
Finance and Performance Committee

AGENDA

Notice of Meeting Te Pānui o te Hui:

An ordinary meeting of the Finance & Performance Committee will be held on:

Date: Thursday 12 March 2026
Time: 9.30 am
Venue: Camellia Chambers, Civic Offices,
53 Hereford Street, Christchurch

Membership

Chairperson	Councillor Sam MacDonald
Deputy Chairperson	Councillor Jake McLellan
Members	Mayor Phil Mauger
	Deputy Mayor Victoria Henstock
	Councillor David Cartwright
	Councillor Melanie Coker
	Councillor Pauline Cotter
	Councillor Kelly Barber
	Councillor Celeste Donovan
	Councillor Tyrone Fields
	Councillor Tyla Harrison-Hunt
	Councillor Nathaniel Herz Jardine
	Councillor Yani Johanson
	Councillor Aaron Keown
	Councillor Andrei Moore
	Councillor Mark Peters
	Councillor Tim Scandrett

9 March 2026

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Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

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What is important to us?

Our Strategic Framework is a big picture view of what the Council is aiming to achieve for our community

Our focus this Council term 2022–2025

Strategic Priorities



Be an inclusive and equitable city which puts people at the centre of developing our city and district, prioritising wellbeing, accessibility and connection.



Champion Ōtautahi-Christchurch and collaborate to build our role as a leading New Zealand city.



Build trust and confidence in the Council through meaningful partnerships and communication, listening to and working with residents.

Adopted by the Council on 5 April 2023



Reduce emissions as a Council and as a city, and invest in adaptation and resilience, leading a city-wide response to climate change while protecting our indigenous biodiversity, water bodies and tree canopy.



Manage ratepayers' money wisely, delivering quality core services to the whole community and addressing the issues that are important to our residents.



Actively balance the needs of today's residents with the needs of future generations, with the aim of leaving no one behind.

Our goals for this Long Term Plan 2024–2034

Draft Community Outcomes



Collaborative and confident
Our residents have the opportunity to actively participate in community and city life, have a strong sense of belonging and identity, and feel safe.



Green and liveable
Our neighbourhoods and communities are accessible and well connected, supporting our goals to reduce emissions, build climate resilience and protect and regenerate the environment, especially our biodiversity, water bodies and tree canopy.

To be adopted by the Council as part of the Long Term Plan 2024–2034



A cultural powerhouse
Our diverse communities are supported to understand and protect their heritage, pursue their arts, cultural and sporting interests, and contribute to making our city a creative, cultural and events 'powerhouse'.



Thriving and prosperous
Our city is a great place for people, business and investment where we can all grow our potential, where enterprises are innovative and smart, and where together we raise productivity and reduce emissions.

Our intergenerational vision

A place of opportunity for all.

Open to new ideas, new people,
new investment and new ways
of doing things – a place where
anything is possible.



Ngāi Tahu has rangatiratanga over its takiwā – the Council is committed to partnering with Ngāi Tahu to achieve meaningful outcomes that benefit the whole community

Finance and Performance Committee of the Whole - Terms of Reference / Ngā Ārahina Mahinga

Chair	Councillor MacDonald
Deputy Chair	Councillor McLellan
Membership	The Mayor and all councillors are members of this committee.
Quorum	Half of the members if the number of members (including vacancies) is even, or a majority of members if the number of members (including vacancies) is odd
Meeting Cycle	Monthly
Reports To	Council

Delegations

The Council delegates to the Finance and Performance Committee authority to oversee and make decisions on the following matters:

Capital Programme and operational expenditure

- Monitoring the delivery of the Council's Capital Programme and associated operational expenditure, including inquiring into any material discrepancies from planned expenditure.
- Approving amendments to the Capital Programme outside the Long-Term Plan or Annual Plan processes.
- Approving Capital Programme investment cases, and associated operational expenditure, as agreed in the Council's Long-Term Plan.
- Approving any capital or other carry-forward requests and the use of operating surpluses.
- Approving the procurement plans (where applicable), preferred supplier, and contracts for all capital expenditure where the value of the contract exceeds \$15 million (noting that the Committee may sub-delegate authority for approval of the preferred supplier and /or contract to the Chief Executive, conditional on compliance with the procurement plan strategy).
- Approving the procurement plans (where applicable), preferred supplier, and contracts, for all operational expenditure where the value of the contract exceeds \$10 million (noting that the Committee may sub-delegate authority for approval of the preferred supplier and/or contract to the Chief Executive, conditional on compliance with the procurement plan strategy).

Non-financial performance

- Reviewing the delivery of services under s17A.
- Amending levels of service targets, unless the decision is precluded under section 97 of the Local Government Act 2002.
- Exercising all of the Council's powers under section 17A of the Local Government Act 2002, relating to service delivery reviews and decisions not to undertake a review.
- Exercising all of the Council's powers under section 17A of the Local Government Act 2002, relating to service delivery reviews and decisions not to undertake a review.

Council Controlled Organisations

- Monitoring the financial and non-financial performance of the Council and Council-controlled Organisations.

- Making governance decisions related to Council Controlled Organisations under sections 65 to 72 of the Local Government Act 2002.
- Exercising the Council's powers directly as the shareholder, or through CCHL, or in respect of an entity (within the meaning of section 6(1) of the Local Government Act 2002) in relation to:
 - (without limitation) the modification of constitutions and/or trust deeds, and other governance arrangements, granting shareholder approval of major transactions, appointing directors or trustees, and approving policies related to Council Controlled Organisations; and
 - in relation to the approval of Statements of Intent and their modification (if any).

Development Contributions

- Exercising all of the Council's powers in relation to development contributions, other than those delegated to the Chief Executive and Council officers as set out in the Council's Delegations Register.

Property

- Purchasing or disposing of property where required for the delivery of the Capital Programme, in accordance with the Council's Long-Term Plan, and where those acquisitions or disposals have not been delegated to another decision-making body of the Council or staff.

Loans and debt write-offs

- Approving debt write-offs where those debt write-offs are not delegated to staff.
- Approving amendments to loans, in accordance with the Council's Long-Term Plan.

Insurance

- All insurance matters, including considering legal advice from the Council's legal and other advisers, approving further actions relating to the issues, and authorising the taking of formal actions (Sub-delegated to the Insurance Subcommittee as per the Subcommittees Terms of Reference).

Annual Plan and Long Term Plan

- Providing oversight and monitoring development of the Long Term Plan (LTP) and Annual Plan.

Submissions

- The Council delegates to the Committee authority:
 - To consider and approve draft submissions on behalf of the Council on topics within its terms of reference. Where the timing of a consultation does not allow for consideration of a draft submission by the Council or relevant Committee, the draft submission can be considered and approved on behalf of the Council.

Limitations

- The general delegations to this Committee exclude any specific decision-making powers that are delegated to a Community Board, another Committee of Council or Joint Committee. Delegations to staff are set out in the delegations register.
- The Council retains the authority to adopt policies, strategies and bylaws.

The following matters are prohibited from being subdelegated in accordance with LGA 2002 Schedule 7 Clause 32(1) :

- the power to make a rate; or
- the power to make a bylaw; or
- the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or
- the power to adopt a long-term plan, annual plan, or annual report; or
- the power to appoint a chief executive; or
- the power to adopt policies required to be adopted and consulted on under this Act in association with the long-term plan or developed for the purpose of the local governance statement; or
- the power to adopt a remuneration and employment policy.

