
Briefing - Council NOTES

Date:	Tuesday 31 October 2023
Time:	2.00 pm
Venue:	Council Chambers and Mayor's Lounge, Civic Offices, 53 Hereford Street, Christchurch

6. LTP 2024-34, Joint development briefing - Activity Plans

Presenters: Jonathan King - Head of Office of Mayor & Chief Executive, Peter Ryan - Head of Corporate Planning & Performance, Russell Holden - Head of Finance, Paul Cateriano - Head of Procurement & Contracts, Shaun Archer - Head of Business Support & Continuous Improvement, and Peter Keegan - Head of People and Culture

Present: Cllr Pauline Cotter, Cllr Victoria Henstock, Cllr Tim Scandrett, Cllr Kelly Barber, Cllr Jake McLellan, Cllr Andrei Moore, Cllr Yani Johanson, Cllr Mark Peters, Cllr Tyla Harrison-Hunt, Cllr Sara Templeton, Cllr Tyrone Fields, Cllr Melanie Coker

Chair: Mayor Mauger

Principal advisor: CE Dawn Baxendale

Mayoral, Councillor and Executive Support

The activity plan I'm here to talk to you about today is the Mayoral, Councillor and Executive Support activity plan. So what's included within this activity plan is the Mayor and Councillor support team, which is led by Ruth, includes Ray and Mabel and Louise, the advisors team, which is Boyd, Darel, myself, the official information team, which Sean manages with four staff and the executive support team for ELT. So Duncan Sandeman also reports to me and the office of Mayor and Chief Executive, he reported to you separately on the CIR team (Civic and International Relations activity) the other week. So you've done CIR through there.

Couple of things I'd just like to say at the start for you. One is for some of you might not know, but the Office of the Mayor and Chief Executive was originally formed back in early 2020 by merging the offices of the mayor and the office of the Chief Executive fair enough and they were put together by dawn when she originally came into the council and some significant savings were made at that point in time and then further on through the Tier 2 restructuring as well. There were some savings that affected on as well, at that point in time.

As with other activity plans, I am proposing some Opex savings and I believe we'll be seeing those next week as part of the Opex discussions. However, what I would say though is that given the continuing pressures for transparency and accountability we have through increasing LGOIMA numbers and increasing Ombudsman investigations into LGOIMA, I believe we need to invest, continue to invest into the official information team to ensure we can meet our LGOIMA obligations. With regard to the recent Ombudsman report on meetings and workshop, I can say that staff are planning a report back to Council which will address the recommendations made in any resource implications for Councillors consideration. The Ombudsman recommendations concern the secretariat and the Community boards and the OMCE team in terms of the briefings and workshops. So we really need to look at it in the whole and see what the implications are, including a number of recommendations they made around accessibility and a range of other things.

Also, I just wanted to mention again that Sean's been working closely with the call centre and the Community boards in terms of mapping, streamlining and providing better triage and turn around times for the elected member queries. Hopefully you're beginning to see that, we're beginning to see the changes in some of our numbers, but we still have more work to do and to get those better and back to you quicker. The queries flow chart and provides guidance for councillors is due out early next week, so we'll actually be bringing out something to again to say, here are the swim lanes for different types of queries. This is where to send it to and this is the expectation you can have and when you get a response.

OK, with that said, I wasn't going to go through the rest of the slides, but I was just going to open it up for any questions that anybody has for me in particular, or Sean.

Open for questions

Cllr Tim Scandrett: On our page 6, it's got the demands for openness and transparency are increasing, so your LGOIMA requests have gone since 18/19 through to from just under 700 through to almost, just over 1000 in a few years. I guess it's impossible to kind of guess what the next increase will be, I presume, we can only presume that it's going to be an continued increase. With your staffing levels at present to keep within the time frames. have you got a perceived perception over the next 10 years? Or you know, if you kind of head that trajectory for this, that would be somewhere around close to 2000 requests, wouldn't it? If you're looking at a 10 year projection on those things.

Response: ... As I said, so, I mean, we have an Ombudsman who is driving for increased transparency and accountability, which I personally think is a good thing. So, you know, we do need, but we're also seeing people are increasingly using LGOIMAs, increasingly using queries of the Council. So I suspect we can only see, expect to see that trend continue up. And there's also an increased climate where people are questioning LGOIMA's as well, so I suspect we will actually only see this go up, and therefore the resourcing for that team becomes quite critical to keep meeting the deadlines.

Cllr Tim Scandrett: And my final question. With the you know, the 20 odd percent that are perceived that you know, the Council isn't open, is there an area we didn't dig down into, an area of council they think is kind of hiding the gold or something?

Response: No, I didn't think the details went into that. It was a general perception.

....

Lynn McClelland: Councillor I can just add that we are going to be undertaking some additional research through the residence survey in order to understand exactly that question. Where are the issues as perceived by our residents and therefore, what can we do to address those perceptions of lack of transparency?

Cllr Melanie Coker: In the agenda notes, it says that this activity area has identified no specific to really partnership issues. I find that odd?

Response: I think it was, as we went through the process of looking at this office in particular, this office obviously interacts across all of the areas of the Council, so there's always areas where we have treaty issues coming through us and going through us, but the Treaty team are actually the main team responsible for advice on the Treaty issues, so we tend to defer to the Treaty advisers in terms of treaty advice and they're the ones who would advise the CEO or the mayor in terms of the Treaty, or a particular treaty issue. So it's a case of it's there, but it's just in this way we have to do these things, it's where you put it in the, I didn't put it as my main issue, I put it as a there, but a lower level issue as you go down through the rankings of the issues for us.

Cllr Sara Templeton: Just following on from that. Where does the Treaty team and the partnership sit within this structure of the LTP? I think we worked at the beginning it didn't really sit in any one of these presentations that was coming and so. How do we make sure that it's resourced appropriately and those kind of things?

....

CE Dawn Baxendale: So I think that's for me rather than you, Jonathan. Yeah. So we've actually been, we've put more resources, as in money, into the Treaty team. Trying to get the people is being the challenge. It reports directly to me. So it doesn't sit under Jonathan's.

Cllr Sara Templeton: The question is, where does it sit in this framework of how we look at how we make those decisions and things? So it needs to come up somewhere.

CE Dawn Baxendale: We'll reflect on that.

Action 6.1

Cllr Sara Templeton: The other thing is, does this team deal with the - while it's looking at the transparency of the information - is this the team that does the live streaming?

Response: Not at the moment, no.

Cllr Sara Templeton: Where do those budgets sit?

Response: Secretariat would deal with that specifically. So at the moment live streaming is only in the Council committee meetings and that's the secretariat that organise that. So at the moment we don't deal with that.

Cllr Sara Templeton: OK. So probably for you then Dawn, the secretariat function, is that coming to us as well, especially given the latest LGOIMA stuff and the need to do more workshops and things publicly? Well, I think Lynn looks like she might have an answer.

Lynn McClelland: So you've already seen that activity plan which predated the Ombudsman report. So it's John Filsell and Helen White presented on. It was governance [and decision making]

Cllr Sara Templeton: Oh, that's right, it was too.

Lynn McClelland: And as we've indicated with the Ombudsman's recommendations, we need to look at what the implications are. There may be a number of implications, and if there were resourcing implications we would need to bring that to you with recommendations.

Cllr Sara Templeton: Yeah, I think I just like to just briefly comment on that then, I know it's a different topic, but that in the past, when we've looked at potentially, for example, live streaming these instead of just recording, that was a cost issue. So I know that to do this kind of thing is expensive. In the past, we've been told we can't because we don't have the resourcing which means, I'm assuming, that we couldn't do more of it from existing budget, so we would have to budget more. So just yeah, see what that looks like, thanks.

Action 6.2

Cllr Jake McLellan: Do you have any understanding of why LGOIMA questions have been going up? Is such as population growth as a growing awareness of the tool?

Response: I think it is probably growing awareness. People are becoming far more savvy and expect more information. So a lot when people are engaging with us through LGOIMA as one mechanism and also you'll see the flow on the more questions we're getting, they now understand because we put it at the bottom of every response 'Go to the Ombudsman'. And so we're starting to see those track up as well.

Cllr Jake McLellan: Interesting. The price of democracy.

CE Dawn Baxendale: That's right, the price of democracy, which you might think is perverse, not the price of democracy may I say. And the fact that pre-2019, a third of all our reports were in PX over many years in Council. Now we now sit between 5 and 6% of what sits in our PX work. Everything else is in the public domain, so you will expect those things to come down. But as Sean quite rightly says, actually that's a mechanism that people are using more and more. And we do put it on everything.

