
ORDINARY MEETING
OF
FINANCE, AUDIT AND RISK SUBCOMMITTEE
AGENDA

Time: 2:00pm
Date: Thursday, 12 November 2020
Venue: Ngake (16.09)
Level 16, Tahiwī
113 The Terrace
Wellington

MEMBERSHIP

Mayor Foster
Councillor Calvert (Chair)
Councillor Condie (Deputy Chair)
Councillor Pannett
Councillor Paul
Councillor Rush
Linda Rieper (External)
Roy Tiffin (External)

Have your say!

You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-803-8334, emailing public.participation@wcc.govt.nz or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about. All Council and committee meetings are livestreamed on our YouTube page. This includes any public participation at the meeting.

AREA OF FOCUS

The Finance, Audit and Risk Subcommittee oversees the work of the Council in discharging its responsibilities in the areas of risk management, statutory reporting, internal and external audit and assurance, monitoring of compliance with laws and regulations (including health and safety), and significant projects and programmes of work focussing on the appropriate management of risk.

To read the full delegations of this Subcommittee, please visit wellington.govt.nz/meetings.

Quorum: 4 members (at least one external member must be present for a quorum to exist).

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1. Meeting Conduct

1.1 Karakia

The Chairperson will open the meeting with a karakia.

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 atākura. He tio, he huka, he hauhū. Tihei Mauri Ora!	Cease oh winds of the west and of the south Let the bracing breezes flow, over the land and the sea. Let the red-tipped dawn come with a sharpened edge, a touch of frost, a promise of a glorious day
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At the appropriate time, the following karakia will be read to close the meeting.

Unuhia, unuhia, unuhia ki te uru tapu nui Kia wātea, kia māmā, te ngākau, te tinana, te wairua I te ara takatū Koia rā e Rongo, whakairia ake ki runga Kia wātea, kia wātea Āe rā, kua wātea!	Draw on, draw on Draw on the supreme sacredness To clear, to free the heart, the body and the spirit of mankind Oh Rongo, above (symbol of peace) Let this all be done in unity
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1.2 Apologies

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

1.3 Conflict of Interest Declarations

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

1.4 Confirmation of Minutes

The minutes of the meeting held on 19 October 2020 will be put to the Finance, Audit and Risk Subcommittee for confirmation.

1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows.

Matters Requiring Urgent Attention as Determined by Resolution of the Finance, Audit and Risk Subcommittee.

The Chairperson shall state to the meeting:

-
1. The reason why the item is not on the agenda; and
 2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

The item may be allowed onto the agenda by resolution of the Finance, Audit and Risk Subcommittee.

Minor Matters relating to the General Business of the Finance, Audit and Risk Subcommittee.

The Chairperson shall state to the meeting that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Finance, Audit and Risk Subcommittee for further discussion.

1.6 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 31.2 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

Requests for public participation can be sent by email to public.participation@wcc.govt.nz, by post to Democracy Services, Wellington City Council, PO Box 2199, Wellington, or by phone at 04 803 8334, giving the requester's name, phone number and the issue to be raised.

2. General Business

AUDIT NEW ZEALAND REPORT

Purpose

1. This report asks the Finance, Audit and Risk Subcommittee to receive the information and update provided by Audit New Zealand.

Summary

2. Audit New Zealand have provided an update (Attachment 1) on the following:
 - a) Insights into local government sector: 2019
 - b) Supporting the preparation of the 2021-31 Long-term Plan
 - c) Office guidance
 - d) Update on audit of the City Council's 2019/20 annual report.

Recommendation/s

That the Finance, Audit and Risk Subcommittee:

1. Receive the information.

Discussion

3. Audit New Zealand will be present at the meeting to provide an update to the Subcommittee.

Attachments

Attachment 1. [Audit New Zealand Update](#)  

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Author	Donna Male, Senior Democracy Advisor
Authoriser	Stephen McArthur, Director Strategy & Governance

SUPPORTING INFORMATION

Engagement and Consultation

There are no engagement and consultation requirements arising directly from this report.

Treaty of Waitangi considerations

There are no Treaty of Waitangi considerations arising directly from this report.

Financial implications

There are no financial implications arising directly from this report.

Policy and legislative implications

There are no policy and legislative implications arising directly from this report.

Risks / legal

There are no risk or legal implications arising directly from this report.

Climate Change impact and considerations

There are no climate change considerations arising directly from this report.

Communications Plan

There are no communication requirements arising directly from this report.

Health and Safety Impact considered

There are no health and safety considerations arising directly from this report.



5 November 2020

Report to Wellington City Council Finance, Audit and Risk Subcommittee

This paper provides an update to the Finance, Audit and Risk Subcommittee (the Committee) on the following:

- Insights into local government sector: 2019
- Supporting the preparation of the 2021-31 Long-term Plan
- Office guidance
- Update on audit of the City Council's 2019/20 annual report

1. Insights into local government sector: 2019

- Annually we publish and table a report in Parliament on local government matters. This report is an opportunity to highlight the insights from our work in the sector, particularly the annual audits of financial and non-financial information of councils.
- The report reflects on the many complex and difficult issues and risks facing councils. These issues and risks will continue to inform the focus of auditors (including through the LTP audits) and the Auditor-General's future work programme and include:
 - The increasing frequency and severity of natural hazard events, with the effects of climate change becoming more evident.
 - Growth pressures becoming common throughout the country, not just in the main centres.
 - Historical underinvestment in core infrastructure, which is often combined with a lack of a full appreciation of the current state of infrastructure. This has resulted in asset failures and service disruptions. We continue to reflect our concerns that councils might not be adequately reinvesting in their critical assets.
 - The implications of COVID-19.
- Our key observation is that because of those issues and risks, effective risk management policies and practices are now more vital than ever. The knowledge, governance, and dialogue needed to effectively manage risk have not changed, but have now taken on more significance. We have noted our expectations that councils:

- Understand the expectations central government, ratepayers, and communities have for the services they provide.
- Understand the current and predicted asset condition and performance of their assets, as well as future asset needs, particularly for critical assets.
- Be properly informed about risks and opportunities to service delivery in order to make relevant decisions and manage the trade-offs of risks with cost and level of service.
- Discuss risks, opportunities, and trade-offs with their communities. To do this effectively, priorities, assumptions, and trade-offs need to be transparent and understandable to communities.
- Make evidence-based decisions to address ongoing and future work programmes.
- Audit and risk committees have a significant role to play in helping councils better understand risks and what can be done to eliminate or mitigate them.

2. Supporting the preparation of the 2021-31 Long-term plans

- We recognise the effort that goes into the preparation of Long term plans (LTPs). We have therefore sought to assist the sector as it prepares to produce the 2021-31 LTPs and associated consultation document. We have worked with the New Zealand Society of Local Government Managers (SOLGM) as it prepares LTP good practice guidance, as well as issuing bulletins to help elected members engage in the LTP process. The bulletins provide questions for elected members to consider during their oversight of the LTP.
- The first bulletin outlined some of the basics – the purpose of an LTP, the LTP consultation document, and the role of auditors throughout the LTP process.
- The second bulletin covered financial and infrastructure strategies as the main building blocks of the LTP, highlighting key considerations with setting these two strategies.
- The topic of the third bulletin was good asset management (including information) to underpin your LTP.
- Assumptions underpinning your LTP was the theme of the fourth bulletin.
- We intend to consider the recovery from the COVID-19 economic downturn in our next bulletin.

3. Office guidance

Refreshed guidance around severance payments and conflicts of interest

- Last year we updated our guidance on severance payments and, in July, we published our new conflicts of interest guides.
- There are two good practice guides about conflicts of interest (Managing conflicts of interest: A guide for the public sector, and, Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest). As part of this refresh we have also prepared a number of other resources including a poster, a video (covering predetermination and bias, gifts and hospitality, and personal dealings with a tenderer) as well as a quiz, which can be used as a training resource.

Sensitive expenditure

- In October 2020 we updated our good practice guide on sensitive expenditure: Controlling sensitive expenditure: Guide for public organisations.
- The public's trust and confidence in the public sector is determined by competence, reliability, and – most importantly – integrity. Any mishandling of sensitive expenditure therefore goes to the heart of trust and confidence. Ensuring that your policies align with good practice is an excellent way to support the integrity of your council. We are encouraging all councils to review their sensitive expenditure policies to ensure they are aligned with the updated guidance.

Procurement

- Last year we visited 21 councils to talk to them about how they carry out procurement. Using insights from those visits, and from our other work on procurement we wrote an article that asks a series of questions and provides guidance about procurement practice and culture in an organisation. The topics the questions cover are:
 - good governance for procurement;
 - planning for significant capital projects;
 - conflicts of interest;
 - emergency procurement;
 - procurement capability and capacity;
 - procurement policies and training;
 - contract management; and

- achieving broader outcomes through procurement.
- We are encouraging all councils to consider the questions we have posed. We have also suggested that a good starting point for considering whether procurement practice could be improved would be for councils to ask their Audit and Risk Committees to review procurement policies if this has not been done recently.

4. Update on audit of the City Council's 2019/20 Annual Report

- We have completed the majority of the financial statements audit. The main areas in progress are completing the audit of revaluation of infrastructure assets, weathertightness provision, tax, COVID 19 disclosures and subsequent events including the CAB insurance claim which was settled subsequent to year end.
- We have completed the majority of the performance measures audit. Some of the work on the DIA mandatory measures for the three waters is in progress. We will review the overall performance story once we receive the updated draft annual report.
- Finally, we will perform an overall consistency review of the audited information, and audited information to the other (unaudited) information in the annual report.

HOUSING ACTION PLAN - RISK MANAGEMENT FRAMEWORK

Purpose

1. This report asks the Finance, Audit and Risk Subcommittee to receive information about the Housing Action Plan risks, and the risk management framework used in identifying and managing the risks.

Summary

2. The Housing Action Plan 2020-22 was adopted in March 2020 and seeks to deliver on the Wellington Housing Strategy.
3. The Strategy and Policy Committee (SPC) is responsible for delivery of this plan and receives 6-monthly update reports which cover project updates and key risks to delivering on the strategic outcomes.
4. When accepting the first 6-month report, SPC requested officers review the risks and to report back to the Finance Audit and Risk Subcommittee (FARS) to give assurance that the risk management framework is being appropriately used across the Housing Action Plan.

Recommendation/s

That the Finance, Audit and Risk Subcommittee:

1. Receive the information.
2. Note the approach to applying the risk management framework across the housing strategy and action plan.
3. Note that the Housing Action Plan risks has been reviewed by officers and that there has been oversight of the risks, in line with the risk management framework.
4. Note that the Housing Action Plan 6-month report will continue to be considered by the Strategy Policy Committee.

Background

Housing Strategy and Action Plan

5. The Wellington Housing Strategy (the Strategy) was adopted unanimously in June 2018. The Strategy guides Council decisions that relate to housing across the housing continuum, ie social housing through to private housing for sale or rent. Council has a part to play at all ends of this continuum and this is reflected in the Strategy.
6. The Strategy is put into effect by an Action Plan. The second action plan, the Housing Action Plan 2020-22 (the Plan) was adopted in March 2020. The Plan builds on the previous Action Plan by putting in place greater structure and alignment with the Council triennium.

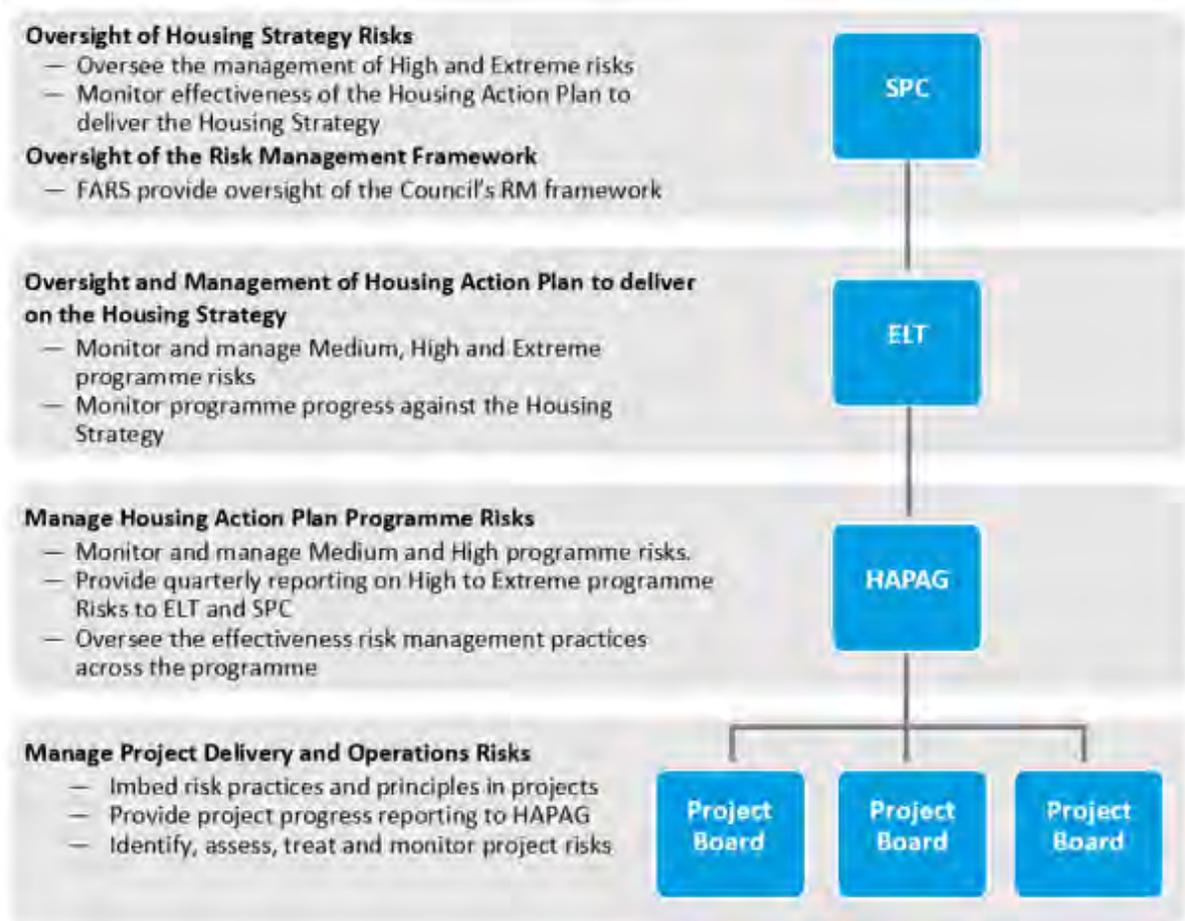
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7. The Plan focuses around five priority programmes of work, supported by strategic partnerships that help Council to deliver on the vision of 'all Wellingtonians well-housed'.
8. The Housing Action Plan is the Council's plan for delivering on the Housing Strategy. The performance and risks to this Plan are reviewed by the Strategy and Policy Committee (SPC). SPC has the responsibility to consider the risks to the Plan and make decisions so that those risks are appropriately managed within the Council's risk appetite.
9. At the 10 September 2020 Strategy and Policy Committee, officers presented the first 6-month report of the Housing Action Plan. A Councillor amendment was resolved that officers would review and bring the risks of the Housing Action Plan to the Finance, Audit and Risk Subcommittee for oversight on the Housing Action Plan risk framework.
10. While SPC are responsible for delivery of the Plan and managing the associated risks, it was resolved that the risk management framework be reviewed by FARS for expert advice on how this framework is used.
11. The Finance, Audit and Risk Subcommittee (FARS) is responsible for overseeing that the Council's risk management framework is appropriately implemented and integrated by management.

