

12 October 2020

[REDACTED]
[REDACTED]
[REDACTED]

Dear [REDACTED]

Response - Official Information Request

I refer to your request for information received on 14 September 2020. Your request has been considered under the Local Government Official Information and Meetings Act 1987 (LGOIMA) and I provide the following information.

LGOIMA 2020-9-22: Changes, without public consultation, to Long Term Plan 2018-2038 Revenue and Financing Policy and Financial Strategy.

Please provide all information confirming how and why the Long Term Plan 2018-2038 Revenue and Financing Policy and Financial Strategy has been changed, without public consultation, to accommodate the inconsistencies in the Annual Plan 2020-2021.

No changes were made to the Long Term Plan 2018-2038 Revenue and Financing Policy or Financial Strategy as part of adopting the Annual Plan 2020/2021. Council in resolving to adopt the Annual Plan 2020/2021 also signaled that it is intending to review its Revenue and Financial Policy and its Financial Strategy as part of the development of its Long Term Plan 2021-2041.

You can find the Council agenda and minutes for the Extraordinary Council meeting 29 June 2020, on our website.

You are entitled to seek a review by the Office of the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

If you have any queries regarding this information, please contact David McCorkindale, Group Manager Customer & Strategy on 06 3660999 or email on davidbm@horowhenua.govt.nz

Horowhenua District Council publishes responses to Local Government Official Information and Meetings Act 1987 (LGOIMA) requests that we consider to be of wider public interest, or which relate to a subject that has been widely requested. To protect your privacy, we will not generally publish personal information about you, or information that identifies you. We will publish the LGOIMA response along with a summary of the request on our website. Requests and responses may be paraphrased.

Yours sincerely,



David Clapperton
Chief Executive

Notice is hereby given that an extraordinary meeting of Horowhenua District Council will be held on:

Date: Monday 29 June 2020
Time: 4.00 pm
Meeting Room: Council Chambers
Venue: 126-148 Oxford St
Levin

Council OPEN AGENDA

MEMBERSHIP

Mayor	Mr Bernie Wanden	
Deputy Mayor	Mrs Jo Mason	
Councillors	Mr David Allan	
	Mr Wayne Bishop	
	Mr Ross Brannigan	
	Mr Todd Isaacs	
	Mr Sam Jennings	
	Mrs Victoria Kaye-Simmons	
	Mr Robert Ketu	
	Mrs Christine Mitchell	
	Ms Piri-Hira Tukapua	
Reporting Officer	Mr David Clapperton	(Chief Executive)
Meeting Secretary	Mrs Karen Corkill	

Contact Telephone: 06 366 0999
Postal Address: Private Bag 4002, Levin 5540
Email: enquiries@horowhenua.govt.nz
Website: www.horowhenua.govt.nz

Full Agendas are available on Council's website
www.horowhenua.govt.nz

Full Agendas are also available to be collected from:
Horowhenua District Council Service Centre, 126 Oxford Street, Levin
Te Awahou Nieuwe Stroom, Foxton,
Shannon Service Centre/Library, Plimmer Terrace, Shannon
and Te Takeretanga o Kura-hau-pō, Bath Street, Levin

ITEM	TABLE OF CONTENTS	PAGE
PROCEDURAL		
1	Apologies	4
2	Public Participation	4
3	Declarations of Interest	4
4	Announcements	4
5	Strategy and Development	
5.1	Consideration of the Annual Plan 2020/2021 - consultation and adoption	5

1 Apologies

2 Public Participation

As this item is procedural, public participation is unavailable.

3 Declarations of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

4 Announcements

File No.: 20/225

Consideration of the Annual Plan 2020/2021 - Consultation and Adoption

1. Purpose

The purpose of this report is for Council to decide whether it will undertake further consultation on the Annual Plan 2020/2021. If Council decides not to undertake further consultation, then Council may decide to adopt the Annual Plan 2020/2021.

