – Invercargill City Council encouraged to apply Government Rules of Sourcing, 4 th edition, 2019 Government Procurement Rules New Zealand Government Procurement and Property NZTA Procurement Waka Kotahi (NZTA) Procurement Manual, 2019 Procurement manual Waka Kotahi NZ Transport Agency (nzta.govt.nz)

Appendix 1: Managing Stakeholder Expectations

Managing individual groups expectations such as stakeholders, legal requirements, professional and treaty requirements and international expectations need to be considered in managing the procurement process and expectations are below:

Stakeholders	Expectations
Council Requirements for Staff Executive and Councillors	<ol style="list-style-type: none"> 1) Procurement Manual 2) Market RFx Initiation Template 3) Procurement Plan 4) Procurement Recommendation 5) Financial Delegations 6) Risk Management Framework Policy and Process 7) Council Policies and Procedures
Local Government Act	<p>Local Government Act 2002 (section 14)</p> <p>In performing its role, a local authority must act in accordance with the following principles:</p> <ol style="list-style-type: none"> (a) a local authority should— <ol style="list-style-type: none"> i. conduct its business in an open, transparent, and democratically accountable manner and; ii. give effect to its identified priorities and desired outcomes in an efficient and effective manner (b) a local authority should undertake any commercial transactions in accordance with sound business practices; and (c) a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region, including by planning effectively for the future management of its assets; and (d) in taking a sustainable development approach, a local authority should take into account— <ol style="list-style-type: none"> i. the social, economic, and cultural interests of people and communities; and ii. the need to maintain and enhance the quality of the environment; and iii. the reasonably foreseeable needs of future generations.
Council Controlled Organisations	Council Controlled Organisations may seek to access the Councils contracts
Auditor General	Auditor General has issued recommended guidance Procurement — Office of the Auditor-General New Zealand (oag.parliament.nz)
NZ Government (Broader Procurement Outcomes)	<ol style="list-style-type: none"> 1. Guide to Mastering Procurement, NZ Govt Procurement 2014 2. Government Procurement Rules and specifically note number 16 “there are the secondary benefits that are generated from the procurement activity. These outcomes can be social, environmental, cultural or economic benefits, and will deliver long-term public value for New Zealand. Broader outcomes require consideration not only of the whole-of-life cost of the procurement, but also the costs and benefits to society, the environment and the economy”. 3. New Zealand Transport Agency - Procurement Manual 4. Sustainable Business Council 2019 Home - SBC

Stakeholders	Expectations
Emergency Response	<ol style="list-style-type: none"> 1) Civil Defence emergency is in place - providing the Controller with access to special powers (Refer Civil Defence Emergency Management Act 2002 s.85 and s.94). 2) Restoration of any core service to the Invercargill community as set out in S.11A of the Local Government Act 2002 as amended 3) Assist any network utility operator as defined in s.166 of the Resource Management Act to immediately restore a network utility operation 4) Quick guide to emergency procurement (MBIE)
Construction	Construction Industry Accord with Government Home Construction Accord
Mana whenua	<p>The role of Māori, and Ngāi Tahu (“Kāi Tahu”), as Takata Whenua, as represented by Waihōpai Rūnaka and Te Rūnanga o Awarua, as a partner of Council is recognised.</p> <p>The views of Mana Whenua will be considered in decision making on all matters through the Mana Whenua roles on Committees of Council, with a particular focus on matters impacting on their ancestral land, water, sites, Wāhi tapu, valued flora and fauna and other taoka, including cultural taoka.</p>
Confidentiality, Privacy and Conflicts of Interest	<ol style="list-style-type: none"> 1) Privacy Act 1993 2) Local Government Official Information and Meetings Act 1987 3) Confidentiality of Supplier Quotes and Tender bids. 4) Managing Conflicts of Interest Guidance for Public Entities (Office of Auditor General 2007)
Legislative Compliance (additional to above)	<ol style="list-style-type: none"> 1) Building Act 1991 2) Commerce Act 1986 3) Construction Contracts Act 2003 4) Consumers Guarantees Act 1993 5) Contract and Commercial Law Act 2017 6) Electronic Transactions Act 2002 7) Fair Trading Act 1986 8) Health and Safety at Work Act 2015 9) Financial Reporting Act 1993 10) Official Information Act 1982 11) Land Transport Management Act 2003 12) Local Authorities (Members’ Interests) Act 1968 13) Local Government Act 2002 14) Local Government Official Information & Meetings Act 1987 15) Official Information Act 1982 16) Public Audit Act 2001 17) Public Finance Act 1989 18) Public Records Act 2005 19) Sale of Goods Act 1908 20) Resource Management Act 1991
Council Insurance	Suppliers, Contractors and Consultants seeking to self-insure, limit their liability or transfer risk to the Council during the quotation / tender and negotiation process.
International Guidelines on Responsible Business Conduct	<p>International expectations to comply with recognised guidelines</p> <ol style="list-style-type: none"> 1) ISO 20400:2017 Sustainable procurement — Guidance 2) ISO 26000 Social Responsibility <p>The OECD Due Diligence Guidance for Responsible Business Conduct provides explanations of its due diligence recommendations and associated provisions and helps to avoid and address adverse impacts related to workers, human rights, the environment, bribery, consumers and corporate governance that may be associated with their operations, supply chains and other business relationships.</p>

Appendix 2 – Procurement Process Stages

The process outlined in this appendix is scalable to the value and risk of the procurement.

Renewal and extensions of any contract after expiry date or any increase in contract value must be approved at the delegation to approve the current contract value plus the increase in value being sought. At a minimum the approval must be the relevant GM and GM Finance and Assurance (or if required the relevant Council Committee) before any commitment to purchase is made.

Contracts with no expiry date are deemed to have expired.

Stage 1: Purchase Planning broadly consists of three stages outlined below.

1.1 Identify Council and Community needs

- Identify clear need linked to the Councils procurement objectives within the Long Term and Annual Plans.
- Review options to satisfy this need to determine whether procurement is the best means to deliver a value for money outcome and if a contract already exists that can meet the need.
- Identify key stakeholders and undertake internal and external consultation.
- Identify social procurement and sustainability goals
 - Diversity and Disability Targets e.g. Indigenous & Young people, People exiting correctional facilities & ex-offenders, Lone parents, Female workers (into male dominated roles), People who are not in employment or education or training, Refugees, Recently unemployed due to Pandemics, earthquake & other disasters).
 - Business development e.g. local and regional business, small and start-up business, indigenous business and businesses actively achieving diversity and disability targets.
 - Reducing Carbon footprint e.g. energy efficiency and renewable resources, green vehicle strategies, building ratings, water use efficiency, recycling and waste management, steps taken to protect flora and fauna.
- Develop and approve a business case (if appropriate) - Confirm availability of funds.

1.2 Plan Procurement Strategy

- Undertake preliminary analysis of market and preliminary scoping of procurement requirements to identify outcomes, objectives and logistics/supply chain factors.
- Consider legislative, policy and probity requirements.
- Consult the procurement team and risk team for advice where required.
- Confirm and commit resource requirements for the procurement process.
- Identify and undertake briefing of potential suppliers as appropriate.

1.3 Prepare Procurement Plan

- Establish project team/evaluation team including procurement expertise.
- Develop initial risk management plan for procurement, project and capital works issues (update during the process).
- For high risk and high value, strategic procurements, undertake supply positioning
- Complete and seek approval for purchase plan.

Stage 2: Supplier Selection broadly consists of six stages outlined below.

2.1 Develop Bid Documents including Specification

- Develop specification to identify outcomes, objectives and practical requirements
- Ensure standards of performance and codes of practice, incentives, disincentives and performance measures (and project milestones) are in the specification.
- Develop the invitation/market approach documents and clarify as necessary
- Obtain relevant approvals to approach market.

2.2 Develop Evaluation Plan

- Develop and approve an evaluation plan, including criteria for evaluation, membership of evaluation team, and explanation of the selection process.
- Obtain and address conflict of interest (includes those who developed specification), prior to releasing formal market approach documentation to the market - Form evaluation team.
- Develop Transition Plan (if existing contractor / supplier in place) and include outline in documents released to bidders.
- Release documents to bidders.

2.3 Manage distribution and receipt of bids

- Invite responses selectively or by advertising the requirement in line with the purchase plan.
- Undertake briefings and clarification of information with bidders.
- Receive, schedule and acknowledge responses and inform all bidders of the status of their responses through the process.
- Deal with late bids and non-conforming bids as appropriate.

2.4 Select preferred supplier/s including managing risk transfer and limitation of liability

- Evaluate bids according to evaluation plan (ensure calculations are checked)
- Clarify matters arising with bidders (including contract clause changes and limitation of liability, risk transfer or reduced insurance limits sought by bidder).
- Select and seek approval of preferred supplier/s.
- Prepare a negotiation plan (if required) and conduct negotiations.
- Prepare purchase recommendation and obtain financial delegation approval
- Notify successful supplier/s.

2.5 Develop and formalise contracts

- Negotiate contract including Performance Measures and Project Milestones.
- Negotiate Transition Plan (service and supply contracts) at to manage end of contract handover.
- Finalise Contract including guarantees, insurance certificates and bonds
- Obtain delegation approval to enter into contract and execute final contract documentation.
- Update risk management plan (where relevant handover to Project Manager) and if required update Council Risk Register.
- Commence contract implementation once contract is signed/executed.

2.6 Debrief market and other stakeholders

- Advise internal stakeholders of new contract.
- Inform and debrief unsuccessful bidders upon request with feedback on their bids.
- Disclose contracts in line with contract disclosure guidelines.
- Record the contract on the contract register.

Stage 3: Contract Management broadly consists of five stages

3.1 Prepare to manage a contract

- Form contract management team and allocate roles and responsibilities for Contract Sponsor, Contract Manager and Contract administration.
- Complete and approve a contract management plan – update risk management plan.

3.2 Implement a contract management strategy

- Establish information and communication strategies for supplier/s and stakeholders.
- Monitor risks during the life of the contract.
- Establish and manage relationship with supplier/s and stakeholders.

3.3 Implement the contract

- Develop implementation plan if required and implement the contract in accordance with the contract management plan and/or implementation plan/strategy.
- Implement start-up or transition arrangements.

