



Finance and Performance Committee

ATTACHMENTS UNDER SEPARATE COVER

Date: Wednesday 12 August 2020
Time: 9.30am
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

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Item 9

LTP Mid-Process Update

This Attachment will be tabled at the formal meeting

Office of The Mayor



15 June 2020

Dr Therese Arseneau
Chair
ChristchurchNZ Holdings Ltd
PO Box 2962
Christchurch 8140

Dear Therese

I am writing to you with formal comments on the ChristchurchNZ Holdings Ltd (CNZHL) draft Statement of Intent (SOI) for 2020/21. The Council acknowledges that at the time the draft SOI was prepared and submitted in accordance with the 1 March timeframe provided for in the Local Government Act 2002, COVID-19 was unfolding and the extent to which it would take hold in New Zealand, and the implications of that were far from clear.

The Council's expectations of CNZHL during this unprecedented period of disruption to economic growth in Christchurch and the Canterbury region due to COVID-19 are also set out in this letter.

First, however the Council would like to acknowledge the excellent communication and engagement provided by you on behalf of the Board, and Joanna Norris and her team at CNZ leading up to, and over the four weeks of the level 4 lockdown. The content of this letter does not, in any way indicate concerns or discomfort with the organisation's performance. Rather it seeks to ensure that there is clarity about the Council's expectations of CNZHL as the impact of COVID-19 and the lockdown at its various levels continues.

Expectations

The Council's Letter of Expectations (LOE) provided to you for CNZHL on 12 December 2019 remains relevant for the 2020/21 year. This letter is intended to sit alongside the LOE as an ancillary document specifically addressing the COVID-19 situation.

The Council expects CNZHL to engage with it, at both staff and governance levels throughout the COVID-19 period. Communication and engagement must be open, frequent, forward looking where appropriate and free and frank. The close working relationship that has developed between the Council and CNZHL over recent years should continue, and will be paramount to making an optimal recovery from the impacts of COVID-19. The continued importance of the relationship is underpinned by the Council's confidence in the capability and expertise of CNZHL to be a significant source of advice to the Council for recovery.

As well, the importance of the Council's group of organisations working together cannot be understated. We request you work closely with the Chief Executive and Board of CCHL to ensure strong strategic alignment between the two Statements of Intent.

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As you can appreciate the Council is under serious financial pressure as a result of COVID-19. It is imperative that cost and funding savings across the entire Council group are achieved for immediate effect. Notwithstanding the key role in COVID-19 recovery that the Council expects of CNZHL, it nevertheless expects CNZHL to identify options for funding reductions for the period of the SOI. We recognise this will likely lead to a reduction in levels of service for some services and activities delivered by CNZHL or indeed complete termination of some services. This is unavoidable.

We expect CNZHL to prioritise those activities and services that will underpin an optimal recovery from the COVID-19 impacts. All other CNZHL goals will need to be of secondary importance. CNZHL should be in a position to identify the trade-offs it proposes to make within its current budget to support funding reductions.

The Annual Plan for 2020/21 has been delayed as a result of likely changes in existing funding across the Council group. The timing for finalising the draft Annual Plan for a second round of community consultation (if this is required) has yet to be determined.

Draft SOI for 2020/21

The Council acknowledges that the draft SOI is likely to require considerable rework as a result of the implications of COVID-19 and the implementation of cost-cutting initiatives. In recognition that finalisation of the SOI may prove challenging by 30 June (per clause 3 of part 1, schedule 8 of the LGA) the Council is willing to grant a one month extension to the due date for the final SOI, pursuant to clause 4 of part 1 of schedule 8 of the LGA. If you would like to receive this extension, please make a request to the Chief Executive of the Council in writing (by email is acceptable).

The Council would like to endorse the following comments made to CNZHL by staff on the draft SOI:

- final SOIs must reflect the impact of COVID-19, note the assumptions underpinning the revised forecasts, discuss the impact of COVID-19 on forecasts that have been materially changed between the draft and final SOIs and identify the risks to the forecasts;
- the SOI would benefit from a more detailed discussion about CNZ's commitment to meeting its climate change policy goals, the implications for its business, and whether it has or how it will achieve the greenhouse gas emission reduction target; and
- the Council will expect CNZHL's SOI for 2021/22 to reflect an expenditure/funding review and further advice will be provided formally by Council staff in the course of developing the Long Term Plan, 2021-31. We understand that CNZHL currently has this work underway.

The process for completing the SOIs will need to be a little more flexible than usual, and we ask that you accommodate the following:

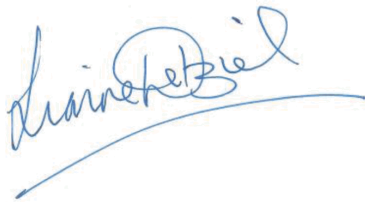
- deliver the final SOI for CNZHL by 30 June, or if it is likely to be materially improved by extra time, by 31 July (to be requested in writing to the Council's Chief Executive);
- the Council will review the final SOI and raise any issues or comments on it with CNZHL; should it be deemed necessary by the board of CNZHL, an amended SOI could be issued either immediately (as a result of the comments made by the Council), or at any point during the financial year if the board deems it necessary; and

- the final SOI is required by the LGA to be published one month following its finalisation.

In closing, I would like to thank you and the CNZHL Board, Joanna and her staff for the efforts and endeavours over the past few weeks under trying circumstances. CNZHL's leadership during this very difficult period has been highly valued by the Council. One instance of this leadership that I would like to congratulate you for is the remuneration reductions that the directors and Chief Executive have voluntarily offered up.

Please feel free to contact Dawn Baxendale if you wish to discuss the content of this letter.

Yours sincerely



Lianne Dalziel
Mayor

c.c. Joanna Norris, Chief Executive, ChristchurchNZ Holdings Ltd