2. Executive Summary

- 2.1 Preparation of the Annual Plan 2020/2021 commenced in late 2019. Prior to Christmas (2019) Council made decisions on the changes it would propose in the Annual Plan, whether it would undertake consultation, and what this consultation would look like.
- 2.2 Consultation on the Annual Plan 2020/2021 took place during Level Four (4) Lockdown for the COVID-19 pandemic; with submissions opening on 25 March 2020 and closing on the 24 April 2020. Council adapted its planned consultation to align with the restrictions in place due to Lockdown.
- 2.3 Council received a total of 142 submissions on the Annual Plan 2020/2021 and these covered a wide variety of topics and issues. Many submitters requested that Council revise its Annual Plan 2020/2021 and planned programme of works, and reduce the amount of rates income and achieve a 0% rates income increase.
- 2.4 Hearings for the Annual Plan 2020/2021 were held remotely on 13 and 14 May 2020. Deliberations on submissions took place on 3 June 2020. Council then met on 17 June 2020 to deliberate on the matters that would have financial implications. Decisions were made on each of those proposed savings or additional expenses.
- 2.5 At the 17 June 2020 meeting Council made a number of changes to the Annual Plan 2020/2021 in response to submissions. These changes would result in a -1.83% reduction in rates and included the decision to loan fund \$1 million of asset renewals. This decision is considered to be inconsistent with Council's Revenue and Financing Policy and Financial Strategy. Council must consider how it wishes to address this issue prior to the adoption of the Annual Plan 2020/2021.

3. Recommendation

- 3.1 That Report 20/225 Consideration of the Annual Plan 2020/2021 - consultation and adoption be received.
- 3.2 That this matter or decision is recognised as significant in terms of S76 of the Local Government Act 2002.
- 3.3 That the Horowhenua District Council adopts one of the following options:

Option 1: Adopt Annual Plan 2020/2021 with a -1.83% rates income reduction with no consultation

That in accordance with section 80 of the Local Government Act 2002, the decision to loan fund \$1 million in asset renewals is significantly inconsistent with Council's Revenue and Financing Policy and Financial Strategy (Long Term Plan 2018-2038). The reason for

this inconsistent decision is to further reduce Council's rates requirement for the 2020/2021 financial year to help mitigate the social and economic impacts of the Covid-19 pandemic on the community. Council is intending to review its Revenue and Financial Policy and its Financial Strategy as part of the development of its Long Term Plan 2021-2041.

That Council, having taken into account the submissions received during the formal public consultation process, adopts the Annual Plan 2020/2021 including the policies and statements contained therein, in accordance with Section 95 of the Local Government Act 2002.

That the Council delegates to the Chief Executive the authority to make minor editorial changes that arise as part of the publication process for the Annual Plan 2020/2021.

Option 2: Council delays the adoption of the Annual Plan 2020/2021 and consults on the decision to have a rate reduction of -1.83%.

That Council confirms that further consultation is required for the Annual Plan 2020/2021.

That Council delays the adoption of its Annual Plan 2020/2021 and directs officers to prepare a Consultation Document and supporting information for the Annual Plan 2020/2021.

Option 3: Council delays the adoption of the Annual Plan 2020/2021 consults on the decision to have a rate reduction of -1.83% and loan fund \$1 million asset renewals, and undertakes a LTP amendment to the Financial Strategy.

That Council confirms that further consultation is required for the Annual Plan 2020/2021.

That Council delays the adoption of its Annual Plan 2020/2021 and directs officers to prepare a Consultation Document and supporting information for the Annual Plan 2020/2021 and an amendment to the Long Term Plan 2018-2038 Financial Strategy.

4. Background / Previous Council Decisions

- 4.1 The Annual Plan 2020/2021 will be Year Three (3) of the Long Term Plan (LTP) 2018-2038. There is limited scope for Council to make changes through an Annual Plan to what was approved in the associated LTP for the year to which that the Annual Plan relates. An Annual Plan must be prepared in accordance with the requirements outlined in section 95 of the Local Government Act (LGA) 2002. Any significant or material changes proposed to the Annual Plan from what was approved in the associated LTP must be consulted on.
- 4.2 Preparation of the Annual Plan 2020/2021 commenced in late 2019. Prior to Christmas (2019) Council made decisions on the changes it would propose in the Annual Plan, whether it would undertake consultation, and what this consultation would look like. At this point there were no specific significant or material changes that would require consultation. However, Council wanted to undertake consultation with the community to provide them with an opportunity to provide feedback on what it was planning for the 2020/2021 financial year.
- 4.3 A Consultation Document was drafted for the Annual Plan 2020/2021 and included an overview of how our District was growing, gave key financial updates, and key project updates for 2020/2021. Consultation also provided an opportunity to get the community to start putting forward ideas for the upcoming LTP 2021-2041, with work on this LTP due to commence later this year (2020). The potential for Council to construct a splash pad at Jubilee Park was subsequently added to the Consultation Document (which would be a significant change for this financial year to what was approved in the LTP 2018-2038).
- 4.4 Council approved the Consultation Document for the Annual Plan 2020/2021 along with the supporting information (i.e. the draft Annual Plan 2020/2021) at an extraordinary meeting on 20 March 2020.