Chairperson may refer urgent matters to the Council

As may be necessary from time to time, the Committee Chairperson is authorised to refer urgent matters to the Council for decision, where this Committee would ordinarily have considered the matter. In order to exercise this authority:

- The Committee Advisor must inform the Chairperson in writing of the reasons why the referral is necessary
- The Chairperson must then respond to the Committee Advisor in writing with their decision.
- If the Chairperson agrees to refer the report to the Council, the Council may then assume decision-making authority for that specific report.

Urgent matters referred from the Council

As may be necessary from time to time, the Mayor is authorised to refer urgent matters to this Committee for decision, where the Council would ordinarily have considered the matter, except for those matters listed in the limitations above.

In order to exercise this authority:

- The Council Secretary must inform the Mayor and Chief Executive in writing of the reasons why the referral is necessary
- The Mayor and Chief Executive must then respond to the Council Secretary in writing with their decision.

If the Mayor and Chief Executive agree to refer the report to the Committee, the Committee may then assume decision-making authority for that specific report.

Part A	Matters Requiring a Council Decision
Part B	Reports for Information
Part C	Decisions Under Delegation

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Karakia Whakamutunga

Karakia Tīmatanga

Whakataka te hau ki te uru

Whakataka te hau ki te tonga

Kia mākinakina ki uta

Kia mātaratara ki tai

E hī ake ana te atakura

He tio, he huka, he hau hū

Tihei mauri ora

1. Apologies Ngā Whakapāha

2. Declarations of Interest Ngā Whakapuaki Aronga

Members are reminded of the need to be vigilant and to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

3. Long-term plan 2027 - 2037: Council letter of expectations

Reference Te Tohutoro: 26/463401

Responsible Officer(s) Te Pou Matua: Peter Ryan – LTP Project Manager

Accountable ELT Member Pouwhakarae: Bede Carran, General Manager Finance, Risk & Performance / Chief Financial Officer

1. Purpose and Origin of the Report Te Pūtake Pūrongo

- 1.1 For the Committee to consider a draft letter of expectations (LOE), refer Attachment A, from Council to the Chief Executive that will guide the development of the Long-Term Plan 2027 – 37 (LTP).
- 1.2 This report is staff generated following two Council workshops to provide guidance on preparing the LOE for the LTP.

2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Receives the Long-term plan 2027 - 2037: Council letter of expectations Report.
2. Approves the draft Letter of Expectations (LOE), refer Attachment A, for the Long-term plan 2027 – 37.
3. Authorises the Mayor to sign and issue the LOE to the Chief Executive.

3. Executive Summary Te Whakarāpopoto Matua

- 3.1 Development of the Council’s LTP has commenced and continues from now until its adoption in June 2027. It is essential for the successful development of the LTP that both Councillors and staff have a clear and mutually agreed understanding of how it will be developed.
- 3.2 The governance, key accountabilities, phasing and deliverables for the LTP process have previously been signed off by the Executive Leadership Team and subsequently adopted by the Committee (at its meeting on 27 August 2025), refer Attachment B, and the Council’s Audit and Risk Management Committee (at its meeting on 7 October 2025), refer Attachment C.
- 3.3 This LOE builds on these decisions by providing further direction on Council’s priorities and how it wishes to engage on the development of the LTP.
- 3.4 At the ARMC meeting, the independent chair observed that the LTP planning process aligns well with good practice observed across New Zealand councils. The LOE enables that planning to be delivered in a timely and fit for purpose fashion.

4. Background/Context Te Horopaki

- 4.1 Under its Terms of Reference, the Committee considers and reviews the LTP development prior to its adoption by Council.
- 4.2 Development of an LTP requires organisation wide involvement and coordination over an extended timeframe. There are a number of significant risks to be identified and managed. These can be briefly summarised as:
 - a markedly uncertain geopolitical and economic environment, which can have a significant effect on supply chain reliability and price instability for goods and services;

- the central government elections during the 2026 LTP ‘build’ year;
 - a variety of legislative reforms currently being progressed, e.g. Resource Management reform, the Local Government (Systems Improvement) Bill and Water Services reform, with the full impact for Council and the sector remaining uncertain;
 - the potential introduction of a rates cap, although there is some uncertainty on the exact form the proposed rates capping will take; and
 - misalignment of Council internal processes, e.g. the relationship between the LTP process and other overlapping internal processes is not established early, accountabilities and milestones for completion not agreed in advance and adhered to throughout LTP development, which can compromise the time available for Council to consider various options for service and project delivery.
- 4.3 The Chief Executive has emphasised that the legislative components of an LTP currently exist in approved, audited and proven form. This means that the focus of the LTP 2027 is to be on review and improvement rather than starting ‘over from scratch’. This principle is set out in the LOE.
- 4.4 The LOE has been drafted after input from the Mayor and Councillors at two workshops (26 February and 5 March 2026) and reflects the priorities and processes they wish the LTP to focus on.
- 4.5 Issuing the LOE also means that staff can develop the draft LTP content during the ‘build’ period with confidence that they have clear direction and expectations.

5. Financial Implications Ngā Hīraunga Rauemi

- 5.1 LTP planning is considered a general management accountability not requiring additional budget.

6. Considerations Ngā Whai Whakaaro

Risks and Mitigations Ngā Mōrearea me ngā Whakamātautau

- 6.1 The Committee at its August 2025 meeting identified three specific risks to the LTP project. These are summarised below.
- 6.1.1 First, a risk of internal misalignment and duplication across LTP processes and components are key risks to effective LTP preparation. To address this risk the LTP project plan and accountabilities addresses internal coordination issues so that accountabilities are clear and milestones are fully aligned.
- 6.1.2 Secondly, the government’s proposed rates cap. This risk is managed by the LTP project plan developing a scenario containing options to model the effect of a rates cap.
- 6.1.3 Thirdly, visibility for governance and the community across the development of the LTP. This will be managed by transparency: the full suite of LTP documentation will remain transparent to the Mayor, Councillors and the community through the development of the LTP and thereafter.

Legal Considerations Ngā Hīraunga ā-Ture

- 6.2 Statutory and/or delegated authority to undertake proposals in the report:
- 6.2.1 The Terms of Reference for the Committee state that it is a delegate of Council in terms of LTP development.

- 6.3 Other Legal Implications:
- 6.3.1 Local authorities have a legislative requirement to plan for and approve a Long-Term Plan to take effect from 1 July 2027.
- 6.4 This report supports the [Council's Long Term Plan \(2024 - 2034\)](#):
- 6.5 Internal Services
- 6.5.1 Activity: Performance, Finance, and Procurement
- Level of Service: 13.1.1 Implement the Long-Term Plan and Annual Plan programme plan - Critical path milestone due dates in programme plans are met.
- 6.6 Community Impacts and Views Ngā Mariu ā-Hāpori
- 6.6.1 The draft LTP that will result from this LOE will affect all wards/Community Board areas. The LOE specifically addresses Community Board plans and their timing in terms of LTP engagement.
- 6.7 Impact on Mana Whenua Ngā Whai Take Mana Whenua
- 6.7.1 The draft LTP that will result from the LOE will affect Mana Whenua. The LOE specifically requires that the partnership with Ngāi Tahu / Ngā Papatipu Rūnanga be built into LTP development from the earliest stage. This work has already commenced.
- 6.8 Climate Change Impact Considerations Ngā Whai Whakaaro mā te Āhuarangi
- 6.8.1 The LTP that will result from the LOE must address the impacts of climate change. This will occur across a number of Council activities and capital programmes and projects.

