

Annual Plan 2020/2021

Meeting: Kaipara District Council
Date of meeting: 24 June 2020
Reporting officer: Sue Davidson, GM Sustainable Growth and Investment
Jason Marris, GM Engagement and Transformation

Purpose/Ngā whāinga

To adopt the Annual Plan 2020/2021.

Executive summary/Whakarāpopototanga

The total average rates increase proposed for next year is 3.97% (excluding water charges and allowing for 0.5% growth).

Prior to Covid-19, Council had approved that the Annual Plan 2020/21 be prepared based on a 5.49% average rates increase.

As a result of the pandemic and the economic impacts, Council responded by agreeing to prepare this Annual Plan with an average rates increase of 3.97%. This is lower than that predicted in the Long Term Plan 2018/28 (LTP) of 4.83%.

The reduction was achieved through small decreases in the District Plan and subsidised roading budgets as well as not mowing private berms in residential areas.

This report summarises the key changes and highlights financial and capital projects included in the Annual Plan 2020/21.

Recommendation/Ngā tūtohunga

That the Kaipara District Council:

- a) Adopts the Annual Plan 2020/2021 (Attachment A to this report).
- b) Delegates the Mayor and Chief Executive the authority to make minor editorial changes to the Annual Plan 2020/2021.

Context/Horopaki

Council is required to deliver an Annual Plan, adopted by the end of June each year.

Council has responded to the economic impact of Covid-19 by reducing the average rates increase to 3.97% from what was already approved at 5.49%. This was achieved through;

- District Plan budget reduction and work reprioritisation
- Reduction of IT programme
- Staff remuneration freeze and training budget reductions
- Reduction of the legal services budget
- Subsidised roading reduction
- Ceasing mowing private berms in residential areas.

Council agreed that there were no significant or material differences in this Annual Plan when compared against year three of the LTP, so consultation was not required.

The draft Annual Plan 20/21 is provided at **Attachment A**.

Key projects provided in it are:

Completion of PGF Wharves project	\$3,000,000
Completion of PGF Roading projects	\$5,000,000
Continuation of District Plan work	\$600,000
Kai Iwi Lakes Facilities	\$350,000
Wood St Redevelopment	\$400,000
Mangawhai Community Plan	\$405,000
Mangawhai Stormwater	\$296,000
Digital Transformation	\$405,000
Dargaville Watermain	\$760,000
Dargaville Wastewater	\$533,000
Mangawhai Wastewater Treatment Plant	\$650,000
Mangawhai Reticulation for Growth	\$1,650,000

Council has applied to Central Government's call for funding of "shovel ready" projects. These are still being considered and are not included in the Annual Plan.

The Provincial Growth Fund projects to be completed this year are a number of wharves and Pouto Road sealing (subject to funding confirmation). There is no impact on rates from this capital expenditure.

Due to time constraints the Audit, Risk and Finance Committee has not seen the Annual Plan 2020/2021, but a draft copy has been circulated to the Chairperson.

Discussion/Ngā kōrerorero

Table 1, below, provides the key financial information for the Annual Plan 20/21 when compared against year 3 of the LTP.

Table 1: Key Parameters

	LTP Year 3 (2020/21) \$000s	Annual Plan 2020/21 \$000s
Rates take	39,022	38,780
Rates Increase	4.83%	3.97%
Total Revenue	60,748	68,168 (includes \$8m PGF)
Total Expenses	49,606	50,858
Capital Expenditure excluding the PGF	20,898	27,882
PGF projects (operating and capital)	18,181	8,000
Closing Debt 30 June 2020	45,997	51,167

Debt is projected to increase to \$51m as a number of projects will be funded by development or financial contributions. Council has made a provision for increased borrowing to cover expected cashflow shortfalls as a result of Covid-19.

Council remains well within the key debt ratios required by the Local Govt Funding Agency and its own Treasury Policy ratios. The debt levels are also conservative compared to other Councils experiencing growth.

Council is also well within the benchmarks detailed in the LTP, such as rates affordability and maintaining a balanced budget.

Options

Option 1 Adopt the Annual Plan 2020/21 (Attachment A) and provide a delegation to the Mayor and Chief Executive to authorise any minor editorial changes.

Council is legislatively required to adopt the Annual Plan by 30 June. This option enables Council to meet its statutory requirements. Following adoption, Council can then set the rates for the year. This is the recommended option.

Option 2 Not adopt the Annual Plan 2020/21 and seek material changes. If this option is taken, depending on what is being amended, the risk of not meeting statutory consultation requirements and timeframes could be high. This would also likely mean delaying setting the rate for 2020/21. There could be possible reputation issues if this option is taken.

Financial implications

The Annual Plan sets out the budgets and work programme for the year.

Risks and mitigations

There is a risk that we don't meet our statutory obligations if the Annual Plan 2020/21 is not adopted. As a result of Covid-19, there is some legislative leeway provided to Councils who were following a statutory special consultative procedure this year for their Annual Plans, however, that situation does not apply to Kaipara District Council.

Significance and engagement/Hirahira me ngā whakapāpā

Adopting the Annual Plan does not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website. Council has determined that there are no significant or material differences between this Annual Plan and year 3 of the LTP, so consultation was not required.

Next steps/E whaiake nei

Once the Annual Plan is adopted, it will be widely communicated to the Kaipara community. The document forms the workplan for 2020/2021.

Attachments/Ngā tapiritanga

	Title
A	Annual Plan 2020/2021