- 4.5 New Zealand went into Level Four (4) Lockdown for the COVID-19 pandemic at midnight on 25 March 2020. Consultation on the Annual Plan 2020/2021 was planned to commence on 25 March and close on 24 April 2020. While it was recognised that the pandemic and the Lockdown would make consultation more difficult, Council proceeded with consultation in line with its intent to complete and adopt an Annual Plan by 30 June.
- 4.7 Council adapted its planned consultation to align with the restrictions in place due to Lockdown. It used its website, social media, radio advertising, and a flyer (which was delivered to every house in the district) to reach people and encourage them to provide feedback on the Annual Plan 2020/2021. It was recognised that not everyone had the ability to submit their feedback online, so postal submissions and telephone submissions were also provided for.
- 4.8 Council received 142 submissions, more than the number of submissions it had received on its last two Annual Plan consultations combined; this was a great effort from the community during a challenging time.
- 4.9 The submissions covered a wide variety of topics and issues. Some key themes included the splash pad, rates, and suggestions for what Council should be considering for the LTP 2021-2041. However, COVID-19 and the implications of the pandemic on the economic and social wellbeing of the community were also strong themes in the submissions received, with many submitters requesting Council: revise its Annual Plan; revise its work programme for 2020/2021; reduce its expenditure; and either reduce the proposed rates income increase or have a 0% rates income increase for the 2020/2021 financial year.
- 4.10 The Hearing of Submissions was carried out remotely with Elected Members and submitters attending the Hearing either via video or telephone using 'Zoom' instead of the Hearings being held in person. These Hearing meetings were held on the 13 and 14 May and were livestreamed for the public to watch.
- 4.11 The deliberation of submissions took place on 3 June 2020. While decisions were made on a number of matters raised in the submissions, Council decided to largely hold off deliberating on the matters that would have financial implications until a later meeting (which took place on 17 June). More information and financial modelling was required for these matters to ensure that Elected Members understood the issues and their potential implications. Officers and Elected Members held several briefings and as a result officers modelled the different scenarios requested by Elected Members for them to consider and make decisions on at the Council meeting on the 17 June 2020.

5. Discussion

- 5.1 It is acknowledged that this is an unprecedented time that Council and the community is facing with uncertainty around the implications of the COVID-19 pandemic. The Annual Plan 2020/2021 was drafted prior to the COVID-19 pandemic being a key consideration. Council is now in a position where it needs to carefully consider the potential economic and social implications of the pandemic for our community and how best to plan for these in the coming year(s).
- 5.2 Council is in the process of looking at a Rates Postponement Policy which would provide some relief to eligible ratepayers (e.g. Small and Medium Enterprises). Council has already resolved to keep fees and charges for its services at the same level as 2019/2020. Another way Council is looking to provide some relief for our community during this difficult time is through making changes to the Annual Plan 2020/2021. This was something that was requested by many of the submitters as part of feedback on the draft plan.
- 5.3 At its meeting on 17 June 2020, Council considered and debated a range of options and resolved to make some fairly substantial changes to the Annual Plan 2020/2021 from what it consulted on in March/April 2020. The changes included:
- A \$1,285,000 reduction in employee costs;