7. Next Steps Ngā Mahinga ā-muri

- 7.1 If the LOE is approved the following steps will occur:
- (a) communication of the LOE to staff and stakeholders;
- (b) commencement of engagement with Council via regular workshops to develop the content of the LTP 2027 – 37, commencing 19 March 2026, including but not limited to:
- Environmental Scan.
 - Community Outcomes.
 - Financial Strategy.
 - Infrastructure Strategy.
 - Activity Plans (including level of service review).
 - Capital Programme Development.
 - Asset Management Plans.
 - Consultation Document.

Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A  	Draft Letter of Expectations Long Term Plan 2027/37	26/469903	13
B  	Long Term Plan 2027 - Project Update and Risk Assessment (Finance & Performance Committee)	25/1479394	17
C  	Long Term Plan 2027 - Risk Assessment and Project Update (ARMC)	25/1705241	25

In addition to the attached documents, the following background information is available:

Document Name – Location / File Link
Not applicable

Signatories Ngā Kaiwaitohu

Authors	Boyd Kedzlie - Senior Corporate Planning & Performance Analyst Aimee Martin - Senior Research Analyst Peter Ryan - Head of Corporate Planning & Performance
Approved By	Peter Ryan - Head of Corporate Planning & Performance Bede Carran - General Manager Finance, Risk & Performance / Chief Financial Officer Mary Richardson - Chief Executive

12 March 2026

The Long-Term Plan 2027-37

Council Expectations

Dear Mary,

This Letter of Expectations sets out direction and guidance from me and Councillors for the development of the Long-Term Plan (LTP) 2027–2037. It is essential that both governance and staff have a shared and explicit understanding of how the LTP process will unfold, including the points at which Councillors will be required to provide direction and make key decisions.

Set out below are the Council's expectations on the key elements of the Long-Term Plan. I note that LTP project governance, milestones and other preparations have already been endorsed by both the Finance & Performance Committee and Audit & Risk Management Committee.

Context

Christchurch has built strong momentum since the 2010/2011 earthquake sequence. Our central city is a vibrant and welcoming space for residents and businesses.

We now have horizontal infrastructure, community facilities and an economy that leads the way in New Zealand, however there are still some areas we need to focus on to address the legacy of the earthquakes in terms of roading, flood risk and our iconic buildings. The recent opening of Parakiore and imminent opening of One New Zealand Stadium at Te Kaha are major steps in the post-earthquake rebuild, with other work still to come.

The city is moving from rebuild and recovery to the next phase. Over the coming triennium this Council will be focused on strengthening Christchurch's position as the best place to live, work, invest and play in New Zealand. To accomplish this, we must build on Christchurch's current advantages (relative affordability, quality infrastructure, lifestyle) as well as accommodating continued population growth.

That work will be in the context of change. We continue to face significant regulatory reforms led by Central Government which will impact our ways of working, as well as ongoing issues related to overall cost of living challenges. Climate change and environmental challenges

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remain critical issues. Council must balance the affordability of its services with ratepayer expectations of the quality and scope of its services. This will mean finding efficiencies and doing the basics both quickly and well.

That is the challenge of this LTP: we must continue to build on the quality of life our city and environs offer, while at the same time delivering services and our capital programme in a way that is affordable to our community. In this Letter we are providing early guidance on the overall direction of the LTP. We now look to staff for sound, evidence-based advice and options to help us make choices in the best interests of our city, our environment and our residents and ratepayers.

Managing 2027 - 2037 LTP Development

It is essential that both Councillors and staff have a clear and mutually agreed understanding of how the LTP will be developed. The governance, key accountabilities, phasing and deliverables for the LTP process have already been signed off by Executive Leadership Team and subsequently endorsed by the Finance and Performance Committee on 27 August 2025 and ARMC on 7 October 2025. Some milestones may need to be adjusted to take into account the priorities set out in this Letter.

During the ARMC meeting, the LTP project plan was described by the independent Chair as the exemplar for LTP planning for local authorities across New Zealand. Both Finance & Performance and the Audit & Risk Management Committees have requested regular project and risk updates throughout LTP development. These must flag all issues or barriers early.

Councillors would like to see early and meaningful engagement with community, partners and stakeholders, including Ngāi Tahu / Ngā Papatipu Rūnanga. This must be programmed specifically into the LTP programme plan. There needs to be a strong focus on reaching a diversity of residents during this early engagement, as well as during the formal consultation period.

The 2024–34 Long-Term Plan provides a strong foundation for developing the 2027–37 LTP. To ensure efficiency and focus, Council expects the new LTP to build on the legislative elements of the existing plan, for example, the Financial and Infrastructure Strategies that are already working well, are well understood and practical. Discussion and options should therefore concentrate on proposed changes and improvements to the current plan, rather than creating an entirely new starting point.

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Guidance on LTP Overall Direction and Financial Parameters

Councillors have reached a strong consensus on balancing services, affordability and deliverability. The draft LTP should be developed with an indicative rates increase trajectory of no more than 6-5-4% over the first three years of the LTP (6% for 2027/28, 5% for 28/29 and 4% for 29/30). These figures are indicative and may be adjusted as the rating impact of the (separate) water supply and waste water activities become clearer. They remain subject to any reform, legislation or exclusions.

Note that these rates increases will achieve the 1 July 2029 rates band of 2% - 4% as proposed by central government. They do not include rates increases for water supply or wastewater, which we understand at this time to be excluded from the proposed rates cap legislation.

Financial and Infrastructure Strategies

The existing LTP Financial and Infrastructure Strategies must now be updated together to reflect these rating parameters. It is essential that they stay in step at all times.

Councillors would like to see further financial context in the Financial Strategy on the impacts of debt, renewals and a balanced budget. The existing Infrastructure Strategy should be updated so that the assumptions underpinning it, the scenarios arising, and what Council plans to do in response, align with the updated Financial Strategy. This is especially the case with climate change and related issues.

Council would like to engage with and review the updates to both of these strategies no later than **1 May 2026** so that these documents can then accurately guide the development of activity and asset plans, level of service review and a deliverable capital programme. These strategies are crucial to guiding the LTP so we will be seeking assurance at that time that they will meet the requirements of LGA 2002. This review will provide assurance to staff and councillors that we can move into guidance on activity plans, levels of service and the draft capital programme with confidence.

Capital Programme and Funding

Staff may wish to consider expert advice or peer review to baseline core capital programme deliverability. Councillors will expect evidence-based advice on deliverability, including market capacity and risks, and if there is any proposal to fund beyond the total level set in the draft (2026/27) Annual Plan, which has already been adjusted for deliverability. Council would also like to understand and approve the capital prioritisation model before the draft programme is

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prepared, and will be looking for clear evidence that risk of material carry-forwards from year to year has been minimised. There should be no short term 'bow wave' in the proposed capital programme profile. Looking ahead, capital reporting should be focused more on delivery and impact of work than on spend rate alone.

The draft LTP must be clear on growth and its implications, as well as how development contributions/levies will be applied to accommodate growth.

Key Milestones for Drafting the LTP

Councillors will be actively engaging with the Environmental Scan, Community Outcomes, strategies, activity plans and capital review from March to September. Guidance will be provided throughout this period. Based on that guidance, Council would then like to see a full first draft of the LTP and all supporting documents by **1 October 2026**. This will be followed by further Council workshops in which debate, reprioritisation and substitution can occur. This will culminate in a formal guidance meeting in **mid-December 2026**, prior to adoption of a draft LTP in **February 2027**.