Cllr Tyla Harrison-Hunt: I just wanted to hone in on the great model actually, which is the drop in sessions with the transport team. Are you looking to diversify that into the other units?

Response: Yes, no, we've certainly done that primarily with transport, which was one of the more popular units. And for example, we've done it on some of the other sort of targeted approaches as well. And so we'll certainly use that as a model for effective sort of feedback. Questions, quick turn around answers get the right people in the room at the same time it's quite a valuable tool to use.

Cllr Yani Johanson: I was just interested in when we have a discussion about Council support. Council support or lack of or increased support for Councillors? You know, we've got one person looking after a huge number of people. There's a lot of things that I would like to get done, which I don't do because I'm mindful of pressure and workload. I'm just wondering at what point do we have a discussion about the support that we get and what the right level is and it may be not just around additional resource, it might be the level of support where it comes into the organisation. But I don't really understand enough about how that role works compared to the office of the CE and the mayor. Anyway, I just wanted to raise that as something I'd like us to think about.

Mayor Phil Mauger: Point taken

Question

Performance, finance and procurement

Peter Ryan, Head of Corporate Planning and Performance; Russell Holden, Head of Finance; Elizabeth Espin, Team Leader Procurement Special Projects

Performance:

Just to introduce this one, this is a joint functional Activity Plan, the idea being that we have some overlap in what we do. I'm gonna speak to mine first and then the other teams will as well. My subset of this is Performance: Planning and Performance. We have 5 levels of service there that are required by legislation or underpinned legislation. They're Community levels of service and I think I think you're quite familiar with them. Project manage LTP's and annual plans. Track LTP implementation through monthly performance reporting and analysis. Performance framework in place, especially around level of service tracking, community outcomes monitoring and the household and business growth models, which informed DC's and spatial planning. There's a couple of things that are not legislative: the resident survey is not, and the general research we do. Examples would be the Te Kaha survey and the OPP survey you just saw. Those are not mandatory, but they often are extremely useful. So those are my levels of service. There's not that many and

they haven't changed greatly over time. I'm happy to field any questions on what they are or how they work.

CE Dawn Baxendale: Shall we do that at the end when your two colleagues have gone?

Response: Then in that case, I'll hand over to Russell.

Finance:

Good afternoon, everyone. So it's about 11 sub teams, I guess within the finance team. A number of the levels of service there that we've had in previous LTPs I've noted that we take those out. They're either internal task managements which is happening anyway or they're legislated like the annual report asset valuation and the like. Those things are happening anyway, but they're not, I guess, an external level of service because they are managed within. Well, there's a legislative requirement to do those things. So there's not anything additional coming through. Pretty much our Activity Plan isn't significantly changed from last time, although under the hood there there's a lot of work in space with continuing looking at the way we do things, better use of systems, increasing and training and the likes. So look, I'm just happy to take any questions at the end as Peter said.

Procurement:

Seeing a bit of a theme with our group. Good afternoon everyone. We're also very heavily legislated on what we do because we spend Council funds and so our obligations are to, we need to make sure that we spend wisely and we need to make sure we're transparent about it. So we are obligated under legislation of the Local government act and the Auditor General requirements to make sure that we do things correctly. And so we as a team make sure that that happens for all of Council. We work across Council making sure that we are sourcing and contract managing correctly and within the legislative requirements... We have three teams within our unit that do that... We spend almost a billion dollars last year over 3000 suppliers and we have directly impacted at least half of that spend through our sourcing activities and our panel arrangements that our team have helped the businesses produce. So we help and support and deliver on the capital plan and we make sure that we have contracts in place to support activity plans and maintain our assets. So that's what our team does and we haven't changed very much in terms of our activity requirements. The only thing I will note is that we are going to be reviewing our policy in the next three or in the next year, which will impact on the next long term plan review. Thank you. Happy to take questions.

Open for questions

Cllr Tyla Harrison-Hunt: This one might be a great question for you three. I wanted to talk about contract management as such and around us having to work under policy and be mandated under that policy. The contractors that that we outsource for, if they inevitably put in, say, a price rise...Is there a regulation in which they have to set a cap where they can raise their prices on materials? For example labour, anything of the sort?

Response: There's no regulation, but it's usually determined by the mechanisms of the contract. So depending on the contract, you could have a mechanism that says it can go no more than 5% or 3% or whatever it is. Or it needs to be based on the indicator. So for example, if it's diesel, if diesel's had a 15% increase, they have justifiable means to go 15% higher in their prices and we as a Council as a customer need to accept that. But then we as a customer can also be like, well, we can't do 15%, let's negotiate and let's look at other options on what we can do. Is there another fuel option. You know, we need to as a customer look at those options.

Cllr Tyla Harrison-Hunt: Of course, in light of that I'm thinking about something and everyone knows about this were contractors can charge like what they call 'charge government money' or they'll

charge 'council money'. Is that saying - would you, in your opinion - be close to correct? Where they may upscale?

Response: I think it comes down to risk. It's what risk we're willing to accept and what risk we're putting onto the supplier. So in most of our contracts, we don't accept any risk and we asked the supplier to take on a lot of risk and in which case, that's where the bump comes because they're taking on more risk.

Cllr Tyla Harrison-Hunt: Sure. And what's the rate of that bump?

Response: On top of my head I'd have to take that away and consider it. I wouldn't know off top of my head.

Cllr Tyla Harrison-Hunt: I did hear this was ages ago, months ago, around the inflationary rate that Council was paying around 20 or 22% or something in comparison to the seven that was talked about last time. And I think it was Lynette that was talking about it, that was talking about materials in particular have gone up by quite a lot. And that's where I want to ask the question on that and I'm keen to dive into that a bit more.

Question

Cllr Yani Johanson: Similar around that kind of procurement and contract management, I guess I'm just trying to understand if we've got sufficient resources to monitor our contracts, and especially in in regards to things like performance and the work being done? I do have concerns. And it's probably more anecdotal stuff that people tell you rather than, you know, factual, but that's just the world we live in. So I just wanted to make sure that we do have sufficient resources on ensuring that the work that people say they're going to do for us and that we pay them for is actually getting done and getting done in a timely manner.

Response: Yeah, it is a valid question. It's something that that Russell alluded to in regards to training and training and systems to support that. So we're going to a massive restructure in terms of our systems to help both the business and us monitor those kind of contracts. So yeah, there is a bit of work there. At the moment we've got 23 people and we've got out of that 23 people, 19 of them are operational and they do both sourcing and contract management. So there is a number of people that do that within our team. We also have a large number of people outside of our team that do contract management as well. So again it's that support offering. It's that centre of excellence. It's that place that you can go to know exactly where you go because we do it every day. So again, I think it comes around, I think that in terms of resourcing, I mean obviously I'd love to have more resourcing like everybody. But when it comes to resourcing, I think it needs to be: we need to support the business to make sure that we get what we need.

Cllr Yani Johanson: Do we have enough resource to make sure that when we're signing contracts that we're putting in enough safeguards? Like do we have enough time and capacity to ensure that we are doing contracts and procurement? That we are putting in a robust understanding of what we expect and who's responsible?

Response: So again that, just make sure I'm answering it correctly. I would think.

Cllr Yani Johanson: I guess if I give you a real life example, which is obviously the organics plant which you know what we got told at the Council table was very different to what we ended up with in terms of the contract, which has now created a huge financial challenge for us as an organisation...

Mayor Mauger: You're getting a wee bit off... that's 12 years old.

Cllr Yani Johanson: No, I just thought it was helpful to give the example of.

CE Dawn Baxendale: to be fair to our procurement colleagues, that is a contract, that is many, many, many years old.

Cllr Yani Johanson: Yeah. No, I totally appreciate that.... Yeah. Well, the other one I'd give would be city care, where, you know, 20 years ago, we were told that they'd all the technology and all this data was going to be provided and then when we came to the last sort of, we got an update on

what was happening and it said, oh, no, the data isn't compatible and now we need to do XYZ on new software and IT and you can't. Well, wow, that's quite a surprise, because for 20 years or 10 years, I thought that's what we were doing. So I'm just kind of interested if we have enough resources at the start of contracts or as part of the contracting procurement to really understand what the risks are and make sure that we're mitigating those risks as best as possible, recognising that obviously things will come up.