- Decreasing the interest rate assumption from 3.75% to 3.00% (reducing interest costs by \$795,000);
 - Reducing the income assumption to \$150,000;
 - Decreasing the operational expenses by \$452,865;
 - Reducing capital expenditure to \$25 million (although it was acknowledged that additional capital expenditure may be required as Council moves forward with Central Government and it continues to announce its government funded capital works programme); and
 - Loan funding \$1 million of asset renewals instead of rate funding them.
- 5.4 Council also resolved to include \$50,000 in the capital budget for some initial planning and design works for a splash pad, \$30,000 in the operational budgets towards urgent maintenance and repairs of the Shannon Pool, and an additional \$110,000 in the capital budget for additional works relating to the District Plan.
- 5.5 When Council released its Annual Plan 2020/2021 for public consultation in March/April it was proposing a 6.9% rates income increase (this was slightly higher than the 6.54% maximum increase identified for this financial year in the LTP 2018-2038). The resolved changes decided on 17 June 2020 would result in a rates requirement for 2020/2021 of below 0% being a reduction of -1.83%.
- 5.6 Following the 17 June 2020 Council meeting, officers have further considered the implications of the changes that Council has resolved for the Annual Plan 2020/2021. Most of these changes would be considered to be within the scope of the matters raised in submissions and would not be considered to be a significant or material change to the draft Annual Plan 2020/2021 which was consulted on in March/April 2020. However, the decrease in the rates requirement of -1.83% would be a material change.
- 5.7 It should be noted that section 7 (iii) of the report to Council on the 17 June 2020 included the following incorrect statement *“It is officers’ view that none of the Options outlined require further consultation on the basis that there is not a significant or material change being made, the proposed change reflect the scope of submissions received, nor do the options impact levels of service.”* Officers acknowledge that this statement was inaccurate in relation to Option 4 (and the scenarios associated with this option) included in the 17 June 2020 report. The decision to loan fund \$1 million of asset renewals is a departure from Council’s current Revenue and Financing Policy and its Financial Strategy. This change and the resulting reduction in rates is arguably not within scope of what Council consulted on in March/April and as such could not have been reasonably contemplated by the community as an outcome of the consultation on the Annual Plan 2020/2021. Because this has not been covered in the consultation undertaken to date, Council cannot say it has an understanding of the community’s views on this matter in terms of meeting the requirements of section 78 of the LGA 2002.
- 5.8 Council’s Revenue and Financing Policy states under clause 2.5 *“Borrowing is used to fund capital expenditure where other sources of funding are not available or not appropriate, in order to spread the incidence of the expenditure over both current and future beneficiaries.”* Section 4 of the Revenue and Financing Policy describes Council’s method of funding capital expenditure in order of preference. Debt is listed as the last source of funding with borrowing being used where all other sources of funding are either not available or not appropriate. The Revenue and Finance Policy states *“the Council’s lowest preference is to use loan funding for infrastructural asset renewals where rate generated reserves are inadequate due to the level of renewals in any year.”*
- 5.9 Rate funding asset renewals (instead of using borrowing) to ensure more sustainable financial management is a key principle of Council’s current Financial Strategy. Therefore the proposal to loan fund asset renewals is a move away from the financial management approach set out in the Financial Strategy. Council can decide to do this, however it should

be subject to a further consultation process to provide an opportunity for community views to be received.

- 5.10 If Council decides to undertake consultation on the decision to loan fund \$1 million of asset renewals for this Annual Plan 2020/2021 then it would also likely need to consult on the subsequent changes that would need to be made to the Financial Strategy and the Revenue and Financing Policy. To amend the Financial Strategy requires an amendment to the LTP 2018-2038 and the use of the special consultative procedure.
- 5.11 While the government has provided some temporary legislative changes to facilitate faster LTP amendments, which are required to be done due to implications associated with the COVID-19 pandemic, this would still be a substantial process. It would require a dedicated effort from Elected Members and officers in terms of preparing the LTP amendment, consulting on the amendment, deliberations, and producing the final LTP. The time required to consult with the community would mean that it would not allow for rates to be struck in time for the first quarter, and therefore the first quarter rates of 2020/2021 would likely need to be set at a quarter of the 2019/2020 rates.

Also, arguably it would not be an ideal time to undertake a LTP amendment of this nature given the fact that Council is about to embark on the development of the LTP 2021-2041 and would be reviewing the Financial Strategy and Revenue and Financing Policy in the remaining part of 2020. This would mean the adoption of the Annual Plan 2020/2021 would not be achieved by 30 June 2020 (as required by legislation), however, it is acknowledged that adopting an Annual Plan late would likely carry less risk than not following due process.