Discussion

Risk approach

12. The priority programmes in the Housing Action Plan each have their own project governance and risk management structures in place to monitor and manage the operational risks to project delivery. The operational risks can be seen as the 'bottom up' risks, and are rolled up through the Housing Action Plan Advisory Group (HAPAG).
13. The HAPAG is a group of senior managers across Council who are responsible for the five priority programmes of work in the Action Plan, along with Legal, Risk, Communications and Strategy Advisors.
14. The HAPAG also considers risks to delivering on the strategic outcomes, set by the Housing Strategy. The risks identified have been prioritised using the Council's Enterprise Risk Matrix. The top-rated risks are presented in the Housing Action Plan 6-month report on a 6-monthly basis for oversight and consideration for decision making by the Strategy and Policy Committee.
15. Since the 2018/19 strategic risk report on the Plan to FARS, clearer priorities, improved programme structure and timeframes for delivery have been put in place.
16. At a high level the risk management structure is outlined in the following diagram.



17. The role of FARS is to monitor the implementation of the risk management policy, framework and strategy and ensure it is being applied appropriately. SPC is seeking comment and advice from FARS on whether the framework is being applied appropriately in relation to the Housing Action Plan and whether this application of the framework is likely to see risks being managed effectively.

Attachments

Attachment 1. [Housing Action Plan risk report](#) 

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Authors	Rebecca Tong, Programme Manager John McDonald, Housing Development Manager
Authoriser	Phil Becker, Manager Build Wellington Liam Hodgetts, Chief Planning Officer

SUPPORTING INFORMATION

Engagement and Consultation

There has been significant engagement on some of the projects in the Housing Action Plan, these are managed through project communications and Engagement Plans.

Stakeholder engagement on the Housing Action Plan 2020-22, as a whole, has been limited, due to the COVID-19 lockdown. In the next six months officers will engage further with the sector on the Plan and opportunities for partnership including Iwi, Kāinga Ora, Accessibility Advisory Group, Community Housing Providers and others.

Treaty of Waitangi considerations

While there are not any specific Tiriti o Waitangi considerations associated with the Housing Action Plan, there could be opportunities for Iwi on projects that will be considered as they arise. Officers are seeking an understanding of how to better partner with Iwi, under the new Te Maihi or te Whare Māori – the Māori and Iwi Housing Innovation Framework.

Financial implications

The financial implications of the Housing Action Plan are handled within existing project budgets.

Policy and legislative implications

There are policy and legislative considerations with a few of the projects in the Plan that are discussed within project-specific updates and reporting. For example, in coming months there will be Committee agenda items on Te Kāinga, framework for assessing projects, and City Housing rent setting and long-term financial sustainability.

Risks / legal

As outlined in the body of this paper.

Climate Change impact and considerations

Council's housing developments incorporate sustainable building practices where this can be carried out within project budgets. In addition, efforts have been made to recycle concrete from sites that have been demolished for redevelopment, for example at the City Housing Nairn Street site.

Climate change and rising sea levels has been a core consideration for the Planning for Growth and draft Spatial Plan work.

Communications Plan

There are individual communications plans in place for projects, as well as a communications plan for the Housing Action Plan as a whole. Communications on the Action Plan is focused on engaging with stakeholders and providing information on the Council's website.

Health and Safety Impact considered

Health and safety implications are considered on a project by project basis.



Housing Action Plan 2020-2022

As our population grows, we want to make sure everyone has access to safe and affordable quality housing. The Housing Strategy sets out the long-term outcomes for housing over 10 years. Refer to the Strategy on our website for these outcomes. The Housing Action Plan captures the priority programmes of work that the Council will deliver to meet the vision of 'All Wellingtonians well-housed'.

Strategic Partnerships

We're working with many partners to deliver this Plan and housing outcomes for the city.

Over the course of the three years of this plan we will continue to develop these partnerships. Particular focus will be with Kāinga Ora, Universities, mana whenua, and Community Housing Providers.

Housing Action Plan 6-month Report

The Council has a Wellington Housing Strategy (the Strategy), this sets the long-term vision and outcomes Council seeks to achieve for Wellington. The Strategy is put into effect by a Housing Action Plan (the Plan), the current plan was adopted in March 2020 and it was agreed that officers would report on the progress of the Plan every 6 months.

Risks to achieving Housing Strategy outcomes

The risks to the Housing Strategy have been identified by project team. These are reviewed by HAPAG, ELT and SPC as per the enterprise risk framework.

#	Strategic outcomes	Key Risks	Key Controls and Actions	Risk Assessment	Current Risk Rating
HSR01	<p><i>Wellington has a well-functioning housing system</i></p> <ul style="list-style-type: none"> • More availability and choice of housing • More affordable homes • Growth in supply 	<p>Regulatory risk</p> <ul style="list-style-type: none"> - The changes to the District Plan, which aim to enable more growth, are met with significant public/legal opposition. 	<ul style="list-style-type: none"> - Planning for Growth programme engagement brings community along on future District Plan decisions. Consultation on the draft Spatial Plan is complete with results currently being collated for Council consideration. - An independent review of the Planning for Growth Programme and legal advice on the engagement process to date supports the approach that has been undertaken and that risks are generally being appropriately managed. 	<p>Likely</p> <p>It can be expected that the District Plan changes will be met with some level of legal challenge within the next 1 – 3 years. The key controls aim to reduce the impact of the risk and ensure Council is following a process that stands up to legal opposition.</p> <p>Impact of risk</p> <ul style="list-style-type: none"> - The timeframe to finalising the District Plan could be impacted if there is significant legal objection. - The ability of Council to enable the growth in homes to meet growth in population could be challenged. 	<p>High (12) <i>(Likely, Major)</i></p>



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#	Strategic outcomes	Key Risks	Key Controls and Actions	Risk Assessment	Current Risk Rating
		<p>Reputational risk</p> <ul style="list-style-type: none"> - Our consenting process is perceived as being too complex to engage with therefore deterring city growth and residential development opportunities - Potential developments are stalled or stopped as consenting seems too hard or too slow. 	<ul style="list-style-type: none"> - This risk is not completely within Council's control, the Resource Management Act is commonly perceived to be a barrier and reform is likely in the next central government term. - Council's one-stop shop programme of consenting improvements aim to reduce perceived road-blocks in applying the current RMA. - Recent initiatives like the introduction of case managers, complete review of website content to make it easier to find and understand information on consenting. Improving the way teams within Council work together to provide a coordinated response has also been implemented with the aim to provide a more cohesive experience for our customers. - The one-stop shop programme of works comprises a series of improvements to make it easier for customers to work through the consenting process. 	<p>Likely</p> <ul style="list-style-type: none"> - We are bound by the legislation, which is commonly perceived to be a barrier to development. Reform is likely but this is likely to continue to be a perceived barrier in the next 1 to 3 years. <p>Impact of risk</p> <ul style="list-style-type: none"> - Potential developments are stalled, stopped or opportunities not taken at all, as consenting seems too hard or too slow. 	<p>High (9) (Almost Certain / Moderate)</p>



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#	Strategic outcomes	Key Risks	Key Controls and Actions	Risk Assessment	Current Risk Rating
HSR02	<p><i>Homes in Wellington are of good quality and are resilient</i></p> <ul style="list-style-type: none"> • More homes are safe, secure and resilient • More homes are warm, dry and energy efficient • More homes are environmentally sustainable. 	<p>Financial, Reputation, and Health & Safety and legislative compliance risk</p> <ul style="list-style-type: none"> - If we are unable to finance the upgrade and renewals of our City Housing portfolio, including upgrades to meet Healthy Homes Standards, parts of Council's own housing portfolio may not be warm, dry and resilient. - If finance for upgrades and renewals isn't found Council is also at risk of being in breach of Deed of Grant requirements and Healthy Homes legislation. 	<ul style="list-style-type: none"> - Work is underway to understand and present the challenges and options to councillors to achieve financial sustainability of the City Housing service. This will include options for ensuring that the Council's housing portfolio can be brought up to required standards – making them warm, dry and resilient. <i>Councillor workshops are being held during October 2020 and a decision-making paper being presented in November 2020.</i> 	<p>Almost Certain</p> <ul style="list-style-type: none"> - All City Housing homes currently meet legislation. However, there is a financial gap to upgrade them to meet Deed of Grant and Healthy Homes requirements from next year. Upgrades are required to approximately half of the Council's City Housing portfolio. Officers are currently developing options to fund these upgrades and address the long-term financial sustainability of the business. 	<p>Extreme (16) (Almost Certain / Severe)</p>
HSR03	<p><i>Homes meet the needs of Wellingtonians</i></p> <ul style="list-style-type: none"> - Decisions reflect the housing need in Wellington - More Wellingtonians can access a home - More Wellingtonians can sustain a home 	<p>Reputation risk.</p> <ul style="list-style-type: none"> - There is a risk that Council and partners will be unable to keep vulnerable communities housed, and that people return to homelessness following temporary 	<ul style="list-style-type: none"> - Officers are actively working with partners Wellington City Mission and MHUD to determine what happens after the lease of Te Paapori ends. Both partners are actively involved and committed to keeping these people housed. 	<p>Unlikely</p> <ul style="list-style-type: none"> - The lease for Te Paapori has been extended until March 2021 and funding partners are actively working together to ensure these people remain housed. 	<p>High (10) (Unlikely / Major)</p>

Impacts of risk

Some of our own housing residents will be housed in homes that may not be warm, dry and resilient. Loss of stakeholder confidence and health and safety is of key concern as well as breach of legislative compliance.

Impacts of risk



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#	Strategic outcomes	Key Risks	Key Controls and Actions	Risk Assessment	Current Risk Rating
		accommodation facilities established during COVID-19	<ul style="list-style-type: none"> - Officers are working closely with community partners to understand the types of housing needs and ensuring this information is passed on to key Government partners and Council's City Housing. Officers also work in partnership with Government and community organisations to establish solutions for those with extremely complex unmet housing needs. 	Those housed during the COVID-19 lockdown won't have accommodation after the lease ends and they return to homelessness.	
HSR04	<p><i>Our housing system supports sustainable resilient and connected communities</i></p> <ul style="list-style-type: none"> - Housing supports wellbeing, particularly for the most vulnerable - Housing supports connected communities and better placemaking 	<p>Reputation risk. If lower income groups of people are priced out of Wellington, then we risk gentrification in the city and a loss of diversity and community connection.</p>	<p>While Council doesn't have the ability to control this entirely, there are number of projects underway which go some way toward mitigation of this risk. A stronger partnership with Kāinga Ora is being developed and will be critical to this. Council projects:</p> <ul style="list-style-type: none"> - Te Kāinga programme introduces a rental product that is affordable for key workers in the city, operated by the Council. - The Strategic Housing Investment Plan sees some disposals of City Housing assets to fund developments, retaining unit numbers in the City Housing portfolio in line 	<p>Likely</p> <ul style="list-style-type: none"> - In some spaces this is already happening. For example, university students living in outer suburbs. <p>Impact of risk We could lose diversity in the city if people are priced out of housing.</p>	Extreme (15) (Almost Certain / Major)



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#	Strategic outcomes	Key Risks	Key Controls and Actions	Risk Assessment	Current Risk Rating
			with the Deed of Grant. When disposing of City Housing units that are deemed not to be fit for purpose, the first preference is to sell to Kāinga Ora, this is also a requirement under the Deed of Grant. A sale to Kāinga Ora retains social housing in the central city and inner-city suburbs.		

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The Council's Enterprise Risk Matrix provides a consistent approach to assess the impact and likelihood of a risk identified so that we prioritise the management of those risks within the Council's risk appetite.

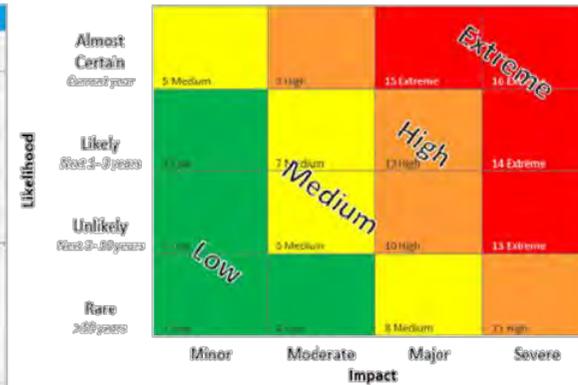
1. IMPACT ASSESSMENT TABLE: If this risk was to occur, what would the impact be for the Council?

Category	Minor	Moderate	Major	Severe
Financial	Financial exposure up to \$500k	\$500k to \$5m	\$5m to \$20m	Financial exposure greater than \$20m
Reputation	Negligible, one-off adverse media coverage within a local/small audience. No or negligible impact on stakeholder confidence.	Ongoing adverse local media coverage (in excess of 2 weeks). Short term impact on stakeholder confidence resulting in minor changes to operations/projects. Public concerns being vocalised. Central government requiring information.	Ongoing (2-6 weeks) adverse local and/or national media coverage. Ongoing adverse impact on stakeholder confidence resulting in major changes to operations/projects. Central government appointment of a Crown Review Team or Crown Observer.	Sustained adverse media coverage (in excess of 6 weeks). Loss of stakeholder confidence resulting in suspensions/projects ceasing. Central government appointment of a Crown Manager or Commissioner.
Regulatory Function	Minor breaches with no direct consequences.	Recommendations for improvement by regulator.	Corrective actions issued by the regulator.	Loss of accreditation to perform regulated work.
	Minor litigation.	Single moderate litigation or numerous minor litigations.	Single major litigation or numerous moderate litigations.	Numerous major litigations.
Legislative Compliance	Minor breaches with no direct consequences.	Compliance breach that leads to fine of less than \$5k. Compliance inquiry by a regulator.	Compliance breach that leads to fine of \$50k. Compliance breach leads to suspension of regulator.	Compliance breach that leads to an investigation and/or jail of an officer. Criminal charges and investigation supported by the regulator.
Health and Safety	An event that requires a worker and/or other person to seek first aid and/or medical attention.	An event that requires a worker(s) and/or other person(s) to seek medical treatment – physical or emotional.	Negligible event(s) that cause illness, injury or distress to a worker(s) or person(s).	An event that causes death or permanent impairment to a worker(s) and/or other person(s).
Environmental	Localised environmental damage that can be remediated.	Localised environmental damage with a medium term effect. Offsite release contained or immediately reportable event.	Significant, widespread environmental damage. Long term environment environmental damage with long-term effects. Major off site release.	Irreversible and widespread environmental damage. Irreparable damage to significant site or landmark.
Service Delivery	LTP key performance measures ±10% (financial and non-financial measures). No change to customer complaints.	LTP key performance measures: 10%-25% (financial and non-financial measures). Customer complaints increased ≤25%.	LTP key performance measures: 25%-50% (financial and non-financial measures). Customer complaints increased 25%-50%.	LTP key performance measures >50% (financial and non-financial measures). Customer complaints increased ≥50%.

2. LIKELIHOOD ASSESSMENT TABLE: How likely is the risk to occur?

Likelihood	Description
Almost Certain	Event could occur this year or similar event has occurred in the current year.
Likely	Event could occur in the next one to three years or during the current Triennial Plan.
Unlikely	Event could occur in the next three to ten years or during the current Long-term Plan.
Rare	Event could occur in more than ten years.

3. PLOT THE RISK



RISK RATING AND DESCRIPTION

Risk Rating	Description	Impact	Reporting
Low	Risk managed within business units.	May result in minor impact on the Council's business objectives and outcomes.	Included in risk register reporting to manager.
Medium	Risk within the Council's risk appetite and managed by TS and below.	Would interfere with the quality, quantity and timeliness of the Council's business objectives and outcomes.	Included in risk register reporting to manager and Chief.
High	Risk is close to exceeding the Council's risk appetite. Risk managed by ELT.	Would interrupt the quality and timeliness of Council's business objectives and outcomes.	Escalation to ELT and/or Elected member.
Extreme	Risk is at or exceeds the Council's risk appetite.	Would stop a number of key objectives and outcomes being achieved.	Urgent escalation to ELT and Council.