Response: At the moment we have two full time contract engineers that work on our assets contracts and our big contracts within our procurement team. We also have four category managers that look across the sourcing and delivery of those contracts, of the big contracts across strategies. So for example, they'll work with a business like transport and they'll look at a transport strategy and they'll make sure that's enacted from a sourcing perspective, but also from a contract management perspective. I think the team generally from a strategy point of view are making sure that those gaps are plugged are ok, maybe some of the support that can help that team is probably where we're struggling. So making sure that we get those i's crossed, making sure we have someone to help them get into that strategic headspace.

Cllr Yani Johanson: And the only other question I had was around the revaluation level of service that we're deleting. And I guess I was quite disappointed with the revaluation process. I think in terms of just people's understanding in the community and also I guess compared to some of the other Councils who put a lot more, well look like they put more resources in in terms of public understanding and awareness around impact. So I'm just wondering if we need to look at having something additional that does give us a kind of requirement to make sure that we are investing resource in helping people understand the revaluation process.

Response: There's a couple of questions in there. Taking the revaluation process is legislated. It's you know when by the audit Valuer General requires us to do that and it's in the local government rating act as well to do that process. How then we go and do it, I take your point, can we better advise the public what that is. I know that we send notices out to say that it's happening, the communication goes back to QV. We're working with QV, so they provide better information that's easier to get. There were some learnings last time you'll recall, councillor, that we could, you know, help them provide a better service. So we are doing that.

Cllr Yani Johanson: ... us having a dedicated landing page on our website that helps people understand, you know and kind of work through the revaluation objection process.

Response: For sure. And that's a good point. I thought we had something, but I'll follow up and make sure that we do for in two years time.

Action 6.3.

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Business Support and Continuous improvement

Shaun Archer, Head of Business Support and Continuous Improvement

I'm Shaun Archer, Head of Business Support and Continuous Improvement. With me I've got Mel Wilson, manager of Business Support and Ross Bartlett, manager of Continuous Improvement. First off, I want to note not only is this my first LTP process, but it's also the first process for the unit as a whole, so that's super exciting. I'll take you through quickly the plan, take you through what we deliver as a unit.

So we're made-up of three main parts at the moment. First is continuous improvement. So that's organisational wide initiatives to be collaborative and work in an agile way to deliver enhancing improvements across the organisation. And the general and technical administration space we're responsible for support and administration functions. We work really hard to add value by allowing operational teams to focus on what really matters. The whole unit is governed by an ethos of

focusing on adding value and driving meaningful improvement across the organisation. And then we have HR administration so they're responsible for the end to end life[cycle], employee life[cycle], life cycle support, onboarding employment changes, remuneration changes, off boarding, that kind of thing. And if we move over a page. There's some interesting statistics, so at the time of writing we had 88 improvement initiatives under Action, 134 improvement ideas received via staff engagement in the continuous improvement pipeline; we had received a 97% citizen satisfaction with cemetery support services, which was a great news story, and the hardworking HR admin folks had pumped through in the last year 6523 pieces of HR administration. Might be interesting to take you through the current improvement themes we're receiving from the improvement pipeline, citizen experience, process improvement, customer experience, finance, technology and automation. So those will come with potential benefits of an enhanced citizen experience. Cost saving is a big thing that's coming through, cost avoidance, a strengthened employee experience and risk avoidance.

So that we've got 2 main risks that we're working with within the unit. So that is infrastructure and regulation. So the idea behind both of those is failure to have the correct internal infrastructure in place that affect our ability to support in an effective manner. So we've got some mitigations in place there. We're going to continue to support and implement technology and systems upgrades. We're going to continually proactively review systems and processes and then on the regulation side, we're constantly looking to make sure that we're ahead of any regulation changes and we're going to review systems and to assure alignment with any changes. And I think I would just go through quickly with the levels of service.

So you'll notice with the levels of service, they're all focused on addressing service satisfaction and adherence to time frames. So basically, I liken that to just doing what we say we will when we say we're going to do it. So those are probably the main points to take you guys through. Are there any questions?

Open for questions

Cllr Sara Templeton: Thanks so much for that. And welcome to your first team LTP. I'm just wondering on that recruitment side. Uh, there was quite a big drop off 2022/23 when it came to the KPI's on 95% permanent vacancies filled at stayed at Council 12 months and expressing satisfaction with the recruitment process. And I'm just wondering, what led to that and what's being done to address it so that we can meet those targets?

Response: So that actually might be a question for my People and Culture colleague Peter, who will be presenting to you guys shortly.

People and Culture

Peter Keegan, Head of People and Culture

I'm Peter Keegan. I'm the head of People and culture... The people and culture function leads four key areas, so we have:

- Recruitment
- Our business partnering and human resources advisory and so taking care of the day-to-day work with staff
- Along with organisational development who look at our organisational culture and the initiatives that we require to grow and to build capability to deliver for today and for tomorrow
- And then the all important payroll. So that we make sure that all staff and councillors are paid in a timely fashion.

And we are a very busy business unit. Ultimately people are the biggest variable in an organisation. They also bring the most excitement and the most amount of work and the team have been quite busy with regards to everything that needs to be done. So in the last year we've supported over 600 recruitment processes and we've recruited 750 new employees and delivered 245 workshops to 2963 people and including a number of which were facilitated by their internal People and culture team as well. And we have a number of leadership programmes that we run on that we have on offer and with people being the biggest variable, we have quite a bit of work from in the employment relations space and ensuring that we meet our good employer responsibilities. And we also work with staff who aren't performing or are having difficulties in delivering their job. And ultimately we've delivered 104 payrolls in the previous year and then worked through a number of issues that arose out of that.

From our strategic objectives perspective the aim for us is to be a good employer and for a number of our initiatives and what we have in the document, it's about how do we deliver a functioning people and culture service to the business, noting that with everything that we do, it impacts on the organisation in some way. If we take people out of the business to attend a course, there's the question of backfill. If we have high turnover in areas of the business, there's the question of how do we continue to deliver services. And if we have everyone coming to civic offices for a course what is the impact on our travel and our carbon? So there there's quite a lot to take into account with that that we work through as best we can.

From our risks perspective, there's a number of risks that we've highlighted that we need to work through. So the biggest ones being around technology, regulation and reform. our population and demographic changes and our tiriti partnership. In the regulation and reform space, and as we all know, there's been a number of changes to regulatory regimes and so as an organisation, we need to strategically look at the impact of those. What is the impact of the three waters reforms in whatever shape it goes ahead with regards to our core workforce. And also the workforce that could or might transition outwards and what will the impact of local government reforms be or what are the other reforms that are happening that will impact our overall capacity and our ability to do our work. Technology, as always, is a big variable. How do we use technology to make smarter decisions around our workforce and our workload. And as the population changes, how do we make sure that the workforce of Council remains relevant and also mirrors the population that we serve. And ultimately as well around our tiriti partnerships, how do we grow our own internal cultural capabilities so that we can continue to deliver and what's expected in in an appropriate way? So that's a brief overview. I'll pass it back to you for any questions that you may.

Open for questions

Cllr Sara Templeton: That question I had before that's on page 138 of our agenda, that kind of not achieved space that are dropped when it comes to the improvements that are down to 60% rather than 90% and people not staying for the 12 months. Do you know what led to that and what are we doing to fix it?

Response: I believe what you're referencing is actually an increase in the targets. So previously the target was 60% for retention of new starters and we're increasing that target to 90%. And so we're looking to lift the bar in that regards. And so we did achieve it in the previous year, and with the second-half, which was around...

Cllr Sara Templeton: Yeah. So, sorry, It didn't say.... Yeah, it just said that historic trends weren't achieved. But it didn't say... in the agenda, rather than the slides, it's 138.

Response: I don't have that in front of me. What I can do is I can take it away. And take a look and provide a commentary.

Question

Cllr Sara Templeton: OK. No, that's fine. And the other thing is it's hard to tell from the graph in financials for this this area, how much of the spend was on external sort of contract, so legal that kind of stuff. So when we heard from legal services the other day they were saying that the legal component for HR was actually kept over in HR. They don't do the legal so do we? Can we have that split out at all?

Response: We can indeed we can split it out. But what will come along with that is the narrative that we seek external legal advice from employment lawyers on a range of matters ranging from an individual employment relationship through to policy advice on a collective agreement or an employment agreement and what the way forward we need to navigate certain issues. So we can split it out, but it would be a broad answer to potential individual employment relationships.

Cllr Sara Templeton: What have the trends been like over time?