- 5.12 It is noted that section 80 of the LGA 2002 does provide Council with some capacity to make a decision that is inconsistent with a policy adopted by Council:

“If a decision of a local authority is significantly inconsistent with, or is anticipated to have consequences that will be significantly inconsistent with, any policy adopted by the local authority or any plan required by this Act or any other enactment, the local authority must, when making the decision, clearly identify -

(a) the inconsistency; and

(b) the reasons for the inconsistency; and

(c) any intention of the local authority to amend the policy or plan to accommodate the decision.”

- 5.13 While the inconsistency with the Revenue and Financing Policy and Financial Strategy could be addressed through section 80 of the LGA 2002 instead of amending them, section 80 decisions are subject to the general decision-making requirements in Part 6 of the LGA 2002, including a requirement to take into account community views, indicating that consultation would be more appropriate especially in relation to the Financial Strategy.

6. Options

This report presents three options to Council at this time and these are:

1. Council adopts the Annual Plan 2020/2021 with a -1.83% rates income reduction without further consultation.
2. Council delays the adoption of the Annual Plan 2020/2021 and consults on the decision to have a rate reduction of -1.83%.
3. Council delays the adoption of the Annual Plan 2020/2021, consults on the decision to have a rate reduction of -1.83% and loan fund \$1 million asset renewals, and undertakes a LTP amendment to the Financial Strategy.

Officers have prepared a revised Annual Plan 2020/2021 which includes all of the changes Council agreed to as part of deliberations on 3 June 2020 and at its meeting on 17 June

2020. This version of the Annual Plan 2020/2021 is available for Council to adopt now without further consultation if it chooses to.

The change that Council decided to include in this Annual Plan at its meeting on 17 June 2020 which would see \$1 million in asset renewals being loan funded instead of rate funded is considered inconsistent with Council's current Financial Strategy and Revenue and Financing Policy.

As outlined in section 5 of this report, correct process would mean that Council should undertake further consultation with the community. If Council had not made the decision to loan fund \$1 million of asset renewals then officers would not consider that any further consultation would be necessary prior to adoption.

Council is required to adopt the Annual Plan 2020/2021 by no later than 30 June 2020 (Section 95 LGA 2002). Undertaking further consultation on the Annual Plan 2020/2021 and/or an amendment to the LTP 2018-2038 would mean that Council would not meet this timeframe. However, failure to meet this timeframe is considered lower risk than not following due process.

Option 1: Adopt Annual Plan 2020/2021 with a -1.83% rates income reduction with no consultation

Council could decide to adopt the revised Annual Plan 2020/2021 which includes all of the changes Council agreed to as part of deliberations on 3 June 2020 and at its meeting on 17 June 2020, without undertaking any further consultation.

This would mean that Council would need to satisfy itself that there is not the need to undertake further consultation before adoption. This option would enable the Annual Plan to be adopted within the statutory timeframe of 30 June. Council will be reviewing the Financial Strategy and the Revenue and Financing Policy later this year.

If Council chooses this option then it should include the following resolutions:

That in accordance with section 80 of the Local Government Act 2002, the decision to loan fund \$1 million in asset renewals is significantly inconsistent with Council's Revenue and Financing Policy and Financial Strategy (Long Term Plan 2018-2038). The reason for this inconsistent decision is to further reduce Council's rates requirement for the 2020/2021 financial year to help mitigate the social and economic impacts of the Covid-19 pandemic on the community. Council is intending to review its Revenue and Financial Policy and its Financial Strategy as part of the development of its Long Term Plan 2021-2041.

That Council, having taken into account the submissions received during the formal public consultation process, adopts the Annual Plan 2020/2021 including the policies and statements contained therein, in accordance with Section 95 of the Local Government Act 2002.

That the Council delegates to the Chief Executive the authority to make minor editorial changes that arise as part of the publication process for the Annual Plan 2020/2021.

Option 2: Council delays the adoption of the Annual Plan 2020/2021 and consults on the decision to have a rate reduction of -1.83%.

Council may decide to delay the adoption of the Annual Plan 2020/2021 and consult with the community on the -1.83% rates reduction.

This consultation would not involve undertaking a LTP amendment, which would be a more substantial process. The benefit of this process would mean that Council could invite community feedback on the decisions taken to achieve this rates reduction including the loan funding of renewals. This covers that the proposed rate reduction would not have been reasonably contemplated as an outcome of the consultation previously undertaken on the Annual Plan 2020/2021.