3.4 Monitor and maintain performance of a contract

- Monitor delivery and evaluate key performance indicators and project milestones to ensure value for money identified in the procurement process is achieved.
- Receive and review Contractors performance reports (hold meetings and develop action plans as required).
- Ensure all obligations under the contract are being met.
- Manage contract variations and contract extensions.
- Negotiate and manage issues relating to the contract.
- Maintain communication with all stakeholders on the performance of the contract.

3.5 Planning Contract expiration

- Review contracts due to expire to determine future requirements.
- Finalise, amend, extend or terminate contract in accordance with contract including management of close-out, renewal or transition to a new contract. If contract value is increased the relevant delegation is determined by the new total contract value i.e. existing contract value plus increase in contract value.
- Evaluate the outcomes of the contract (specifically projects and capital works) and document and where measures or outcomes are not met in full.

Reference Number:	A3479409
Effective Date:	TBC
Review Period:	This Policy will be reviewed every three (3) years, unless earlier review is required due to legislative changes, or is warranted by another reason requested by Council.
Supersedes:	Nil.
New Review Date:	TBC
Associated Documents/References:	Procurement Manual (A3479410)
Policy Owner:	Manager – Procurement

TO: RISK AND ASSURANCE COMMITTEE

FROM: RHIANNON SUTER, MANAGER – STRATEGY AND POLICY

AUTHORISED BY: MICHAEL DAY, GM – FINANCE AND ASSURANCE

MEETING DATE: WEDNESDAY 29 SEPTEMBER 2021

LONG-TERM PLAN 2021 – 2031 REVIEW

SUMMARY

This report provides a summary of the review into the 2021 – 2031 Long-term Plan along with the proposed approach for delivery of the 2024 – 2034 Long-term Plan.

RECOMMENDATIONS

That the Risk and Assurance Committee

1. Receive the report “Long-term Plan 2021 – 2031 Review”.
2. Note the key findings of the review process into the 2021 – 2031 Long-term Plan.
3. Note the report into the prioritisation of strategic projects as part of the Long-term Plan received from Simon Markham (A3505243)
4. Endorse the following recommendations based on the review to underpin the 2024 – 2034 Long-term Plan:
 - a. Recognise continuous planning, commencing preparation for the next Long-term Plan alongside the Annual Planning and Reporting cycle has the best potential for success.
 - b. Refine the strategic project decision making framework (A3544485) to ensure it is fit for purpose across the full range of Council projects.
 - c. Utilise the decision making framework within Council’s strategic decision making processes supporting ongoing alignment with the Long-term Plan.
 - d. Recognise projects are stronger when business cases are developed as part of the LTP planning process.
5. Note the LTP project team will continue and there is the opportunity for Councillors to continue to guide this process through workshops.
6. Note the issues identified as key areas of focus for the 2024 – 2034 Long-term Plan.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> Provides input into the delivery of the next Long-term Plan.
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Feedback from submitters was considered as part of this review process.

FINANCIAL IMPLICATIONS

N/A

BACKGROUND

There were significant unique challenges experienced as part of this LTP process: pandemic, ELT changeover, restructure, finance system overhaul, resourcing issues with a number of key positions unfilled and a governance review. Early in the process in 2020 ELT supported a decision to take an iterative process recognising the need to focus on some areas of strategic importance and lay the groundwork for improvements in other areas for the next LTP.

The LTP was delivered on time and received an unqualified audit opinion. Council officers have been asked to present on the LTP Strategic Projects decision making process at the Taituāra 2021 Corporate Plan Conference in November.

While the delivery circumstances were unique, it is likely that the 2024 – 2034 LTP will also be delivered during a time of disruption and will be impacted by different challenges, some of which may also have a resourcing dimension.

THE REVIEW PROCESS

The review process has incorporated the following elements:

1. An anonymous online survey undertaken with Councillors, ELT members, LTP project team members and Asset Managers.
2. A workshop with Councillors and LTP project team members.
3. A report commissioned as part of the Governance Workstream into the decision making process for strategic projects.

The results of the survey, a summary of the discussion held at the workshop, along with the report provided by Simon Markham are included as appendices.

The Governance Workstream Strategic Projects Working Group discussion on this matter was delayed by Covid-19 but their feedback will be incorporated into planning for the next LTP.

FINDINGS OF THE REVIEW

Recommendations for improvements for the next LTP are included in italics.

Key Findings

- **Engagement for this LTP, both with Councillors and the public, was a step change from previous LTPs.** Engagement was high quality, with innovative techniques used with the public and in-depth workshops with Councillors. *Areas for development will be to build on the format for workshops to further aid discussion; continue to try new ways to attract the public to participate and make continued use of new technology. Engaging with young people will be a priority.*
- **The strategic project decision making framework was a positive innovation which has room to evolve.** The framework, based on the vision and four wellbeings, provided a useful independent assessment approach. It does not replace the political nature of decision making but supports it. *It will need to evolve to ensure it is fit for purpose for assessing core infrastructure projects as well as those in the Leisure and Recreation space which formed the core of the strategic focus for 2021 – 2031.*
- **Embedding the strategic project decision making framework within the Council's regular decision making and Governance induction processes will support strategic alignment and continuity.** Councillors are keen to see continuity from this LTP, both in their decision making and in how they report progress to the public. Councillors through the Governance Working Group have indicated their desire for alignment with the LTP in key project decision making to be championed at a Governance level. *There are options which can be considered to support Councillors to advocate for aligned decision making.*
- **Time and resources need to be made available for further development of business cases for key projects.** The business cases for some projects had been completed as part of the 2018 LTP process. For others, including the museum, the focus of Council was on the built infrastructure rather than the service to be provided within the building. *Early identification of new projects and those that are likely to need to be revised will be required for the next process. In addition key staff should receive training in the Better Business Case approach.*
- **Continuous planning and development for the LTP will support improved outcomes and reduce pressure on Governance and Staff of the process being back-loaded.** Key staffing changes resulted in the LTP process starting late. *Implementing improvement and preparation processes to enable the majority of this work to be completed ahead of October 2022 will enable the Council to commence decision making as soon as possible following induction of new Councillors.*
- **The following areas need to be addressed as part of continuous planning in preparation for the next Long-term Plan:** *Three waters delivery; regional context and four wellbeings; climate change; asset planning improvements; review of community outcomes and levels of service.*
- **The process needs to be flexible to respond to the significant reform agendas which will impact on the function and form of Council including Three Water reform, RMA reform and Local Government Reform.** The Council may be more focused in the future on people focused engagement and the delivery of wellbeing in different ways.
- **Resourcing needs to be appropriate for delivery of the Long-term Plan.** The 2021 – 2031 process was delivered with several key positions including Corporate Planner, Policy Advisor and Engagement Coordinator, unfilled for significant portions of the process. In addition the finance team was significantly impacted as a result of delays with the TechOne rollout and shortage of resource. This was a result of a number of

factors including constraints within the labour market which makes filling skilled positions difficult.

Councillors were asked about their areas of focus for the next Long-term plan.

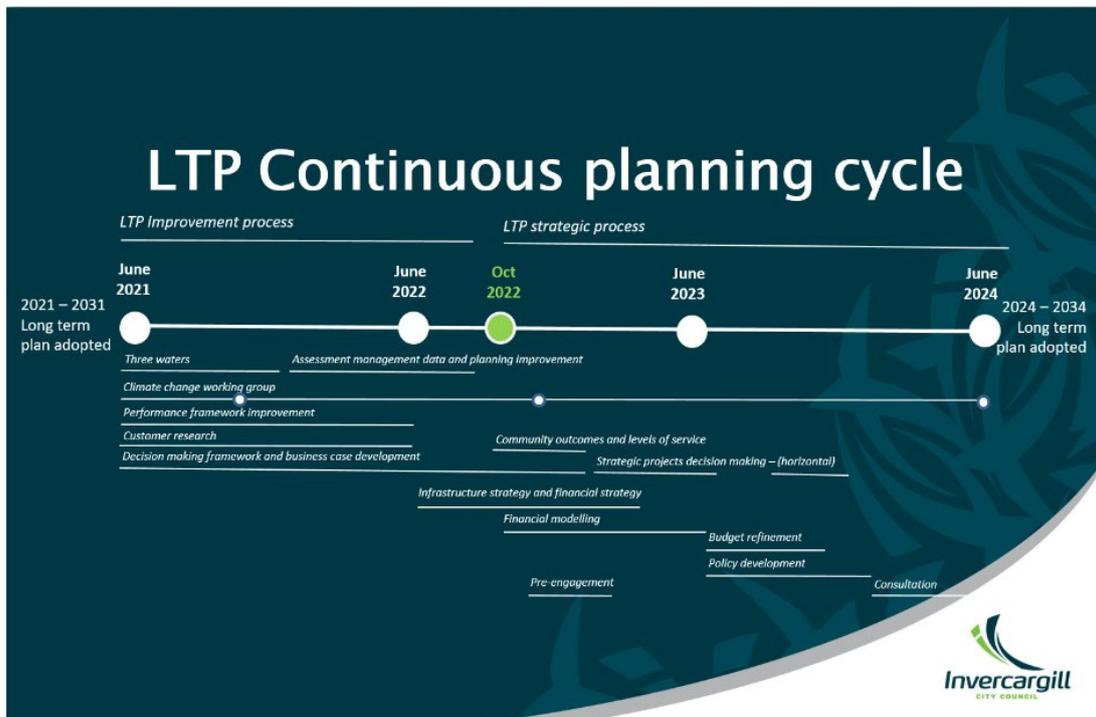
The two issues of greatest importance were Local Government reform (including three waters reform) and climate change. It is noted that it will be important for Council to take a strategic approach to the many issues impacting the community and the ways in which Council can align to support those needs. As the Government’s reform agenda proceeds the role of Council in supporting Community Wellbeing outcomes is likely to evolve considerably.

Further information on the feedback of the review can be found in the appendices.

APPROACH TO DELIVERY OF THE 2024 – 2034 LONG-TERM PLAN

Continuous planning has been identified as essential to the success of the 2024 – 2034 Long-term plan delivery. The diagram below shows the proposed work package delivery schedule. The intention is to improve the quality and availability of information earlier in the process, resulting in both improved outcomes and reduced impact on Governance and staff from delivery of the process. Completing the majority of this process prior to the October election will enable the new Council to commence the strategic decision making process as soon as possible.

There are likely to be significant changes to the function and form of Council in the light of three waters reform, RMA reform and Local Government reform. The process will need to be flexible to respond to these reform agendas.