Response: And the trends do vary from so, it depends as to... There's a number of things that can influence it. For example, over the last number of years we have had a turnover of staff within the people and culture unit with that brings loss of tacit knowledge and institutional knowledge as to the way that we do certain things. And when that transitions out it requires us to get some external advice, which would therefore become a cost. Organisational changes or the consequences of organisational change might result in expenditure in that regard. So I can go and take a look at the data and come back with a closer narrative to what's been happening.

Question

Cllr Sara Templeton: That would be great. And then just on page 145. There was a high inherent risk still on the moderate, likely and high on that professional development opportunities and there's a plan there to do something about it. So if we could have that the actual information about the historic professional development funding and then what's planned over the LTP that would be really good. So I know that it dropped off hugely with COVID. There wasn't a lot of available, that kind of thing, but I know that you know people are really feeling that and we want to maintain and upskill and retain staff with it so.

Response: Absolutely. And so we do deliver a range of professional development workshops and courses internally through our own internal capacity. And the way that Council operates from a funding is that it's a devolved funding model. So individual heads of service hold the budget for professional development for their teams. And so we'll be able to provide some commentary as to what that has been spent on in the past. But with regards to the future focus it would be subjective to the individual heads of service and what they're working with regards to the capability gaps within their team.

Cllr Sara Templeton: That'd be great. And I know that when it comes to the private sector, and even with a lot of government agencies, there's kind of a, I guess, a threshold or percentage that they kind of use as a baseline for individuals' professional development when it comes to up against salary and things. So it'd be good to know where we're sitting for our funding relative to that, compared to external organisations that are sort of similar size.

Question

Cllr Tim Scandrett: Just on our page 61, which is the a snapshot of provision and use, I notice there's nothing about exit interviews because I mean, they can actually be a really important building block and certainly helps senior management inform the elected members of trends and possible and improvements and threats, et cetera. So I just noticed there's nothing in that information, so is that appropriate or?

Response: Exit interview, they're an interesting one and we do them and we offer them and it will typically relate to the tone that an employee is leaving the organisation in.

Cllr Tim Scandrett: I'm talking about the constructive ones.

Response: What we do know is with our exited views coupled with our Working At Council Survey it gives us focus for a number of areas that we can turn our attentions to where there is the potential to create change that might result in reducing turnover or putting the right initiatives in place to create that positive workplace culture. And so we do have them. We do use them. We just haven't built them as in as metric and what we're conscious of is that it's not required for people to do an exit interview. So it's around the action plans we can create from them to generate those insights as opposed to reaching a percentage completion or a certain number of people do complete them.

Cllr Yani Johanson: Is this the part where we ask work to be done around a shared service with CCHL companies and CCHL. ... But as part of the Auckland Co review, one of the things that they raised was that, you know, we have a lot of duplication across the Council families of HR support and we should look at maybe some shared service deliveries. So I mean, I don't know what that would look like, but I just want to I guess put on record that I think that would be actually quite a sensible thing to do in terms of saving money and possibly an opportunity, yeah, to reduce costs and get better value.

Action 6.4

CE Dawn Baxendale: And I think it might be very appropriate Councillor Johanson for you to potentially with your fellow Members to think about that for the letter of expectation as well.

Cllr Yani Johanson: Right, OK, cool. And then the other question I had is around the idea of outsourcing versus directly employing, does that fit into this category or is that basically your departments? Basically, once people already directly working for Council?

Response: And yes and no. So part of my team's function is to work with Heads of Service and our GM's to look at workforce planning and to take a look at opportunities and opportunity statements around the opportunity to either employ a person to do a work, to outsource it to a third party, or to look to bring in specialised contract resource depending on the skill set that's required. So my team do work with those heads of service on making sure that the resources and the considerations that need to be given are though through.

Cllr Yani Johanson: I mean, I guess just a flag. I mean, I'd still prefer that we looked at the opportunity to directly employ cleaning staff, you know, et cetera. I don't know what the answer is, but I just would like us to have that consideration of understanding about what the trade-off might be, but certainly what Venues Ōtautahi have done, where they've gone to direct employment I think has been hugely beneficial, so, just wondering if we can do the same here around those ones. I think maybe some of the campgrounds as well we contract and third parties to deliver.

CE Dawn Baxendale: I think we'd have to line that with the contract timeline. Yeah, obviously because Council did make a decision, probably two to three years ago now in terms of the cleaning contract, if I remember correctly.

Cllr Yani Johanson: But we've asked, I think the Section 17A review get brought forward or done around some of those external services. But it was really just a high level look at what might be if we wanted to consider it, what that would look like in terms of getting more work done if it's even worth doing, I don't know at this point but.

CE Dawn Baxendale: Yes, that is a question you raised as part of the 17A reviews and we said at the time the advice from Bruce Rendall was that it was it - sorry not Bruce, Peter - related to the issue of the contract.

Facilities and Asset Planning,

Peter Keegan, Head of People and Culture & Brendon Cowles, Manager Facilities Operations

And so I'm just being joined by Brenden Cowles, who is our facilities operations' manager. So currently I'm acting as the lead head of service for our Facilities and Asset Planning function. So I'll

be taking you through the next one, which covers Facilities Management, Fleet Management, Asset Planning and Management and I can speak to a certain extent and all of it, but at a very high level, and I'll be referring to Brendon for any detailed answers that you may have.

The facilities and asset management services cover three main areas, facilities management of our of our sites and fleet management and our asset planning and data management. We carry a large book with regards to facilities and asset management. So our corporate accommodation building book is valued at approximately 6.3 million as of June 2023 and we have 38 service contracts with an additional approximate revenue of \$45,000,000 to maintain and manage those agreed facilities. Our electricity usage is \$16.52 million per year, and this is an important one to note for Councillors as some of the challenges that we're going to face over the coming years is around increased electricity usage. So as the landfill gas becomes end of life we will need to start looking at alternative heating solutions. And with that comes some interesting challenges for Council and for ratepayers with regards to making sure that we are procuring and implementing solutions that are fit for purpose and will deliver value for Council and for our ratepayers, particularly as electricity usage does increase.

We deliver a number of programmes and work around managing and maintaining our assets. We in the last year delivered 600 reactive maintenance jobs per month and we had 4600 unique planned maintenance jobs per month. So the work of the unit is very much between that balance of proactive versus reactive management. With the proactive management ensuring that we deliver our assets, remain stable and viable and deliver what we need them to deliver. In this case, when those assets stop working or don't work as planned, it creates the biggest disruption to our staff. A number of our risks in this space do relate to, it's climate change and adaption is our biggest risk and along with ageing infrastructure and how we work towards remedying some of our infrastructure problems such as removing asbestos from the buildings where it's been identified that it still remains. Along with the demand for data and looking at the utilisation of our fleet of our accommodations to make sure that we're getting the best value out of our assets and working through that. And then that coupled with technology and technology is fantastic in that it allows us to understand problems as they're occurring faster so that we can respond to them. But it's also about utilising the data that exists to look at future utilisation and future use.

And on that note, I'll pass over to you for any questions that you might have on?

Open for questions

Cllr Yani Johanson: At risk of kind of repeating something that's been raised in another one, but take for example, like the Linwood Service Centre, you're facility manager but the staffing levels around the service and customer support is that basically how it works? Because I guess I'm just wondering like what's the opportunity to look at the space that we're doing in terms of like New Zealand Posts and Community Board meeting rooms and service centres and how that's fit for purpose? Is there a sort of corporate property review that we look at, around our assets to see what's fit? I'm just mindful that we've, like, we've, you know, lost a Community Board and had an amalgamation or a disestablishment, and we've had no real discussion about meeting facilities, space required, et cetera. I'm just trying to understand what unit that sort of discussion, in terms of just the physical space and the appropriateness of the space.

CE Dawn Baxendale: I think it's fair to say that's also a conversation that would be with John Filsell as the front end deliverers the head of service.

Action 6.5

Cllr Yani Johanson: So you guys just maintain it? You don't look at the? I mean to give you one example, getting proper IT into the service room, the Community Board meeting room, for example, so that we can have as you know good quality zoom or remote meetings as we get up in the Mayors lounge for example.

Response: So I think what I'll answer is that we're currently doing a review of our utilisation across Council. And what are the, when we look at our ageing infrastructure, what are some of the things that we need to take a look at, one of which might be looking at outfitting the buildings that we do have with the technology that we need to do our jobs or to enable our citizens to engage properly with the work that we do. So as we review each site and as we come up with a plan to move forward that forms part of that consideration and it forms part of the broader LTP plan as well with regards to the costs that will come with that and the return on investment for ratepayers. So it's part of a broader conversation as to how we use our facilities in order to achieve effective services.