AUDIT NEW ZEALAND REPORT ON PROCUREMENT, CONTRACTS AND PROJECT MANAGEMENT

Purpose

1. This report asks the Finance, Audit and Risk Subcommittee to receive the Audit New Zealand report to the Council on Procurement and Project Management.

Recommendation/s

That the Finance, Audit and Risk Subcommittee:

1. Receive the information.
2. Note the actions underway to address the recommendations raised in the report.

Background

2. A significant area of spend for the Council is procuring goods and services needed to deliver services and achieve the results sought. As part of Audit New Zealand's audit of the Annual Report for the year ended 30 June 2020, Audit New Zealand completed a review of procurement, contracts and project management.
3. The review covered:
 - The procurement and contracts management function, including the governance framework and management arrangements.
 - The governance framework for programme and project management across the Council, including a high-level review of the Investment Delivery Framework.
4. The executive summary outlines their key findings and recommendations and officers' response to those recommendations.

Discussion

5. The key recommendations from Audit New Zealand are:
 - That a roadmap of work be developed and implemented to improve the procurement capability within the Council. This roadmap should include short, medium and long-term key deliverables with timeframes and responsible owner/s assigned for each deliverable.
 - To make sure that the Council has the right structure and capability to manage contracts effectively; and that there is a structured and suitably formal approach to contract completion and transition.
 - To assess its level of project management maturity and consider its future needs and next steps. This should include appropriate project management and governance structures, senior management commitment and fit for purpose supporting processes and systems (including for reporting and decision-making).

- That the Council consider the findings, recommendations and its response to the three reviews currently underway related to the management of the three water networks (the Three Waters Review; a Council Mayoral Water Taskforce review; and a Wellington Water review).

Management comments

Procurement and contract management

6. Officers acknowledge that having the right people and resources in place is of paramount importance. We have created a new senior management position: Manager, Commercial Partnerships (commenced in September 2020) who has responsibility for procurement and business activity across Council. One of the first tasks of this role will be to create the roadmap including timeframes/deliverables to ensure that the Council creates the foundational capability to achieve best practice procurement.
7. In the short/medium term, we also need to ensure that we are operating in an appropriate policy environment with the aim that policy becomes practice. The new Manager, Commercial Partnerships will be leading a review of the existing policy documents (including the Procurement Strategy) with the expectation these updated documents will be rolled out to the business units through a series of training sessions to ensure better understanding of how procurement and contract management should be effectively and efficiently carried out.
8. We acknowledge that good processes are critical in any procurement and contract function for the entire lifecycle of a purchase from commissioning to handover. We are currently working on a fit for purpose information system and are looking to adopt Audit New Zealand's suggestion of an Improvement Plan to help us identify the projects that can further assist in the improvement of this function.

Programme and project management

9. Officers acknowledge that it is important to have appropriate programme and project management governance structures and fit for purpose systems for reporting and decision making. A lot has been achieved over the last 18 months with the establishment of good programme and project practices. We have established a Project Management Office (PMO) under the Chief Infrastructure Officer, and this will build on the work done to date, with a particular focus on project delivery. As part of the establishment of the PMO, further work is being planned to consider the Council's programme and project management maturity, future needs and next steps.
10. We note the recommendations to consider the findings and recommendations currently underway related to the management of the three water networks. These recommendations will be considered and will be helpful in ensuring long lasting and sustainable decisions can be made about the City's drinking water, wastewater and stormwater networks.

Attachments

- Attachment 1. Executive Summary - Procurement, Contracts and Project Management Report September 2020 [↓](#)  Page 27

**FINANCE, AUDIT AND RISK
SUBCOMMITTEE
12 NOVEMBER 2020**

Author	Phyllis Lee, Team Leader Complaints & Information Assurance
Authoriser	Richard Leverington, Manager Risk and Assurance Stephen McArthur, Director Strategy & Governance

SUPPORTING INFORMATION

Engagement and Consultation

There are no requirements to consult on the matters raised in this paper.

Treaty of Waitangi considerations

There are no specific Treaty of Waitangi considerations.

Financial implications

There are no new financial implications raised in this paper.

Policy and legislative implications

Council procurement can be used to support wider cultural, social, economic and environmental outcomes that go beyond the immediate purchase of goods and services. The Council's goal is to achieve these broader outcomes and the suggestions recommended by Audit New Zealand are critical in ensuring Council is able to meet this strategic vision.

Risks / legal

There are no new risks or legal implications raised in this paper. This paper provides information about the risks relating to procurement and project management, and the Council's actions to manage the risks.

Climate Change impact and considerations

There are no climate change implications arising from this paper.

Communications Plan

No communication plan is required for this paper.

Health and Safety Impact considered

There is no health and safety implications arising from this paper.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

1 September 2020

Report to Wellington City Council

We reviewed the procurement function (including the governance and management arrangements), the investment delivery framework (IDF), project management governance in place for a sample of projects and the monitoring and oversight arrangements in place for the programme of projects managed by Wellington Water Limited (Wellington Water). Our audit included risk assessment procedures to understand the risk areas within procurement and contract management and a follow up on the previous year's audit recommendations to understand what progress had been made by the Wellington City Council (the Council) to address these.

We provided a detailed report to management for procurement and project management with our findings and recommendations.

Below is a summary of the results of our review.

1 Procurement

The Council is on an improvement journey. The Council-wide Procurement Strategy and Procurement Policy will be undergoing a refresh (to ensure alignment with current Council priorities). These will be supported by a refreshed suite of guidance and templates (that are currently considered numerous and challenging for business units to understand and use). The devolved procurement operating model creates a lack of visibility of Council-wide procurement and contracting activity. Contract registers are available, but not consistently or well utilised.

The Contracts and Procurement team is small, with a transactional focus, but this is changing. Procurement capability and capacity and training needs is unclear. However a training and development programme is being developed.

A number of initiatives are underway to improve the reliability of information related to procurement and contract management activity as information is not held in one place, raising questions over its integrity, particularly completeness.

There is not currently a process or plan in place for continuous review and improvement. An Internal Audit review was carried out (as part of Internal Audit's 2018-19 work programme) that identified a number of areas for improvement and proposed that overall, while controls are mostly effective and key risks are being managed, procurement and contract management at the Council requires improvement.

It is unclear if there is a defined process in place for sharing learnings from investigations, carried out when complaints are reported.

There is not currently Council-wide reporting in place on procurement or contract management activity.

We recommend that a roadmap of work be developed and implemented to improve the procurement capability within the Council. This roadmap should include short, medium and long term key deliverables with timeframes and responsible owner/s assigned for each deliverable.

2 Project, Programme and Portfolio management

The Council is on a journey to uplift its project, programme and portfolio maturity. A number of initiatives are underway to improve maturity and strengthen accountability.

The Strategy and Policy Committee fulfils the role of portfolio governance, supported by the Significant Project Governance Group (SPGG) and reporting to the Executive Leadership team. The SPGG and Finance, Audit and Risk Management sub-committees are limited to reviewing 'significant' projects, making project classification (which is a factor of both its size and risk) important to ensure projects receive the appropriate oversight. For accountability, it is important that the role and responsibilities of both the Strategy and Policy Committee and the SPGG are clear.

The IDF is a new, flexible framework with a tailored pathway for projects and a toolkit for tailoring the delivery approach for each project by considering the complexity and risk profile of the project. This approach is consistent with good practice. It is important that unnecessary barriers are removed to encourage uptake and embed new practice. A Project Governance function has been established to oversee the development of the IDF and to act as a "Centre of Excellence" and its optimal capacity and capability needs are being considered. The Project Governance group is currently assessing how widely the IDF is understood and being used. Uplifting project, programme and portfolio maturity will likely span a number of years to implement and embed sustained changes.

The Council does not currently have a complete and current view of its portfolio of projects or the risk profile of its portfolio and there is not comprehensive reporting on project risks and issues. Reporting on financial aspects of project delivery is a separate process. Related projects are consolidated and reported at a Programme level, however Programme level governance is not in place. Monitoring, tracking and reporting are important aspects of project and programme governance and is important to inform strategic decision making, including Council's Long Term Planning process.

Project management for Council-lead projects uses a combination of internal and external project managers (where the capability or capacity does not exist internally). It recognises that projects are by their very nature new, different and carried out on top of business-as-usual. It is important to ensure that external project managers are trained and supported to manage projects in accordance with the IDF and that appropriate internal structures exist as accountability for these projects and programmes remains with the Council.

The Council has acknowledged areas that still require further work including usage and the quality of Business Cases to support projects and programmes; understanding of project and programme management roles and responsibilities, including governance; and benefits identification, monitoring and realisation. We understand that a benefits framework has been recently launched.

Projects that we reviewed had appropriate project governance structures in place, in one case the project governance had evolved and strengthened over time. The Project Governance Board in one case did not at the time of our review, have finalised Terms of Reference in place.

Both Council-managed projects had project managers and supporting project teams in place. In one case, the internal team structure was still being considered.

Project reporting to the Project Governance Board in one case has evolved. It remains important for project governance to consider whether reporting is sufficiently comprehensive for the Project Governance Board to effectively discharge its responsibilities. We understand that internal reporting systems at the Council are being reviewed to improve efficiency.

Where project risks, changes or exceptions are identified that are outside of Project Board tolerance and escalated to the SPGG, it is important that the escalation criteria and tolerance thresholds are clearly defined. These were not clear to us at the time of our review.

Project governance and accountability for Wellington-Water managed projects rests with the Board of Wellington Water. The Council however still has a monitoring and oversight role. The Council has appointed an external independent quality assurance provider to the Wellington Water Major Projects Board to provide it with additional confidence that projects remain on track to be delivered within the agreed timeline and quality expectations. Regularly reviewing governance and other structures to ensure they remain fit for purpose represents good practice.

We recommend that the Council assess its level of project management maturity and consider its future needs and next steps. This should include appropriate project management and governance structures, senior management commitment and fit for purpose supporting processes and systems (including for reporting and decision-making).

We also recommend that the Council consider the findings, recommendations and its response to the three reviews currently underway related to the management of the three water networks (the Three Waters Review; a Council Mayoral Water Taskforce review; and a Wellington Water review).

3 Helping you understand your procurement and contract management risks

We used our sector expertise, recognised good practice, and a risk assessment tool to analyse the Council's procurement and contract management risks. Procurement and contract management carry high risk in terms of costs, public and political profiles, reputation, and performance. Delivering services well depends on doing procurement and contract management well.

Our assessment tool considers risk from two angles:

- The risk in the environment. This is the inherent risk. It is influenced by complexity, instability, change, delivery of critical services, interdependencies, and reliance on third parties. Size, strategic direction, and the nature of services are also important.
- The effectiveness of management systems and processes. This is control risk and covers the main aspects of good practice that we would expect to be applied. Effective management systems and processes mitigate aspects of inherent risk and reduce the risk of something going wrong.

The risk assessment process we have undertaken is based on the design of the controls only. We have not performed testing to ensure the controls are operating effectively.

We found that the Council has very high levels of inherent risk for both procurement and contract management. There is little the Council can do to reduce its level of inherent risk. However, it can strengthen its systems and processes to bring down the overall level of risk.

In our view the controls for procurement and contract management are not appropriate for a council with the level of procurement and contracting risk that the Council faces. In our view the Council needs to strengthen its contract management systems and processes, to bring the overall level of risk down from what we have assessed to be at the high level.

The two areas we believe would make the most difference to the Council's contract management are:

1. make sure the Council has the right number of staff. The right structure and the right capability to management contracts effectively; and
2. make sure that there is a structured and suitably formal approach to contract completion and transition.

Our observations and recommendations to improve procurement has been reported above.

Acknowledgement

We would like to thank management and staff for all the cooperation we receive throughout the reviews.

Nicol Stevens and I look forward to discussing the report with you.

Yours sincerely



Karen Young
Appointed Auditor

Management comments

Procurement and Contract Management

Council procurement can be used to support wider cultural, social, economic and environmental outcomes that go beyond the immediate purchase of goods and services. The Council's goal is to achieve these broader outcomes and the suggestions recommended by Audit New Zealand are critical in ensuring we are able to meet this strategic vision.

In the short term, we acknowledge that having the right people and resources in place is of paramount importance. To that effect, we have created a new senior management position: Manager, Commercial Partnerships (commenced in September 2020) who has responsibility for procurement and business activity across council. One of the first tasks of this role will be to create the roadmap including timeframes/deliverables to ensure that the Council creates the foundational capability to achieve best practice procurement.

In the short/medium term, we also need to ensure that we are operating in an appropriate policy environment with the aim that policy becomes practice. The new Manager, Commercial Partnerships will be leading a review of the existing policy documents (including the Procurement Strategy) with the expectation these updated documents will be rolled out to the business units through a series of training sessions to ensure better understanding of how procurement and contract management should be effectively and efficiently carried out.

We do also acknowledge that good processes are critical in any procurement and contract function for the entire lifecycle of a purchase from commissioning to handover. We agree that without a fit for purpose information system in place makes it impossible to achieve the broader outcomes. As noted, we are working with the financial systems team on this, and should be able to report back on progress next year. We are also looking to adopt your suggestion of an Improvement Plan to help us identify the projects that can further assist in the improvement of this function.

Programme and Project Management

Improved programme and project management, with a focus on delivery is an important priority embedded into the Chief Executive's Working Better Together Programme. A lot has been achieved over the last 18 months with the establishment of good programme and project practices. The Chief Executive has established a Project Management Office (PMO) under the new Chief Infrastructure Officer, and this will build on the work done to date, with a particular focus on project delivery. The "list of significant projects" for Executive Leadership Team (ELT) focus will closely align to the Chief Executive's performance KPIs agreed with the Council. The Audit New Zealand report will be helpful input into the evolution of the Council's programme and project management functions.

We acknowledge that it is important to have appropriate project management governance structures and fit for purpose systems for reporting and decision making. Several improvements have been implemented and incorporated into the current delivery framework. This include the project accountability matrix, guidance on escalation and defined risk impact tolerances for project budget, resources, schedule, scope and benefits. As part of the establishment of the Project Management Office (PMO), further work is being planned to consider the Council's project management maturity, future needs and next steps.

We note the recommendations to consider the findings and recommendations currently underway related to the management of the three water networks. The findings and recommendation from these reviews will be considered and will be helpful in ensuring long lasting and sustainable decisions can be made about the City's drinking water, wastewater and stormwater networks.

We note that the Board of Directors of Wellington Water Limited rather than the Council has governance responsibility for Wellington Water Limited's activities; and that the project governance complexities mirrors some of the wider governance challenges faced.

HEALTH AND SAFETY REPORT

Purpose

1. This report asks the Finance, Audit and Risk Subcommittee to review the Council's health and safety performance for the period 1 July 2019 to 30 June 2020.
2. The report provides information that aligns with the officer due diligence steps under the Health and Safety at Work Act 2015 (HSWA), specifically having:
 - Knowledge of work health and safety matters
 - An understanding of the nature of operations and the hazards and associated risks
 - Appropriate resources and processes to eliminate or minimise risk
 - Appropriate resources to receive and consider information
 - Verification of the provision and use of resources and processes
 - Processes for compliance with duties or obligations under the HSWA.

Summary

3. This report comprises qualitative commentary on activities that have occurred in the last twelve months, and are presented in three categories:
 - Risks
 - Relationships
 - Resources.
4. The June 2020 End of Year Dashboard (Attachment 1) provides quantitative lead and lag indicators. Lag indicators are backward looking and relate to incidents, hazard source, incident profiles and risk assessment. The lead indicators as reported in the Dashboard are positive performance indicators that measure activities within Council that promote the Council's health and safety systems and practices.

This style of reporting is based on the Business Leader's Health and Safety Forum: 'Monitoring what matters in Health and Safety' – a guide for CEOs, which was updated in May 2019. The Council is a member of the Business Leader's Forum.