Officers would recommend a 'streamlined' consultation (with a narrow focus and a shorter consultation period), given that Council has already consulted with the community on this Annual Plan, that Council will shortly be directing its efforts to preparing the LTP 2021-2041, and to reduce the impact on Council's ability to strike the rates. It is acknowledged that a streamlined process may affect some parts of our community's ability to adequately understand the matter being consulted on, and therefore, might limit their ability to provide an informed opinion.

There is also a risk that while this option would allow Council to consult on a material change for this Annual Plan, the Financial Strategy would not be amended as part of this process and as such the decision would still be out-of-step with a key principle of this Strategy.

If this is Council's preferred option then the Annual Plan 2020/2021 will not be adopted by 30 June 2020, as required by the LGA 2002.

If Council chooses this option then it should include the following resolutions:

That Council confirms that further consultation is required for the Annual Plan 2020/2021.

That Council delays the adoption of its Annual Plan 2020/2021 and directs officers to prepare a Consultation Document and supporting information for the Annual Plan 2020/2021.

Option 3: Council delays the adoption of the Annual Plan 2020/2021, consults on the decision to have a rate reduction of -1.83% and loan fund \$1 million asset renewals, and undertakes a LTP amendment to the Financial Strategy.

That Council delays the adoption of the Annual Plan 2020/2021 and decides to undertake consultation on the rates reduction and the decision to loan fund \$1 million of asset renewals, and an amendment to the LTP 2018-2038 to change the Financial Strategy.

If Council chooses this option then the Annual Plan 2020/2021 will not be adopted by 30 June 2020, as required by the LGA 2002. However, Council would be following correct process by consulting with the community before making the decision to adopt. This reflects that the proposed rates reduction and loan funding of \$1 million of asset renewals would not have been reasonably contemplated as an outcome of the consultation previously undertaken on the Annual Plan 2020/2021.

Further consultation on the Annual Plan 2020/2021 and an amendment to the LTP 2018-2038 would be a substantial process (more resource hungry and time consuming than the consultation for Option 2 due to the work required to amend the Financial Strategy). The time required to consult with the community would mean that it would not allow for rates to be struck in time for the first quarter, and therefore the first quarter rates of 2020/2021 would likely need to be set at a quarter of the 2019/2020 rates.

If Council chooses this option then it should include the following resolutions:

That Council confirms that further consultation is required for the Annual Plan 2020/2021.

That Council delays the adoption of its Annual Plan 2020/2021 and directs officers to prepare a Consultation Document and supporting information for the Annual Plan 2020/2021 and an amendment to the Long Term Plan 2018-2038 Financial Strategy.

6.1 Cost

The costs associated with preparing the Annual Plan 2020/2021 are met from existing budgets.

The timing of any further consultation process would occur in the new financial year 2020/2021 and as such there is not an existing budget to undertake further consultation on the Annual Plan 2020/2021. These costs would need to be met from the LTP development budget given that there is no Annual Plan prepared in 2020/2021. The costs incurred have

potential to reduce the pre-engagement and consultation that can be undertaken for the LTP 2021-2041 during 2020/2021.

Rate Impact

The Annual Plan 2020/2021 identifies rate impacts for the 2020/2021 financial year. However, the formal setting rates by Council in accordance with Section 23 and 24 of the Local Government Rating Act will be finalised at a subsequent Council meeting once all information from Quotable Value on number of rating units, valuation of new rating units and new houses is received by Council.

NOTE: Options 2 and 3 would affect Council's ability to strike the rates for the first quarter of 2020/2021.

6.2 Community Wellbeing

There are no negative impacts on community wellbeing arising.

6.3 Consenting Issues

There are no consents required or consenting issues arising.

6.4 LTP Integration

The Annual Plan 2020/2021 is Year 3 of the LTP 2018-2038.

7. Consultation

- 7.1 Section 4 of this report outlines the consultation that Council has undertaken to date for this Annual Plan. Section 5 outlines the further requirements to consult based on the decisions that Council made at its meeting on 17 June 2020.