Further Considerations

It should be noted that the Audit & Risk Management Committee (ARMC) have requested Audit New Zealand provide their LTP Letter of Engagement by mid-2026 at the latest, to provide clarity to Council and staff over the audit requirements for the LTP.

Community Boards must be supported to develop and submit their Plans early in the LTP process (ie April-July 2026) so that their proposals can be considered as part of the process. This will support integration of Community Board Plans at an earlier stage in the LTP process.

Thank you for the opportunity to provide these expectations. I hope they will help guide the organisation in the delivery of a clear process and options, and that in return councillors will provide clear guidance and decision-making.

Regards
Phil Mauger
[Mayor]

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10. Long Term Plan 2027 - Project Update and Risk Assessment

Reference Te Tohutoro:	25/1479394
Responsible Officer(s) Te Pou Matua:	Peter Ryan, LTP Project Manager
Accountable ELT Member Pouwhakarae:	Bede Carran, General Manager Finance, Risk & Performance / Chief Financial Officer

1. Purpose and Origin of the Report Te Pūtake Pūrongo

- 1.1 This report is a response to a request from the Chair, Finance & Performance Committee for an analysis of challenges and risks likely to impact upon the Long-term Plan 2027 – 2037 (LTP) process as well as;
 - 1.1.1 Demonstrating the mitigations staff will take to address those risks; and
 - 1.1.2 Seeking feedback from the Committee on those mitigations.

2. Officer Recommendations Ngā Tūtohu

That the Finance and Performance Committee:

1. Note the challenges and complexities that various reforms will generate for the 2027 Long-Term Plan process.
2. Note that in developing the next Long-Term Plan it will be important to:
 - a. clarify the relationship between the LTP process and other overlapping internal processes so that accountabilities are clear and milestones are fully aligned.
 - b. provide a structured approach to the review of Levels of Service with early clarification of roles and responsibilities.
 - c. deliver an aligned and integrated LTP process that meets the requirements of reforms (e.g. Local Water Done Well, Resource Management Act reform, and the proposed Local Government Systems Improvement Bill, which may include rates capping.)
3. Note the key principles and processes for the development of the LTP set out in Attachment A to this report.
4. Note that staff will commence preparation of financial scenarios for the next Annual Plan and draft Long-Term Plan which will address the impacts of local government reform (including a rates cap as foreshadowed by central government) and that these scenarios will be workshopped with the incoming Council.

3. Background/Context Te Horopaki

- 3.1 Oversight of the LTP process is delegated to the Finance and Performance Committee as part of its Terms of Reference.
- 3.2 The upcoming LTP process will be complex. It contains changes and risks arising from a range of legislative reforms including Local Water Done Well, Resource Management System reform and the proposed changes to the Local Government Act in the Local Government Systems Improvement Bill. The risks are summarised below, followed by the proposed mitigations.

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- 3.3 It should be noted that the mitigations outlined in this report apply to organisational readiness for the LTP; not to the process and engagement expectations that the post-election Council will direct in its Letter of Expectation.
- 3.4 Many councils across New Zealand have commenced, or will shortly commence, project planning for the upcoming LTP process so they are ready to respond to their respective Councils expectations after the October 2025 triennial elections.
- 3.5 Based on best practice provided by Taituarā, agreement between governance and management on LTP priorities and parameters (which we do through Council's Letter of Expectation) should occur between November 2025 – February 2026, with updates to the Community Outcomes, Financial Strategy, Infrastructure Strategy, level of service (LOS) review, activity plans, capital programme and budgets phased through 2026.
- 3.6 Most Councils aim to achieve broad consensus around their draft LTP by December 2026 so that community consultation, adoption and finalisation can take place between January and June 2027.
- 3.7 **Legislative reform is proposed for the local government sector:** these reforms are set to have implications on LTP content, process and audit, although the extent and timing remains uncertain.
- 3.8 **Risks posed by internal processes:** the relationship between the LTP process and other overlapping internal processes must be clarified early so that accountabilities are clear and milestones are fully aligned.
- 3.9 **LOS review will be critical to the LTP 2027 process:** a structured approach as well as roles and responsibilities must be clarified early as to what levels of service will be delivered across Council's activities.
- There are audit risks around the LTP process.**
- 3.10 Recent LTPs show a trend of increasingly focused requirements from the Office of the Auditor-General. It is fully expected, based on audit's approach in previous LTPs, that the range of reforms set out below (Section 4) and how well Council is addressing them will be areas of focus in the upcoming audit.
- 3.11 The associated risk is that if Council cannot deliver an aligned and integrated LTP process that meets the requirements of reforms, eg having consultation that provides an effective basis for public participation in the Council's decisions, it may well result in a qualified audit report and subsequent reputational damage.
- 3.12 The LTP project team and Audit NZ have previously identified misalignment and duplication across Council processes as key barriers to effective LTP preparation. Audit NZ has previously advised that misaligned and duplicated processes contributed to additional audit fees and were a factor in the consideration of an Emphasis of Matter for the 2024 LTP. While this outcome was ultimately avoided, the underlying risk remains, and staff are developing a project framework that will address and eliminate these recurring issues.

4. Local Government reforms will have impacts on LTP2027

- 4.1 Major reforms are underway across local government, adding complexity to the development of LTP 2027. These include changes to:
- 4.1.1 **Water Services Delivery** – the Government's Local Water Done Well reforms
- 4.1.2 **Local Government Role and Purpose** – changes under the Local Government Systems Improvement Bill

- 4.1.3 **Resource Management System** – new approaches to land use, infrastructure planning, and environmental management

Reform to Water Services Delivery

- 4.2 The reform to water services delivery (Local Water Done Well) is reasonably well-defined. The Council has opted to keep water services in-house, and staff are now working through its implementation.
- 4.3 There is some unresolved detail – for example, the nature of the separate strategies, plans and budgets for Council’s in-house water entity, and their relationship with current LTP plans and budgets – but overall, their impacts seem reasonably well defined. With that said, there is a need to be mindful that the legislation (Local Government (Water Services) Bill) is at Bill stage and is not expected to be enacted until late this year or early next. Even once it passes, staff anticipate a further amendment bill will be required to address any outstanding gaps or technical issues.

Reform to the Local Government Role and Purpose

- 4.4 The Local Government (System Improvements) Amendment Bill (the Bill), introduced in July 2025, aims to reduce pressure on council rates by refocusing local government on core services and improving transparency and accountability.
- 4.5 The bill proposes amendments to the Local Government Act 2002, including redefining the purpose of local government, enhancing performance measurement and reporting, prioritising core services, and providing regulatory relief to councils.
- 4.6 Staff are currently in the process of preparing a Council submission on the Bill.

The Introduction of ‘rates capping’

- 4.7 The current Bill does not introduce a rates capping mechanism; however, the Government is working on developing a rates cap policy, which is expected to be before Cabinet before the end of the year. The provisions in the Bill are intended to foster the principles of a rates capping system so it can be applied in the future.
- 4.8 While the scope and timing of a ‘rates cap’ is not clear, if it is implemented in the current Government term it may impact the LTP, including level of service review and prioritisation of the capital programme.