CONCLUSION

The review process for the Long-term Plan identified a broadly successful process, well delivered. However there remain significant areas for improvement. Continuous planning will support these improvements being implemented. Evolving and embedding the decision-making framework will enable Councillors to build on the strategic focus they gained through this process. Greater focus on community wellbeing and what Council's response to deliver on that will be a key focus of the next Long-term Plan

APPENDICES

Appendix One: Simon Markham Report (A3505243)

Appendix Two: Strategic Decision Making Framework (A3544485)

Appendix Three: LTP 2021 – 2031 Workshop and Survey Results (A3504950)

Appendix Four: LTP Review Workshop Notes (A3501305)

Appendix Five: Summary of Key Issues from the Review

Areas of positive feedback and areas for improvement.

Below is a breakdown of the feedback and issues raised from both the survey and workshops broken down into key workstreams.

Positive areas	Areas for Improvement
<i>Strategic and Governance workstream</i>	
Workshops were engaging and relevant Good chairing and leadership Scenarios showing impact of different decisions was very helpful. Decision making tool very useful.	Some reduction in the number of workshops if possible (although majority felt it was not) More focus on discussion Some thought information was too technical Identify Councillor lead for next LTP – continuity Notation from the workshops would be a useful record. Induction process for new Councillors to help bring them up to speed more quickly. Community outcomes will be an area of focus for the next LTP. Improved understanding of the four wellbeing is needed.
<i>Asset and activity workstream</i>	
Detailed complex information well presented. Focus on deliverability of the capital works programme was useful.	Important to start earlier to enable data to be ready for key decision making (including financial information to asset managers to enable plan completion). Levels of service will need to be assessed more in-depth and this will need to be done early

	<p>enough to support asset managers with planning.</p> <p>Improvements to asset planning format and condition monitoring completed ahead of strategic decision making process starting.</p> <p>Improved research process and outcome.</p> <p>Improved business case development needed</p> <p>Need to give more attention and dig into activity and asset budgets.</p> <p>Continued focus on KPIs and performance focus across the organisation.</p>
Finance workstream	
<p>Presentation of strategic financial information was positive and engaging.</p>	<p>Resource issues and bottlenecks caused delays in detailed financial information delaying other areas of the process.</p> <p>Audit process starting earlier would significantly help.</p>
Engagement workstream	
<p>Engagement was innovative and positive</p> <p>First Facebook Live event, interactive website and videos were very positive</p> <p>Loved the Roadmap to Renewal theme and graphic</p> <p>Good to frontfoot issue where they were identified – e.g. Kennington rates</p>	<p>Can we work to try and attract more people to the events</p> <p>More to engage with young people including enhanced use of social media.</p> <p>Different presentation of options to make the preferred option seem less like a done deal.</p> <p>“Temperature bar” rather than binary presentation of option choices to assist Council decision making.</p> <p>Undertake consultation earlier in order to leave more time for changes (noting limited options around Audit schedule)</p> <p>Embed ongoing reporting on progress against this LTP to help bring up public trust.</p> <p>Promote different ways of engaging with the hearing process to reduce intimidation factor.</p>
Project management processes	
<p>Project management followed SOLGM guidance</p> <p>The right people with the right skills were on the project group</p> <p>Workstream leads were introduced</p>	<p>Continuous Council/ ELT sponsorship would be useful.</p> <p>Workstream leads process needs to be further embedded, with key responsibilities identified and with people able to commit the time needed to key tasks</p> <p>Resourcing within the strategy and policy and finance teams to support the process needs to be improved (noting some of this is caused by constraints in the labour market).</p>

Issues for the 2024 – 2034 Long-term Plan

Councillors were asked about their areas of focus for the next Long-term plan.

The two issues of greatest importance were Local Government reform (including three waters reform) and climate change.

The table below shows the issues raised by Councillors during the workshop and those they believed were the top priority.

Issue	Mentioned	Top Priority
Climate change	2	3
Local Government Reform	2	2
Three Waters	3	1
Four wellbeings	2	1
Tiwai transition		1
Activation of city centre		1
RMA Reform	2	
Governance reform - Iwi He Puapua Report		
Estuary clean up		
Landfill		
Housing		
Localism		
Customer experience		
Reporting against existing Long-term Plan - Strategic projects		1
Interest rates/ Economic forecasting		1
Demographic projections		

**Strategic Projects Decision-making Framework Project
Discovery Phase Report by Simon Markham, Simon Markham Consulting Ltd
July 2021**

1.0 Executive Summary

Invercargill City Council is wanting to ensure that sound practice for strategic project assessment and prioritisation, as part of its annual and long term planning, is embedded in its advisory and decision-making processes at both management and Council levels.

This report is the result of a four day 'discovery phase' project to that effect that included a series of interviews, documents review, across LG sector 'practice soundings' and report preparation; focused on observations, lessons learnt and a way forward from the preparation process leading to the 2021-31 Long Term Plan (LTP).

The LTP was prepared beginning in late-2019 in unusual circumstances as result of a number on internal and external to Council challenges. Despite that in terms of preparation process it sought to exemplify good industry practice as developed over six rounds of LTPs through Guidance available from Taituarā (formerly SOLGM).

A particular feature was responding to the need to invigorate and focus a programme of visible and to some degree contested 'vertical infrastructure' (VI) projects for inclusion in the Draft LTP. In parallel with development during 2020 of the Council's strategic framework to be reflected in the LTP, was development and application of a project assessment framework (PAF) tool to assist this.

The PAF is a tool to guide ranking on a common basis projects diverse in scale and type to assist the Council make prioritised project decisions, by funding amount and timing. This was applied to VI projects and also outside of the LTP has been evolved to assist make contestable community wellbeing fund decisions.

Local government sector practice with tools to assist diverse cross-functional project prioritisation is not well developed. Mostly it focuses on within activity group or asset class prioritisation but this doesn't address the key trade-offs of strategic alignment, value for money and response to demonstrated need manifest in diverse cross-functional projects needing to be matched with available funding.

Developing and seeking to ensure continuity in the support for and ongoing use of the current PAF rather than any alternative approach is recommended. That said, enduring benefits of deployment of such a tool to assist 'ordering' a given list of strategic projects relies on progress in two areas.

One is progressing the level of maturity of the strategic framework that addresses Councils overall objectives (outcomes) for a diverse portfolio of activities so that a full list of candidate strategic 'projects' (not all of which will be capital intensive in nature) is brought forth for prioritisation.

The other is the future quality of 'project' documentation in terms of justification and quality of cost estimation, given the increasing cost pressures on Councils. In both respects a new 'category' of strategic projects arising from local government reforms is emerging across the sector and a candidate list in this regard is appended to the report for consideration. Also in both regards, a range of improvement initiatives looking forward to the 2024-34 LTP are identified.

With the assistance of key capable and committed staff to manage and resource the 2021-31 LTP preparation process to tight deadlines, a 'fit for purpose' draft LTP was made available and subject to

predominantly favourable community comment. It was decided in a deliberative manner, met relevant requirements and overall Council expectations.

There is merit in codifying an ICC version of an LTP preparation process to be used for the 2024-34 LTP. This should be based on industry good practice and incorporate the further developed PAF being applied to the pipeline of well-defined and justified projects of actual/potential strategic significance, inclusive of key horizontal infrastructure projects as well.

It is suggested however this is best done as part of a continuous planning process so that by late-2022 the newly elected Council has before it a more developed 'strategy map' that responds to strategy gaps and interrelationships. This would enable the guiding framework as well as the process and tool kit for 24-34 LTP assembly to be better developed

Preparing an improvement plan to these ends, 'owned' by senior management, mandated by the Council, and matched to 'right-sized' staffing to resource its implementation and the LTP process is recommended.

2.0 Scope and Purpose of this Report

This report arises from the brief appended as **Attachment 1** and in particular out of the Invercargill City Council (ICC) Thomson Review that led to the establishment of the Strategic Projects Working Group (SPWG), its purpose being:

"To capture, improve, and embed ICC's framework for strategic project decision-making which will enable Elected Members to determine their strategic project priorities; while this will principally be for the formulation of the LTP it may also be used at other times"

Accordingly the initially set tasks for this project were:

- Codify Council's current approach to LTP project prioritisation; this should include both staff and governance processes.
- Apply a "best practice lens" which identifies the effective aspects of current practice and any "lessons learned", and proposes any improvements.
- Develop a strategic projects decision making framework which this Council and future councils can adopt and apply to LTPs and/or projects which emerge between planning cycles.

The Executive Manager of the Office of the Chief Executive, as Project Director for the Governance Review Project, together with the Manager of Strategy & Policy were nominated to oversee this project. At an inception meeting with these staff it became evident that the circumstances that had given rise to this aspect of the Thomson Review report had perhaps moved on materially and it was agreed that a four day 'discovery phase' piece of work be undertaken to assist sharpen the focus of the work to best effect.

This report arises from that four day project that included a series of interviews, documents review, across LG sector 'practice soundings' and report preparation. Details of this are set out in **Attachment 2**.

In summary, interviews have been conducted with the Manager Strategy & Policy (in detail), the Chief Executive, three members of the Executive Leadership Team closely associated with issues traversed in this report/LTP strategic projects, two Councillors particularly associated with LTP preparation and one of the independent appointees to the SPWG. Documents reviewed are also indicated.

This report accordingly:

- Overviews the 2021-31 LTP process with particular reference to strategic projects prioritisation;
- Considers relevant local government sector LTP preparation guidance and practise, also with particular reference to prioritisation processes and tools;
- Summarises observations, lessons learnt and suggests ways forward.

3.0 2021-31 LTP Preparation and Strategic Projects Prioritisation

Following the 2019 elections and into 2020, ICC's preparations for development of the 2021/22 Annual Plan accelerated and precursor steps towards the 2021-31 LTP (LTP) began in earnest. Formation of the LTP project control group structure and process/timeframe development ensued.

At the time significant projects were before Council and the community, including the future of the Museum and progressing the City Block project. A 'direction-setting' workshop in mid-March addressed both Annual Plan and Long Term Plan prioritisation issues.

Inception of LTP preparation in process terms from the outset was guided by the SOLGM (now Taituarā) LTP preparation guidance materials in five related documents with the central one being the '*Jigsaw 2021: Piecing it together*', the 80 page 'how to' manual published in October 2019, now in its sixth edition.

