

# Tool B: The three-year process – tasks and considerations

**Author's note – this description needs to be read in conjunction with the timeline on page 20. The process described here shows one way of structuring the process into tasks. Readers are encouraged to adapt the process to best suit the needs of their own local authorities.**

## Initiating the LTCCP

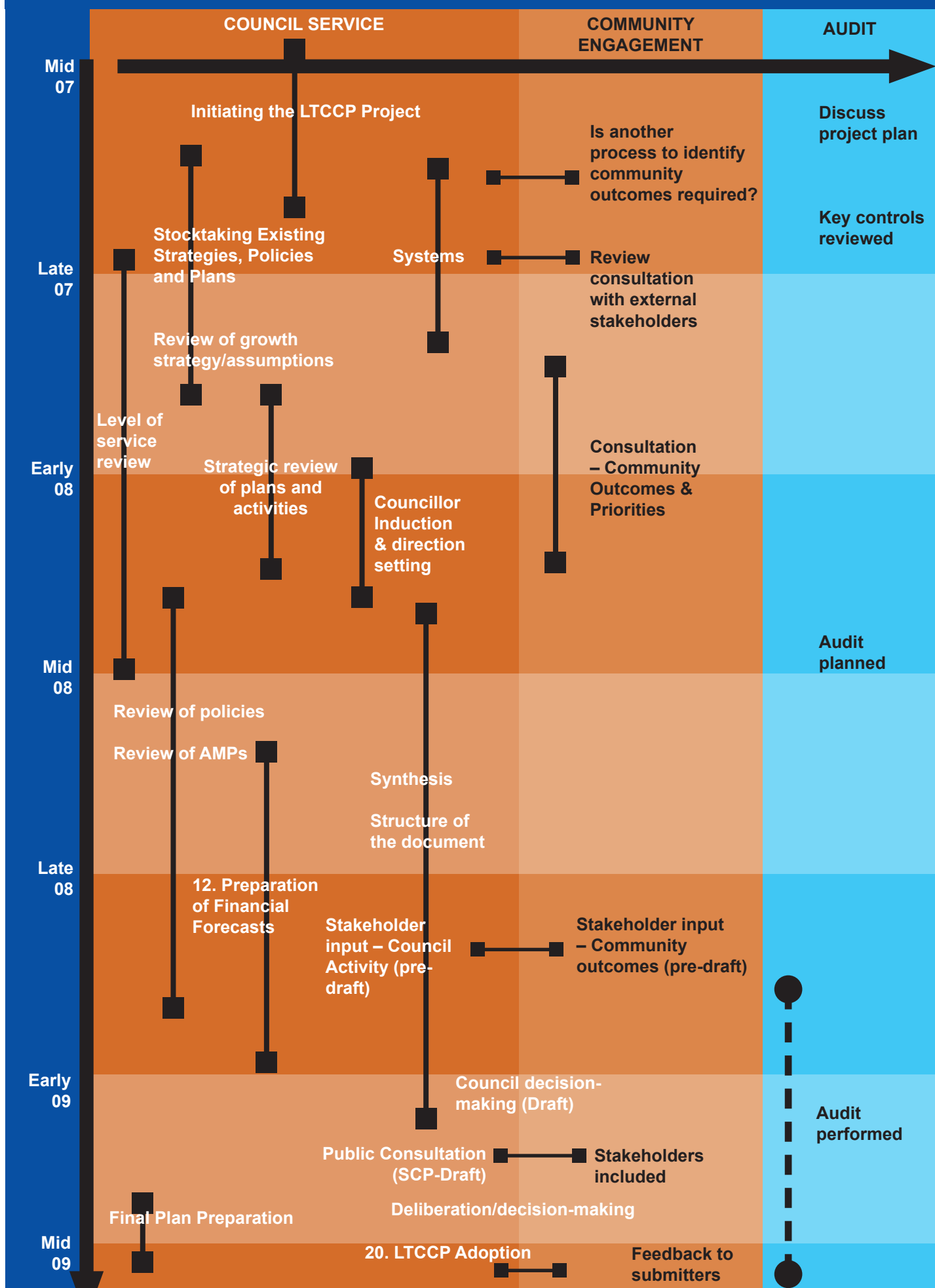
### Description

This task represents the beginning of the process and is mostly about ensuring the production of an LTCCP has the appropriate resourcing and managerial support to achieve success. The overall success criteria for the process will be set as part of this task. This task is the place where the project sponsor and manager are appointed, and where (at very least) the rules of engagement for the project team are created. An early discussion with the auditor is essential.