Removal of the four well-beings

- 4.9 All references to the four well-beings will be removed from the LGA by the Bill. This has been reflected in a revised purpose of Local Government, which will be:
- *(a) to enable democratic local decision-making and action by, and on behalf of, communities; and*
 - *(b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses; and*
 - *(c) to support local economic growth and development by fulfilling the purpose set out in paragraph (b).*
- 4.10 This change will also be reflected in the definition of ‘Community Outcomes’, which Council is required to set as the strategic focus for the LTP. Community Outcomes will be defined as:
- *“the outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions”*

Revised description of the Council's core services

- 4.11 The statutory description of core services has been revised and largely reflects the description that was repealed in 2019. These core services will be:
- network infrastructure (i.e. water and roads),
 - public transport services,
 - waste management,
 - civil defence emergency management, and
 - libraries, museums, reserves, and other recreational facilities.
- 4.12 While core services do not include economic development, this is now emphasised in the purpose of local government. Regulation, consenting and land use planning activities, are still statutory obligations for councils.

Other key changes that the Bill introduces

- 4.13 In addition to the headline changes, the Bill contains several other provisions that will affect how councils plan, operate, and report on their activities. These changes aim to increase transparency, improve performance monitoring, and give councils more flexibility in certain areas. Key measures include:
- Making six-yearly service delivery reviews (s17A) optional.
 - Clarifying that third party-contributions to capital projects for which development contributions are charged can be targeted to specific project drivers.
 - Publish key council performance indicators on the Department of Internal Affairs website, starting mid-2025. The first tranche of data is being published by DIA in July 2025.
 - Expand existing regulation-making powers so new benchmarking standards can be set which will support the assessment of (for example) council governance, asset management and service delivery alongside the existing requirements around council financial management.
 - Require councils to report on their use of contractors and consultants.

Reforms to the Resources Management System

- 4.14 The Government is continuing to reform the Resource Management Act (RMA), building on amendments to the RMA introduced in 2024. The RMA is set to be replaced this parliamentary term with two new acts: the Planning Act and the Natural Environment Act.
- 4.15 The Planning Act will primarily address land-use planning and infrastructure development, whereas the Natural Environment Act will focus on protecting and enhancing natural resources, including land, air, freshwater, and marine environments. It is anticipated that the bills will be released in October 2025, following the local government elections. Both acts will be supported by a single set of national directions.
- 4.16 The reforms will narrow the scope of the resource management system and the effects it controls, with the enjoyment of private property rights as the guiding principle. The intention is that a shift to a more permissive approach will unlock development and streamline planning processes. This has the potential to create LTP challenges in terms of asset planning and trying to project where growth will happen.
- 4.17 In addition, a package of national direction was recently released. Council submitted on the proposed changes to national direction.

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- 4.18 A discussion document is also anticipated on urban development, which will inform changes introduced as part of the broader reform to the resource management system.
- 4.19 Given the details of the new resource management system have yet to be released, it is difficult to quantify the impact on the LTP process at this point. Until specific details emerge these changes are best considered as emerging risk.

LTP Implications from the Reforms

- 4.20 Early process preparation is essential. The combined effect of these reforms means LTP 2027 will need a more agile and nuanced approach, one that adapts to evolving legislation, reflects the changing role of local government, and anticipates further regulatory shifts.
- 4.21 This will require process design that builds in flexibility and scenario-based planning so reform impacts can be addressed as they become clearer. That said, there will also need to be a 'single source of truth' on LTP process governance, accountabilities, processes and milestones.
- 4.22 Council will also need strong governance and planning structures, as well as strategic and policy capability, to assess the implications of reform in real time and to update key documents, such as the Community Outcomes, Financial Strategy, and Infrastructure Strategy, accordingly.
- 4.23 If key reforms are enacted late in the LTP cycle, they could affect consultation, audit processes, and the overall integrity of the plan. The LTP will also need to integrate separate water services plans and budgets in a way that remains compliant with LGA requirements, adding to the planning and coordination challenge.

LTP Mitigations to the Reform Uncertainty

- 4.24 To help mitigate uncertainties created by the reform programme, the LTP's core strategic components will be developed in a way that builds in flexibility, ensures compliance, and keeps them adaptable to late-stage legislative changes. These will take shape early in the process and begin to provide some direction in early 2026.
- **Community Outcomes** – Set the high-level direction for the LTP by describing the long-term results Council wants to achieve for the community through its provision of services. They will guide priorities, service levels, and investment choices.
 - **Infrastructure Strategy** – Focuses on the most significant long-term infrastructure challenges, their timing, and the options for addressing them. It provides essential context for decision-making, rather than serving as a full capital programme or LTP planning tool, and will align with separate water services strategies, plans, and budgets.
 - **Financial Strategy** – Establishes the framework for managing Council's finances, balancing affordability, sustainability, and strategic priorities. It must remain flexible enough to respond to any rates cap and clearly demonstrate a pathway for reducing investment in non-core activities.

5. Internal risks to the LTP process

- 5.1 During the 2018, 2021 and 2024 LTPs an internal risk to the LTP process (as opposed to content) was fragmentation within the project. This was driven by accountabilities and milestones becoming blurred or duplicated.
- 5.2 At the Heads of Service / ELT meeting of 15 May 2025 the LTP project team presented some principles for developing the LTP. These were developed to minimise risks to the project and agreed with the Chief Executive, CFO (as LTP Executive Sponsor) and ELT (refer Attachment A):

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- **‘One Team’** – there must be a single LTP process and plan. Community Outcomes, Infrastructure Strategy, Financial Strategy, and activity plans etc. need to stay aligned on process, content and timings.
 - **‘Making It Happen’** – once the single project plan is agreed, changes must be approved by the LTP Project Team. Teamwork, no surprises.
 - **‘We have listened’** – preparation of an integrated LTP process may commence, but LTP content must be built on guidance from the new (post-election) Council via their Letter of Expectation.
- 5.3 In summary, the process staff are establishing a one team approach, avoiding the misalignment and duplication noted above, changes are approved through an LTP project team and the development of the LTP must be guided by the strategic direction set by the Council. This approach acknowledges that while technical groundwork and preliminary preparation may commence prior to the election, the LTP must ultimately reflect the priorities, values, and expectations articulated by the incoming Council through their Letter of Expectations. This is to ensure development of the LTP by staff is aligned with Mayor and Councillor leadership, and responsiveness to community mandates.
- 5.4 Feedback has been requested and received from ELT and Heads of Service. This mostly involved simplification of certain processes, especially for internal services, but the principles above received support.
- 5.5 A high-level summary of the proposed LTP27 phasings is set out in **Attachment B** and the governance structure in **Attachment C**.

LTP Mitigations to Internal Process Risks

Strategic Direction will be Developed Early

- 5.6 The Community Outcomes, Financial Strategy, and Infrastructure Strategy will need to start taking shape early in the term of the new Council and be designed so they can respond to ongoing strategic guidance from the Mayor and councillors.
- 5.7 To be effective, direction from these strategic documents needs to be received before levels of service are reviewed, and before the capital programme and budgets are developed.
- 5.8 The Community Outcomes, Financial Strategy, Infrastructure Strategy, and supporting plans must also be agile enough to respond to any ‘core service’ definition changes, rates capping and any changes arising from reforms.

Asset Management Processes will be Aligned with the LTP Development

- 5.9 Asset management teams are starting to develop baseline Asset Management Plans, including early work on whole of life costs, technical service levels and the implications for capital programme planning. These plans are asset management tools in their own right (not LTP specific products) but they will provide critical input into the formation of the LTP.
- 5.10 Updates to the AMPs adopted through the 2024 LTP will be formally reflected in the LTP 2027 adoption process, ensuring alignment without compromising their independence or ongoing development.