Recommendation/s

That the Finance, Audit and Risk Subcommittee:

1. Receive the information.
2. Recommend that the Strategy and Policy Committee receive the information.

Risks

Risk Profiles

5. The Council's Safety, Security and Wellbeing team focusses on the Council's top nine priority hazard/risk controls, as presented to FARs previously. The top nine are identified as key components of the 2020-2021 Safety, Security and Wellbeing Teamwork plan. The nasty nine are currently under review, along with appointment of ELT sponsors for each of the nasty nine.

Category	ELT Lead
Personal Confrontation	Chief Operating Officer
Work at Height	Chief Executive
Vehicle Traffic Mobile Equipment	To be advised
Health and Impairment	Chief Strategy & Governance Officer
Asset Failure	Chief Financial Officer
Work with or in the Vicinity of Services	To be advised
Extreme Natural Events	To be advised
Work Related Health Hazards	Chief People & Culture Officer
Ignition Sources	To be advised

Specific Areas of Risk

6. The following summarises key pieces of work that have occurred in the last 12 months as the Council continue to manage the risks associated with specific hazard categories. This work is both good health and safety practice and assists the Council to meet our legal obligations under the Health & Safety at Work Act 2015 (HSWA).

Bowtie Risk Assessments

7. Two bowtie risk assessments have been undertaken and were reported during the year including Respiratory Health in September 2019 (Attachment 2) and Natural Events in June 2020 (to be reported to FARS in the next period). Both risk profiles assessed have combinations of controls that are either fully in place and working or partially in place. Where controls are partially in place actions have been added to the Safety Security and Wellbeing team's annual work programme to improve the control environment and further reduce the risk.

External Health and Safety Reviews

8. A partial ACC audit was undertaken in September 2019 looking only at the Injury Management elements. The External Auditor recommended that WCC maintain tertiary level status, which is the highest level to achieve under the framework. Minor changes were made to injury management related processes internally.

We have recently retained Tertiary accreditation following completion of a full ACC audit which will be reported under future reporting periods.

An external review is scheduled to occur in Q1 2021 in place of the Safe Plus review. This will follow set terms of reference to review our current safety management systems and operating model. Further information will be detailed in future reporting periods.

Health and Safety Assurance

9. The Safety, Security and Wellbeing team continue to utilise the Health and Safety Assurance Framework document aligned to the Council’s Assurance Framework (June 2019 FARs report). The document has provided the team and organisation with an easy visual means of engaging with applicable stakeholders to understand what Health and Safety assurance activity is undertaken and provided within specific assurance areas ie day to day operations, strategic and priority risk categories, culture and other on-going assurance activities; and in relation to assurance framework ‘Lines of Defence’.

Critical Hazard Collaboration Group

10. During the year, the Safety, Security and Wellbeing team initiated a Critical Hazard Collaboration group with the purpose of key influencers internally and externally, working together to better understand and recognise opportunities to improve how we manage our top nine hazards through innovation, information sharing and process improvement. The group have met twice during this reporting period to discuss ‘respiratory health, and Working with or near services’ hazards and will continue to meet twice per year to discuss one of the Councils top nine hazards or emerging trends.

Incident Investigations

11. In this 12 month reporting period three incidents were of a serious nature that have required a full investigation to be undertaken.

Business Unit: Park, Sport and Recreation
Incident Date: 22 September 2019
Location: Karori Pool
Hazard Category: Near, or in Water
Steering Group: 27 February 2020

Incident Description:

Lifeguard identifies swimmer at the bottom of the main pool and attends promptly to identify level of responsiveness. Child unresponsive, retrieved from pool by multiple lifeguards to undertake immediate first aid and Cardiopulmonary Resuscitation (CPR) procedures, along with contacting emergency services. After second round of rescue breaths, patient (Child) begins choking and breathing. Oxygen provided, patient’s condition improves before emergency services arrive and handover occurs. Notifications to WCC Management made. Immediate support provided to team and others involved.

Top 3 Corrective Actions	Action Status
Training sessions to be formally documented and evidence better retained and content of the training to be reviewed and updated.	Complete
Facility management to complete monitoring of attendance, completion of training.	Complete
CCTV coverage review to enable consistent coverage on pool areas.	Active

FINANCE, AUDIT AND RISK SUBCOMMITTEE 12 NOVEMBER 2020

Business Unit: Park, Sport and Recreation
Incident Date: 17 November 2019
Location: Wellington Regional Aquatic Centre
Hazard Category: Near, or in Water
Steering Group: 27 February 2020

Incident Description:

Synchronised Swimming Club member was undertaking underwater lengths as part of training session returns to surface, demonstrating signs of impairment and loses consciousness. Sister of Synchronised Swimming Club member, along with Coach, identifies problem and immediately responds. Member of the Public nearby, along with Lifeguard, hear calls for help and assist retrieving Synchronised Swimming Club member from the pool. Immediate first aid and Cardiopulmonary Resuscitation (CPR) procedures begin. Multiple lifeguards respond, bringing emergency equipment, notifying emergency services and beginning to clear the pool. First aid and CPR continues for multiple rounds before Synchronised Swimming Club member begins to show signs of consciousness. Continued support before emergency services arrive and handover takes place. Notifications to WCC Management made. Immediate support provided to team and others involved.

Top 3 Corrective/Suggested Actions	Action Status
Hiring parties to provide a risk management plan for activities that is completed and approved through consultation with Facility Management.	Active
WCC to complete monitoring of hiring party activities to ensure alignment with risk management plans and facility requirements.	Active
Suggested action for Synchronised Swimming Club to shift measurement from distance swum underwater to time without oxygen to align more effectively with the risk and control measures.	Active

Business Unit: Waste Operations
Incident Date: 21 July 2019
Location: Southern Landfill
Hazard Category: Vehicles on/off Roads
Steering Group: 24 October 2019

Incident Description:

Driver from Main Contractor and Southern Landfill operating truck in operational landfill disembarks without enabling the park hand brake. Truck began to move, and Driver attempts to get back in to apply the hand brake without realising the proximity to a stationary parker Bulldozer nearby. The Truck door struck the Bulldozer blade and driver becomes entrapped between the door and the truck, sustaining crush injuries to legs. Another worker nearby notices event and shifts bulldozer to free the trapped worker, immediate first aid provided, and emergency services contacted. Internal notifications to Management occur, before emergency services arrive and handover takes place.

Top 3 Corrective Actions	Action Status
Develop an uncontrolled vehicle response plan	Complete
Install audible hand brake alarm (when not engaged)	Complete
Ensure use of hand brake is included within driver observations/competency assessments.	Complete

Reporting on the monitoring of completed actions for all investigations is provided to the Councils Health and Safety Steering Group.

Local Government Official Information and Meetings Act 1987 (LGOIMA)

12. No complaints during this reporting period.

Relationships

Construction Client Group

13. Council have continued to participate in the Construction Clients' Group forums in the previous twelve months. This is a national forum that brings stakeholders together to develop consistent practice for the health and safety across the construction and infrastructure industries. The forum provides us with an opportunity to network and have access to national and internationally recognised practices. Of interest to the Council is improved practice and systems in relation to Safety in Design principles to assist us to manage our risk in relation to asset failure.

Critical Hazard Collaboration Group

14. Contractors that work with the Council from across industry are specifically being invited to meetings of the Councils Critical Hazard Collaboration Group to build our relationships with them, provide insights from the contractor' worker perspective, to use the opportunity to improve practice for their workers.

Government Health & Safety Lead

15. The Council participates in the Government Health and Safety Lead Practitioners' Forum. The forum meets regularly during the year with a focus on specific health, safety and wellbeing subjects of interest. The opportunity that presents from being a participant includes strengthening our Safety, Security and Wellbeing system capability, building cross-sector relationships, raise awareness of issues and opportunities, and support sharing of proactive and joined up responses.

Resources

Annual Plan

16. The actions for completion in the Council's 2018/20 Safety, Security and Wellbeing Plan are monitored by the Council's Health and Safety Steering Group. There were several actions that had not been fully achieved during the year because of changing focus areas around COVID-19 alert levels and staff changes in the Safety, Security and Wellbeing team. These actions are a work in progress or are yet to start and have been carried through and incorporated into the Safety, Security and Wellbeing work plan for 2020/2021. We will provide a half yearly update on the plan.

External Review

17. Building off external review content (section 8), the current operating model will be externally assessed to identify if the current model is appropriate for the organisation and the desired health and safety performance levels.

Mental Health and Wellbeing

18. Building off three key areas identified through engagement sessions in previous reporting periods, we have since undertaken work to support staff in mental health and wellbeing which includes; raising awareness of mental distress; training leaders and support staff to support others experiencing mental distress; and, developing process transparency in relation to the Council's support mechanisms. Mental Health first aid training sessions were provided in August and September 2019. An online training tool for Managers on 'Supporting your People' is provided through Council's Training portal. The remaining actions are in progress and will be included in the Safety Security and Wellbeing work plan for 2020/2021.

Elected Members Due Diligence

19. The information below demonstrates elected members' performance against due diligence actions for the 12 months period ended 30 June 2020.

Legislative Due Diligence Requirement

- Acquire and keep up to date with knowledge of work health and safety matters
- Understand nature of operations and hazards and associated risks
- Appropriate resources and processes to eliminate or minimise risks
- Appropriate resources to receive and consider information
- Verify provision and use of resources and processes
- Have processes for compliance with duty or obligation under the HSWA Act 2015

Due Diligence	Actual
Attend one health and safety leadership induction workshop(s) per annum, (eg Business Leaders forum; 'Leading Safety' refresher; public Health & Safety Seminars)	We held a H&S Leadership workshop in November 2019 for Elected Members on due diligence obligations. A further session in January was undertaken for ELT members.
Participate in one site/workplace safety observation with an ELT Member	<p>Four observation were undertaken involving Councillors;</p> <ul style="list-style-type: none"> • 2/8/2019 – Councillors Young and Gilbert • 30/1/2020 – Councillor O'Neill • 18/2/2020 – Councillors Foon, O'Neill and Sparrow • 13/3/2020 – Councillors Condie and Matthews. <p>Six observations were undertaken during the reporting period involving;</p> <ul style="list-style-type: none"> • 2/8/2019 – CFO Andy Matthews* • 30/1/2020 – CPCO Meredith Blackler • 18/2/2020 – CFO Andy Matthews* • 4/3/2020 – CS&G Officer Stephen McArthur • 13/3/2020 – CCP David Chick*. • 25/06/2020 – Acting CCO Kevin Black.

	*Denotes ELT member in role at time of observation. We had struggled to consistently complete observations in this reporting past year due to unavailability of participants, environmental constraints or cancellations. The Council are looking to change the way we organise observations going forward to ensure there are more opportunities provided to Councillors to participate.
Oversight and acceptance of Council wide Health and Safety Plan	The Council's 2018/20 Safety, Security and Wellbeing Plan was presented to FARs and CSC in September 2019.
Oversight of Health and Safety Climate survey findings and results	The biennial Health & Safety Climate survey was last undertaken in November 2019 and reported to HSSG.
Receive and review health and safety information on Council health and safety performance through Councils health and safety reporting framework	Three Safety Security and Wellbeing reports were presented to FAMRs and CSC for the periods: 1 July to 31 December 2019 1 July to 31 March 2020 1 July to 30 June 2020.
Have oversight of Council's Hazard and Risk Register through annual review process	The Council has nine critical risk categories. One risk profile is presented in this paper (Attachment 2) on respiratory health.

Attachments

Attachment 1. [Bow Tie Assessment Profile - Respiratory Risks](#)  

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Attachment 2. [Dashboard Report](#)  

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Author	Gareth Jeune, Senior Health and Safety Advisor (PCBU)
Authoriser	Meredith Blackler, Chief People And Culture Officer

SUPPORTING INFORMATION

Engagement and Consultation

N/A

Treaty of Waitangi considerations

N/A

Financial implications

N/A

Policy and legislative implications

This information to ELT and Councillors assists them to discharge their Officer due diligence obligations under the Health and Safety at Work Act 2015.

Risks / legal

N/A

Climate Change impact and considerations

N/A

Communications Plan

N/A

Health and Safety Impact considered

N/A

Risk Profile: Dust Asbestos & Silica

<p>Risk Description <i>(Definition of this risk, who is exposed, where and when exposure occurs)</i></p>	<ul style="list-style-type: none"> • Work carried out in any situation in which a worker could be exposed to dust, asbestos or silica that have the potential to cause injury or illness through inhalation or ingestion. • It is important to manage the risks associated with dust, asbestos or silica, and to review what Council have in place to keep people healthy and safe. • Exposure to dust, asbestos or silica can have immediate or long-term (latent) health effects for workers from prolonged or repeated exposures. • Workers who are more exposed to dust, asbestos or silica in our workplaces are those within our Parks Sport and Recreation, City Housing, Build Wellington, City Resilience and Sustainability, City Consenting and Compliance, Community Networks, Transport and Infrastructure, Smart Council, Waste Operations and Property teams. • Workers include employees of the Council and contractors engaged to work on our behalf.
<p>What we know about this risk in our business <i>(Internal context)</i></p>	<ul style="list-style-type: none"> • Currently we have nineteen (19) controls to manage the risk of harm or death to our workers as a result of exposure to dust, asbestos or silica. We know that seven (7) controls are in place and working. We know that twelve (12) are partially in place. The residual level of risk is High. The risk will continue to be re-assessed as implementation of further controls occurs. (Refer page 3 + 4 for detail on the controls in place to manage this risk). • Exposure to dust, asbestos or silica is one of the Council’s eight critical risk categories. • Council have a working group ensuring we meet the requirements of the Asbestos Regulations and the silica dust in the workplace guidance. • In the year ended 30 June 2019, 9 incidents were reported in the Council’s health and safety incident management system, where dust, asbestos or silica were the primary hazard source. 4 of these were near miss reports. • 5 of the incident incidents reported involved contractors engaged by Council.
<p>What we know about this risk in our operating environment <i>(External context)</i></p>	<ul style="list-style-type: none"> • Dust, asbestos and silica are key risk focus areas for WorkSafe NZ. In particular Worksafe NZ has recently released guidance advising PCBUs of the risks of respirable crystalline silica dust and how to control them and protect their workers. Silica dust in the workplace.
<p>Our business objectives potentially impacted by this risk</p>	<ul style="list-style-type: none"> • Council have identified twelve (12) controls that require strengthening to reduce the level of risk to within tolerable levels to a Moderate level. • A consolidated Council-wide assurance programme is being developed, implemented and reported on to test the current status of existing controls to determine if they are within acceptable tolerable levels or further work is required to reduce the level of risk. • The process of testing current controls will determine the acceptance by Council’s ‘Officers’ (defined by the Health and Safety at Work Act 2015) with the level of controls in place and whether they are in ‘full’ and working or ‘partially’ in place – as the acceptable level. • The status of ‘no’ is unacceptable and actions must be undertaken to move this control level to the minimum standard partially in place. • Impact on worker safety and wellbeing and the subsequent safe delivery of core Council services.
<p>Risk owner</p>	<p>ELT Sponsor, Director Governance and Assurance</p>

	Manager Safety Security + Wellbeing		
Key risk event	Situations in which there is harm to health as a result of exposure to dust, asbestos or silica due to an uncontrolled release. The harm may be immediate, or may be a long-term consequence of prolonged or repeated exposures.		
Cause of event (Threat)	<p>The following events/situations could lead to a risk event:</p> <ul style="list-style-type: none"> • Deteriorating materials • Environmental conditions • Impairment • Equipment failure • Fire 	Potential Impact (Consequence)	<p>The following potential impacts could result if the risk event is set in motion:</p> <ul style="list-style-type: none"> • Physical injuries • Serious or fatal illness (ingestion leading to chronic health effects) • Internal or external investigation • Prosecution of our organisation or individual – breach of Health and Safety at Work Act 2015 – failure to provide a safe workplace. • Reputational damage to our organisation
Engagement and communication <i>How we have engaged and consulted with our people about this risk</i>	<ul style="list-style-type: none"> • Council’s H+S team facilitated a ‘bow-tie’ risk analysis workshop involving cross-Council representation, including senior managers, health and safety representatives and workers to test existing controls and identify new controls. • The ELT Sponsor (Director Governance and Assurance) will be briefed and will be asked to agree the existing and new controls identified through the ‘bow tie’ risk analysis workshop. • Targeted communications will be pitched at high risk teams internally and contractors externally. • The Council-wide Hazard/Risk Register is available on StaffNet and in Risk Manager. • An Asbestos awareness course run by Fibresafe NZ was organised by the Safety, Security and Wellbeing Team and held in 2019. 17 workers from across the Council attended. • An Asbestos Working Group was re-established in 2019 involving cross-Council representation. 		
Additional resource need <i>(items of equipment, processes, training, money etc)</i>	<ul style="list-style-type: none"> • Continue providing base level awareness training for contract/project/property managers. • Funds to complete condition surveys of priority 5 sites. • Resource to continually update Council wide asbestos register. • Funds to completed removal and remediation works of asbestos containing material in poor condition. 		