8. Legal Considerations

- 8.1 The Annual Plan 2020/2021 has been developed in accordance with the requirements of the LGA 2002.
- 8.2 Section 95 of the LGA 2002 requires Council to adopt an Annual Plan no later than 30 June 2020.
- 8.3 Officers have outlined in the report what is considered to be the correct process to follow when adopting the Annual Plan 2020/2021. The decision to loan fund \$1 million of asset renewals is considered to be inconsistent with Council's Revenue and Financing Policy and Financial Strategy. A resolution has been included in accordance with section 80 of the LGA 2002 which explains the reason for this inconsistency and Council's intention to review its Revenue and Financing Policy and Financial Strategy as part of the LTP 2021-2041.

9. Financial Considerations

The Annual Plan 2020/2021 sets out Council's budgets for 2020/2021. The rates impact has been discussed in Section 5 of this report.

10. Iwi Considerations

Iwi were informed and invited to comment on the draft Annual Plan 2020/2021 during consultation in March/April 2020. If further consultation is undertaken then again they would be given the opportunity to provide their feedback on the proposed changes.

11. Climate Change Considerations

Not directly applicable.

12. Environmental Considerations

Not directly applicable.

13. Health & Safety Considerations

Not directly applicable.

14. Other Considerations

There are no other considerations.

15. Next Steps

15.1 If Council opts for Option 1:

Following the adoption of the Annual Plan 2020/2021, the document will be published and made available on Council's website and in Council's libraries. A copy will also be provided to the Secretary, Auditor-General and Parliamentary Library as required under the LGA 2002.

15.2 If Council opts for Option 2:

Officers will start preparing for consultation on the Annual Plan 2020/2021. A project plan will be developed and agreed on with Council outlining what will be covered in the Consultation Document, what consultation will look like, and the timeframes for the consultation process and the adoption of the Annual Plan 2020/2021.

15.3 If Council opts for Option 3:

Officers will start preparing for a LTP amendment and the associated consultation. A project plan will be developed and agreed on with Council outlining what will be covered in the LTP amendment and Consultation Document, what consultation will look like, and the timeframes for the LTP amendment process and the adoption of the Annual Plan 2020/2021.

16. Supporting Information

Risk Area	Risk Identified	Consequence	Likelihood	Risk Assessment (Low to Extreme)	Managed how
Strategic					
Financial					
Service Delivery					
Legal	Failure to meet requirements to consult on change included in the Annual Plan 2020/2021 and/or to undertake an	Major	Likely	Significant	Council could undertake the required consultation. Or Council can include a resolution under section 80 that it

	amendment to the LTP 2018-2038 to address significant inconsistency with the Financial Strategy could result in legal challenge or future audit implications.				is making a decision that is inconsistent with its Revenue and Financing Policy and Financial Strategy and that these will be amended as part of the development of the LTP 2021-2041. In making its decision Council can clearly address the reasons why it has chosen to depart from the requirement to consult.
Reputational	Council could come under additional scrutiny from the community DIA and its auditors if there is uncertainty around the decisions it has made in relation to process for this Annual Plan.	Major	Likely	Significant	Council works to ensure that it is meeting legislative requirements in relation to the decisions it is making on this Annual Plan and be clear about the decisions it has made in relation to the process that has been followed.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

17. Appendices

No.	Title	Page
A	Annual Plan 2020/2021 <i>(Under Separate Cover)</i>	

Author(s)	Tiffany Gower Strategic Planner	
	David McCorkindale Group Manager - Customer & Strategy	
Approved by	David Clapperton Chief Executive	

Council

OPEN MINUTES

Minutes of an extraordinary meeting of Council held in the Council Chambers, 126-148 Oxford St, Levin, on Monday 29 June 2020 at 4.00 pm.