Information and LTP Documentation will be Accessible and Transparent

- 5.11 The full suite of LTP documentation will remain transparent to the Mayor and Councillors and the community through the life of the LTP. This will include any updates that may be required by an LTP rates cap, or by the new Council, or arising from the updating of Community Outcomes, strategies, capital prioritisation process, activity plan or level of service review arising from the LTP process that is now being developed for implementation in 2026/27.

A Detailed Level of Service Review will be Undertaken

- 5.12 The LTP 2021 level of service review process was relatively light, and Council opted to not review levels of service for the LTP 2024. The potential for rates capping and the implications of the broader reforms makes LOS review a much more likely part of the LTP 2027 process.
- 5.13 The scope of that review remains unknown until the Local Government (Systems Improvement) Bill receives assent, the Letter of Expectation is received from the new Council, and parameters of the updated Community Outcomes, FS and IS are understood.
- 5.14 However, the review must be structured around achievement of agreed Community Outcomes (to avoid ad hoc cherry-picking of LOS) and must engage councillors actively and extensively.

6. LTP Mitigations to Potential Audit Risks

- 6.1 The LTP project team will engage early with Audit NZ, specifically to test the draft Community Outcomes, Financial Strategy, and Infrastructure Strategy at while they are in development. The project team will also seek assurance that our approach to LTP and asset management alignment are sufficient to meet LGA 2002 requirements.
- 6.2 Additionally, the Project Sponsor and Project Manager will provide regular monthly progress reporting to Finance & Performance Committee (or equivalent) matched by similar reporting to ARMC on LTP project milestones and risks, including the risks set out above and their mitigations.
- 6.3 It should be noted that Audit NZ has recently advised that due to the complex nature of reforms additional audit fees may be expected for the 2027 process.

7. Next Steps Ngā Mahinga ā-muri

- 7.1 Return to the Council per Recommendations (Attachment A) with a draft project plan and RACI, to ensure that the organisation is ready to work with Council post-election.
- 7.2 Staff will commence preparation of financial scenarios for the next Annual Plan and draft Long-Term Plan which will address the impacts of local government reform (including a rates cap as foreshadowed by central government) and that these scenarios will be workshopped with the incoming Council. This means clear options for opex reductions and increased revenue, as well as options to reduce the capital programme to a demonstrably deliverable level for both the Annual Plan and Years 1-3 of the LTP. The net impact of these options must place Council's financial position within the likely or potential impacts of reforms.'

8. CCC Business Unit Consultation

- 8.1 This report and its Recommendations were approved by ELT (as LTP Steering Group) on 24 July 2025.

Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A	LTP 2027 - Recommendations	25/1582201	
B	LTP 2027 - High Level Phasing	25/1479603	
C	LTP 2027 - Governance Structure	25/1582202	

Signatories Ngā Kaiwaitohu

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Approved By	David Griffiths - Head of Strategic Policy & Resilience Peter Ryan - Head of Corporate Planning & Performance Bede Carran - General Manager Finance, Risk & Performance / Chief Financial Officer

7. Long Term Plan 2027 - Risk Assessment and Project Update

Reference Te Tohutoro: 25/1705241

Responsible Officer(s) Te Peter Ryan, Head of Corporate Planning & Performance

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Accountable ELT Bede Carran, General Manager Finance, Risk & Performance / Chief

Member Pouwhakarae: Financial Officer

1. Purpose and Origin of the Report Te Pūtake Pūrongo

- 1.1 The purpose of this report is to provide an analysis of workstreams required and risks likely to impact upon the Long-term Plan 2027 – 2037 (LTP) process. The report also provides proposed mitigations for consideration by the Committee (refer Attachment A).
- 1.2 A similar report was considered by the Finance and Performance Committee on 27 August 2025 (F&P meeting). The Committee endorsed a series of high-level recommendations aimed at mitigating process risks for the LTP.

2. Officer Recommendations Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Receives the Long Term Plan 2027 - Risk Assessment and Project Update report.
2. Notes the Long-term Plan 2027 Project Update and Risk Assessment report, recommendations and phasing's approved by the Finance & Performance Committee at its meeting on 27 August 2025 (refer **Attachment A**).
3. Endorses the high-level plans set out in **Attachment B** as an early step in clarifying and managing process risks to key Long-term Plan 2027-37 (LTP) workstreams.
4. Notes that staff have detailed the key component parts of the LTP in the report.
5. Notes that a full and detailed LTP project plan will follow following receipt of the new Council's Letter of Expectation.
6. Agrees to provide advice to Finance & Performance Committee on the risks (and the effectiveness of their proposed mitigations) at regular intervals throughout the preparation of the Long-Term Plan 2027, in line with its Terms of Reference.

3. Background/Context Te Horopaki

- 3.1 Under its Terms of Reference, the Audit and Risk Management Committee (ARMC) considers and reviews LTP processes during the LTP development and prior to its adoption by the Council.
- 3.2 LTPs are large and complex documents. The process of compiling them is an organisational wide exercise carried out over an 18-24 month period with a significant number of risks to be identified and managed. Risks are set out in Attachment A and can be briefly summarised as arising from:
 - a markedly uncertain geopolitical and economic environment;
 - the central government elections during the 2026 LTP 'build' year;

- a variety of legislative reforms currently being progressed, e.g. Resource Management reform, the Local Government (Systems Improvement) Bill and Water Services reform, with the full impact for Council and the sector remaining uncertain;
 - the potential introduction of a rates cap, although there is considerable uncertainty on the shape and form of any rates capping; and
 - a failure of Council internal processes, e.g. the relationship between the LTP process and other overlapping internal processes is not established early, accountabilities and milestones for completion not agreed in advance and adhered to throughout the LTP's development.
- 3.3 On 27 August 2025 the F&P meeting approved a range of staff recommendations designed to mitigate process risks, which are more readily managed than risks arising from external events. These recommendations originated from a Heads of Service / ELT meeting on 15 May 2025 and were agreed with the Chief Executive and ELT. They were developed as learnings from past LTPs and can be summarised as:
- **'One Team'** – there will be a single LTP process and single governance structure. This means one Steering Group (ELT), LTP Project Sponsor (CFO), LTP Project Manager (Head of Corporate Planning & Performance) and single LTP project delivery team;
 - the community outcomes, financial strategy, infrastructure strategy, activity and asset plans, budget process and capital programme development must stay aligned within the LTP project plan in terms of process, mandated content and timings.
 - **'Making It Happen'** – once the single project plan is agreed, changes must be approved by the LTP Steering Group or LTP Project Team. Teamwork, which is part of a 'no surprises' policy.
 - **'We have listened'** – preparation of an integrated LTP process may commence, but LTP content must be built on guidance from the new (post-election) Council via its Letter of Expectation (LoE).
- 3.4 This means that work currently underway on asset planning, level of service review, future budgets or capital programmes is on essential and statutory components of the LTP and remains subject to content change based on LTP decision-making directions from the new Council.
- 3.5 At the same Heads of Service / ELT meeting the Chief Executive emphasised that all components of an LTP currently exist in both approved and audited form. Consequently, the focus of the LTP 2027 process must be on review and updating not starting over from scratch.
- 3.6 The F&P meeting identified three specific risks as focus areas:
- internal misalignment and duplication across LTP processes and components are key risks to effective LTP preparation, to address this the LTP project plan and accountabilities must address internal coordination issues so that accountabilities are clear and milestones are fully aligned;
 - rates cap: the LTP project plan to develop a scenario containing options to model the effect of a rates cap (assuming this becomes a legislative requirement); and
 - transparency: the full suite of LTP documentation will remain transparent to the Mayor, Councillors and the community through the development of the LTP and thereafter.
- 3.7 The F&P meeting requested a draft of a full project plan (full project plan) from the Project Sponsor and Manager that sets out a 'single source of truth' on all key LTP processes and their

timings. It will contain a RACI model¹ that confirms all key process accountabilities. The RACI model has been used as it is a relatively well understood and applied in terms of clarifying accountabilities in large complex projects.