The 'Jigsaw' and related documents provide well established invaluable sector guidance, recognising the large number of moving parts and extended timeframe involved in LTP preparation and delivery, as summarised in the graphic in **Attachment 3**.

Generally speaking, in the writer's experience with LTPs since the first in 2006, there is a tendency among the many staff/parts of the organisation with roles in LTP preparation to not be fully aware of the scale of the overall undertaking and / or the dependencies of their own contribution timeframe 'knock-on' effects on others following. The 'orchestration' role played by the project manager, and in this instance the Strategy & Policy Manager is crucial. It is equally important that a Council's senior team 'takes ownership' of the plan itself on behalf of the Council.

The Guidance is founded on some key principles (couched as 'six ground rules' in the extract from the Jigsaw below), but expressed in summary by 'start early and progressively piece together the picture with a considered approach' towards an adopted LTP. This was recommended to be launched in a deliberative manner following Council elections in late-2019 and last some 20 months to 30 June 2021.

The required discipline across Council's to achieve this is given testament by the fact that the writer is aware that by 30 June 2021 more than a half dozen Councils had yet to adopt an LTP and a couple more had not managed to publish a consultation document as at that date. Notwithstanding challenging circumstances largely beyond management control discussed further below, the fact that ICC has delivered as required a compliant 'fit for purpose' LTP is testament to the commitment shown by key staff and the wider team to achieve this.

2020, apart from the settling in of newly elected officials, was to become an exceptionally challenging year for all Councils due to COVID-19 related disruptions, but especially so for ICC. Governance cohesiveness issues together with (perceived) major project delivery problems were contributory

factors that ultimately resulted in the Thomson Review report. It appears to the writer that the evident concerns in it about strategic prioritisation were a reflection of a number of factors and not necessarily the efficacy of planning processes per se.

The six ground rules to a long-term plan

All of SOLGM's LTP guides are grounded in the following six rules for a successful LTP:

1. **Long-term planning needs an outward focus:** a successful long-term plan must be grounded in an understanding of the demographic, economic, cultural, environmental and social factors that shape the world around it, and of the needs and aspirations of the community.
2. **Long-term planning means long term:** the horizon for a long-term plan is the useful life of assets, as opposed to the triennial cycle or even the legislative timeframe of 10 years..
3. **Long-term planning strikes a balance:** long-term planning balances the community's needs and aspirations, service realities and the community's willingness and ability to pay. Getting the balance right is a matter for the policy judgement on the part of elected members, informed through the community engagement process.
4. **Long-term planning tells one integrated story:** a long-term plan should tell a single overall story, each part of the story should line-up in a way that supports and amplifies the other parts of this story.
5. **Long-term planning is grounded in the present:** planning must proceed from a detailed understanding of the present, including the financials and fundamentals such as asset condition and performance.
6. **Long-term planning requires project management disciplines:** a long-term planning process contains a lot of moving parts. Successful long-term planning requires careful project planning and sequencing the right things in the right order.

In March 2020 public sector investment specialist, Steve Bramley was engaged to undertake a strategic projects and funding review. This built on the emerging strategic framework from the March 2020 Council Workshop to support decision-making that ultimately became embedded in the 21-31 LTP as *'Our City with Heart - He Ngākau Aroha'*. This drew on economic, environmental and liveability (social and cultural) outcomes that helped focus the LTP and it providing a 'Roadmap to Renewal'.

The level of concern and focus on several key vertical infrastructure projects (VIPs) at the time as a 'priority matter' prompted as part of the projects and funding review, the development of a project assessment framework (PAF). Steve Bramley developed this tool for Council to assess each strategic project against the same three areas of criteria:

- Vision and priority alignment – how does the project's Unique Sales Proposition align with Council's focus in the following areas:
 - City centre
 - Economic
 - Liveability (social and cultural)
 - Environmental
- Demonstrated need – how does the project address identified community need, with focus on:
 - Multiple audiences
 - Support for placemaking
- Achievability and sustainability – is the cost (capital and ongoing operational) sustainable?
 - Whole of life cost
 - Cost per visit assessment

Attachment 4 sets out the project prioritisation tool as initially conceived and that was subsequently applied to candidate VIPs for input to funding decisions. It seeks to integrate into a single points rating system consideration of alignment drawn for the developing outcomes focused strategic framework, demonstrable need based on utilisation and 'whole of life' cost.

This enables what can be diverse type/scale candidate projects to be placed in a 'value for money' order off a common platform as a guide for further consideration in this light and to be matched with available funding. As such this 'balanced scorecard' approach has much to recommend it. That said and as discussed further below, in the writer's opinion it is best thought of as a guide to and not determinative in itself of decision-making. Also its value is influenced by the quality of the input information (on costs, use, etc.) and the process that has given rise to the list of projects to be evaluated in the first place.

The emerging strategic framework was given further impetus at the June 2020 Council Workshop that proposed possible personnel, stakeholder and project assignment roles and task across some nine key result areas, ranging from national advocacy (e.g. Tiwai) to matters to address relating to Bluff (e.g. Tourism Master Plan), were articulated and considered, (**Attachment 5**).

Notwithstanding this 'strategic reach', including into non-(traditional) Council funding sources, it was evident that a key Council focus area in the context of the upcoming LTP needed to be resolution/progression of a number of actual and prospective larger VIPs.

This was furthered again at the mid-July 2020 Performance, Policy and Partnerships Committee (PPPC) by consideration of reports seeking to confirm key elements of the strategic framework for the LTP development as well as the long list of candidate VIP's to which the PAF could be applied.

Also at that PPPC Workshop in July 2020 a 'funding envelope' across the 11 years of the 2020/21 Annual Plan and the following 10 years of the LTP was identified as providing funding for VIPs within potentially acceptable rating levels. This, as the writer understands it, allowed for expenditure for horizontal infrastructure (HI) across the planning period based on, except for the first year, annual depreciation provision funding.

It is understood that this was based on the reputation reported by a number of those interviewed that the management and consequential level of investment in horizontal infrastructure by ICC was over time being set at prudent levels.

As part of this discovery phase project the writer has not reviewed documentation on how within HI and within constituent 'activity class' prioritisation was undertaken to arrive at the HI capital programme that forms part of the LTP, reconciled with the depreciation derived funding allocation.

Also of note from a senior level interview, there is evident concern about the implications of required but uncosted (and therefore reflected in the LTP Horizontal Infrastructure programme) key wastewater treatment plant upgrades falling due during the planning period (due to consents expiring and the likely impact new regulatory requirements). Allied to this is potential uncertainty about the future pattern of industrial water and wastewater treatment demand on relevant networked infrastructure.

It is important to note ICC experienced a range of challenges through 2020 and into 2021 at the same time as they were preparing the LTP:

- Changes in key senior personnel such that for a large part of the 2020 year the ELT Team was quite small, with three key new appointees to provide a full complement and influencing

relevant discipline and collective input, not in place until November 2020 through into the new year;

- Progression of the Thomson Review was in itself a priority but disruptive requirement taking time and attention away from other priorities such as the LTP;
- 'Lost' time through COVID-19 restrictions making meetings and joint working delayed/not possible or less effective, and so compressing key step timeframes and/or key constituent/supporting document preparation tasks;
- Need to progress Activity and Asset Management Plans in challenging circumstances, the former requiring Strategy & Policy Manager attention at the same time as she was working on the LTP;
- Staff resource/availability constraints among those with formative and support roles in relation to LTP process progression/documents preparation.

It is also relevant to note that based on the documents referred/reviewed and search of the Council's website, there appears to have been limited reference/reliance on extant strategic documents from which candidate VIPs could/had been identified with attendant justifications, costings or developed business cases to take into prioritisation workshopping. This is an observation not a criticism that the 'strategy map' for ICC is at a certain stage of development but that its progression in the lead up to the 2024-34 LTP does warrant consideration, as discussed further below.

Indeed it was mentioned by several interviewees that the absence of such documentation, especially business cases arising in relation to the larger and higher profile VIPs represents a key risk for delivery and so potential risk for relitigation of priorities.

Notwithstanding all of the above matters, pre-engagement and iterative workshopping by Councillors of VIPs aided by the PAF resulted in inclusion in the Draft LTP of a 'roadmap to renewal' based on a series of high profile and anticipated catalytic projects. This drew considerable positive community feedback through submissions on the well-presented consultation document and by all accounts constructive deliberations by the Council on the large number of submissions the extensive engagement programme engendered.

This resulted in an audit-assured final LTP focused on a capital programme of VIPs totalling \$112 Million on top of the Council's regular programme of core infrastructure renewals and with a strong focus on underpinning CBD vitality.

A comprehensive LTP Self-Assessment was completed and input to audit processes. The LTP was delivered despite the many challenges in accordance with required timeframes and with compliant content. Its preparation was strongly influenced by the extant SOLGM Jigsaw guidance, adapted to the ICC circumstances as they unfolded.

Its preparation by all accounts was significantly assisted by the PAF tool applied to VIPs. It is relevant to note that tool was in parallel during the latter part of 2020 adapted for use and successfully applied to assessment of applications for funds from the ICC Community Wellbeing Fund. This demonstrated its versatility and credibility in a public facing contestable funding arena.

4.0 LTP Related Strategic Prioritisation Practice Across in Local Government

Councils are responsible for developing, maintaining and adding to large stocks of both horizontal and vertical infrastructure across diverse activities. As well, operational programme expenditures not reliant on fixed or infrastructural assets are significant, increasingly diverse and important to communities because of their visibility and reach.

Communities and new Councillors are sometimes not that well acquainted with the scale of their Council's undertakings, the stock of assets under management by even small Councils and the expenditures involved. This diversity is both challenging and a strength of multi-functional territorial local government.

There is cause to reflect on it especially with the current 'future for local government' under the spotlight. The capacity and capability of current TAs under the model as established for the last three decades provides ability to allocate resources and flex in response to changing needs touched by diverse Council activities.

But that opportunity brings with it challenge in determining priorities from among a wide range of options presented in relation to current and future needs. Doing so that is responsive to the realities of local accountability through participative and democratic process, under a power of general competence but through transparent planning processes is especially demanding.

Councils need to account for their decisions and able to offer reasons for the choices they make. To assist this a variety of more or less structured approaches to prioritisation have been taken up over the years.

Surprisingly perhaps given the cumulative billions of dollars of investment Councils decide on behalf of communities at a sector level there has not been more attention to developing tools to assist Councils approach the task. This is especially relevant to the developing practice of Long Term Planning where reach into the future as much as 30 years out.