Cllr Yani Johanson: So one of the resolutions that we've got somewhere is looking at the use of solar, grey water, rainwater, like for our facilities and I don't quite know where that's picked up, but obviously you look at, you've got some levels of service around that in here. But do we have a sort of do we need to have a specific kind of action to make sure that there's resource actually do that. I guess I'm just mindful of some of the times when we refurbish our facilities, we're told that there's no budget available, that it doesn't make economic sense to do some of those things.

Response: So where it makes sense to do it. So for example, in this building (Te Hononga, Civic Offices) we have solar panels on the roof and we do collect grey water to service the building. It comes to the age and stage of the building so as we look at the Asset Management Plans per site we can then look at, of there's improvements, what are the costs and trade-offs that can come with it. And we do know that with the pressures that we're going to be facing around our electricity usage in the future, it creates a great opportunity to look at putting in place the infrastructure to be able to work more off those renewable sources of energy and that forms part of the carbon emission plan that's detailed in this document. But it's about making sure that, again, that we don't put solutions in a place that tax the ratepayer or put an onus on the right payer to fund something, so making sure that we put assets and the solutions in place that are fit for purpose and deliver for now and in the future.

Cllr Tyla Harrison-Hunt: I want to refer to the proactive maintenance planning that you've implemented here. Was that underway prior to this financial year? Around the proactive management of your assets.

Response: Yes. Yeah. So that's when the latest City Care contract got underway. Prior to that, I'm not sure that's before me, but definitely within this this last round of the City Care agreement, maintenance has made-up a good part of that.

Cllr Tyla Harrison-Hunt: OK. And just for clarity. Who audits their assets themselves to ensure that those assets are maintained appropriately.

Response: There there's a mix between City Care over requirement and feedback that information to us. But then also my team and Mark Hinton's team review the work as well.

Cllr Tyla Harrison-Hunt: OK. So with that hybrid model on average, what's that sort of workload look like between you both? Does it sort of like a 50/50 kind of?

Response: So my team deal with the operational side, so they're out pretty much every single day visiting a number of areas throughout the city and they'll do that on a rotation. Mark's team looks more after the renewals and then the larger projects that require capital input to fix whatever issue. So it's probably higher volume for my team, but higher value for his.

Cllr Tyla Harrison-Hunt: OK. And does that include assets that are sub leased?

Response: Yes.

Cllr Tyla Harrison-Hunt: OK. No, that's cool. Thank you.

Cllr Sara Templeton: Thanks so much. In this area there's a "pile" of the risk levels that are still in that medium, medium/high kind of space. So sort of looking page 190 ish of our agenda. These comments like prioritise continued efficacy for increased investment and asset for portfolio management. Those kind of things risks around fleet and buildings. And yet, for the most part, we

keep being told we can do everything with an existing budgets. But there's huge risks. And I'm just wondering, I know in the annual plan we put aside once it was identified, additional funding to make sure that we're maintaining to an appropriate level because assets were going to decline. What's needed to reduce these risk levels for us, being that these spaces and places are so important to our communities? So very, very broad question there.

Response: It's a broad question and I think we would need to take away and to work through specific examples. With all risks you can't eliminate the risk fully, so it's around prioritising what risks do require the right mitigations and therefore what is the cost that comes with it. Compared to, you know, is it a solution or a risk mitigation that's a short term solution for a long versus a longer term solution. We can work through each risk, so if there's any that you have specific question or concern about, we could take that away to look at those.

Cllr Sara Templeton: Yeah. So I mean there's facilities management, so facilities maintenance kind of things and making sure we're looking after what we've got. So it doesn't decrease to the point where there's larger amounts needed and that we can reduce our reactive spend on Opex. There's still a high risk level here on the vehicle fleet and emissions that I'm just making, you know, making sure that we've got enough funding on board to make sure that we've got the transition to the electric's done properly and that actually the maintenance of those. Pretty much anything where there is still a high risk level, and there's one here very high as well. I mean it may be that we choose not to take up the funding that might be needed, but knowing what that funding is and the impact of not spending it, it's really important.

Action 6.6

Cllr Sara Templeton: The other question was actually just on the page 182 on the diversity piece and people feeling like the community facilities that we've got are accessible and safe spaces for also not just accessibility for people who have mobility issues, but for, you know, transgender, non binary people. So apart from the bus exchange and Tūranga, I think all of our other facilities that have been around a while have only male and female toilets and they're labelled as such. It says here that we've, you know, review facility and activity service. But just reviewing, it's not enough. When will that kind of information come to us? So we can, you know, see what we can do to actually change those spaces and it may even be only signage to make sure that everyone feels welcome.

Response: I think they're good observations and it's good consideration for the team to take away and think about as we look at the management of those assets. And as we look at the, the opportunity to review them. How do we look to include more gender diverse toilets or changing facilities that there's broader things that we can take into account. And we can build, you know, part of that should come from the LTP planning where we do go out for consultation, so that for citizens say that's important, then we can prioritise it within the work. There's also the aspect that from a risk perspective, it's also around our, our willingness to tolerate some of the risks. And so, you know, some risks might be high, but that's a risk of it occurring, but the impact might be low. And it's around what we want to put in place to actually manage that or whether it's a tolerable risk. So we can continue to work through that, take some of your comments away for feedback outside of.

Action 6.7

Cllr Mark Peters: I heard you mentioned the electricity potential to be going up going forward. Do we have things like solar and other green solutions installed in our facilities?

Response: Yes on in this building in particular, we have solar panels on the roof. And so we know that we do have renewable sources of energy in play at Council and across our sites. There's an opportunity to review future use and what that will look like from a sustainable perspective without blowing out any potential budget or any costs that come with. In talking to the team and

I'll let Brendon comment on this as well is that the wording that I was given is about we need to look at viable solutions that will withstand the test of time and not be a burden on the ratepayers, so you know, we could look at some green solutions that are quite expensive to implement and wouldn't see the return on investment down the line. So therefore that's not necessarily the best decision. But as we identified that the LFG is running out and as we identified that piece we are looking at alternative solutions and presenting options.

Response: Just to back that up, there's a large piece of work going on at the moment, looking at those viable options and every time a community facility, for example, comes up for renewal, we look at options then of additional solar panels or to answer Councillor Templeton's point before, the options around the spaces and the toilets and that kind of thing. So as they come through, we look at those one by one but then there's also the bigger piece going on as well.

Cllr Mark Peters: Yeah, I guess one of the things that I have in mind is the Matatiki Hornby Centre. Do we have alternative energy solutions being put into that as that's built?

Response: I can't answer that one. Sorry. It is a Sport and Rec project and being looked after exclusively there, so we'll assist once the building's operational, but yeah, I can't answer that one for you.

Question

Cllr Mark Peter: I'd be interested to see if these solutions we could work towards and look at with a low impact on rates would be good.

Mayor Mauger: And lastly from me, when do you think the last handful of the handful of landfill gas is going to end up coming out the end of the pipe.

...

Response: I think an actual figure is hard to pinpoint. What we do know is that the asset is coming to the end of its life and so the sooner that we can identify and move to a new solution the better before we end up in, in a place where we have no solution to move forward and a building that still needs to be heated.

Mayor Mauger: Are you aware that I've talked to your guys about electricity? You know where I'm coming from?

Response: About hydrogen.

Mayor Mauger: Yeah.... We'll stop. I'll go on for hours.

.....

7. LTP 2024-34 - Joint development briefing - Financial Strategy

Presenter: Russell Holden - Head of Finance

Financial Strategy Building Blocks

Russell Holden, Head of Finance

What is the Financial Strategy?

Thanks very much, Mr. Mayor. So this is stuff, that is as the heading says, Financial strategy building blocks. I'll just outline a couple of matter, well, a number of matters going through and then at the end of it, there'll be some questions that we'll be seeking, I guess the narrative and direction from

Council, until we build it. So building the financial strategy is an iterative process as I'll sort of explain.

So just starting with. What is the financial strategy? It sets out how Council funds its programmes and projects. We update this in each LTP. It supports the strategic projects, so I won't go into the number of those, but that is what it is.

The next comment that it sits hand in glove with the infrastructure strategy. We hear that term a bit. So what does it actually mean? So it's happening in a practical term as we speak. Now we're working quite closely with Andrew, from the PMO, is that the capital programme is built and he's working with the Heads of Service that have capital projects and so the infrastructure strategy guides the infrastructure priorities, if you like, throughout the LTP. So we sit with that, well, the financial strategy sits with that and says, OK, so where does this expending going and what's the limits it can do and what does that look like year on year. So working quite closely with Andrew in that space. Supports like it says the deliverable and affordable programme. Ensures that levels of service are maintained, so that happens in the infrastructure strategy but we're looking at the funding of that and delivering new assets to meet community needs. So making sure that those matters are and ensuring that there is funding for growth projects in there and where that comes from.