- 3.8 Prior to developing the full project plan, staff believe it is important to set out the major workstreams, their accountabilities, risks and how it is proposed to mitigate them (refer Attachment B). This is so the Committee can test the process that staff are undertaking as part of the LTP's development. Once those matters have been framed to the satisfaction of the ARMC, the full project plan in readiness for the new Council can be completed and presented.
- 3.9 Early direction on the process staff are following to develop the full project plan will be beneficial to the LTP project, as post 7 October 2025 both the Finance & Performance Committee and the ARMC will not reconvene until (nominally) late November and mid-December respectively.
- 3.10 The summary of key workstream in the full project plan including the risks, deliverables and scope is attached (refer Attachment B). This summary has been built using phasings, deliverables and principles already established with LTP project team, ELT and Finance & Performance Committee.
- 3.11 To supplement the summary of workstreams (Attachment B) key points for ARMC to note on LTP components are set out below. The components below and the workstreams referenced in Attachment B form the basis for developing the full project plan requested at the F&P meeting.
- 3.12 **Letter of Expectation**
 - 3.12.1 Recent LTPs have benefited from an LoE shortly after the new Council has been elected. Development of the LoE provides an opportunity for Council to workshop its long-term objectives, and to clarify priorities and trade-offs. The LoE also means that staff can develop draft LTP content during the 'build' period with confidence. As with any LoE, the key risks are that it does not provide clear direction or arrives late which means that major changes in direction are problematic.
 - 3.12.2 Staff note that the LoE would normally be finalised around late November or early December. However, given that central government has signalled an announcement on rates capping by the 'end of the calendar year' some flexibility may be required to reflect a potentially significant change in government policy affecting the sector.
- 3.13 **Community Outcomes**
 - 3.13.1 Community outcomes are a legislative component and sub-set of the LTP project. They describe the outcomes that a local authority aims to achieve to promote the social, economic, environmental, and cultural well-being of its district in the present and for the future.
 - 3.13.2 Community outcomes should describe desired end states for the community (an outward view) not for the Council organisation (an inward view). If not carefully framed they may be expressed in vague or theoretical language, or as operational workstreams or capital projects. If community outcomes are not clearly defined or genuinely reflective of what matters, it becomes difficult to use them effectively in service level reviews and capital delivery prioritisation. This can undermine the

¹ RACI model: responsible, accountable, consulted and informed.

development of an integrated LTP that aligns with the Council's priorities for the community.

- 3.13.3 Broadly, development of the community outcomes occurs in stages. The first is for Council to have a 'free range' discussion on the outcomes its wishes to achieve including its priorities and projects. Consideration could be given to external facilitation for this exercise.
- 3.13.4 Secondly, a cross-functional team of staff takes the Councillor guidance in terms of its outcomes, priorities and projects and frames these as community outcomes. These are then presented back to Council for it to consider and adopt if they meet its expectations. It is envisaged this cross-functional staff team would be made up of key stakeholders representing Infrastructure, Citizens & Communities, Planning, Strategic Policy, Communications, and potentially the Principal Policy Advisor.

3.14 Financial Strategy (FS)

- 3.14.1 The FS is a legislative component and sub-set of the LTP project. The purposes of the FS are to:
 - (a) facilitate prudent financial management by providing a guide to consider proposals for funding and expenditure against; and
 - (b) provide a context for consultation on Council's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt, and investments.
- 3.14.2 Early input from Council on key parameters will be important for the development of the FS, particularly if the foreshadowed rates cap eventuates with significant rating constraints.
- 3.14.3 The statutory requirements for the FS are set out in section 101A of the LGA, and it and the infrastructure strategy (IS) need to be aligned and integrated.
- 3.14.4 Having subject matter experts as part of the FS development is a key control to ensure the section 101A statutory requirements are met. In terms of integration with the IS, continuous liaison will help manage this risk, and staff advise that it would be prudent for a subject matter expert member of each team (FS and IS) to be represented on the other respective workstream.
- 3.14.5 Staff also note that some preliminary modelling has been commenced to understand the effects of a rates cap on future budgets.

3.15 Infrastructure Strategy (IS)

- 3.15.1 The IS is a legislative component and sub-set of the Long-Term Plan project, covering a minimum 30-year period, with the statutory requirements set out in section 101B of the LGA. Its purpose is to identify significant infrastructure issues facing Council over that timeframe, and to outline the principal options for managing those issues along with their implications.
- 3.15.2 The IS must explain how Council will manage its infrastructure assets, including the renewal or replacement of existing assets, responding to changes in demand (growth or decline), adjusting levels of service, protecting public health and the environment, mitigating adverse effects, and improving resilience by managing risks from natural hazards and making appropriate financial provisions.
- 3.15.3 The IS must outline the most likely scenario for infrastructure asset management, including projected capital and operating expenditure for each of the first 10 years

and each subsequent 5-year period, significant capital decisions (including timing, options, and estimated costs), and the key assumptions underpinning the scenario, such as asset life cycles, changes in demand and service levels, and the impact of uncertainty.

- 3.15.4 The IS is a critical component of LTP as it sets out the major drivers for managing assets and these must align with both asset management plans, the development of the capital programme and the FS. To manage the risks of misalignment between the IS and other components of the LTP, staff advise that a small, well-rounded cross-functional team is best suited to framing the IS. This group would have representatives from key infrastructure stakeholders, eg Infrastructure Group, Citizens and Community, along with Strategic Policy, Planning & Consents, PMO, Coastal Hazards Adaption Planning, Monitoring & Research and Finance to support continuous liaison with the FS workstream.

3.16 Opex Budgeting

- 3.16.1 As with previous LTPs this is both a 'business as usual' (BAU) function of Council and an LTP workstream. It relies on a clear LoE, particularly around levels of service and early FS parameters as operating expenditure is a primary driver of rates increases.

3.17 Capital programme development

- 3.17.1 As with previous LTPs this is both a BAU function of Council and an LTP workstream.
- 3.17.2 As part of the Annual Plan 2025/26 development, significant work was carried out by Council's Project Management Office (PMO) to determine a 'deliverable' capital programme for the 2025/26 year. This resulted in a significant reduction in the core capital programme (excluding Te Kaha) of circa \$70m from what was forecast in the LTP 2024-34 (down from \$620m to \$550m). A similar exercise to determine what is deliverable is being conducted for the 2026/27 annual plan (currently under development).
- 3.17.3 As part of the LTP development, the PMO will continue to work on what is a deliverable 10 year capital programme. This work is informed from multiple sources including the LoE, the asset management plans and both the FS and IS. It is cross organisational involving Heads of Service, project managers and finance team members.
- 3.17.4 With the current work on deliverability, it is expected the PMO will be able to largely mitigate the risk that emerged in the 2024 LTP where the capital programme began with a Y1 (unprioritised) budget of \$1.3B. An inflated undeliverable capital budget risks delay and confusion for the development of a rigorous deliverable final capital programme to be adopted as part of the LTP.