The fact is though there is no generally accepted prioritisation tool/methodology 'on the shelf' capable of determining diverse cross-functional priorities. It does not appear in the SOLGM (Taituarā) Jigsaw guidance and enquiries with key Taituarā staff indicate, surprisingly on reflection, this matter has not particularly figured in successive 'Community Plan Forum' events. These have been held over the years focused on the community of practice by those most involved in Annual and LTP preparation processes.

Similarly, engagement with Office of the Auditor-General staff did not reveal more than isolated instances of structured deliberative processes deploying prioritisation tools across diverse activities/projects.

In a general sense and from a whole of Council perspective, 'strategic projects' rendered as strategic priorities are not 'just' larger VI/HI projects within the capital expenditure category. They may be and frequently are operational expenditure programmes not dependant on physical works or initiatives reflecting other Council roles; e.g. as an advocate or regulator.

They may also be 'strategic' in the senses of seeking to develop the funding resource base of the Council or secure and progress important partnerships. 'Strategic initiatives' of these kinds began to figure at ICC in the emerging strategic framework as per the June 2020 Council Workshop (**Attachment 5**).

Predominant experienced and observed Council processes (as distinct from the explicit use of tools) across the sector, in bringing together diverse by type and scale project and programme bids for 'prioritisation' in relation to LTP development can be described as variants of the following.

Quite early in the LTP preparation timeline, to senior management and progressively 'to the Council table' in workshop settings, business unit presentations on perceive priorities for their activity are

made in an 'unconstrained by finance' approach. Iterations help determine a provisional acceptable 'funding envelope'.

The larger expenditure items are in turn reconciled through discussion including phasing and timing to arrive at a draft overall programme. Increasingly in evidence however is the development and application to the prioritisation workshopping of overall 'strategic frameworks' (such as that which guided the ICC 'Roadmap to Renewal'), couched in terms of key outcomes and priorities. An example of this from another context, Christchurch City Council is shown as **Attachment 6**.

Which projects or initiatives are more desirable at comparable costs is a reflection of which outcomes are accorded more importance, hence approaches at this 'strategic' level can greatly assist narrowing down options. But faced with diverse type/scale of initiatives of 'strategic significance', such frameworks still don't of themselves provide rankings in the way that the ICC PAF does.

To that extent deployment of the PAF at ICC represents a more structured and disciplined approach to prioritisation in using such a guidance tool than would be common sector practice. Like any such tool however, it requires consistent application and support, especially at Council level, based on good quality and consistent input information.

The writer is aware of the use of other tools. One is a 'classification system' across diverse projects/initiatives that 'grade' them from a – j; on a scale from 'committed' to 'marginal' - 'a' being subject to contract/statutory requirement through 'j' as 'requiring more investigation. But this is 'input focused' and not well related to outcome/impact.

By contrast another known scoring system sought to 'score' initiatives in terms of the geographic spread of impact along one axis and the intensity of impact across another, for each of the wellbeings. It allowed for negative impacts in one such 'domain' that might offset positive impacts in another. As indicated above it required commitment to consistent use to return value.

To a large degree the utility of such techniques depend on the aim – is it to help determine relative priorities against others in order and so perhaps time; or, is the concern to consider absolute priorities in terms of impacts / outcomes?

In the context of collective Council consideration of priorities it can often be the implicit 'qualitative' assessments (perceived 'importance', a project's spatial/sectoral 'appeal', whether it is seen as 'core', etc.) made by elected officials regardless of any numerical 'scores' that is influential. A technique relevant to this used by the writer with one council is 'conjoint analysis'.

It was developed as a multivariate statistical technique used in market research to help understand how people develop preferences for items and/or value different features that make up an individual product of service. However, asking individual Councillors to work through an on-screen assessment session and then have those combined into an overall 'ranking' can be challenging!

Most developed, discrete prioritisation tools in the writer's experience and observation appear in relation to horizontal infrastructure at the activity group or asset class level. Criteria focused on sound asset management approaches to priorities focus on renewals over new assets and dwell on (perceived) core services.

In the case of renewals these tend to revolve around criticality and vulnerability. Christchurch City Council staff in this regard and in relation to the 2021-31 LTP report progress through development of an Asset Assessment Intervention Framework. (IAAF) tool.

That said these 'within group/class' tools are generally not 'scalable' to accommodate the diversity of projects/initiatives encapsulated in the scope of an LTP.

5.0 Summary of Observations. Lessons Learnt and Way Forward

It is 'taken as read' that ICC wishes to continue to develop its LTP related strategic prioritisation framework with particular reference to strategic projects as an evolution of strategic and corporate planning practice; and do so in a way that is evidence based and deliberative to support effective Council decision-making.

This needs to be proportionate to the scale and significance of the Council undertaking, nature of the matters involved, and sustainable in resourcing, cost and participant involvement.

While it may not seem so by some participants given the significant personnel changes/challenges and situational factors accompanying this particular ICC LTP preparation process from late 2019-June 2021, the process was founded in developed sector good practice guidance and as indicated a fit-for-purpose, generally well received LTP was delivered. This is due in large part to the competence and commitment of key staff in at times difficult circumstances.

Both the Councillors interviewed expressed significant appreciation for the level of staff support, quality of information they received as part of LTP preparation and the adopted LTP that resulted. They evidenced strong support for the perceived practice gains made and in summary "it was the best LTP yet" in their experience and observation.

Issues relating to VIPs commanded a lot of attention and the PAF tool was developed and deployed to deal with this. In parallel the overarching strategic framework was developed and deployed in priority setting, exposed to community views through the LTP engagement process and confirmed.

In terms of discrete tools to aid strategic project prioritisation, the evidence available from review of ICC 2021-31 LTP practice and elsewhere leads to the conclusion that ICC should continue to develop the PAF that it now has and seek to secure the body of practice it has across successive council terms.

Conceiving of LTP preparation as a Project with all the attendant discipline required to deliver a time bound product of required quality is appropriate. But the reality is much that qualifies for strategic prioritisation as the LTP process is progressed has its origins well in advance and in key respects, way before the three-yearly LTP preparation project proper gets underway.

This is especially relevant to areas subject to asset management planning discipline so that programme/project level of service expenditure driven needs can be better reconciled with depreciation funding provision.

As much as 'codifying' a preferred ICC version of the LTP preparation process modelled on 'Jigsaw' is desirable, a more overarching approach to ongoing development of the ICC strategic framework is also considered as it would build on what is already in place.

Mention has been made in interviews of a more significant wellbeings based 'refresh'/development of ICC's community outcomes in concert with a wellbeings indicators programme. This would provide the evidence base of where Invercargill City is now, where it wants to be as the basis for a strengthened strategic framework and assist identification of strategic initiatives to be fed into prioritisation process well in time in the lead up to the 2024-34 LTP.

This draws on the notion of a continuous planning process and not just the concerted 'heavy lifting' towards the back end of the LTP process when the chance of derailment by uncontrollable factors causing delivery risk is greatest.

It also foreshadows that the strategic projects of the future may not be so much in the capital project space (as the built environment provider role of Councils may lessen in light of local government reforms), but increase through a broader range of less capital intensive initiatives that contribute towards community wellbeing outcomes. This picks up on some of the thinking that sits behind **Attachment 5**.

Also evident is that LG sector reforms may well give rise to a range of possible implications of strategic significance for ICC to deal with through to its next LTP quite apart from more fundamental community wellbeing issues. A candidate list of these that may require prioritisation is included as **Attachment 7**.

At the other end of the spectrum greater discipline around documented justification for candidate strategic projects to be brought forward to prioritisation is justified by concerns voiced in interviews about the quality and completeness of VIP information that the PAF relies on.

Better cost estimates and business cases so as to 'de-risk' delivery at the initial project justification stage, not encounter delays at the project delivery office stage, and run the risk of relitigation of priorities due to cost blowouts is desirable. Short of situations demanding full business cases, **Attachment 8** as an example of a capital works justification form illustrating the approach.

The above suggests the way forward is to prepare an LTP improvement plan to embed gains made and as proposed above for ICC moving from here to make the 24-34 LTP process a progressively building exercise over the three years, bringing the '22-'25 Council on-board early, and sharpen the strategic lens across all of ICC activity.

This contemplates in scope development of the ICC 'Strategy Map' so that 'strategy gaps' and interrelationships in thematic strategies (such as for climate change) are well covered/forged in time for the next LTP.

Steering of development and implementation of the LTP Improvement Plan is appropriately embedded in the ICC ELT to ensure collective ownership, continuity and alignment with Departmental improvement plans, but also needs to be reconciled with practical resourcing challenges affecting the Strategy & Engagement Unit.

6.0 Recommendations

- i. **Note** that with the assistance of key capable and committed staff to manage and resource 2021-31 LTP preparation, the process guided by industry good practice, but to particularly tight deadlines, produced a 'fit for purpose' draft LTP. This was available in a timely manner, subject to predominantly favourable community comment, and decided in a deliberative manner, meeting relevant requirements and overall Council expectations;
- ii. **Note** that in parallel with development during 2020 of the Council's strategic framework to be reflected in the LTP, was development and application of a project assessment framework (PAF) being a tool to enable ranking on a common basis projects diverse in scale and type to assist the Council make prioritised project decisions, by funding amount and timing;
- iii. **Note** industry practice with tools to assist diverse cross-functional project prioritisation is not well advanced and developing and seeking to ensure continuity in the support for and ongoing use of the current PAF rather than any alternative approach is likely to be more beneficial;

- iv. **Agree** there is merit in codifying an ICC version of an LTP preparation process to be used for the 2024-34 LTP. This should be based on industry good practice and incorporate the further developed PAF being applied to the pipeline of well-defined and justified projects of actual/potential strategic significance;
- v. **Endorse** further development of the strategic framework that addresses Councils overall objectives (outcomes) for a diverse portfolio of activities so that a full list of candidate strategic 'projects' (not all of which will be capital intensive in nature) is brought forth for prioritisation early on as part of the 2024-34 LTP process;
- vi. **Endorse** a programme of improvement in the quality of candidate strategic project documentation in terms of justification and quality of cost estimation to aid prioritisation processes;
- vii. **Endorse** development of a continuous planning process so that by late-2022 the newly elected Council has before it a more developed 'strategy map' that responds to strategy gaps and interrelationships. This would enable the guiding framework as well as the process and tool kit for 24-34 LTP assembly to be better developed;
- viii. **Endorse** the preparation of an improvement plan to the above ends, 'owned' by senior management, mandated by the Council, and matched to 'right-sized' staffing to resource its implementation and the 2024-34 LTP process.