### Considerations:

- assess the merits of previous project documentation such as the auditors management report on the last LTCCP, notes from any debriefing exercises and so on
- determine the governance structure and membership of the project including, accountability and reporting to both Chief Executive and the elected members
- consider the relationship of the project with other planning and/or organisational projects both internally (for example. new assessment of water and sanitary services) and externally (for example the Regional Council LTCCP process)
- consider whether another community outcomes process is required?
- identify issues where your local authority wishes to undertake additional community engagement such as separate levels of service reviews or specific policies
- ensure agreement of the project plan and the commitment and support from the Chief Executive and senior management
- define success criteria and use these as a framework for assessing where your local authority is vis-à-vis the criteria and what needs to be put in place to deliver a successful LTCCP (for example more/different staff, systems and so on)?
- identify any new system requirements
- perform the health check and ensure the results are captured in your planning
- identify how quality assurance will be built into the project (what Jigsaw II refers to as a Quality Assurance Plan) – attention to this and to systems and controls will save angst later in the process (and reduce the premature graying of your auditors).

# PROCESS TIMELINE



- prioritise the resource requirements alongside other organisational requirements
- develop a risk register, identify the key risks and the likely impact of each risk; assesses the likelihood of the risk materialising; and explain the measures put in place to avoid or mitigate
- consider not only the quality and readiness of the various components but how good the linkages are. Very good individual components with poor linkage provide no clarity, and add little value.

## Systems

### Description

This task ensures that the systems, such as financial modelling tools, needed to underpin a robust LTCCP are in place so that systems can be “run in” before the process begins in earnest. Having good systems, with associated controls, such as your systems having been peer reviewed, will greatly assist with the audit process.

### Considerations

- did the 2006 process signal the need to change or replace any systems?
- has your health check indicated any issues with your control environment?
- what useful ideas for system improvements can you borrow from others?
- is your financial system geared up to forecast and report costs on an input and output basis?
- carefully assess timelines and costs for these changes
- plan for contingencies in case the systems (re)development is not implemented in time or not fully effective.

## Stock-take of existing strategy, policy and plans

### Description

This task ensures that you and your local authority have identified all of the linkages between the LTCCP and other plans, and that the messages in each are either consistent or that any required change is progressed. This process informs future decision-making and consultation by collating information regarding:

- the priorities of your local authority
- issues impacting on your local authority
- any gaps in your local authority's positions on important issues.

Further guidance on the stock-taking process can be found in Piecing it Together, including a template for assessing an individual policy or plan.

### Considerations

- what legislative and policy changes have occurred since the 2006 LTCCP, and what are expected?
- what results have come from monitoring community outcomes? Review how your local authority has delivered on actions to achieve any outcome; then consider whether changes need to be made in these actions, priorities re-assessed, or modifications sought in the support from other key agencies in the delivery of their actions?

- determine the relevance of changes to strategies and policies to the current process.
- are other changes planned and if so how will these be accommodated?
- review your performance management framework (further information can be found in Performance Management Frameworks: Your Side of the Deal)
- do your revenue and financing policy, development contributions policy, investment policy and liability management policy all line up?
- did your funding and financial policies and your funding impact statement all line up?
- how has your local authority engaged with external organisations since the last LTCCP?
- your significance policy can drive your disclosures in the LTCCP and also act as a trigger for other consequences (such as section 97 amendments) - does this need review?
- what other change in the policy environment or other external factors could impact on your community in the ten years of the plan for example climate change.

## Review of growth strategy and other forecasting assumptions

### Description

This task ensures that assumptions around growth (or decline) over (at least) the ten-year period of the LTCCP are clearly articulated and consistently applied. If population change is not likely to be a significant issue for your local authority, this task could be combined with the stocktake. Other key forecasting assumptions (such as the impact of price change) also need to be reviewed. Further information on reviewing forecasting assumptions can be found in Piecing it Together.

### Considerations

- what is the status of your local authority's growth forecasting information (that is to say economic, population, housing, industrial, transportation)?
- does the growth model need to be reviewed or updated? Do you need information at the sub-local authority level?
- can you forecast growth in economic activity based on the past five or ten years?
- are there local indicators which can be applied to test the demographic projections from Statistics New Zealand?
- does deprivation data suggest there could be significantly altered social needs?
- is the entire local authority using the same base data to plan from?

## Strategic review and activity planning

### Description

This task is where activity managers look at their individual activities and develop/review a simple, practical plan (say, 2-5 pages). This is the place for discussions of the linkages between the community outcomes, other strategic priorities and activities, and development of the rationale for service delivery (further information on these can be found in Piecing it Together and in Your Side of the Deal). Some local authorities may combine this task with the levels of service review.

