



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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EXTRAORDINARY MEETING OF COUNCIL

Open Agenda

Meeting Date: Thursday 23 April 2020

Time: Following ordinary meeting of Council

Venue: Zoom livestreamed via Facebook

Council Members Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor, Wright

Officer Responsible Chief Executive

Administrator Governance Team

Next ordinary Council Meeting
Thursday 4 June 2020

ORDER OF BUSINESS

Apologies

Nil

Conflicts of interest

Agenda items

1 Annual Plan 2020/21 Update 3

Public excluded 7

AGENDA ITEMS

1. ANNUAL PLAN 2020/21 UPDATE

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	921494
<i>Reporting Officer/s & Unit:</i>	Adele Henderson, Director Corporate Services

1.1 Purpose of Report

The purpose of this report is to update Council on the status of the 2020/21 Annual Plan in light of the rapidly changing environment due to the Covid-19 virus pandemic. The report also seeks a Council decision to defer the release of the Draft Annual Plan to enable the Council more time to assess the implications of the pandemic both on current operations and the impending 2020/21 financial year; and to present amendments to Financial Policies in response.

Officer's Recommendation

That Council:

- a. Note that by deferring the release of the 20/21 Annual Plan, Council will be in breach of its legislative timelines under the Local Government Act 2002 to adopt the Annual Plan by 30 June in the year prior to the plan.
- b. Approve the deferral of the release of the 20/21 Annual Plan for community consultation, and amendments to Financial Policies, until such time as the most appropriate plan for the changed context of Covid-19 is developed and agreed by Council.
- c. Note Officers are working towards the draft Annual Plan 20/21 and consultation document being brought to Council in June with community consultation to occur after this.
 - i. The Hearing and adoption of the Annual Plan will be most likely in August.

Mayor's Recommendation

That the Council resolve that the officer's recommendation be adopted.

1.2 Background Summary

Between December 2019 and March 2020, officers reviewed the budget for 2020/21 as outlined in the Long Term Plan and held several workshops with Elected Members to set direction on the budget and rates increase for 2020/21.

At the 10 March 2020 Council meeting, the Council passed resolutions adopting the proposed average rates increase of 6.5% for existing ratepayers, and noting the consultation matters, supporting information, and key financial decisions to form the basis of the annual plan 2020/21 to be released to the public.

Officers then prepared the Annual Plan consultation document and supporting information for community consultation on the basis of the decisions of the 10 March 2020 meeting to present to Council on 31 March 2020.

On 20 March 2020, at the Audit and Risk Committee meeting, the Annual Plan was discussed, and the Auditor directed Council to review the Annual Plan in light of Covid-19 impacts, particularly as Napier City Council receives only 51% of its total income from rates. It is a legislative requirement under the Local Government Act 2002 to have a balanced budget. The impact of Covid-19 on revenue will result in an unbalanced budget, and therefore Council must now revise its 2020/21 budget.

On 25 March 2020, central government moved New Zealand to an Alert Level 4 lockdown and signalled the lockdown will be in place as long as necessary. This has significant implications for our community, and changes the context within which the Council can deliver its services and within which it must assess the corresponding budgetary implications.

The service delivery and fiscal implications apply both to the remaining months of the current financial year and the forthcoming 2020/21 Annual Plan year.

It is considered prudent to pause and to take the time necessary to assess the impact of the pandemic to enable decisions to be made in the best interests of our community. This will enable the Council to adapt its response in the same way central government is. Both central government and Wellington-based national organisations for local government are putting together advice for Councils and exploring which legislative changes are required for Councils to adopt their Annual Plan 2020/21.

Officers are working to a project plan that aims to adopt the revised Annual Plan by the end of August. This is to ensure rates notices are delivered no later than mid-September 2020 to mitigate cashflow issues and to allow commencement of capital projects planned for 2020/21 as soon as possible. The Response to Recovery Plan that includes immediate response to COVID-19 impacts (2019/20) and beyond will be managed as a separate stream of work in parallel with development of the revised Annual Plan.

Elected Members are attending weekly workshops covering budget impacts, revised significant forecasting assumptions, rates (including funding options to reduce 2020/21 rates increase), options analysis, and impact on future year's rates and loans, proposed recovery package budget, and risks. The Audit and Risk Committee will be updated fortnightly. Below is the draft timeline for development and adoption of the revised Annual Plan:

Extraordinary Council meeting	23 April 2020	requirement for revised annual plan
Audit and Risk Committee	29 April 2020	
Extraordinary Council meeting	30 April 2020	financial policies and options for rates increases
Audit and Risk Committee	10 June 2020	
Extraordinary Council meeting	11 June 2020	consultation document and supporting documents

Annual Plan Consultation and Special Consultative Procedure on proposed amendments to financial policies	18 June – 15 July 2020	
Extraordinary Council meeting	12 – 13 August 2020	Hearing and Deliberations on Annual Plan and Financial Policies
Preparation of Final Annual Plan	14 August – 3 September 2020	
Extraordinary Council meeting	27 August 2020	Annual Plan Adoption and Rates setting
Issue Rates notices	10 September 2020	

1.3 Issues

Statutory obligations

By delaying the adoption of the Annual Plan, Council will not meet the statutory obligation to adopt the Annual Plan 2020/21 by 30 June 2020. Council will receive a note in its Annual Report the following year. It will notify Audit New Zealand and the Department of Internal Affairs of the new timeline.

Consultation requirements

Officers will need to reassess how to best meet the principles of consultation in respect of the various lockdown levels.

Council's role

Council will need to balance the need to support local economic activity with recognising the financial stress and uncertainty that ratepayers are facing, along with the need to invest in the essential infrastructure and services needed for health and safety in both the short and long term.

Unique position of Napier City Council

Napier City Council has a diversified revenue stream with approximately 51% of revenue coming from rates. This means that Napier City Council will be significantly affected by Covid-19, possibly more than some other Councils. At this stage, there is no particular central government package that Council can access.

1.4 Significance and Engagement

This report does not trigger Council's significance and engagement policy; however the Annual Plan does require a Special Consultative Procedure to be undertaken, the timing for which consultation is outlined above.

1.5 Implications

Financial

The implications on both the 2019/20 and 2020/21 budget are currently being worked through, and a proposal with the proposed new rates increase on which to base the Annual Plan 2020/21 will be brought to Council at the extraordinary meeting scheduled for 30 April 2020.

Social & Policy

N/A

Risk

A late adoption of the Annual Plan will mean that any work planned in the 2020/21 year should not be started until the adoption of the Plan and approval by Council.

1.6 Options

The options available to Council are as follows:

- a. Defer the release of the Annual Plan due to revising the budget in light of Covid-19 impacts.
- b. Continue on with the Annual Plan developed as per the resolutions of the 10 March 2020 Council meeting.

1.7 Development of Preferred Option

Option A is the preferred option as Option B would not be financially prudent, does not meet legal obligations to have a balanced budget, and goes against the recommendation from the Auditor.

1.8 Attachments

Nil

PUBLIC EXCLUDED ITEMS

That the public be excluded from the following parts of the proceedings of this meeting, namely:

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- Interim Chief Executive

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

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.
	<p>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:</p>	<p>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:</p>

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<ol style="list-style-type: none"> Interim Chief Executive 	<p>7(2)(a) Protect the privacy of natural persons, including that of a deceased person</p> <p>7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:</p> <p>(i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>
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