Attachment 1: Brief

STRATEGIC PROJECTS DECISION MAKING FRAMEWORK – DRAFT PROJECT BRIEF

Background

In response to a letter from DIA received by Council on 18 August 2020, Council commissioned an independent governance review (the Thomson Review). This was received by Council in December and a suite of resolutions to implement the findings of the review were adopted by Council – refer to the report for Council at its meeting of Thursday 12 November:

An Action Plan was subsequently formulated (*refer to the attached flowchart*), part of which was to appoint a number of Working Groups. The work covered by this brief is being done to support the Strategic Projects Working Group.

The purpose of the Strategic Projects Working Group is:

To capture, improve, and embed ICC's framework for strategic project decision-making which will enable Elected Members to determine their strategic project priorities; while this will principally be for the formulation of the LTP it may also be used at other times.

The Group is required to recommend to Council, via the Project Governance Group (PGG), an ICC decision making framework which assists with identifying and prioritising projects for inclusion in future LTPs, and for strategic project decision-making on a continuous basis.

Given the heavy workload of Council staff, we have decided to appoint an external resource to support this work.

The Brief

- Codify Council's current approach to LTP project prioritisation; this should include both staff and governance processes.
- Apply a "best practice lens" which identifies the effective aspects of current practice and any "lessons learned", and proposes any improvements.
- Develop a strategic projects decision making framework which this Council and future councils can adopt and apply to LTPs and/or projects which emerge between planning cycles.

Peter Thompson who is the Project Director and Rhiannon Suter (Strategy & Policy Manager) will oversee your work. Our expectation is that this work will be carried out in June/July 2021, with a view to recommending the framework to the 4th August Project Governance Group Meeting. This will enable a recommendation to go to Council by the end of August. You will be familiar with the reasonably lengthy lead times associated with Council reports.

There is a requirement to visit Council in Invercargill as required but we envisage that a high proportion of the work can be done remotely. It is likely that we will require you to present to the PGG and/or Council.

Attachment 2: Interviews and Documents Reviewed

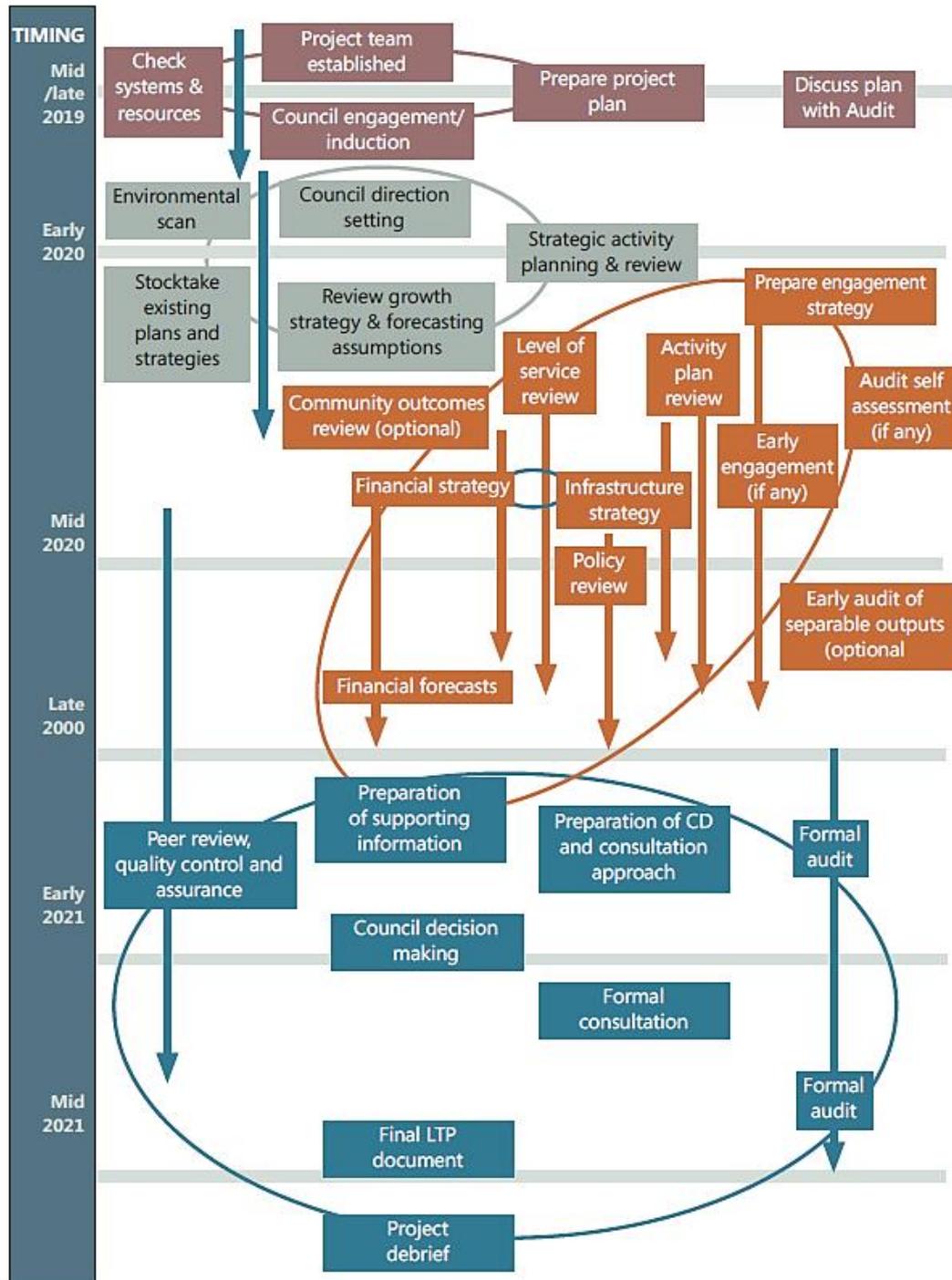
Interviews

- Rhiannon Suter, Manager Strategy & Policy
- Peter Thompson, Executive Manager: Office of the Chief Executive
- Michael Day, GM: Finance and Assurance
- Steve Gibling, GM: Leisure and Recreation
- Erin Moogan, GM: Infrastructure
- Cllrs Rebecca Amundsen and Darren Ludlow
- SPWG Member, Lindsay McKenzie
- Office of the Auditor General: Andrea Reeves, Asst. A-G Local Government and a relevant team leader
- Raymond Horan, Deputy CE Taituarā, Local Government Professionals Aotearoa
- Helen Beaumont, Head: Three Waters and Mark Johnson, Christchurch City Council (CCC)

Documents Reviewed

- 16 March 2020, ICC Council Workshop: Annual and Long Term Plan Prioritisation Workshop presentation
- 30 June 2020: ICC Council Workshop: Strategic Project Funding Review Workshop presentation
- 14 July 2020: ICC Performance, Policy & Partnerships Cttee papers on Strategic Project and Funding Review; and, Long Term Plan Vision, Strategic Issues and Challenges and Community Outcomes
- 27 July 2020 ICC Council Workshop: Long-Term Plan Project Prioritisation Workshop presentation
- Excel Workbooks on LTP Process/Timeline planning; Strategic Projects Councillor Project prioritisation; LTP priorities development; Infrastructure Strategy, Core Infrastructure (Three Waters & Roading) Expenditure Programme 2020 -2051
- Example Activity Management Plan: Corporate Services
- Example Asset Management Plan: Roading
- ICC LTP Readiness Self-assessment
- A range of documents relating to the take-up and adaptation of the LTP Project Assessment Framework applied to Community Wellbeing Fund applications assessment
- LTP 'Our Roadmap to Renewal' Consultation Document. 21-31 LTP and Infrastructure Strategy
- 20 May 2021: ICC Performance, Policy & Partnerships Cttee, 2021 – 2031 Long-Term Plan Deliberations
- Documents from CCC and Waimakariri District Council (WDC) incl. outcomes based prioritisation framework for capital projects; capitals project justification form; strategic priorities framework
- Taituarā (formerly SOLGM) LTP 'Jigsaw' Guidance documents x 5

Attachment 3: SOLGM LTP Jigsaw Version 6 – Process Overview



Attachment 4: Project Assessment Framework (incl. recommended weightings)

PROJECT NAME Option Description		
CRITERIA	MAXIMUM SCORE	PROJECT SCORE
Vision and Priority Alignment		
City Centre	10	
Priorities:		
* Economic	4	
* Liveability	4	
* Environmental	2	
Sub-Total	20	
Demonstrated Need		
Total Visitation: 10 if 100,000/year or more, i.e. <u>Calculate</u> by dividing projected annual visitation/10,000	10	
Specific Need	5	
Multiple Audiences	5	
Sub-Total	20	
Achievability and Sustainability		
Cost Per Visit: Calculate by \$20/visit - estimated cost per visit. Note negative numbers apply	20	
Net Expenditure Impact: Calculate by \$100M - (Net capital cost + 50 year net operating cost including depreciation for ICC)/\$10M. Note, negative numbers apply	10	
Sub-Total	30	
TOTAL	70	