## Considerations

- where are we now? Where do we want to be (in 10 years time)?
- how are we going to get there - which will include practical processes/projects that can be included in activity budgets. These will also feed into Levels of Service Review, Activity Management Plans, and LTCCP policies.
- what issues need to be addressed through the LTCCP?.
- have the elected members considered what role your local authority should take in promoting community outcomes?
- how clear is the rationale for the service delivery, is it linked to community wellbeing or does it say "we do this because section x of the ABC Act says so"?

## Levels of service review (LSR)

### Description

This task identifies and reviews your local authority's current and future service priorities. This review should encompass the entire set of activities. The review is informed by:

- strategic plans
- the asset/ activity management plans
- council management, councillors
- stakeholders.

The LSR can be considered in two sequential parts, providing two outputs. The first part identifies the current state of the service and options. The second part involves consideration of the options (i.e status quo or change). The output is a recommendation to the elected members from the executive management team about service priorities.

Information developed in the early stages of the LSR should form an important component of elected members' induction and direction setting. Decisions made in the latter part of the LSR must be reflected in the preparation of the asset management plans and financial forecasts.

Further information about levels of service reviews can be found in the NAMS publication *Developing Levels of Service and Performance Measures*, and in *Your Side of the Deal*.

### Considerations

- the decision-making provisions of the Act must be met when proposing significant service changes. These proposed service changes must integrate with LTCCP process
- distinguish between external drivers for change such as altered legislative and regulatory requirements; and internal drivers such as updated information about infrastructure condition or facility use; and documented or perceived community requirements or expectations
- consider to what extent the levels of service could/should change over the period of the plan and document these
- what information do you have from different consultative processes?
- activity and asset management plans must be current
- this task inputs into the performance management framework i.e. performance measures, and targets associated with the levels of service and any related information needs for governance and management purposes
- communicate the non-negotiable, i.e. the minimum levels of service set by legislation.

# Consultation and direction setting on community outcomes and priorities and council priorities

## Description

Your local authority may choose to provide opportunities, early in the process, for the general public and specific stakeholders to comment on its long-term priorities and/or the community outcomes, priorities and indicators. Senior management and elected members should consider the results of this as part of the induction and direction setting task and LSR. This task also provides an opportunity to develop and start the implementation of a communications plan relating to the LTCCP.

## Considerations

- what is the status of the community outcome monitoring and any other monitoring your local authority does? Can results be used in the long-term planning process?
- status of community outcomes, will they be reviewed even if not yet required?
- what are the key issues you want feedback on and how will that feedback be used?
- which stakeholders should be engaged? Is your directory of key stakeholders current?
- does your local authority have a formal approach and process to stakeholder engagement?
- would this consultation usefully demonstrate engagement with Maori?
- any obligations you may have under any policies on consultation.

# Council direction setting

## Description

This is a pivotal aspect of the LTCCP project, in that it seeks to engage the executive management team and elected members for the purpose of considering the local authority's role from a strategic perspective. After this point, you should be thinking about the likely content of the summary (if you have not started already).

## Considerations

- the approach used to engage elected members must get them to think about the bigger picture and have a high degree of ownership from them
- information from asset/activity management plans is critical – especially as it relates to performance against the levels of service indicated in these documents
- executive management need to agree on a process by which they can consider and prioritise services over the long term
- engagement with Maori
- status of community outcomes, scale and scope of review (if any)
- what are the non-negotiables that elected members need to know about?
- what are the seen/ needed priorities for the elected members and Chief Executive and why? Do this first to set the scene, then ask what are the elected member's own agendas/priorities. How do they fit with the organisation's?

## Review of LGA policies

### Description

This task relates to the review of policies required by the LGA02 including:

- the section 102 funding and financial policies
- development of Maori capacity to participate in council decision-making
- Council Controlled Organisations
- policy summaries (see Piecing it Together for more information on these)
- the policy on significance.

### Considerations

- the revenue and financing policy needs to be broadly framed and principles-based so that it is able to address changes in particular circumstances without requiring amendment (and thus an amendment to the LTCCP)
- has your local authority sought views from Maori on how they wish to contribute?
- summaries of the latest waste management plan and assessment of water and sanitary services should be prepared
- are there any plans to establish any CCOs or COs?
- have the disclosure requirements regarding the activities and associated performance measures for CCOs and COs been met?

## Review of Asset or Activity Management Plans (AMPs)

### Description

The main focus of this task is on updating existing AMPs to reflect the results of council direction-setting and the LSR. These directives may require changes to AMPs to reflect:

- actual or planned growth and development
- changing or new standards
- exit from or changing modes of service delivery
- the need to ensure service delivery over the long-term.

Each activity must review the expenditure and funding requirements to deliver against the strategic intent, the activity objectives and service standards.