The strategy self determinants of reliance on and use of investment income, so that's quite significant for Christchurch City. And it balances the financial resilience with rates affordability. So ensuring that there is flexibility for future ratepayers. Sets a debt cap, how much council can borrow, and within that it sets the Treasury and financial benchmarks and covenants to make sure that we are in compliance and they are, we pretty much follow what the LGA local government Funding Agency is pretty much is in that space.

Draft Principles supporting Strategic Direction

So moving through. Just like just looking at what's facing this right at the minute and there's nothing new in here, but just to put it on one line and on one page, I had to squeeze the page up to fit it all in. You know we're well aware that we're facing immediate and longer term challenges. A number of reforms from central government, and there's a level of uncertainty within that: Affordable Waters, Resource Management Act, Future Local Government, significant better work last year, which waiting to hear; the drinking water standards, what that means and how quickly we have to move. In addition, ... We'll make assumptions on the inflation and the trajectory in that. Matching the tradables and non-tradable categories of that. That pretty much drives the interest rate movement and we were well aware of the jump in and it's happened to that and what that is likely to be going forward. How we respond to climate adaption challenges. There's been significant increase on key contracts throughout the organisations. I've just highlighted a couple of the insurance valuation and audit, you'll be well aware of, but there are others as well as I'm sure other colleagues have mentioned.

We have a current and the current strategy of migrating renewals, expenditure funding from debts to rates. So we'll come back to that. The OPP future operations and that what that's going to look like and the impact of Te Kaha is significant both in a number of areas. The borrowing capacity, the impact on rates and from a project management governance point of view. So a number of those are in inputs into the financial strategy.

Financial Strategy – Key Strategic Building Blocks

Mr. Mayor. I'm happy to take questions anytime, but we're coming to some of the decision points now. Those just like we would like to work through have sort of like a interactive session, if that's OK. So just seeking direction that we can capture the narrative is correct and we'll continue to push through that. So a key a building block if you like, and the strategy is ensuring a sustainable work programme and budget so that the key focus of that is making sure that future generations

continue to have scope to make decisions. So we don't push borrowing up or exhaust other options so that they can't do that.

I would imagine we're quite still keen on that?

....

Cllr Sara Templeton: There's a there's a mix of trade-offs in there though, so if you don't invest in things so that you allow future generations or future ratepayers the ability to be flexible, then you may not have invested in something which then ends up causing them more costs later on. If that makes sense.

Response: It does.

Cllr Sara Templeton: Yeah. And so how do you weigh those things up?

Response: That's a really good question.

Cllr Sara Templeton: Yeah. So the thing I think is the key thing is that both of those need to be considered. So yeah.

Response: Correct. They're not mutually exclusive. They are hand in hand. You're quite correct, yes.

Cllr Sara Templeton: Yeah, yeah. But we tend to frame it and the having cash available or debt available for future generations. Rather than having infrastructure in place so that they aren't, for example, constantly just cleaning up after disasters, if that makes sense, and you know they have investment.

CE Dawn Baxendale: Councillor Templeton, just to add to that, if we think about the infrastructure strategy that we've developed over time and changed quite drastically, it absolutely is. First and foremost, how do we look after what we've got? So that's the investment today. And then how do we think about that in terms of the future lengths that we're going to have to go to over 30 years as well. So you're right, you've got to look at it completely in the round rather than if you think two/three lines.

Cllr Sara Templeton: Although thinking about it completely in the round means that you don't just put one of those first.

CE Dawn Baxendale: No. and it will be balancing and there will be issue of risk and how do we manage the risks and be able to go forward.

Cllr Sara Templeton: Yeah. Thanks.

Response: I think it's a good point but we could include the timing of those things in there as well, like it might not all be available at the front end, but ensuring that it is covered off in the term of the LTP. The issue, like we just don't want to leave, OK, we got all this debt room... but cheapest time to build things is often now, isn't it.

Cllr Sara Templeton: And that's right. Yeah, yeah. And also investing in things now may not only avoid costs because things are more expensive to do later, but avoiding, you know, so for example the mitigation work that we need to do on climate change to lower emissions, that kind of thing saves people enormous cost later on and there's a stack of reports on that around...

Cllr Tim Scandrett: And it's going to rise as we go forward because the other thing I guess in 10 to 15 years. All these new buildings, big buildings that we've bought, we'll be looking at semi significant upgrades and things. So within 10 to 15 years every big new fresh building that we've got is going to need some kind of semi significant investment.

.....

Response: Thank you for that input. So next point I've got is Maintain stewardship of community assets and resources. So as we've already mentioned this afternoon, since we've been in the room, that's means looking after what we've got. So prioritised spending on renewals and that the note that I've got there and we're still doing this calculation because renewals is bouncing around, there's renewal expenditure matching depreciation. That's a measure that we'll put in that space. So we don't fund depreciation. What's that means we don't rate the depreciation, we look to see that renewals match it from a from a calculation point of view.

We put a value for ratepayers lens over expenditure, both from deliverability and affordability focus, looking at effectiveness, so things that we've already put over the Opex programme and it is happening as we speak, is it efficient and effective expenditure that we have going on and were that isn't, can we cut that back? Looking at what must be done as opposed to what could be termed more discretionary. So Heads of Service and with together with their finance folk are working through this now. We will have a minimal impact on level of service. So that's the focus and looking at whether the items that we've identified, whether they are one-off or ongoing. In addition to that, we're also looking to identify other revenue opportunities as well. So like it's both sides of the equation. You know, you either cut your costs or increase your revenue. So yeah, both are important considerations putting through.

...

Financial Strategy – Key Strategic Building Blocks (cntd)

So key focus is, well, they're all key focuses, sustainable, affordable rates levels across the term of the LTP. So that will be aligned with appropriation and inflation metrics and we're about to get the update from that through from BERL. So the current target band just based on the yeah, is in around between 9 and 12%.

I'll just sort of stop there to see if there's any feedback or variation to what we have there.

CE Dawn Baxendale: That doesn't mean that that's where it will end up, clearly.

No, that's correct. That's a target. But that's right. I've mentioned the term debt headroom a number of times and what that is making sure there's space between the amount that we could borrow and what we have borrowed, that there's sufficient capacity to, I guess, cover and unforeseen disaster events; making sure covering for insurance where that's going to be changing. We're well aware that's going to be changing and we'll have more information on that in January. Unfortunately, I'd like it sooner, but that's when that'll be coming through. We'll review the impact on future borrowing. Like I've said, we covered that a bit. So the proposal at this point is to move that dead headroom from 400 million to 600 million. We'll provide is part of that the further development of the strategy, what that looks like going up, what our level of debt, programme debt will be looking like and how that would, how that debt would impact on that.

Proposing to continue to use debt as a tool for maintaining into generational equity. So currently we have a debt repayment calculation that's over 30 years. Not all the things are over 30 years, you have IT equipment which of course is much sooner. And some of our larger assets will be lasting a lot longer. So we try and spread it over the term of the asset. But from an average it's about 30 years, so. So that's what we're looking to keep in place.

Proposing to continue to fund growth projects by development contributions.

One of the things that we've discussed partially in this setting and certainly with ELT is the maintain or pause the migration of the renewals expenditure funding from debts to rates. So recall, it's the strategy currently sets up that we'll be moving funding our renewals which is currently by debt, well, now it's a mix between rates and debt at the moment it's about 60 odd percent at the moment. Moving it up to, I think the target is 80% by the term of the current LTP. And so one of the pieces of work that we're doing is looking like, OK, so what would be the impact if we pause that or change that. So currently it's sitting at 2% per annum for the rest of up to 2031. So we're just looking at the impact on that and see what that would do.

And lastly, but certainly not leastly is reliance on investment income to offset the rates requirement you know, so you know one of the options could be OK if we had investment income coming through, is it to offset rates or is it a mix of offset rates and perhaps you know lessen our requirement for new debt or for other capital works.

Considerations. But whether or, so those are the I guess the considerations that we'll be bringing once we've done more work on what that looks like, but how that will play out? That's the last line in the things that I wanted to discuss, Mr. Mayor. But look, I'm really keen to get feedback from

councillors and yourself on those things and if there's anything else that you would like to be considered as part of the strategy.