Controls – How we manage this risk		
Brief control description	Hierarchy	Is the control in

(the stuff you have in place to manage the risk)		place and working?
<ul style="list-style-type: none"> No future purchase or lease of assets with asbestos-containing materials 	Elimination	Partial
<ul style="list-style-type: none"> Work areas with the risk of exposure to asbestos fibres shall be isolated and access restricted. 	Isolate	Yes
<ul style="list-style-type: none"> Work areas with the risk of exposure to dust or silica shall be isolated when practicable. 	Isolate	Yes
<ul style="list-style-type: none"> Encapsulation and sealing of known asbestos-containing materials 	Engineering	Yes
<ul style="list-style-type: none"> Appropriately selected vacuum cleaners provided and used for preliminary de-dusting of clothing and respirators 	Engineering	Partial
<ul style="list-style-type: none"> Use of enclosures and negative air pressure surrounding assets in which asbestos removal is occurring and decontamination facilities provided 	Engineering	Partial
<ul style="list-style-type: none"> Standard operating procedures¹ / Permit to Work / JSA / Take 5 / Toolbox meetings setting out safe methods of work including emergency response plans 	Administrative	Partial
<ul style="list-style-type: none"> An asbestos register must be maintained for all WCC properties http://wccecm/otcs/cs.exe/overview/17736488 and a copy provided to workers if there is a risk of exposure. Use of the Fibre Safe portal where practicable to provide the same oversight. 	Administrative	Yes
<ul style="list-style-type: none"> Appropriate type of asbestos surveys completed (demolition or general occupation) 	Administrative	Partial
<ul style="list-style-type: none"> Asbestos management plans (for asbestos-containing materials remaining in-situ) addressing maintenance, threats, labels and notifications to occupants, and ultimate removal. 	Administrative	Partial
<ul style="list-style-type: none"> All workers carrying out work in which there is a risk of exposure to asbestos fibres or dust shall receive appropriate training in the hazards associated with these, and the risk controls required. 	Administrative	Partial
<ul style="list-style-type: none"> All work carried out associated with or in proximity to asbestos-containing materials shall be in accordance with http://construction.worksafe.govt.nz/guides/acop-management-and-removal-of-asbestos/ and http://www.legislation.govt.nz/regulation/public/2016/0015/latest/DLM6729706.html and http://www.business.govt.nz/worksafe/information-guidance/guidance-by-hazard-type/asbestos and http://construction.worksafe.govt.nz/guides/conducting-asbestos-surveys/. 	Administrative	Partial

<ul style="list-style-type: none"> All work carried out in which there is a risk of exposure to dust, including silica dust shall be carried out in work environments that do not exceed workplace exposure standards All work carried out in which there is a risk of exposure to dust, including silica dust shall be carried out in work environments that do not exceed workplace exposure standards https://worksafe.govt.nz/topic-and-industry/work-related-health/monitoring/exposure-standards-and-biological-exposure-indices/. 	Administrative	Partial
<ul style="list-style-type: none"> Water suppression and/or other dust suppression techniques and good housekeeping shall be undertaken by workers where reasonably practicable. 	Administrative	Partial
<ul style="list-style-type: none"> Occupational health monitoring as required. 	Administrative	Yes
<ul style="list-style-type: none"> Environmental monitoring shall be carried out where Work Exposure Standards apply. 	Administrative	Yes
<ul style="list-style-type: none"> Workers carrying out work associated with asbestos-containing materials shall be provided with personal protective equipment, trained on appropriate and clothing in accordance with the Asbestos Guidelines (above). 	Personal Protective Equipment	Yes
<ul style="list-style-type: none"> Workers carrying out work associated with dust, including silica dust, shall be provided with personal protective equipment, including fit-for-purpose breathing apparatus and training for the safe use, storage and maintenance of it. 	Personal Protective Equipment	Partial

Risk Assessment							
Inherent risk level <i>Inherent risk level is assessed without controls in place</i>	Critical	Residual risk level <i>Residual risk level is assessed with current status of controls either in place and working, partially in place, or not in place</i>	High	Is this risk within tolerance	No	Council's Tolerable Risk Level <i>Our confidence in adequacy of controls</i>	Moderate

What we're doing to reduce the level of risk from high to moderate

During 2020, the following actions will be undertaken for all 12 'partial' controls to determine if the status can be moved to fully in place and working.

The Council's Safety Security and Wellbeing team will take the lead on these actions. Updates will be made to the risk profile as they occur and will be included in future reporting to FARMS.

1. Audits will occur of the all ventilation / exhaust systems to ensure they are fit for purpose and have a robust maintenance programme.
2. The Council's working group will continue to progress their programme of work to align Council with the H+S Hazardous Substances Regulations, including hazardous substances registers; training; emergency plans; appropriate PPE and training.
3. ELT and Elected Member safety observations (up to 30 June 2020) will include at least one observation where the critical risk is exposure to hazardous substances.
4. H+S Internal Audits (second quarter of 2020) will determine which business units have identified dust, asbestos and silica as a critical risk, and monitoring of their existing controls.

In addition to the priority controls, monitoring and assurance for this risk through the Council's H+S management system continues through the following mechanisms:

- Safety Observations
- Incident Reporting
- Training Records
- Substance inventory records and asbestos management plans
- Training records in safe use, handling, storage, removal and transport
- Training records in emergency and drill
- Pre-employment, health monitoring records
- Personal protective equipment registers.

LAG + LEAD INDICATORS

Hazard Source – incidents reported against Council’s “Nasty Nine” H&S critical hazards

The table below represents the number of incidents reported against our top 9 critical hazards. Council have 29 hazard categories and 9 critical H&S hazards “the nasty nine”.

Critical Hazards	YE 2019-20	YE 2018-19
Personal confrontation	434	418
Vehicles, traffic & mobile equipment	218	186
Health and impairment	94	73
Asset failure	94	87
Work related health hazards	28	25
Natural events	18	13
Work at height	9	12
Ignition sources	4	16
Work with or in the vicinity of services	2	6

KEY: Orange = an increase in reported incidents from 2018-19; Green = a decrease in incidents from 2018-19

Incident Profile

Key person involved	Total 19/20	Total 18/19
 Worker	NM 713	NM 748
	FA 281	FA 262
	MT 113	MT 131
	NE/LTI 5	NE/LTI 2
 Public	NM 516	NM 929
	FA 416	FA 735
	MT 61	MT 129
	NE/LTI 4	NE/LTI 0
 Tenant	NM 3	NM 6
	FA 2	FA 0
	MT 1	MT 0

Key:
NM – Near Miss
FA – First Aid
MT – Medical Treatment
NE/LTI – Notifiable Event or Lost Time Injury

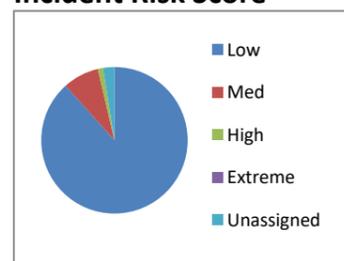
NM & FA Commentary:
 A notable decrease in public notified incidents this year; Partly due to COVID 19’s impact on activity & an unprecedented spike in 2018/19. The Council promotes the early intervention programme (physio) to reduce the likelihood of muscle strain injuries moving to Medical Treatment or Lost Time Injury.

Note: Contractor medical treatment & Notifiable / Loss Time Injury events are included in ‘Worker’ incidents.

MT & NE/LTI Commentary:

There has been an increase in the number of recorded Lost Time Injuries this year. All injuries have been followed up and are not of a significant nature i.e. off work for longer than 5 days. Our ACC accredited workplace injury provider, WellNZ, case manages the majority of our serious medical treatment (Staff requiring time away from work to recuperate) and lost time injury cases and a reduction in this year’s total claim spend has been recorded.

Incident Risk Score



Risk Score Commentary:

We have had no extreme incidents this year and 25 High Risk Incidents. In all cases there were no health or safety consequences. Council’s 2 top hazards; personal confrontation & vehicles feature most prominently under high risk, examples include personal threat or confrontation where staff have had to remove themselves from the situation or vehicle incidents featuring bad driving behaviour from members of the public.

Personal Confrontation incident analysis	YE 2019-20	YE 2018-19
Community Networks - Parking	202	206
Parks Sport and Recreation	115	117
Community Networks - Libraries /Community	50	42
City Housing	26	12
City Consenting and Compliance	11	7
Customer Service, Innovation, Smart Council	9	14
Community Networks - Community Services	7	8
Property	5	1
Human Resources (includes security)	3	0
Communications and Engagement	2	0
Resilience and Sustainability	1	2
Waste Operations	1	0
City Design and Place Planning	0	4
Transport	1	2
Governance	0	3
TOTAL	434	418

KEY: Orange = an increase in reported incidents from 2018-19. Green = a decrease in reported incidents from 2018-19

Annual leave

As at 30/06/2020, 234 employees had 25 days or more of annual leave owing, which represents an increase of 86 at the same time last year. The COVID event has directly impacted this increase. Consistent messaging has been articulated across the Council around the need to take leave to ensure staff are well rested and wellbeing is prioritised. Should leave balances remain higher post manager / staff discussions, more direct action will be required.

Personal confrontation commentary:

This year there was a notable increase in the number of incidents registered by the City Housing team. During 2019/20 the Manager encouraged staff to report personal confrontation incidents versus normalising adverse behaviour. The number is now a fairer reflection of the often-complex nature of the tenants that City Housing staff work with, including people with mental health & low socio-economic issues. The team use professional supervision as a support mechanism and have processes in place for debriefing following a significant incident.

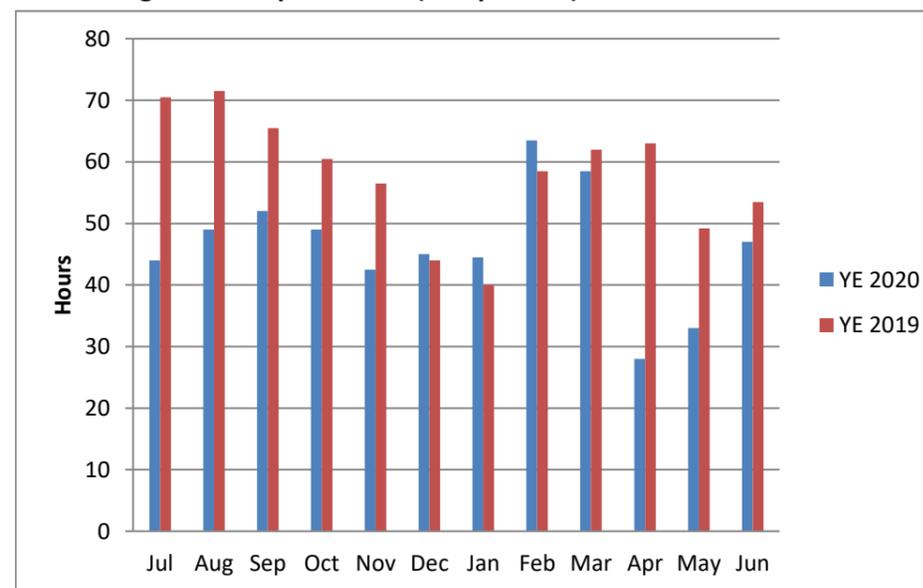
Security Update	YE 2019/20	YE 2018/19
Trespass notices issued*	2	3
Incidents reported to Police	85	107

There has been a decrease in the number of Trespass notices served and Incidents reported to Police this year. Notably, incidents reported to Police have reduced by 22 which could partly be attributed to COVID. The majority of the incidents reported to Police are related to Parking Officers being threatened and theft from Council facilities, primarily recreational type facilities e.g. Pools and Rec centres. Of particular interest was the reporting of a recreational reserve gate being broken open on several occasions. Trespass notices are issued as a reasonable step the Council can take to minimise the risk of harm. A threshold must be met prior to the issuing of a Trespass notice. Trespass notices are in place for two-years and are monitored by the Council’s Security Team.

Core H+S Training	YE 2019/20	YE 2018/19
H&S REP TRAINING	33	24
FIRST AID	165	178
MENTAL HEALTH FIRST AID	107	N/A
MANAGEMENT OF ACTUAL OR POTENTIAL AGGRESSION	89	114
RESILIENCE	52	69
Recognition	YE 2019/20	YE 2018/19
HEALTH AND SAFETY HEROES	6	8
ELT & Councillor Observations	YE 2019/20	YE 2018/19
HEALTH AND SAFETY OBSERVATIONS (ELT)	6	7
D+A Test Results	YE 2019/20	YE 2018/19
DRUG AND ALCOHOL TESTING - Pass	110	154
DRUG AND ALCOHOL TESTING - Fail	3	9
EI and EAP Referrals	YE 2019/20	YE 2018/19
EARLY INTERVENTION PHYSIOTHERAPY REFERRALS	52	41
EMPLOYEE ASSISTANCE PROGRAMME (EAP) HOURS	556	694

See over for further Commentary

EAP Usage – Hours per month (comparison)



Commentary on EAP

Council offers free EAP services to employees. This offer is widely used by all business units. We note a decrease in use and our EAP provider has improved access issues through their website and Phone application. Personal relationships, anxiety and depression have been the common reasons for people using EAP.

Injury Management	YE 2019/20	YE 2018/19
Work Related ACC Injury Claim Total	63	80
Claim costs to date	\$43,682	\$88,692
Number of workdays lost	72.4	162.5
Non-work claims WellNZ managed	6	12
ACC Partnership Programme Accreditation	Tertiary	Tertiary

KEY: Green = a decrease in work related claims from 2018-19. Orange = an increase in work related claims from 2018-19

Lead Indicator Commentary

- Management of Actual or Potential Aggression (MAPA) is an international training methodology and delivers knowledge and techniques for our 'front-facing' staff to help them recognise and respond safely to customers and the public who may be acting in a defensive and/or threatening way. MAPA training is identified as an established mitigation/control in the Council's hazard/risk register for 'PERSONAL CONFRONTATION'. The business units that most likely access this type of training are; Parking Services, Community Services, Contact Centre, Libraries, Parks Sport and Recreation and the Compliance team because they interact with the public most often.
- In 2019, the Council initiated training of its leaders in Mental Health First Aid to ensure they are equipped to identify and provide appropriate support to staff that are suffering from mental health issues. A significant number of our leaders (107) have undertaken this training and we are looking for opportunities to extend this offering in 2020 as a core training offering.
- Resilience Training continues as a core training programme to assist staff to build and enhance existing resilience skills as well as provide new techniques to help better handle challenges in the workplace and in life. In addition, following COVID-19 lockdown the SSW team identified BUs that may benefit from shorter half day resilience training for teams especially where work pressures (hot spots) have been identified.
- Acknowledging the positive health and safety behaviours demonstrated by our staff is rewarded through the Health and Safety Hero cards – all of which are signed off by the Chief Executive and presented to staff.
- Visible health and safety leadership is measured through ELT completing Safety Observations in conjunction with Elected Members. We have adjusted our visit process and are currently looking at improvements in relation to attendees at these visits. This includes ensuring an environment where staff feel that they can have free and frank dialogue with ELT and Councillors about health safety and wellbeing matters.
- Failed Drug and Alcohol Testing results in disciplinary action and in some instances require employees to attend compulsory rehabilitation. Rehabilitation involves six random drug and alcohol tests over a subsequent two-year period and Counselling support.
- Early Intervention Referrals to a physiotherapist assists employees with muscular skeletal discomfort. The trigger for an early intervention is a near miss incident whereby a staff member notes in the Risk Manager incident reporting tool that they are experiencing muscular discomfort. The intention is to prevent pain becoming an ACC claim.
- Council offer free EAP Counselling services to employees. This offer is widely used by all business units (a positive sign). Personal relationships, anxiety, and depression are the lead reasons for people Accessing EAP but also work-related health issues like stress.