### Considerations

- to what extent have the AMPs been updated since the 2006 LTCCP and used as a management tool throughout your local authority?
- is your package of activities to be changed, for example are there new activities; altered scope for any activity or altered groups of activities
- is there a need for a change to the structure and content of your AMPs?
- review of the AMPs against the NAMS guidelines to identify areas of deficiency and focus.

## Preparation of financial forecasts

### Description

This task covers development and review of the forecast financial statements (and associated disclosures) and the funding impact statement. This is also the place for a substantive check on the financial impact of decisions to date, and on the overall financial strategy.

### Considerations

- are there any issues regarding the robustness, and flexibility of the financial modelling process and tools?
- have your elected members set a debt envelope or rates target that needs to be taken into account?
- are you building the financials on evidence which can be used in the audit process?
- are there processes in place to check that financial policies and assumptions have been consistently applied, and any departures appropriately justified?
- look for unexpected quirks in the first draft of the financials for example large increases in debt accompanied by large increases in cash reserves.

## Synthesis of the information

### Description

This task draws together the information generated in the other tasks and parallel processes to prepare the pre-draft and draft plan<sup>1</sup>. Once the information is drawn together it all needs to be checked for consistency (for example do the growth-related capital expenditure numbers in the development contributions policy line up with the asset management plans and the activity statements?) and for overall coherence of message. About this time much of the substantive audit will be in progress.

### Considerations

- aim an approach that addresses the well-beings and sustainability
- are there any double-ups of information and, if so, are there trade-offs needed?
- are there any gaps and, if so, what needs to be put in place to address this?
- elected members should be making the trade-offs but what projects/issues do you take to them (governance vs management decisions)?

## Preparation of the draft plan

### Description

This task involves the physical preparation of a draft plan that is both legally compliant and conveys key information in an easily understood and interesting way.

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<sup>1</sup> We use the term "draft plan" as a shorthand for "statement of proposal".

## Considerations

- have you checked that you have covered all the requirements of the Act?
- have you included all relevant information from internal and external sources?
- does the draft convey a picture of the local authority over a ten-year period?
- are your key messages clear?
- will the documents be easily understood by the community?
- what progress has been made with the summary?
- have you included an audit in the delivery timeframes of your documents?
- have you allowed sufficient time for elected members to view the proposed design of the documents (if they want to do this)?

## Stakeholder input, pre draft plan

### Description

Your local authority may wish providing stakeholders or community leadership with an opportunity to comment on a pre-draft plan and then formally consider stakeholder feedback in its consideration of the draft plan.

### Considerations

- is it better to gain a view from the community on relative priorities, options, trade-offs and so on before formal consultation?
- are there any technical issues where it is preferable to have advice (and acknowledge that in the draft plan) rather than receive it as a submission to the draft plan?
- is there any issue of interest to the regional council or other territorial authorities?

## Council decision-making (draft)

### Description

This is the elected members formal consideration of the draft plan and the adoption of the draft plan for consultation.

### Considerations

- consider whether the elected members will need to workshop the draft plan before proceeding to consideration in a formal, public meeting
- draft the summary at an early stage since this will be the main way in which the community engages with the draft plan
- factor in audit requirements and timing
- determine the presentation of the draft and adopted plan.

## Public consultation

### Description

This task relates to the specific legislative requirements to publicly consult on the draft plan. Provided the statutory minima are met, there are opportunities for councils to tailor the

consultation approach to meet local expectations. The challenge is to get communities to consider it as a ten-year plan and make submissions on that basis.

## Considerations

- ensure legal requirements in terms of timing, publicity, and availability are met
- what are the issues you want feedback on, and how will that feedback be used?
- what ways will be used to inform the community about the draft plan and the submission process and what ways will be available for people to make submissions?
- how widely are you distributing the summary?
- what techniques will you use (other than the formal invitation of written submissions and hearings). There is a wide array of material on the merits of various techniques if you are stuck.

## Deliberation

### Description

This task covers the analysis of submissions, provision of advice and the elected members' consideration of submissions on the draft plan.

### Considerations

- has the decision-making process been correctly or adequately implemented for significant proposals being included in the LTCCP?
- how will your local authority consider trade-offs and or priorities if need be?
- sufficient time should be allowed in case of significant revisions post the deliberations
- how will your local inform submitters and the wider community of changes made to the plan as a result of submissions?

## Final plan preparation

### Description

This task relates to the preparation of the final LTCCP including the decisions made by the elected members post the formal consultation.

### Considerations

- allow for plenty of time for audit (especially where there have been changes of direction between the draft and final).

## LTCCP adoption

### Description

This covers the processes around the formal adoption of the LTCCP including distribution of the LTCCP and any publicity. This is the time to define how to proceed to review, monitoring, amendments and subsequent Annual Plans.