Attachment 5: Emerging Strategic Implementation Framework at June 2020

ICC STRATEGIC FRAMEWORK – POSSIBLE PERSONNEL, STAKEHOLDER AND PROJECT ASSIGNMENT – DRAFT										
Area	National Advocacy	Council Efficiency	Community Support	Strategic Framework & Directions	City Centre	Sport and Recreation		Parks	Arts & Culture	Bluff
Councillors	Mayor Deputy Mayor	Mayor Deputy Mayor Committee Chairs and Deputy Chairs	Lesley Soper Graham Lewis	All	Alex Crackett Ian Pottinger	Darren Ludlow Nobby Clark		Nigel Skelt	Toni Biddle Rebecca Amundsen	Allan Arnold
Lead Staff Member	Clare Hadley (supported by Rhiannon Suter)	Dave Foster	Peter Thompson	PCG: Clare Hadley Rhiannon Suter Michele Frey	Jane Parfitt	Michele Frey		Michele Frey	To be appointed	Rhiannon Suter
Co-Leadership with Another Organisation/s	Mayoral Forum					ICC co-leads with Sport Southland (Chair and CEO)				ICC co-leads with Great South
Community Representatives/ Stakeholders	Great South Chair				<ul style="list-style-type: none"> John Green (Chair), Ngai Tahu, Chris Ramsay, Shaun Drylie, Dave Irwin (Isthmus) 	Rugby Park	Surrey Park	Anderson Park Trust		Bluff Local Board Ngai Tahu
Consultant Support	Elizabeth Hughes			Steve Bramley (SGL)	Isthmus	Otium	Otium			
Areas of Focus or Projects	<ul style="list-style-type: none"> Tiwai Other key industries, e.g. aquaculture Social housing Project funding advocacy 	<ul style="list-style-type: none"> Reduce costs Use existing asset/ investment base better Improve operating performance, e.g. integrated governance/ management for sport, events and/or arts facilities Reduce risks 	<ul style="list-style-type: none"> Capacity building Extra support for events Co-ordinated grant distribution with others Business support Also integrated funding approach for funding of non-Council-led projects* 		City Centre (Note, should consider early need for potential city attractors (e.g. urban playground))	<ul style="list-style-type: none"> Rugby Park & Turnbull Thompson Includes identification of possible surplus land 	Surrey Park	<ul style="list-style-type: none"> Anderson Park and House Land optimisation for surplus parks Destination Playground Queens Park 	<ul style="list-style-type: none"> Museum Storage St John's Creative Centre Arts and culture in City Centre/ 'ACI revisited' Transitional Museum and Art Gallery Museum 	<ul style="list-style-type: none"> Bluff Tourism Master Plan – component projects Ocean Beach community initiatives
*These potential projects are currently Ngai Tahu aspirations, Southland Charity Hospital, The Hawthorndale Care Village and South City Youth Centre										

Attachment 6: Example of more recently developed Strategic Framework – Christchurch City Council, 2020

Developing Resilience in the 21st Century
Strategic Framework

Whiria ngā whenu o ngā papa, honoa ki te maurua tāukiuki
Bind together the strands of each mat and join together with the seams of respect and reciprocity

Ōtautahi-Christchurch is a city of opportunity for all
Open to new ideas, new people and new ways of doing things – a city where anything is possible

Principles

Being open, transparent and democratically accountable Promoting equity, valuing diversity and fostering inclusion	Taking an inter-generational approach to sustainable development, prioritising the social, economic and cultural wellbeing of people and communities and the quality of the environment, now and into the future	Building on the relationship with Te Rūnanga o Ngāi Tahu and the Te Hononga-Council Papatipu Rūnanga partnership, reflecting mutual understanding and respect	Actively collaborating and co-operating with other local, regional and national organisations Ensuring the diversity and interests of our communities across the city and the district are reflected in decision-making
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Community Outcomes

Resilient communities Strong sense of community Active participation in civic life Safe and healthy communities Celebration of our identity through arts, culture, heritage, sport and recreation Valuing the voices of all cultures and ages (including children)	Liveable city Vibrant and thriving city centre Sustainable suburban and rural centres A well connected and accessible city promoting active and public transport Sufficient supply of, and access to, a range of housing 21st century garden city we are proud to live in	Healthy environment Healthy water bodies High quality drinking water Unique landscapes and indigenous biodiversity are valued and stewardship exercised Sustainable use of resources and minimising waste	Prosperous economy Great place for people, business and investment An inclusive, equitable economy with broad-based prosperity for all A productive, adaptive and resilient economic base Modern and robust city infrastructure and community facilities
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Strategic Priorities

Enabling active and connected communities to own their future	Meeting the challenge of climate change through every means available	Ensuring a high quality drinking water supply that is safe and sustainable	Accelerating the momentum the city needs	Ensuring rates are affordable and sustainable
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Ensuring we get core business done while delivering on our Strategic Priorities and achieving our Community Outcomes

Engagement with the community and partners	Strategies, Plans and Partnerships	Long Term Plan and Annual Plan	Our service delivery approach	Monitoring and reporting on our progress
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Attachment 7: Current Local Government Reform Programmes - Possible Implications for Councils of Strategic Significance

1. Three Waters

Financial/organisational/programme implications of 'stay-in' in terms of:

- rightsizing Councils to respond to stranded overhead/surplus management/governance capacity and the impact this might have, if any on any forthcoming annual plan and triennial election processes;
- transitional management arrangements to ensure continuity of three waters services, bearing in mind the new entities would on the current timetable not become fully responsible for three waters until 1 July 2024;
- scoping council – entity planning and consenting relationships bearing in mind RMA reform enactments begin to take effect from end 2022/early 2023 and the degree to which these will rest at regional committee/process level versus district level;
- working assumptions for developing the 2024-34 Long Term Plan and infrastructure strategy and any process changes and improvements over the next 1-3 years;
- understanding possible implications for Councils remaining environmental programme activities, (beyond the network-based services that would transfer), and, residual 'drainage' responsibilities; in terms of funding and interrelationship with the role/functions of the new entity

2. Resource Management

Policy/organisational/programme implications of/for:

- More centralised and directive resource management policy frameworks;
- Regionalised plan-making systems and processes; including whether aggregation of resources into regional structures would be advantageous, or not;
- Changed resource consenting processes; including whether aggregation of resources into regional structures would be advantageous, or not;
- Council's partnering relationship with iwi;
- Rate/nature of progression of other Council strategies including community level sustainability/emissions management, and climate change adaptation – beyond RMA type policy/regulatory scope;

3. Future for Local Government

Governance/funding/policy/organisational/programme implications of/for:

- Additional delegation/devolution of otherwise centrally provided services/functions to local government, if any at all;
- Changed Council mandates away from direct service provision towards advocacy/facilitation/partnerships/'funding of others' to advance community wellbeing; such as might arise as a consequence of health sector/other public sector reforms;
- Cumulative consequences of reforms, esp. for smaller councils, such that local government structural change becomes a 'live' option(s) for consideration across regions;
- A more proactive rather than reactive approach to local government(ance) for the future, rather than just accommodating change drivers from above/the outside, that goes beyond any one of the above – 'reimagining local government'

Strategic decision making process

The diagram and table below outline the strategic decision making process adopted by the Performance, Policy and Partnerships Committee on 14 August 2020.

Working together for our future

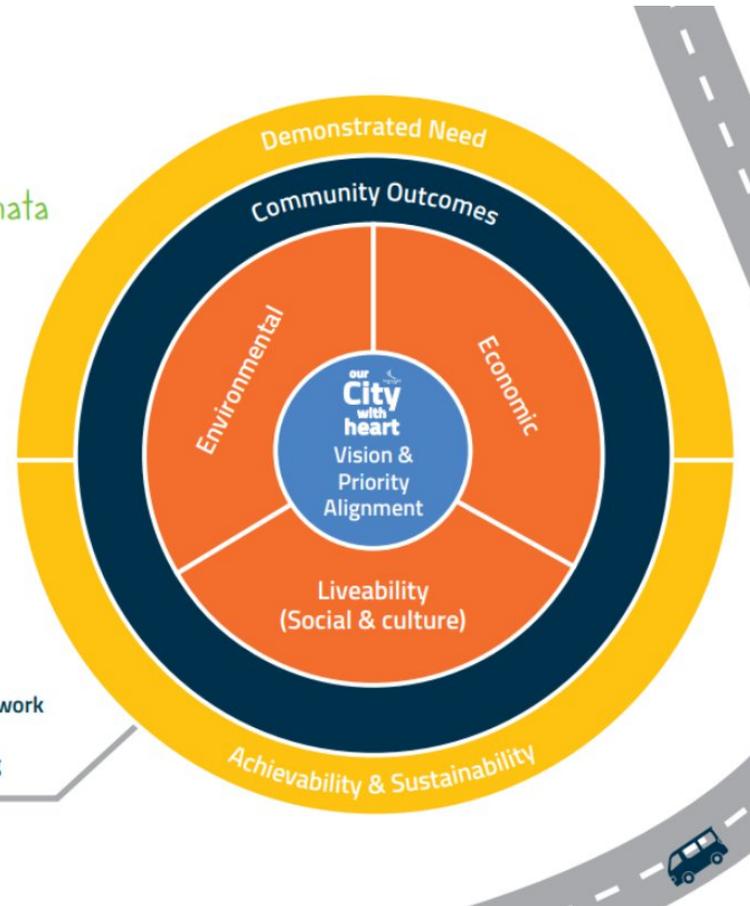
Mahi tahi tātou mō tō tātou anamata

Whatever the results of Local Government Reform, we know that collaboration will be an increasingly important part of the way Council operates in an ever more connected world.

As part of our process of for making decisions on our strategic projects, we developed the following principles which we will continue to be guided by

- Invercargill focus with a Southland Consciousness
- Active Listening, honesty with each other and respect
- Shared ownership – share the challenge and solution process
- We will be prepared to rethink solutions
- Collaboration – tātou ā tātou

Strategic framework
to support our
decision making



PROJECT NAME		
Option Description		
CRITERIA	MAXIMUM SCORE	PROJECT SCORE
Vision and Priority Alignment		
City Centre	10	
Priorities:		
* Economic	4	
* Liveability	4	
* Environmental	2	
Sub-Total	20	
Demonstrated Need		
Total Visitation: 10 if 100,000/year or more, i.e. <u>Calculate</u> by dividing projected annual visitation/10,000	10	
Specific Need	5	
Multiple Audiences	5	
Sub-Total	20	
Achievability and Sustainability		
Cost Per Visit: Calculate by \$20/visit - estimated cost per visit. Note negative numbers apply	20	
Net Expenditure Impact: Calculate by \$100M - (Net capital cost + 50 year net operating cost including depreciation for ICC)/\$10M. Note, negative numbers apply	10	
Sub-Total	30	
TOTAL	70	

TO: RISK AND ASSURANCE COMMITTEE

FROM: RHIANNON SUTER, MANAGER – STRATEGY AND POLICY

AUTHORISED BY: MICHAEL DAY, GM – FINANCE AND ASSURANCE

MEETING DATE: 29 SEPTEMBER 2021

2022/23 ANNUAL PLAN DELIVERY

SUMMARY

This report provides an overview on approach and risk management for 2022/23 Annual Plan delivery.