PRESENT

Mayor	Mr B P Wanden
Deputy Mayor	Mrs J F G Mason
Councillors	Mr D A Allan
	Mr W E R Bishop
	Mr R J Brannigan
	Mr T N Isaacs
	Mr S J R Jennings
	Mrs V M Kaye-Simmons
	Mr R R Ketu
	Mrs C B Mitchell
	Ms P Tukapua

IN ATTENDANCE

Reporting Officer	Mr D M Clapperton	(Chief Executive)
	Mrs N Brady	(Deputy Chief Executive)
	Mr D Law	(Chief Financial Officer)
	Mr D McCorkindale	(Group Manager – Customer & Strategy)
	Mrs T Gower	(Strategic Planner)
	Mrs K Gray	(Strategic Planner)
	Ms T Hayward	(Communications Lead)
	Ms S Hori Te Pa	(EA to Mayor & Chief Executive)
	Mrs K J Corkill	(Meeting Secretary)

ALSO IN ATTENDANCE

Ms M Houston	(Accompanying Cr Ketu)
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MEDIA IN ATTENDANCE

Ms J Baalbergen	(“Horowhenua Chronicle”)
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PUBLIC IN ATTENDANCE

There were two members of the public in attendance at the commencement of the meeting.

The meeting commenced with a karakia (Cr Ketu).

1 Apologies

There were no apologies.

2 Public Participation

As this item was procedural, public participation was not available.

3 Declaration of Interest

There were no declarations of interest.

4 Announcements

There were no announcements.

5 Strategy and Development

5.1 Consideration of the Annual Plan 2020/2021 - Consultation and Adoption

Purpose

The purpose of this report is for Council to decide whether it will undertake further consultation on the Annual Plan 2020/2021. If Council decides not to undertake further consultation, then Council may decide to adopt the Annual Plan 2020/2021.

MOVED by Deputy Mayor Mason, seconded Cr Bishop:

THAT Report 20/225 Consideration of the Annual Plan 2020/2021 - Consultation and Adoption be received.

THAT this matter or decision is recognised as significant in terms of S76 of the Local Government Act 2002.

CARRIED

MOVED by Mayor Wanden, seconded Cr Bishop:

THAT the Horowhenua District Council adopts the Annual Plan 2020/2021 with a - 1.83% rates income reduction with no further consultation

THAT in accordance with section 80 of the Local Government Act 2002, the decision to loan fund \$1 million in asset renewals is significantly inconsistent with Council's Revenue and Financing Policy and Financial Strategy (Long Term Plan 2018-2038). The reason for this inconsistent decision is to further reduce Council's rates requirement for the 2020/2021 financial year to help mitigate the social and economic impacts of the Covid-19 pandemic on the community. Council is intending to review its Revenue and Financial Policy and its Financial Strategy as part of the development of its Long Term Plan 2021-2041.

THAT Council, having taken into account the submissions received during the formal public consultation process, adopts the Annual Plan 2020/2021 including the policies and statements contained therein, in accordance with Section 95 of the Local Government Act 2002.

THAT the Council delegates to the Chief Executive the authority to make minor editorial changes that arise as part of the publication process for the Annual Plan 2020/2021.

Commenting on the challenges that had been faced by Elected Members leading up to the Annual Plan, particularly with regard to the unknown outcomes from the COVID-19 pandemic, Mayor Wanden explained his reasons for proposing Option 1 of the three

that had been provided for Elected Members' consideration for today's meeting. He noted that the community was looking for clarity and reassurance and regardless of whether all agreed or not, it was about making the best decision for the community, also being aware of the possible consequences. The process had been prolonged to ensure the decision was well considered having regard to the implications for the next twelve months and also as preparation commenced for the Long Term Plan.

Cr Allan offered a different point of view which he said was based around the test of reasonableness: what a reasonable person in the community could be expecting. His personal view was that it was not a rates income reduction of -1.83% which could have long term implications; and there was also the decision to depart from Council's financial strategy and the loan funding of depreciation. That was why his support would have been for Option 2.

A division was called for, voting on which was as follows:

For:

Mayor: Bernard Wanden
Deputy Mayor: Joanna Mason
Councillors: Wayne Bishop
Todd Isaacs
Samuel Jennings
Victoria Kaye-Simmons
Robert Ketu
Christine Mitchell
Piri-Hira Tukapua

Against:

Councillors: David Allan
Ross Brannigan

The division was declared **CARRIED** by 9 votes to 2.

Mayor Wanden acknowledged the time and commitment of Council Officers that had gone into this process, which would provide a good foundation for the Long Term Plan work over the next twelve months.

The meeting closed with a karakia (Cr Tukapua).

4.09 pm

There being no further business, the Chairperson declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD
AT A MEETING OF COUNCIL HELD ON

DATE:.....

CHAIRPERSON:.....