Open for questions

Cllr Melanie Coker: With the growth projects funded by DCs, are we bringing in enough DC's to cover the growth projects that are projected? Right? Do we need to look at that again?

Response: OK, two parts of that question. My understanding is that there's significant reserves, so DC's that have been received that are ahead of the capital programme, whether it's in all the activities, I'm not 100% sure, but overall we are, but I can certainly clarify that for you that.

Cllr Melanie Coker: It would be good to see that, especially in relation to the different DC you know, we take the different things like parks or.

Response: Yeah, absolutely. We've just done significant work in that space to try and identify that, so we can bring that back. So when you said relook at it, was that what you meant? Just looking at the balance.

Cllr Melanie Coker: What I'm wanting to know is if we're going to – we use DC's for growth projects, but if we want to primarily use them for that, are we bringing in enough income for that cause then that can reduce rate increases obviously you know, so do we need to look at the DC policy again and change it around.

Response: OK, the DC policy is being reviewed, but we'll make sure that that's...

Cllr Melanie Coker: That would be good to do it, and aligned with the projects we've got planned and maybe ones we should be planning.

Action 7.1

Cllr Melanie Coker: Also, I noticed it said earlier about climate adaptation was one of the points in the landscape. It doesn't mention climate mitigation and carbon emissions. I would have thought that would be there too.

Response: Good as gold.

Cllr Melanie Coker: Because I also thought alongside the financial strategy, this is what I was expecting that we would have basically every project would have a financial dollar value cost to it and then next to that would be 'this is the carbon emission or climate cost of this project.' So that we can now make decisions looking ahead to trying to reduce our emissions to half by 20-30, which is only six years away, because if we're not doing that now, we're going to be way too late the time next LTP comes around.

Response: Now I can feed that back to the project team that there is a.

Cllr Melanie Coker: Because we need that information.

Action 7.2

Cllr Melanie Coker: And the other thing about maintenance? I agree with that, but there's also ways of maintaining assets by using them less an example being roading. If more people are biking, there's less cars on the road therefore less maintenance required so there's other ways of looking at that.

Response: Thank you.

Cllr Sara Templeton: Quick couple of things. When it comes to provide space for unforeseen disaster events with moving that headroom, I think that is really important. But apart from AF8, the disaster events that we're likely to get will be weather related. And I'm just wondering if some commentary needs to go in there around things where like the disasters Weather related disasters are going to have a higher impact on us if we haven't adapted our infrastructure ahead of time. But for example if we're investing upfront, even if it takes more out of the headroom, then our population,

our residents are less impacted by the weather events and they don't become disasters. Does that make sense?

Response: It does.

Cllr Sara Templeton: So that kind of protective space and whether increasing the headroom would end up restricting us on adaptation and I'd be really reluctant to do that if that was the case if that makes sense.

Cllr Sara Templeton: The other thing is that really early on in this process, the potential for a climate levy was discussed and we were going to get some information back on that and that would have to be part of a Financial strategy as well, and that one does address that intergenerational equity piece where, so, for example, future generations aren't the ones who have caused the issues that are impacting our communities now when it comes to climate change and will in the future. And so current generations paying for some of the solutions upfront rather than burdening future generations both with the impacts of climate change and paying for it is an intergenerational equity issue. So if we could have the information on the levy at some point in time for this, that'd be great.

Action 7.3

Response: For sure.

Cllr Pauline Cotter: So I'm really particularly interested in the debt headroom and the migration of renewals expenditure from debt to rates. So I know that you said you're bringing back the information on the impact of looking at that migration issue. So that's good because even if we can just, temper that for a couple of years while we get over the bump, is where I'm coming from on that one. So reducing that you know 2% a year, maybe reduced that down a bit. But the debt headroom, what are you, what are you going to bring us back on that one? Are you going to bring back some options of different scenarios or what?

CE Dawn Baxendale: Before Russell answers that, just want to add to it, I think critically knowing the history and the impact of the headroom and how important that is, we would need to do a risk assessment in terms of what whether you kept it at 400, took it to for argument say 500 or at 600, we'd need to be able to describe to you what the risks and how those are mitigated.

Cllr Pauline Cotter: Yes. And what's the lowest we've ever had?

Response: I'm only aware of the 400, I'm not sure what it was prior to that, sorry.

Cllr Pauline Cotter: We might have gone down to 250? Cause if you could bring us back that number that would be good, I mean.

Response: OK. What was the lowest?

Action 7.4

Cllr Victoria Henstock: I've heard from some of our longest serving councillors that the situation that we're finding ourself and now is essentially no different to where we've been before on some of our previous long term plans. So what I'm interested in is you know, how does our current position compare to some of the situations we've been in the past? And perhaps more specifically to what we've got up in front of us now is what are we doing different this time, if anything, from a strategic approach?

Response: So just for clarification, thanks for the question. So when you say, how do we compare to the past you mean as in the challenges that we're facing?

Cllr Victoria Henstock: Yes. What are we doing differently with our strategic approach as to how we're going to tackle it?

Response: It's a great question. I'll come back. I'm not sure how we look to what we've been. So therefore I can't say how we're doing it different. I can say what we're looking at now, yeah.

Cllr Pauline Cotter: We're tackling it as through the levers that we've got. So it's up to us to decide.

Cllr Victoria Henstock: But these aren't new levers. So I'm just trying to understand what is it, if we're finding ourselves in extraordinary position here then how are we responding differently?

...

Response: For sure. There there's a mix of things in that space.

Question

....

Mayor Phil Mauger: Just could you enlighten me on growth projects funded by DC's at the moment, DC's will pay for say ponds out in Sparks Rd. and all the developers out there pay towards that pond. It will pay to a new water pumping station and all the sections in that area pay to that. What are we looking at doing? Look, when you say growth projects, what will, will new houses or new sections be hit up for something different?

Response: No, Mr. Mayor, that's consistent with what we currently have. So what I'm talking about is when we have a project, it it's broken down. It's either maintain a level of service, an increased level of service, growth. So where it's growth, it's being because we're getting more folk coming in to using the network. So the calculation is how much of the work that we're doing is growth related and that's the amount that can be funded by the DC's. So that's the calculation that's done. So if you, I don't know, just numbers out of a hat, you're doing a project that's \$10 million, you quantify that \$6 million of that project is because of growth. Otherwise you would just be extending what's currently there. So therefore that \$6 million needs to be funded by DCs. That other part of the of the project would be primarily funded by debt.

Mayor Phil Mauger: What I'm getting at is, you know, practically every section in Christchurch is roughly \$30,000 of DC's and that goes - I've seen the list - that goes a bit towards parks, a bit towards roading, a bit towards sewer already. So this will be on top that?

Response: Oh, no, no. It's just outlining what we're currently doing. That's what it's saying, that we're going to fund growth projects, which is those things that you're talking about; if we're developing then that's growth. You know we're adding to. So therefore, that's the amount that will be funded by development contributions. We already have that in the strategy. So I'm just confirming that we're going to be maintaining that.

Cllr Tim Scandrett: Yeah, I'm thinking just be a little ray of sunshine. If you look at the future of the city and the big picture things, you know I mentioned, you know that we've got some new structures built, etcetera, underground infrastructure. So the next 10-15 years, we'll be having to look at maintenance and upgrade to those, as the joy of Selwyn will be looking at as well, so we'll be able to enjoy their pain. But you know we're looking at say 20 years, we're looking at sea level rise effects. At anytime from now through till then and further we've got the possibility of the Alpine fault and what can happen there. Is it time to talk to central government - and it's irrelevant of the electoral who's in - about the changing of how we do things because it just seems since 2011 there is always something. And no, we're talking about our debt to head room, we're expanding the city. But I think as Melanie was alluding to, the DC's aren't really for that; kind of it's almost like we're permanently playing catch up but we're slowing down..... I don't know... I mean, it's just I keep waking up in the morning thinking, well, wait a minute, this is extraordinary, but it's actually not. I don't know. Is this the new normal for us and our children?

Response: That's a very good point and it was partly addressed in the future for local government, I think, and what I covered earlier. So looking at you know what is the best shape for local government and what's the funding that comes through? How much should central government pay in that? What does it look like? So at the moment it's what we've got. But for sure, yeah.

Cllr Tyla Harrison-Hunt: I was just interested in those DCs actually, and I'm not quite sure how it works. And would probably be good for public knowledge too, is around the way that DC's work, and are they centralised per ward... Are they centralised or are they by ward?