RECOMMENDATIONS

That the Risk and Assurance Committee

1. **Receive the report “2022/23 Annual Plan Delivery”.**

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> This report relates to the delivery of the Annual Plan.
2.	<i>Is a budget amendment required?</i> N/A
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> The delivery of the Annual Plan is not significant although it is likely to include significant issues which will require consultation.
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> N/A
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Project was a matter of submission as part of the Long-term Plan. The project team are planning a public meeting (note this is not a Council project or consultation)

FINANCIAL IMPLICATIONS

The Annual Plan will include the revised budget for Year 2 of the LTP. There are no financial implications to the delivery of the Long-term Plan.

DELIVERY APPROACH AND TIMEFRAMES

Governance

It is proposed to work with Cr Darren Ludlow, as Chair of the Performance, Policy and Partnerships Committee, as lead on the Annual Plan, with any required workshops chaired by Deputy Chair, Cr Rebecca Amundsen.

Updates on progress / matters for decision will be provided to ELT as required.

Project management for the Annual Plan will be led by Rhiannon Suter, Manager of Strategy and Policy.

An update report will be provided to the December Risk and Assurance meeting.

Approach

Year 2 of the LTP will be used as the base budget. Reforecasting will only be completed as required. It is proposed that managers will have an opportunity to reforecast the Year 2 operating and capital budgets for the November forecast and this will form the basis of determining the financial changes required. This will then form part of the assessment for consultation.

Determination on whether to undertake consultation on the Annual Plan will be undertaken in line with Section 95 of the Local Government Act and the Significance and Engagement policy.

Input from the leadership team following budget meetings will be used to make an early decision of the likelihood of consultation in order that the appropriate materials can be prepared. At this point it is likely that consultation will be required as a result of budget changes for the Museum project delivery.

Planning is being undertaken to enable Council to undertake an LTP amendment alongside the Annual Plan if required as a result of the Three Waters Decision. Further guidance is expected from the Government on this issue shortly.

Delivery Timeframe

The delivery timeframe below has been developed on the basis that consultation will be required. At a minimum, consultation on fees and charges will be required. If consultation is not required we will work to deliver the Annual Plan earlier in May.

Date	Key task / deliverable	Responsibility
September 2021/ Early October 2021	Initial Budget meetings with Activity managers in conjunction with reforecast discussions	Finance
Early October 2021	ELT early guidance on consultation Fees and charges discussion with managers/ presentations at leaders forum – Guidance on developing fees and charges so that they more closely align with cost recovery.	ELT Finance/ Strategy and Policy
October 2021	Graphic design Annual Plan template set up – Format will be based on the LTP. No significant changes to the last Annual Plan contents are proposed at this point, with the exception of including the Roadmap structure	Comms

	as the means to explain on variance of project delivery against forecast Year Two where required.	
October/ November 2021	Preparation of consultation materials Preparation of comms plan	Strategy and Policy/ Comms
November 2021	Operating and Capital reforecast of Year 1 and 2 completed.	Finance
November 2021	Draft Budget and FIS and implications for FS Preparation of rating base information	Finance
December 2021	Draft consultation document text	Strategy and Policy
Jan 2022	Final decision on whether to consult/ consultation issues and options Completion of fees and charges schedule Final budget and FIS Description of variance to LTP and all other required non-financial text Consultation document and other materials	ELT Strategy and Policy Finance Comms
Feb/ March 2022	Adoption of consultation document and fees and charges schedule for consultation - PPP Consultation on Annual Plan inc. engagement events as required	PPP Strategy and Policy
March/ April 2022	Consultation hearings and deliberation - PPP	PPP
May/ early June 2022	Preparation of rates materials Adoption of Annual Plan and Fees and Charges Schedule Striking of the Rates Annual Plan made available on the website	Finance PPP/ Council Council Strategy and Policy

BUDGET AND CONSULTATION ISSUES

A comprehensive list of significant budget amendments and consultation issues is being developed.

At this point there are a number of known budget adjustments which will need to be made, including increases to capital projects, including Branxholme, Stead Street Stopbank, City Centre Streets Stage 2 and the Museum. Following additional funding received by NZTA, analysis shows that there is no adjustment needed to the LTP roading budgets.

Consultation is likely to be required on the Museum as a result of the work being undertaken by the Museum Governance Group.

RISK MANAGEMENT

The following risks to delivery will be actively managed:

- The impact of a Three Waters LTP Amendment

While Government legislation change is likely, at present Council would be required to undertake an LTP amendment in order to make a decision on whether to opt in or opt out of the Government's proposed new Water entity. Article 93B lays out the requirements for undertaking an amendment and annual plan concurrently. While planning has commenced to enable an amendment to take place, there is no doubt that this is a significant task which will create resource issues. Empty policy, planning and finance roles are in the process of being filled which should alleviate this pressures. Workshops have commenced with Councillors and legal advice will be sought with a view to making the process as smooth as possible.

- The impact of a resurgence of Covid on financial reforecasting and/or consultation

The impact of the recent lockdown has been assessed and will be taken into account in Year 1 and Year 2 reforecasting. However further lockdowns, especially if frequent have the potential to disrupt the delivery of the Annual Plan both from a budgeting and consultation perspective.

The LTP Covid plan will be adapted to deliver the Annual Plan consultation process, noting the differences in Level 2 which will require an amended plan (see Appendix 1). Digital engagement will become ever more important and innovative approaches will need to be considered to ensure inclusion for people who are not confident using digital technology.

- Availability of Audit on delivery of Finance and Planning Activities flow on impact to the Annual Plan process.

The Audit process for the Annual Report is delayed and will not be complete until December. Key parts of the process will now be happening alongside budgeting for the Annual Plan, which will require input from the same staff. In addition, if an LTP amendment is required, Audit will be required of the LTP amendment/ AP consultation document. Given the constraints within Audit New Zealand this is a significant risk. As for the Long-term Plan, it may mean we cannot consult at our preferred time and will need to plan around Audit availability.

APPENDICES

Appendix 1: Relevant sections from the Local Government Act 2002

95 Annual plan

- (1) A local authority must prepare and adopt an annual plan for each financial year.
- (2) Subject to subsection (2A), a local authority must consult in a manner that gives effect to the requirements of section 82 before adopting an annual plan under this section.
- (2A) Subsection (2) does not apply if the proposed annual plan does not include significant or material differences from the content of the long-term plan for the financial year to which the proposed annual plan relates.
- (3) An annual plan must be adopted before the commencement of the year to which it relates.
- (4) Despite subsection (1), for the first year to which a long-term plan under section 93 relates, the financial statement and funding impact statement included in that long-term plan in relation to that year must be regarded as the annual plan adopted by the local authority for that year.
- (5) The purpose of an annual plan is to—
 - (a) contain the proposed 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 local authority's long-term plan in respect of the year; and
 - (c) provide integrated decision making and co-ordination of the resources of the local authority; and
 - (d) contribute to the accountability of the local authority to the community.
 - (e) [Repealed]
- (6) Each annual plan adopted under this section must—
 - (a) be prepared in accordance with the principles and procedures that apply to the preparation of the financial statements and funding impact statement included in the long-term plan; and
 - (b) contain appropriate references to the long-term plan in which the local authority's activities for the financial year covered by the annual plan are set out; and
 - (c) include the information required by Part 2 of Schedule 10.
- (6A) Except where subsection (5) requires otherwise, the local authority must comply with subsection (6)(b) and (c) by means of reference to, rather than duplication of, the long-term plan.
- (7) A local authority must, within 1 month after the adoption of its annual plan, make the plan publicly available.

95B Combined or concurrent consultation on long-term plan and annual plan

If a local authority carries out consultation in relation to an amendment to a long-term plan at the same time as, or combined with, consultation on an annual plan,—

- (a) *the content of consultation documents required under any of sections 93D, 93E, and 95A, as the case may be, for each consultation process must be combined into 1 consultation document; and*
- (b) *the special consultative procedure must be used in relation to both matters.*

97 Certain decisions to be taken only if provided for in long-term plan

- (1) *This section applies to the following decisions of a local authority:*
 - (a) *a decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the local authority, including a decision to commence or cease any such activity;*
 - (b) *a decision to transfer the ownership or control of a strategic asset to or from the local authority.*
- (2) *A local authority must not make a decision to which this section relates unless—*
 - (a) *the decision is explicitly provided for in its long-term plan; and*

- (b) *the proposal to provide for the decision was included in a consultation document in accordance with section 93E.*
- (3) *Nothing in this section applies to a decision of a local authority—*

 - (a) *to adopt a local authority-led reorganisation plan under clause 22A of Schedule 3; or*
 - (b) *that is required in order to implement a reorganisation in accordance with an Order in Council under section 25 or 25A; or*
 - (c) *to fund a capital project by lump sum contributions, if the local authority has complied with section 117B(3)(c)(i) of the Local Government (Rating) Act 2002.*

Appendix 2: Long-term Plan Covid Plan

HOW ARE WE MANAGING COVID?

Te mahere Mate Korona?

Our consultation on the Long-term Plan will continue whether Southland is in level 2, level 3, or level 4. However the way we consult will change.

Level 2

Engagement events will continue but some Councillors who are in vulnerable groups will not take part. Events will be limited to a maximum of 100 people and will continue with enhanced Covid management. Social distancing will be maintained with 2 metres distance between members of the public and Councillors and staff. This may mean that you may not be able to attend if we have reached maximum capacity.

Hearings will continue with social distancing maintained. Hearings will take place in the Chambers with use of the Committee room as an overflow waiting room. Zoom and phone are an option for anyone wishing to be heard who does not wish to come into Council.

Level 3

Engagement events will be cancelled but we will increase the number of facebook live (or other online platform) events to enable you to ask questions of your Councillors.

In order to help make sure as many people as possible are aware that we are consulting, media advertising placement will be increased. Staff not able to work in other areas of the business will be redeployed to undertake phone calls to identified groups less likely to be active on social media.

Hearings will continue but you won't be able to be heard in person – Zoom or phone will be the only options available.

Level 4

Engagement events will be cancelled. Facebook live events will not be possible (Councillors will not be able to be in the same location with staff) – We will explore introducing zoom events which people can book onto.

In order to help make sure as many people as possible are aware that we are consulting, media advertising placement will be increased. Staff not able to work in other areas of the business will be redeployed to undertake phone calls to identified groups less likely to be active on social media.

Hearings will continue but you won't be able to be heard in person – Zoom or phone will be the only options available.