

# Adoption of draft Financial Strategy

**Meeting:** Kaipara District Council  
**Date of meeting:** 24 February 2021  
**Reporting officer:** Sue Davidson, GM Sustainable Investment Growth

## Purpose/Ngā whāinga

To approve the draft Financial Strategy as a supporting document of the consultation document (CD) for the Long Term Plan 2021-2031.

## Executive summary/Whakarāpopototanga

The key messages are that Council needs to invest in its infrastructure to clear the backlog of renewals and ensure it can afford its renewal programme in the future. The population is continuing to grow at a rapid rate and there has to be more investment in the infrastructure to accommodate the growth.

## Recommendation/Ngā tūtohunga

That the Kaipara District Council:

- a) Approves the draft Financial Strategy as supporting documentation to the consultation document for the Long Term Plan (Attachment A).
- b) Delegates the Mayor and Chief Executive the authority to approve minor editorial changes that do not alter the intent of the policy.

## Context/Horopaki

A Financial Strategy must be adopted as part of the Long Term Plan. It is to facilitate prudent financial management and is to provide a context for financial decision making, it must detail the issues that the Council has taken into account.

## Discussion/Ngā kōrerorero

The financial strategy (Attachment A) sets out how Council plans to fund its operations to meet its community outcomes for the next 10 years and what the impact will be on rates, debt, and level of service. It is transparent to enable the community to see that Council is demonstrating prudent financial management as is required by its community.

This means that Council must manage its expenses, revenues, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

The Financial Strategy must be aligned with the infrastructure strategy, and tell a story about levels of service, costs, risks, and trade-offs. The strategy exists to provide strategic control of the Councils financial position and future direction and must contain self-imposed limits on rates increases and debt.

This strategy is very different to that adopted in 2018-28 Long Term Plan as the Council is in a stronger financial position. The strategy does however indicate more investment is needed in renewals to continue to provide the same level of service for its core infrastructure.

Council is nearer to fully finding depreciation which in turn is used to fund the renewal programme.

Capital expenditure has been included to ensure there is capacity for growth as population estimates are forecast to continue to increase.

The financial strategy proposes that rates limits are set with a limit of rates increases no greater than 5 per cent average over the 10 year period.

The proposed debt position still remains well within the debt limits set in the 2018-2028 Long Term Plan. Council has set a debt limit of \$60 million and this is breached in two of the years. Noting, that at the end of the LTP period the Council remains under the debt limit. In line with legislation, the proposed budget is a balanced budget, whereby revenue is sufficient to cover operating expenditure.

The financial statements upon which the financial strategy is based are attached as Attachment B.

### **Options**

- a) Approves the draft Financial Strategy as supporting documentation to the consultation document to the Long Term Plan (Attachment A) and authorise the Mayor and CE to make any small amendments

There are no other viable options as any delay would mean the Council is unable to meet the LTP 2018-28 statutory timetable.

### **Policy and planning implications**

This is a strategy required to be written in conjunction with the infrastructure strategy as provided by the Local Government Act 2002.

### **Financial implications**

The proposed Financial Strategy states what Council is proposing and how it is being funded and the financial figures of the LTP will reflect the narrative in both the infrastructure strategy and financial strategy.

### **Risks and mitigations**

This strategy is being released to the public for consultation and can alter it with feedback received.

There are risks with the draft financial strategy, but Council management is confident that the risks are manageable and acceptable in relation to the decisions to be taken.

These include:

- a) Inability to deliver the significant increase in the capital works programme.
- b) The proposed rates increases being unacceptable to the community.
- c) Interest rates move upwards.
- d) Further impacts of Covid-19 that may impact on operations.

### **Significance and engagement/Hirahira me ngā whakapāpā**

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

### **Next steps/E whaiake nei**

Consultation will occur as the financial strategy is supporting documentation to the Consultation Document for the Long Term Plan and will be available on the website.

### **Attachments/Ngā tapiritanga**

	Title
A	Financial Strategy
B	Prospective Statement of Comprehensive Revenue and Expense and Statement of Financial Position