3.18 Asset planning (alignment)

- 3.18.1 As with previous LTPs this is both a BAU function of Council and – in terms of alignment only - an LTP workstream. Asset plans (which drive the majority of capital programme spend through renewals and replacements) are currently being developed before community outcomes, IS, FS parameters or LoS review results are known.
- 3.18.2 However, this work is proceeding on the basis that asset plans will be modified to align with LTP decisions made by Council. This is important as asset plans are scrutinised as part of the LTP audit, usually by a specialist asset planning auditor, to assess alignment with other core LTP documents. Areas examined include:

- (a) whether the asset data on condition, performance and life cycle are fit for purpose;
- (b) whether the asset plans align with the guidance on renewing and/or replacing existing assets in the IS; and
- (c) whether the asset plans align with the levels of service, budgets etc set in the LTP.

3.18.3 Audit has noted in the past that there have been issues with unnecessary duplication and different levels of service in asset plans and other LTP documents such as activity plans, hence the focus on alignment across and within the various LTP component documents.

3.19 Activity plans / level of service review

3.19.1 Following work with ELT and Heads of Service a structured approach is being developed that will enable a level of service review if that is a decision of Council and which would be directed through the LoE (and potentially also initiated by central government announcements on a rates cap).

3.19.2 Broadly, the plan is to map the levels of service to the agreed community outcomes (when they are finalised by Council) and test the alignment between them. Staff note that where there are mandatory levels of services these will need to be excluded from a level of service review, acknowledging that in some instances the performance target for some mandatory measures can be adjusted.

3.20 Consultation document (CD)

3.20.1 This is a legislative component and sub-set of the LTP project. The purpose and statutory requirements for the CD are set out in sections 93B -93D of the LGA 2002. Lessons from earlier CDs highlight the importance of a single lead 'holding the pen.' This mitigates significantly the risk of inconsistent facts, messages, language, delivery and layout. Management of the CD under a single, unifying voice and process lead is considered important.

3.20.2 Key risks for a CD include excessive length, complexity and lack of clear, easily understood options for consideration by the community of significant issues.

3.21 Specific risks from LTP audit

3.21.1 The effect and implications of central government reforms and their implementation in the LTP process will receive scrutiny from Audit NZ. Audit NZ has indicated that up to \$80K in extra funding for the audit process may be needed for the 2027 LTP. Staff note this is in keeping with an \$80K cost overrun for the 2024 LTP.

3.21.2 As noted above Audit NZ has previously identified misalignment and duplication across Council processes as key risks to effective LTP preparation. These have cost escalation implications and has been referenced by Audit NZ when seeking a higher fee recovery.

3.21.3 Where the LTP does not provide adequately for the implementation of reforms or there is unresolved misalignment of component documents, eg between asset plans and the IS and/or FS, there is an increased risk of a qualified LTP. This has potential implications for Council's reputation and likely increased and unbudgeted costs.

3.22 Risk around conflating the purpose of an annual plan with LTP

3.22.1 In general the purpose of an annual plan is to make transparent variations to the LTP, that are neither material nor significant, and which is why annual plans are not

audited. An annual plan can include specific amendments to the LTP, provided they are not deemed significant (section 97 of the LGA).

- 3.22.2 However, if the aim is to significantly alter the intended level of service for any significant activity (including a decision to commence or cease any such activity) or transfer the ownership or control of a strategic asset to or from the local authority, then those decisions must be taken within an LTP.
- 3.22.3 Unlike the one-year horizon of an annual plan, LTPs cover a 10-year period and require significantly more time and resources to prepare, as well having extensive audit requirements. There is a high degree of risk around attempting to prepare an LTP in the much shorter timeframes typically available to an annual plan.
- 3.22.4 There needs to be a clear distinction made between what are non-material variations to an LTP within the annual plan process, having regard to the LGA and Council's Significance and Engagement Policy, and changes which require an LTP to be undertaken. Having discussions with the Council early in the new triennium on the distinction is important so that it is well informed on the implications of any decision it makes to undertake an LTP rather than an annual plan process.

3.23 Special focus areas identified by the Finance and Performance Committee

- 3.23.1 These have been addressed in **Attachment B** but in summary the concerns raised were:
- internal misalignment and duplication across LTP processes and components are key risks to effective LTP preparation, the LTP project plan and accountabilities are the controls to address internal coordination risks and issues;
 - rates cap: the LTP project plan must develop a scenario containing options that would address a rates cap, if legislation to that effect is introduced;
 - transparency: the full suite of LTP documentation will remain transparent to the Mayor, Councillors and the community through the development of the LTP and thereafter.

3.24 LTP Project Governance and Decision-making

- 3.24.1 The governance model approved by Finance & Performance Committee follows a clear and direct approach:
- LTP Governance - All decisions on the content of the Consultation Document and supporting LTP documents (FS, IS, activity plans (incl LoS), asset plans, capital programme) rest with Council, or the Finance & Performance Committee as delegate;
 - LTP Steering Group (ELT) provides direction to staff on strategic aspects of the LTP during development of draft components (for example, capital programme deliverability, budget prioritisation decisions, CD options);
 - LTP Project Team assists the Project Sponsor and Manager in project co-ordination at operational level;
 - The LTP Project Sponsor (CFO) has executive accountability for the LTP process and advising the CE;
 - The LTP Project Manager (Head of Corporate Planning & Performance) is responsible for programme management of the LTP – workstream phasing and

milestones, deliverables, quality and risk assurance and reporting, all materials for LTP workshops with Council to be managed and coordinated by the Project Manager as a single point of contact.

4. Considerations Ngā Whai Whakaaro

- 4.1 The Finance and Performance Committee endorsed the attachments to the LTP report of 27 August 2025, including key principles, phasings, deliverables and governance structure.
- 4.2 If the high-level work stream plans for the LTP development set out in Attachment B along with the key component parts referenced above are approved by the ARMC as fit for purpose, a detailed project plan and RACI matrix of accountabilities will be developed by the LTP Manager for approval by the Project Sponsor. This will be presented to both the Finance & Performance and Audit & Risk Management Committees to provide assurance appropriate internal processes are in place for the efficient and timely development and delivery of the LTP and its component parts.
- 4.3 It is proposed that this will occur at their next meetings, nominally set down for late November (F&P Committee) and mid-December 2025 (ARMC).

Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A	Finance and Performance Committee Long Term Plan 2027 - Project Update and Risk Assessment 27 August 2025 Report	25/1844900	
B	Summary of Workstream Plans	25/1999975	

In addition to the attached documents, the following background information is available:

Document Name - Location / File Link
Audit and Risk Management Committee - Terms of Reference Agenda of Finance and Performance Committee - Wednesday, 27 August 2025

Signatories Ngā Kaiwaitohu

Authors	Boyd Kedzlie - Senior Corporate Planning & Performance Analyst Peter Ryan - Head of Corporate Planning & Performance
Approved By	Peter Ryan - Head of Corporate Planning & Performance Bede Carran - General Manager Finance, Risk & Performance / Chief Financial Officer Mary Richardson - Chief Executive

Karakia Whakamutunga

Kia whakairia te tapu

Kia wātea ai te ara

Kia turuki whakataha ai

Kia turuki whakataha ai

Haumi e. Hui e. Tāiki e