Employee Participation

- The Council continue to hold Health & Safety Steering Group meetings, which includes ELT, Senior Managers and nominated members of the Health & Safety Representatives' group. The discussions are centred on monthly and quarterly reporting, trends; the Health & Safety work plan and serious incidents (investigations). We have reached out to Unions to gain representation in this group.
- The SSW team have convened Bowtie Risk Assessment & Critical Hazard Collaboration group workshops which involve staff and external parties. The focus for this group is deep dive on the Councils Nasty Nine risks and in relation to the Collaboration group; using the collective knowledge of staff and external parties to improve our control environment around the Nasty nine risks.
- The SSW team engage the Councils Health & Safety reps to support Health, safety and wellbeing initiatives and improvements including Representative Forums held and supporting them through personal development - Rep training. Health and Safety reps are the 'go-to' people in that work in business and alongside staff in relation to health safety and wellbeing and providing support in relation to the Councils health and systems and processes. They are also the eyes and ears for the SSW team and we have been relied upon for their knowledge, for example assisting the SSW team with pinpointing any work pressure hotspots following the COVID-19 lockdown event.

-
- The SSW team have continued to engage the Wellbeing group (a small group of staff from across the Council who have shown an interest in supporting the Wellbeing strategy and initiatives). The group has come together periodically to discuss and support wellbeing initiatives.
 - The Transport and infrastructure team organised a successful breakfast session for its contractors and their workers at the beginning of December. The keynote speaker was Wayne (Buck) Shelford who spoke about mental health, addictions and provided great insight for workers around some of the pressures that lead to addictions and mental health. They are now looking to continue this as an annual event with main contractors on-board to share the cost.

TE AHO MARUTAU | INTERNAL AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2020 AND INTERNAL AUDIT PLAN 2020-2021

Purpose

1. This report asks the Finance, Audit and Risk Subcommittee to receive the Internal Audit Report for the year ended 30 June 2020, and to approve the Internal Audit Plan for 2020-21.
2. The information in this report supports the Subcommittee to discharge its responsibilities under its Terms of Reference:
 - to review and monitor whether management's approach to maintaining an effective internal control framework is sound and effective
 - to review and approve internal audit coverage and annual work plans.

Recommendation/s

That the Finance, Audit and Risk Subcommittee:

1. Receive the information.
2. Note the overview of the Te Aho Marutau Internal Audit Report for the year ended 30 June 2020.
3. Approve the Te Aho Marutau Internal Audit Plan 2020-21.

Background

3. The Internal Audit Plan 2019-20 was approved by the Finance, Audit and Risk Management Subcommittee on 12 June 2019. The **Internal Audit Report for the year ended 30 June 2020** provides the overall results of the work performed as part of that plan. It also provides our assessment of the Council's Internal Control System based on the work performed and observations during the year.
4. Every year, Internal Audit will establish a risk-based plan to determine the priorities of the internal audit activity. The **Internal Audit Plan 2020-21** outlines the planned internal audit engagements and related assurance advisory activities. The plan is usually completed at the start of the financial year however has been delayed this year as the Council focuses its attention on the COVID-19 response and recover effort. The **Internal Audit Plan 2020-21** is designed to facilitate our responsibility to evaluate and improve governance, risk management and control processes. The plan is prepared under the Internal Audit Charter.

Internal Audit Report for the year ended 30 June 2020

5. During the year 2019-20, Internal Audit completed six internal audit engagements and other assurance advisory activities as part of the work plan for the year. The results of audits and the risk rating for findings identified is summarised in the attached Internal Audit Report for the year ended 30 June 2020 (Attachment 1).
6. The report also provides our assessment of the Council's Internal Control System based on the work performed and observations during the year.
7. The **Internal Control System** is the attitude, actions and processes assure the achievement of organisation objectives. The Internal Control System comprise of:
 - control environment
 - risk management

FINANCE, AUDIT AND RISK SUBCOMMITTEE 12 NOVEMBER 2020

- control activities
 - information and communication
 - assurance and monitoring activities.
8. We have identified the key expectations for the Internal Control System for each of these five areas. These key expectations are based on recognised international good practice standards for internal control frameworks. This assessment approach is consistent with the previous year.
9. The Council's internal control system can be described as 'Core'. This means that the underlying supporting processes are basic, with some elements of good practices in place. There is a low to medium level of maturity rating for underlying supporting processes. The key area for improvement is in the Control Activity area, where several enterprise wide initiatives that will support the establishment of robust enterprise level control activities are in progress.

The Internal Audit Plan 2020-21 10. The Te Aho Marutau Internal Audit Plan 2020-21 (Attachment 2) identifies key audit engagements and proposed audit priorities for the current financial year.

11. The planned audit activities have been developed in consultation with management, endorsed by the Executive Leadership Team (ELT), and is presented to the Subcommittee for its approval.
12. Our assurance approach considers the results of the Strategic Risk Profile and organisation transitional plans to support city recovery and organisational transformation. Internal Audit engaged with senior managers and members of this Subcommittee to consider the assurance required as the Council focuses on high risk areas and core operations.
13. We engaged with management and the Executive Leadership Team as part of our approach to identify operational risks and areas of key concerns. The Strategic Risk profile that was being developed at the same time, also informed the planning approach, and provided a focus for assurance activities.
14. The prioritisation of internal audit activities is driven by:
- coverage of operational risk areas across 3-5 year cycle
 - links to the strategic risks profile
 - planned management actions to treat current risks
 - the value that Internal Audit can bring – based on our mix of capabilities and skills.
15. We have considered the resources required to deliver our plan. Our allocation of effort remains consistent with previous year, with just over half our total effort on internal audit engagements, a quarter on advisory engagements and the remaining balance on Internal Audit improvement plans and governance reporting.
16. We have also reserved some capacity in order to respond timely to requests and risks, given the level of uncertainty and potential changes in the coming year. The Internal Audit Plan will be open and responsive to changes in Council's risk profile and business priorities. Any change to the plan will be brought to the attention of this Subcommittee.

Next Steps

17. The newly appointed Manager Risk and Assurance will consult with the ELT and stakeholders to ensure that the wider Risk and Assurance team (which includes Internal Audit, Risk Management and the Complaints and Information Assurance functions) continues to provide risk-based and insightful reporting and services that support the Executive to deliver the Long-term Plan and deliver continuous improvement.

Attachments

- Attachment 1. Internal Audit Report for the year ended 30 June 2020 [↓](#)  Page 55
Attachment 2. Internal Audit Plan 2020-21 [↓](#)  Page 59

Authors	Jana Froelich, Internal Auditor Phyllis Lee, Team Leader Complaints & Information As
Authoriser	Richard Leverington, Manager Risk and Assurance Stephen McArthur, Director Strategy & Governance

SUPPORTING INFORMATION

Engagement and Consultation

There are no requirements to consult on the matters raised in this paper.

Treaty of Waitangi considerations

There are no specific Treaty of Waitangi considerations.

Financial implications

There are no new financial implications raised in this paper.

Policy and legislative implications

There are no new policy or legislative implications raised in this paper.

Risks / legal

There are no new risks or legal implications raised in this paper.

Climate Change impact and considerations

There are no climate change implications arising from this paper.

Communications Plan

No communication plan is required for this paper.

Health and Safety Impact considered

There are no health and safety implications arising from this paper.

Te Aho Maratau | Internal Audit Report for the year ended 30 June 2020

This report provides Finance Audit and Risk Sub-committee (FARS) and the Executive Leadership Team (ELT) with;

- a summary of internal audit work completed during 2019-20
- an overview of the internal control system for the year ended 30 June 2020.

The information in this report supports the Finance Audit and Risk Sub-committee (FARS) discharge their responsibility under its Terms of Reference to monitor whether management's approach to maintaining an effective internal control system is sound and effective.

Internal Control System is the attitude, actions and processes to assure achievement of organisation objectives.

The Internal Control components or areas comprise of:

- control environment
- risk management
- control activities
- information and communication
- management assurance and monitoring activities

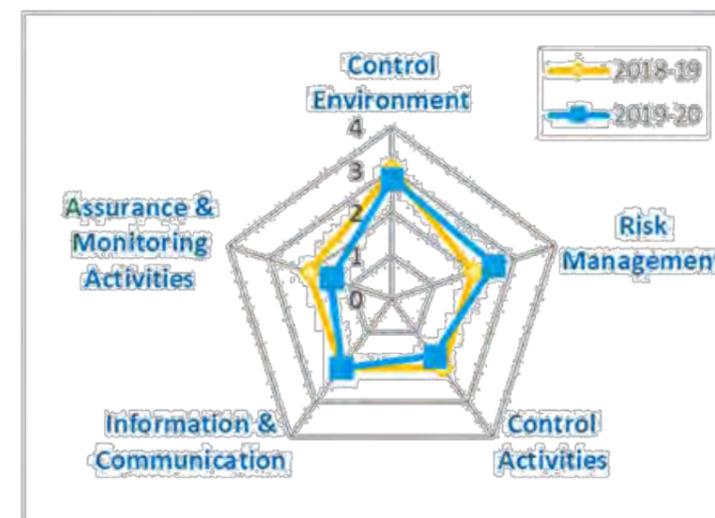
Internal Control System assessment rating for the year ended 30 June 2020

The council's internal control system is assessed as 'Core'. Internal controls are basic. There are elements of good practices in place but operating in isolation with low to moderate level of maturity rating for supporting processes.

The assessment result is consistent with last year and is expected to improve in the coming period. 2019-20 was the start of a new elected triennium and the establishment of a new Executive Leadership Team. New direction, structures, and responsibilities to achieve objectives have been set and is expected to cascade and reflect in a improve internal control systems.

We issued 17 audit recommendations during 2019-20 to improve the Council's internal control system. Top themes from audit recommendations relate to:

- Availability and currency of policy and guidance to establish what is expected
- Stronger management oversight and evaluation about whether action plans/controls/risk mitigation strategies are present and functioning.



Internal audit and advisory engagements completed as part of the Internal Audit Work Programme for 2019-20

The organisation's need to manage the COVID-19 pandemic response and recovery meant that our work programme needed to flex with the change.

Some planned engagements were deferred and replaced with more focussed reviews.

Some IA resources were redeployed to support other functions, including backing up the risk support for the pandemic response when required.

During the year 2019-20, internal audit completed six internal audit engagements and various advisory engagements covering investigations, internal control awareness, protected disclosures and integrity work programme.

Results of our work are reported to ELT and FARMS/FARS throughout the year. Audit activities and key findings are summarised in this report.

Audit engagements 2019/20	Assessment Rating	High	Medium	Low	Total
Grants Monitoring	Improvements recommended	2	2	-	4
Transport and Place Planning Programme Delivery	Good	-	-	5	5
Management oversight of Wellington Water Limited	Improvements required	1	-	-	1
Corporate Real Estate – Property	Improvements required	1	2	1	4
Facilities Management Process Design review	Good	-	-	1	1
Tip Shop – Staff Purchases	Improvements recommended	1	1	-	2
Number of internal audit findings		5	5	7	17

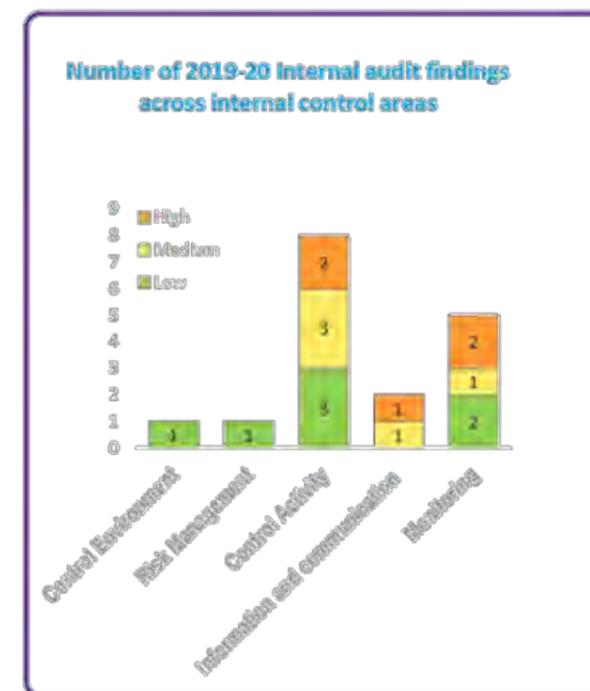
2019-20 Internal audit findings as a percentage across internal control areas



Overview of the Council's Internal Control System

The following is a high-level assessment of the Internal Control System. The assessment* is based on judgement and supported by observations and results of Internal Audit assurance and advisory engagements.