CE Dawn Baxendale: So to help Russell and yourself, apparently we have a briefing in about two weeks on DC. So if you could just hold that thought.

Cllr Tyla Harrison-Hunt: OK, great. Yep, I can do that. I can do that.

Cllr Andrei Moore: In the mean time, I can send you a graphic which gives you a pretty good example. It shows which parts of it, specifically around the area that's being paid from and other parts that are not as specific

Cllr Mark Peters: Just wanted to check my understanding on the current target band mentioned there 9 to 12%. Is that saying targeting to have 9 to 12% rates increases?

Response: That's the feedback from the session that we had upstairs in the Mayor's Lounge where we looked at a number of options and that was within the area of a bell curve if you like. So as Dawn alluded to, that's you know that's not set and we're just looking at, that's about where we're trying to get to.

Cllr Mark Peters: Sorta feel that's a bit high for myself, but that's OK.

....

Cllr Yani Johanson: Yeah, I'd welcome getting the information back on the DC's. And I think hopefully when it comes back to for reviewing it, the idea of a DC's working party, which we did have with developers previously.

Cllr Yani Johanson: Can I just ask, is one of the financial strategies that we've got looking at a regional rate levy for facilities, events and organisations. I was just mindful of like the eco event system briefing that we got today, how much benefit goes to the region and yet we're paying for it all. Aside from maybe some central government funding. So I would have thought that one of the financial strategies should be trying to get an increase in the regional contribution.

Cllr Yani Johanson: Also, I think the previous Mayor and it kind of touches on the DC's, but we did talk about if Environment Canterbury could charge DC's for regional facilities because if you look at Christchurch you know fastest growth and Selwyn and Waimak and yet we're not capturing any of that going into our facilities. So just as a question.

Question

Cllr Yani Johanson: And just finally, I guess there's been some talk of, you know, previous LTP's but again, I just kind of am struggling with the whole renewal expenditure funding through debt and slowing that down coming from rates. But I just think it would be really good to understand what we did post-earthquake, which was defer our renewals on the basis that SCIRT would fix and give us strong infrastructure which hasn't happened. And so now we've got this massive financial challenge because we've now got a fund the renewals of our streets with money that we don't, you know that we're struggling to afford right. So I just, I don't know if the financial strategy will reflect on that. But I know previously, we're told it's gonna be 30 years before we get back to pre-earthquake level of renewals and I don't quite know where we've got to in terms of our financial strategy, but I would like to understand for that roading renewal where we're at in terms of the time frame and the cost and what that means around things like maintaining or pausing it from debt to rates.

Question

Response: Sure

Mayor Phil Mauger: We shouldn't lose sight of the fact that it's 13 years ago the government did give us \$17 billion. We can always find something that's not fixed properly.

Cllr Yani Johanson: 17 billion no. They didn't.

Mayor Phil Mauger: Yes they did.

Cllr Yani Johanson: 1.7?

Mayor Phil Mauger: No. no.. Anyway.

Cllr Yani Johanson: Well, I mean, just regardless though, from the public's understanding of our financial situation, I do think that's an important part of telling the story about the challenges that we're facing. I mean if we're going to have to replace 900 metres of brick barrel at \$21 million, that's a massive financial impact. That's post earthquake and.

Mayor Phil Mauger: It's 120 years old, though.

Cllr Yani Johanson: No, it had SCIRT repairs to it post earthquake that failed, and now we're having to pick up the cost.

CE Dawn Baxendale: So after you raised that previously, Council Johansson, I asked my team to do a piece of work. I've given the memo to the mayor because he asked me to provide it to him so he can then discuss that with you as elective members and I did that this morning.

.....

Cllr Mark Peters: Just looking at that DC's to fund growth projects, does that include transport projects? Like I'm, I'm thinking of a particular project which has been deferred for 13 years and that was due to the post earthquake skirt and then we've had massive growth, but the transport project has never caught up, so DC is able to be used to that sort of catch up?

Response: Look, I can't talk specific projects, but just in general, DC's fund growth projects. So if it's something that we're doing because of an increase in population, then that would be deemed a growth project so the DC's would fund the growth component of that. But like as Dawn pointed out, you know there's more knowledge than I've got coming in a couple of weeks time to sort of bring that through, yeah.

....

Cllr Andrei Moore: Thank you. You mentioned in in DC there's a good amount in reserves. Yes, I'm, I'm told we've got a \$0.00 budget for new footpaths. So what is the reserve up to if we don't have money for bare basics, that should go with growth.

Response: I guess it would depend on the work. Is it a growth project that we're talking about in footpaths?

Cllr Andrei Moore: We're connecting subdivisions. Yeah, would be growth.

Response: Yeah, yeah, possibly. I don't know the details.

.... [inaudible]

Cllr Kelly Barber: Just in terms of my thinking on these things. Current target band of 9 to 12% that's going to be for the next sort of year or so is that?

Response: When we set the rates in the LTP, we'll propose the rates in the LTP, we look at it over the 10 years. And so there'll be a line, what's the average over the 10 years and it might be a couple of lines but like a Manhattan only not so jagged. And so there'll be, like it might be the first three years might be a different average to the next three or to the next seven. So that's currently where it's looking. We haven't done that modelling yet. We're still gathering information.

Cllr Kelly Barber: Yeah. I just don't see that as sustainable for our residents long term. But you know, I definitely think that our rates should obviously be linked to inflation. In regards to debt headroom, I think the more debt headroom we've got the better and I would actively work towards that using every lever we got. I think it's just prudent. Reviewing debt repayment terms currently 30 years, I mean what are the options? Can it be pushed out to 60 or is 30 sort of an extreme edge?

Response: It's the longest that I'm aware of, but I don't know all councils.

Cllr Kelly Barber: And could you just explain reliance on the last point? Reliance of investment income to offset rates requirement.

Response: So what that's saying is that the investment income that we get primarily from CCHL is used to offset rates. You know, so then the investment comes in rates requirement goes down, got a bit extra income. That places as we saw with COVID, that places pressure on the organisation when that revenue isn't there or drop significantly... If that reliance, if that income was then

perhaps more, if we could transition to putting it on new debt rather than borrowing it, was used for some debt or other capital work, some you know if there was - I don't know - a project that surprised us and we wanted to be working on, could it be used for that? All I'm saying is, if we put it all in offset rates, then that's fine while it's there, that's when it's not there we have the challenges.

Cllr Kelly Barber: So we've borrowed in the past to even those out, haven't we? The contribution.

Response: For COVID, for COVID there was a borrowing for operating expenditure. And so I think was over a five year term we had looked to repay that. We repaid it back ahead of time which was really, really great.

CE Dawn Baxendale: Two years. But those were exceptional circumstances Councillor Barber for COVID only.

Response: So it wouldn't advise borrowing to pay for the groceries.

Cllr Sam MacDonald: Yeah, thanks. I agree with Kelly. The only thing was, I wonder if we could get some comparisons and I think you kind of touched on it just around the debt repayment terms and the like with other councils. But if we could get some information on that just so I mean any of the stuff where we can compare to others, it's probably really useful.

Response: Good to gold. Thank you.

Cllr Pauline Cotter: Yeah. And also our relative to other councils would be quite good.

Question

Cllr Pauline Cotter: My question is actually about the inflation metric that we use is, how many different metrics are there and why are we using BERL?

Response: BERL have been the sector provider for quite some time. And they break it down to different categories of expenditure throughout Council. Within capital, they'll break it down to pipes, water related, transport. Within operating there will be one for employee costs as well as a couple of others.

Cllr Pauline Cotter: And sort of average it out.

Response: Yeah. So we do a weighted mix on that, where expenditure is and what the impact is. So overall we'll apply that. Looking back, BERL have been pretty accurate in what they've been recommending or proposing. You know, we are looking forward, so it is difficult you know to tie that in. When we had the reserve, the lady from the Reserve Bank here about a month/six weeks ago was interesting just looking/listening to her and looking at what the proposal from the Reserve Bank was looking out. And it was very similar to what BERL had come out as well. Yeah, The thing is, it's we can only know with what we know now and what we think is going to be happening in the future. We can certainly all get caught up by a nasty surprise as we have had within the last couple of years. But that aside, that's why we use BERL. They're commissioned by Taituarā on behalf of the sector, have been for a number of years and they've, like I say, what they've provided has been very accurate when you look back, yeah.

Cllr Pauline Cotter: So you're quite confident that's the correct metric to use?

Response: Well, you gotta use something and so you know. So we'll look to them as we perceive them to be the best in the marketplace for the local government sector.

Briefing concludes.