Internal Control Areas and Expectations	Assessment*	Comments
Control Environment 1. demonstrates a commitment to integrity and ethical values 2. governing body demonstrates independence from management and exercises oversight responsibilities 3. establishes structures, authority and responsibilities to achieve objectives 4. demonstrates a commitment to attract, develop, and retain competent individuals 5. holds individuals accountable for their internal control responsibilities	Good	The Council continues to demonstrate a strong commitment to Our Values. The code of conduct is established and sets expectations of our people to conduct business legally, ethically, responsibly and in alignment with the Council's values. Kōrero Mai pulse check culture survey is a recognised and independent tool for diagnosing organisational culture and continues to be used to provide feedback to the organisation on areas for attention. A new-look ELT team with new roles established following the changes announced in March 2020 to ensure organisational structure is well-aligned to the Council's priorities and are set up to deliver successfully. There continues to be a strong Tone at the Top from the CE, leading with a 'First team' approach in order to work together as a cohesive unit towards a shared vision. One low risk finding raised in this area relating to the need to review and finalise the terms of reference for a management oversight group.
Risk Management 6. specifies objectives with sufficient clarity – a precondition to effective risk assessment 7. identifies and assesses risks to the achievement of objectives 8. considers fraud, health and safety, and business continuity risks to achievement of objectives 9. identifies and assesses significant change	Core	The Council continues to show a strong risk-aware culture, and a steady shift to not just identify risks but to manage and review risk treatments systematically. The current All-of-Government Risk Maturity Assessment places the enterprise risk maturity level at Level 2, where risk management practices are not consistently applied across the Council, with some areas having a higher appreciating of the value of enterprise risk management. The ability to manage risk continues to be acknowledged as a core manager skill set. Health, safety and wellbeing strategies and initiatives are ongoing and regular reporting to Health, safety and security ("HSS") governance groups continues. The Council has a high maturity for managing HSS risks, with independent review showing that the Council has leading practices in identifying and assessing HSS risks. HSS maturity review is planned during 2020-21. The COVID-19 pandemic demonstrated the Council's ability to adapt and respond to business disruption. Business continuity plans are progressively updated particularly for Gold and Platinum services. Enterprise level fraud risk assessment has been initiated and is being progressed. One low risk finding raised in this area relating to the need to better articulate and manage risks at the planning stages of an initiative.
Control Activities 10. implement control activities to mitigate risks to acceptable levels 11. establishes appropriate controls to manage technology infrastructure, security and change processes that are aligned to business objectives 12. deploys policies that establish what is expected	Initial	Several enterprise wide initiatives that will support the establishment of robust enterprise level control activities are in progress. Elements of good practice in place but overall these are at the early maturity stages. Procurement strategy and policy has been carried forward for completion during 2020-21. Project Management office has been established. Plans and priorities will be developed during 2020-21. Work is underway to lift enterprise system security assessments. Corporate policy governance process has not progressed during the year and ownership of this process is pending following changes in business teams. Two high risk finding – inappropriate system administrator rights and stronger controls for sensitive transactions (staff purchases). Five medium to low risk findings relate to the availability and currency of policy and guidance to establish what is expected.
Information and Communication 13. uses relevant, quality information to support effective functioning of internal controls 14. internally communicates to so that people understand and carry out their internal control responsibilities 15. communicates externally matters affecting the functioning of internal control and provide channels to allow input, including whistle-blower process	Core	Established reporting mechanism in place to support communication between management and the governing body so that both have information needed to fulfil their roles and responsibilities. Protected disclosure and whistle-blower processes have been reviewed and updated, with new channels for reporting established. There is an ongoing process to understand the strategic information needs to support priorities and achievement of CE KPIs, and to move towards the smart use of information to generate insights. One high and one medium risk findings about the availability and completeness of data to support effective enterprise level controls approach (repository of build asset information and incomplete historic lease records)
Assurance and Monitoring Activities 16. management performs ongoing assessments to ascertain whether the processes and controls are working 17. management have processes to identify internal control improvements and monitors timely corrective action	Core	There are pockets of good quality control and management assurance processes as part of operational quality management systems. The Council has a formal assurance framework in place, but with varying levels of understanding about need for management assurance and over their areas of responsibility. There are opportunities to improve coordination across the three lines of defence to better integrate risk and assurance activities. Two high, one medium and two low risk findings about stronger management oversight and performing evaluation about whether internal controls are present and functioning.



Internal Control System assessment rating scale:

Advanced	All elements of good practice are in place and operating effectively. High maturity rating for supporting elements.
Good	Most elements of good practice in place and operating effectively. Moderate to high level of maturity rating for supporting elements. May be some minor weaknesses.
Core	A basic approach with some elements of good practice in place but operating in isolation. Low to moderate level of maturity rating for supporting elements. Areas for improvement noted.
Initial	Undefined or basic approach. Low level of maturity rating for supporting elements. Areas for improvements noted.

TE AHO MARUTAU

INTERNAL AUDIT PLAN

2020-21

Draft

Submitted for Endorsed by Executive Leadership Team 07 October 2020

Submitted for approved by Finance, Audit and Risk Subcommittee 12 November 2020



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1. Overview of the 2020-21 Internal Audit Plan

Our purpose is to enable Council to deliver results and outcomes in a way that meets the public's expectations of accountability and our responsibilities as a public sector organisation. We enhance and protect organisational value by providing objective assurance, advice, and insight on governance, risk management, and internal control processes.

Each year, to facilitate our purpose, we develop a risk-based plan of assurance activities. (Refer Appendix One for the Planning Process).

Our Plan includes both audit and advisory engagements:

- **Audit engagements** will involve an objective examination of evidence so that we can provide a view of governance, risk management, and control processes.
- **Advisory engagements** will include a wide range of activities, intended to improve Council's governance, risk management and control processes, without us assuming management responsibility. Advisory activities may include facilitation, analysis of situations, brainstorming risks and controls, acting as a catalyst for change, developing potential solutions to problems, training, involvement in working or steering groups, and other related activities.

We have also identified a short list of potential audit areas not included in the 2020-21 plan. These reviews are indicative for next year's plan or can be reprioritised to the current year, in response to changing risk profiles and priorities.

INTERNAL AUDIT PLAN 2020-21

Internal Audit Engagements – 51%

1. Building Consent Accreditation readiness assessment
2. Business continuity processes effectiveness and maintenance
3. Purchase - to - Pay data analysis and reconciliation
4. Continuous auditing activities for quarterly assurance
5. Actions Plans for Nasty Nine
6. Responsive reviews

Advisory and other related assurance activities – 40%

1. Integrity work plan: Protected disclosure, fraud investigation process and Internal fraud risk assessment
2. Business engagement, assurance advisory and follow up on audit recommendations including watching briefs on:
 - Establishment of the Project Management Office (PMO) under the Infrastructure and Delivery group
 - Commercial partnerships, procurement and contracts
 - IT process changes and improvements

Governance reporting – 6%

1. Governance reporting
2. Annual Internal Audit planning

Improvement activities – 3%

1. Review Internal Audit Charter
2. Assurance business plan and IA improvement activities
3. Professional development
4. Korero mai actions

**Refer to Section 3 for more information on risk and scope*

SHORTLIST OPTIONS*

1. Development contributions - Revenue collection completeness and accuracy
2. Billing for consenting fees - Revenue collection completeness and accuracy and customers experience as a result from the existing process.
3. Privacy management
4. Wellbeing & psychological health and safety - Psychological safety measures in place for Council people
5. Debt collection - Effectiveness of debt collection process and identify potential root causes for high amounts of outstanding debts in the process
6. Culture - Operational practices and behaviour patterns that affect the control environment culture
7. IT change controls and systems security management
8. Burials and Cremations - Assure regulatory requirements are met and identify potential improvements to services for our customers
9. Membership and booking system - Accuracy and completeness of bookings and assure accurate revenue collection

** Alternative engagements currently not scheduled. These activities may be prioritised if risk profile changes*

2. Allocation of Internal Audit Resources

Delivery of the agreed list of internal activities in this will be resourced internally. Current internal audit resources:

- Principal Advisor Internal Audit – 1 FTE
- Internal Auditors:
 - 1 FTE Internal Auditor for the time July – October 2020
 - 2 FTE Internal Auditor after October 2020
- Plus the support from the Manager Risk and Assurance and wider Assurance team.

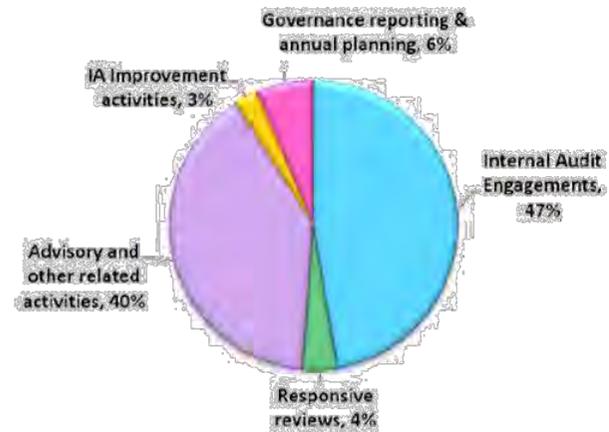
For 2020-21, our Internal Audit resources are allocated as follows:

Internal audit engagements	47%
Internal audit engagements – Responsive reviews (unplanned work)	4%
Advisory activities and other business engagements	40%
IA Improvement activities and business planning	3%
Governance reporting and annual planning process	6%

We have allocated some capacity to respond to requests and risks, given the level of uncertainty and potential changes in the coming year.

Our allocation of effort remains consistent with previous year, with just over half our total effort on internal audit engagements, forty percent on advisory engagements and the remaining balance on improvement activities and governance reporting.

Allocation of Internal Audit resources for 2020-21



3. Details about the activities in the Internal Audit Plan 2020-21

Assurance activity	Scope Explanation / Risk area addressed (to be refined at engagement planning stage)	Group	Planned quarter
Internal Audit Engagements			
1. Actions Plans for Nasty Nine	Assess whether the plans to strengthen controls for Nasty Nine are adequate and identify opportunities to improve visibility and implementation of the H&S assurance framework. Risk group: Compromise of people's health and safety	People and Culture	Q2
2. Purchase - to - Pay	Analyse data and reconcile purchase, receipting and invoicing process. Identify operational pattern leading to increased manual and delayed payments. Identify areas for improvement to shape the purchase - to - pay process. Risk group: Lack of funding sources and financial sustainability	Finance	Q2-Q3
3. Building Consent Accreditation	Assess readiness for IANZ accreditation assessment including follow-up on previous recommendations and identifying potential issues for accreditation. Risk group: Operational risks – services delivery	Planning and Environment	Q3
4. Business continuity processes	Review effectiveness and maintenance of continuity planning including completeness of business impact assessments and plans to assure that WCC can maintain resilience and support continuity during a disruption. Risk group: Resilience to external shocks	Infrastructure	Q4
5. Continuous auditing activities	Provide quarterly assurance over internal controls for high-risk areas, including conflicts of interest and vendor data hygiene. Regular assurance includes data matching, analysis and transaction testing. Risk group: Operational risks – core internal control expectations	Strategy and Governance/ Finance/Procurement/ People and Culture	Q1 - Q4 (ongoing)
6. Responsive reviews	Capacity to respond to assurance requests and changes in risks, in anticipation of uncertainty and potential changes in the coming year.	TBC	TBC

Assurance activity	Scope Explanation / Risk area addressed (to be refined at engagement planning stage)	Group	Planned quarter
Advisory and other related assurance activities			
1. Integrity work programme	<ul style="list-style-type: none"> Ongoing communications and guidance to raise fraud awareness including Fraud Awareness week. Progress fraud risk assessment. Targeted response for protected disclosure investigation as required. 	Council wide	Q1-Q4
2. Business engagement, advisory and follow up on audit recommendations	<ul style="list-style-type: none"> Engage regularly (8-weekly/Quarterly/6-monthly engagements) with selected business managers to keep pace with business priorities and risks, and to follow up on open audit recommendations. Education and collaboration with Finance and other functions on internal controls. Project assurance support as required including reviewing project assurance plans Watching briefs on: <ul style="list-style-type: none"> Establishment of the Project Management Office (PMO) under the Infrastructure and Delivery Development of commercial partnerships, procurement and contracts management processes IT process changes and improvements including embedding the Right Foundation program Targeted assurance response and engagements as required. 	Council wide	Q1-Q4
Governance reporting and annual audit planning			
1. Annual audit planning	Annual risk-based audit planning process.	Strategy and Governance	Q4
2. Governance reporting	Quarterly Executive Leadership Team (ELT) and Finance, Audit and Risk Subcommittee (FARS) reporting.	Strategy and Governance	Q1-Q4
Internal Audit Improvement activities and business planning			
1. Refresh WCC Internal Audit Charter	The Internal Audit Charter defines the purpose of internal audit, how we operate and provides the mandate for what we do.	Strategy and Governance	Q4
2. Assurance group business plan, and IA improvement activities	Assurance team planning days, support development of wider Assurance business plan and Korero Mai action plan implement key activities e.g. Internal Audit improvement activities e.g. update internal audit process and tools, self-assess conformance to Professional Standards. Align planning with working better programme and organisational change.	Strategy and Governance	Q1-Q2
3. Professional development	Training and meeting the required continuous professional education hours.	Strategy and Governance	Q1-Q4

Appendix 1 – 2020-21 Internal Audit Planning Process

Main Factors for the selection of Internal Audit engagements:

Risk: we focus on high risk areas and have a set of assurance activities suitable for different control environments. See more details in “how we use risk to focus our work”.

Previous reviews: if reviews had been completed recently, we do not select them in the following year unless they are regular reviews. Please see also appendix 4 – Assurance map for reviews performed in the last five years.

Timing: we look at managing timing of reviews most suitable for the business.

Organisational change: if organisational change is affecting areas, assurance activities can be of design nature or be postponed until changes are completed.

Capability and capacity: we only plan for work for which we have the ability to respond and meet Council’s assurance needs.

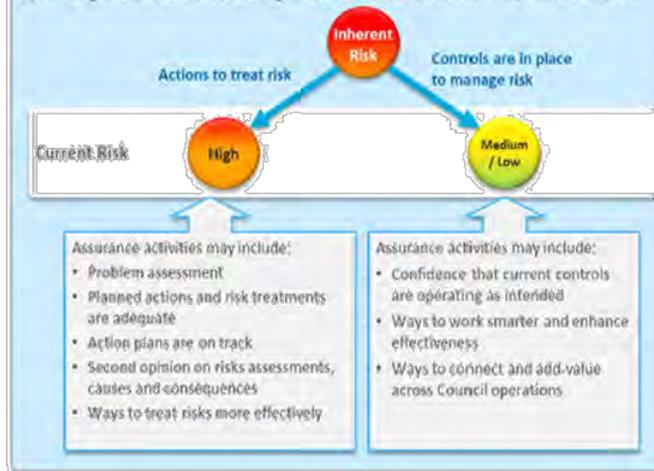
Timeline for the Internal Audit plan 2019-2020:



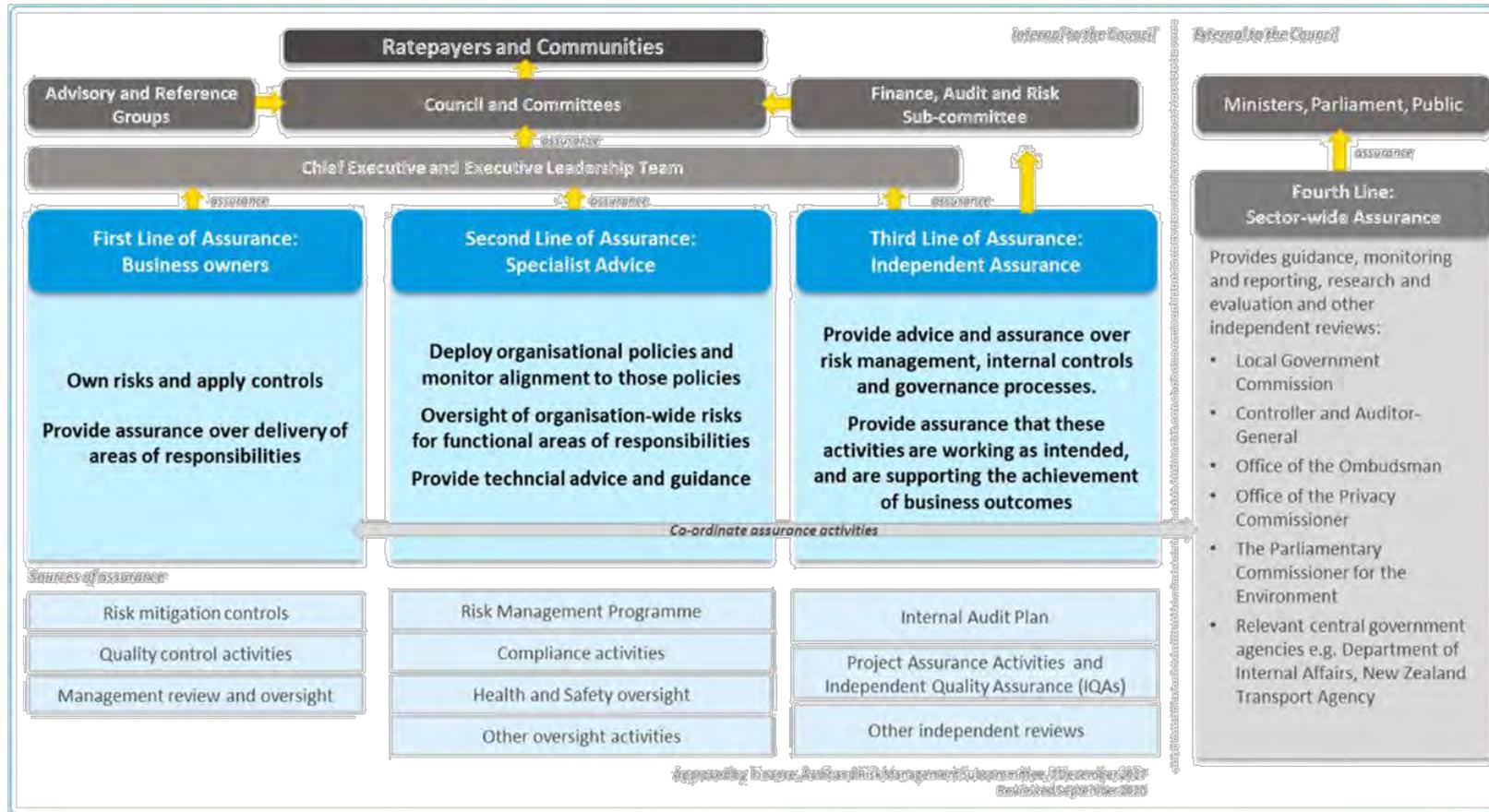
How we use risk to focus our work

We focus on areas that are inherently high risk to the achievement of Council outcomes. Depending on the **current risks**, our work usually focuses on assuring stakeholders:

- 1) things are working as expected, and ways to improve and add value, or
- 2) management actions to reduce high risks are effective and treatment plans are on-track



Appendix 2 – Assurance Framework



Appendix 3 – Internal Audit Charter

Our Charter – Our purpose, how we operate and what we do

Why	The purpose of Internal Audit is to	What	The scope of Internal Audit work includes, but is not limited, to:
	<ul style="list-style-type: none"> enhance and protect organisational value by providing objective assurance, advice, and insight on governance, risk management, and internal control processes to the Executive Leadership Team and the Finance, Audit and Risk Management Subcommittee enable Council to deliver results and outcomes in a way that meets the public's expectations of accountability and our responsibility as a public sector organisation. 		<ul style="list-style-type: none"> develop and champion Council's Assurance Framework develop and carry out an audit plan to evaluate and improve the effectiveness of governance, risk management, and control processes provide assurance oversight and advice to programmes and projects provide advice on the engagement of other independent assurance providers across Council, including the scope of work and its delivery work with Council's Appointed Auditors to coordinate respective work programmes and to support shared outcomes monitor management's completion of actions from independent assurance reviews develop and maintain Council's protected disclosure policy on behalf of the Chief Executive and the Finance, Audit and Risk Management Subcommittee, receive protected disclosures and have oversight of any investigations under the Protected Disclosures Act 2000 investigate allegations of frauds and other suspected financial misappropriations or avoidable losses provide internal audit and advisory services to Council Controlled Organisations (CCOs) at the request of the Chief Executive of Wellington City Council.
How	<p>A business partner approach</p> <ul style="list-style-type: none"> We will work closely with leaders and managers to achieve shared organisational objectives. We will understand the needs of our customers and the outcomes they want to achieve. <p>Results and outcomes focused</p> <ul style="list-style-type: none"> We will focus on the wider strategic objectives and outcomes rather than just the processes used to produce a product or deliver a service Knowing what success looks like informs how we can tailor our services to create value. <p>Act with integrity</p> <ul style="list-style-type: none"> The Executive Leadership Team actively promotes and supports the need for the Internal Audit function and for Internal Auditors to perform their role objectively and with impartiality. When necessary, we can communicate to the Chief Executive and the chair of the Finance, Audit and Risk Management Subcommittee. We will uphold the principles of objectivity, integrity, confidentiality and competence. We will maintain an unbiased attitude and make balanced evidence-based assessments. 		<p>In order to achieve this, the Executive Leadership Team authorises us to:</p> <ul style="list-style-type: none"> define Council's framework and approach for assurance carry out independent audit work that covers all facets of the Council's business determine the scope of matters to be audited and to set audit objectives have access to appropriate resources in order to carry out our purpose have access to all Council records, personnel, and property, needed to carry out our work report to the Finance, Audit and Risk Management Subcommittee on all aspects of our function

Approved by:
Executive Leadership Team: 28 May 2018
Finance, Audit and Risk Management Subcommittee: 13 June 2018

Approved by:
Executive Leadership Team: 28 May 2018
Finance, Audit and Risk Management Subcommittee: 13 June 2018

Next review date: June 2021 (every three years)

Appendix 4 - Assurance Map

Assurance Area	Summary Key Functions	Assurance Line Three – Internal Audit		Assurance Line Four – External Assurance
		Internal Audit reviews completed – Last 5 years	Proposed Internal Audit Activities for 2020-21	
Customer & Community	<ul style="list-style-type: none"> City Housing Arts and Culture City Events Libraries and Community Spaces Community Services Parking Services Parks Operations Pools and Recreation Centres Playgrounds, Sportsfields and Tracks 	<ul style="list-style-type: none"> Recreation Programmes and Partnerships (2014-15) Grants (2015-16, 2014-15) CCO Monitoring – Wellington Zoo (2014-15) CCO Monitoring – Zealandia (2014-15) Burials and Cremations (2015-16) Housing (2015-16) Art and Cultural Activities (2015-16) Parking (2016-17, 2014-15) Playgrounds (2016-17) Swimming Pools (2016-17) PSR operations (2018-19) Grants (2019-20) 	<ul style="list-style-type: none"> NIL 	<ul style="list-style-type: none"> Telarc NZ annual audit on the ISO:9001 Quality Management System Accreditation (burials and cremation)
Infrastructure & Development	<ul style="list-style-type: none"> City Resilience & Sustainability Business Continuity and Emergency Management Waste Operations Transport & Infrastructure Energy Management Council Property Assets Management Leasing, Sales and Acquisitions Facilities Maintenance Contract Project Management Office 	<ul style="list-style-type: none"> Procurement – Project Town Hall (2017-18) Landfill operations (2018-19) Transport operations (2018-19) Project Governance think piece (2018-19) (V) Tip Shop – staff purchases (2019-2020) Property Management (2019-20) Wellington Water (2019-20) Project Advisors Working Group (2019-20) (V) FM contract control design review (2019-2020) 	<ul style="list-style-type: none"> Business continuity processes (A) Watch brief on PMO Assurance Plans (V) 	<ul style="list-style-type: none"> NZTA (formal procedural audits every 2 years)
Planning & Environment	<ul style="list-style-type: none"> Building Inspections and Consents Resource Consent and Compliance Public Health Climate Change & Sustainability Land Information City Design & Place Planning 	<ul style="list-style-type: none"> Resource Consents Processes (2014-15) Building Consents Processes (2017-18) Public Spaces & Centre Development (Bond St) (2015-16) Alcohol Licencing (2015-16) Public Health (Dogs) (2015-16) Transport and Place Planning programme delivery (2019-20) 	<ul style="list-style-type: none"> Building consent accreditation readiness assessment (A) 	<ul style="list-style-type: none"> Building consent accreditation by IANZ
Smart Council	<ul style="list-style-type: none"> Digital Services Enterprise architecture Information Centre Service Design and change IT Service desk Customer and Service centre 	<ul style="list-style-type: none"> IT Infrastructure (2014-15) Watching brief on embedding IT and SmartCouncil changes (2019-20) (V) 	<ul style="list-style-type: none"> Watching brief on embedding IT process improvements and Right Foundation program (V) 	<ul style="list-style-type: none"> IT architecture Independent review Independent Systems Penetration testing
People & Culture	<ul style="list-style-type: none"> HR Services Culture & Capability Safety, Security & Wellbeing 	<ul style="list-style-type: none"> Payroll (2017-18, 2014-15) Organisational Policies (2016-17) H&S Assurance Framework (2018-19) 	<ul style="list-style-type: none"> Actions Plans for Nasty Nine (A) 	<ul style="list-style-type: none"> SAfePlus Independent Assessment
Strategy & Governance	<ul style="list-style-type: none"> Internal Audit Risk Management Complaints and information requests Privacy Communications & Engagement Democracy Services & Elected Members Support Strategy, Policy & Research Tira Poutama - Iwi Partnerships Legal Services 	<ul style="list-style-type: none"> Privacy review (2014-15) Legislative Compliance (2014-15, 2015-16, 2016-17, 2017-18) Business Reporting (2015-16) Complaints Resolution (2015-16) Project engagement and consultation (2015-16) Elections Project 2016 – Project Assurance Report (2016-17) Project Assurance – Elections and Transition Readiness assessment (2018-19) 	<ul style="list-style-type: none"> Internal fraud risk assessment and integrity program (V) 	<ul style="list-style-type: none"> Audit New Zealand audit of the LTP Audit New Zealand audit of Consultation Document as part of the development of the LTP
Business & Finance	<ul style="list-style-type: none"> Business Reporting Analysis Financial Accounting and Transactional Services Financial Strategy and Treasury Asset Management Commercial Partnership 	<ul style="list-style-type: none"> Treasury (2014-15) Fleet Management (2014-15) Rates Revenue (2014-15) Payments (2014-15) Balance Sheet Reconciliation (2016-17, 2014-15) Accounts Receivable (2015-16) Sensitive Expenditure (2014-15, 2015-16, 2016-17, 2017-18, 2018-19) Procurement and Contract Management (2018-19, 2017-18) Delegations Register (2018-19) 	<ul style="list-style-type: none"> Purchase – to – pay (A) Continuous auditing activities (A) Watch brief on Commercial Partnerships and Contract Management (V) 	<ul style="list-style-type: none"> Audit New Zealand annual audit of financial statements and service performance information Valuer-General (ratings valuation)

2021 LONG-TERM PLAN DEVELOPMENT PROGRAMME

Purpose

1. This report supports the Finance, Audit and Risk Subcommittee (FARs) in providing oversight of the approach used for the preparation of the 2021 Long-term Plan (LTP). The focus for this oversight is FARs visibility of the main LTP programme delivery and management structures supporting the delivery of compliant LTP in full, on-time.
2. The paper provides for FARs information, an overview the Council's approach, timeline, activities, programme management and governance arrangements being used for the LTP work programme. Also included is the Programme Charter - the document guiding the detailed management of the LTP work programme (Attachment 1).

Summary

3. The LTP development programme is a formally constituted and Executive Leadership Team (ELT) approved process. It has been developed and managed against SOLGM good practice, legislative and audit requirements. There is active management of workstream outputs, content quality and delivery timelines. There are on-going opportunities and clear processes for managing issues and risks. The programme also receives active and on-going ELT oversight and engagement. Councillors have been and will continue to be involved in the development 2021 LTP through workshops and Committee meetings.

Recommendation/s

That the Finance, Audit and Risk Subcommittee:

1. Endorse the approach for delivering the Long-term Plan in full and on-time.

Background

4. The LTP is a key planning document of Council and a mechanism for engaging with the community about the future of the city and Council services. It is also part of the legacy of a Council's term in office and therefore grounded in the needs, aspirations of the community and ability to pay. The LTP is updated every three years.
5. Councils typically refer to SOLGM guidance in developing their approach to and managing the LTP work programme. Audit New Zealand and the Auditor General (OAG) encourage the use of SOLGM project guidance in the preparation of LTPs. The guidance is not intended as a 'straight jacket' and should be scaled/adapted to the scope and focus of each Council's LTP needs. The programme charter (Attachment one) brings together the relevant aspects of SOLGM guidance the approach to internally coordinating the LTP work programme.
6. LTPs are at least a year-long work programme, have interdependent and iterative processes, specific legislative requirements (eg the procedure for Consultation), scrutiny by the Council's external auditors and 'hot review' of the Consultation Document by the OAG.

Approach

7. The foundation of an effective LTP process is starting early as practicable and, delivering LTP outputs in the and right order. In addition we considered and continue to take into account the observations of the Auditor General Audit of 2018 LTP consultation documents.
8. Our approach to the 2021 LTP update builds on the previous LTP work programme incorporating a focus on:
 - increasing the involvement of Council in the process. This responds to Council's request following adoption of the 2018 LTP
 - managing the work programme interdependencies
 - incorporating service management planning into the work programme
 - increasing pre-engagement of the community prior to formal consultation. The aim of this is an increasingly aware and informed community on LTP matters
 - where possible, further developing internal capacity
 - on-going external auditor engagement
 - joined-up programme management decision making
 - on-going ELT direction and update.
9. The primary goal of the Programme is:
 - a) producing an LTP for 2021-2051 on time and that is balanced, strategically aligned, and can be used as a meaningful strategic management tool for the Executive, Council and the Community.

Secondary goals focus on the quality of the LTP. They are:

 - b) Improving the quality of long-term planning practices across the Council's services and assets.
 - c) Continuing to improve the quality and level of engagement of the public, and Councillors, with key strategic challenges facing the city.
10. The process, timeline workstreams etc have been developed and managed according to these goals.
11. Whilst the 2021 LTP charter (Attachment 1) was approved by ELT in December 2019 with early work commencing before the end of the year, the COVID-19 pandemic in 2020 has eliminated the timeline contingency that was built into the ELT approved programme. Consequently, we have adjusted the work programme to respond to the increased uncertainty in the COVID environment and, stay on-track for adoption in June 2021.
12. Specific adjustments to accommodate this include:
 - using working forecasting assumptions to guide the development of (for example) service and asset management plans. We are monitoring the evolving impact of COVID-19 and will be updating our forecasts and assumption in early February 2021
 - recalibrating the update of the combined 30 year. Finance and Infrastructure Strategy as an iterative process as (for example) key borrowing, rates funding

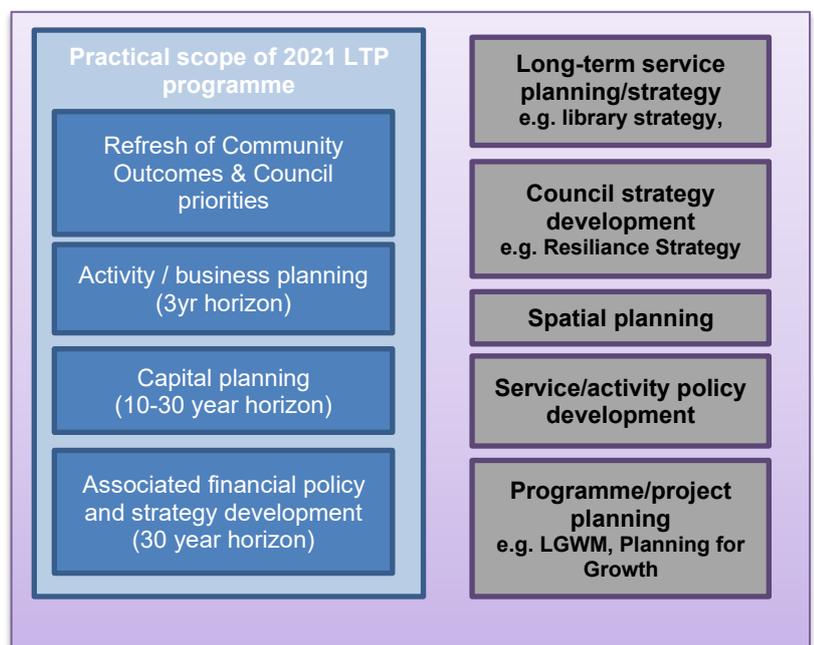
- increased monitoring of the wellbeing of staff in a compressed process
- building more LTP outputs in parallel rather than sequentially – with an increased focus on inter-dependencies by the Programme Management Group (see item 20 for more information on the Programme Management Group).

13. These adjustments along with tactical workstream project management, have allowed the programme to stay on-track and mitigate the risk of the loss of timeline contingency from the pandemic.

Programme Scope and Context

14. Through the 2021 LTP programme the Council determines its long-term strategic direction, service delivery activities, investment in the development of city assets, operating budgets, levels of service etc. The blue boxes in **Figure 1: High-level scope** indicate the high-level practical scope of the LTP work programme.

Figure 1: High-level scope

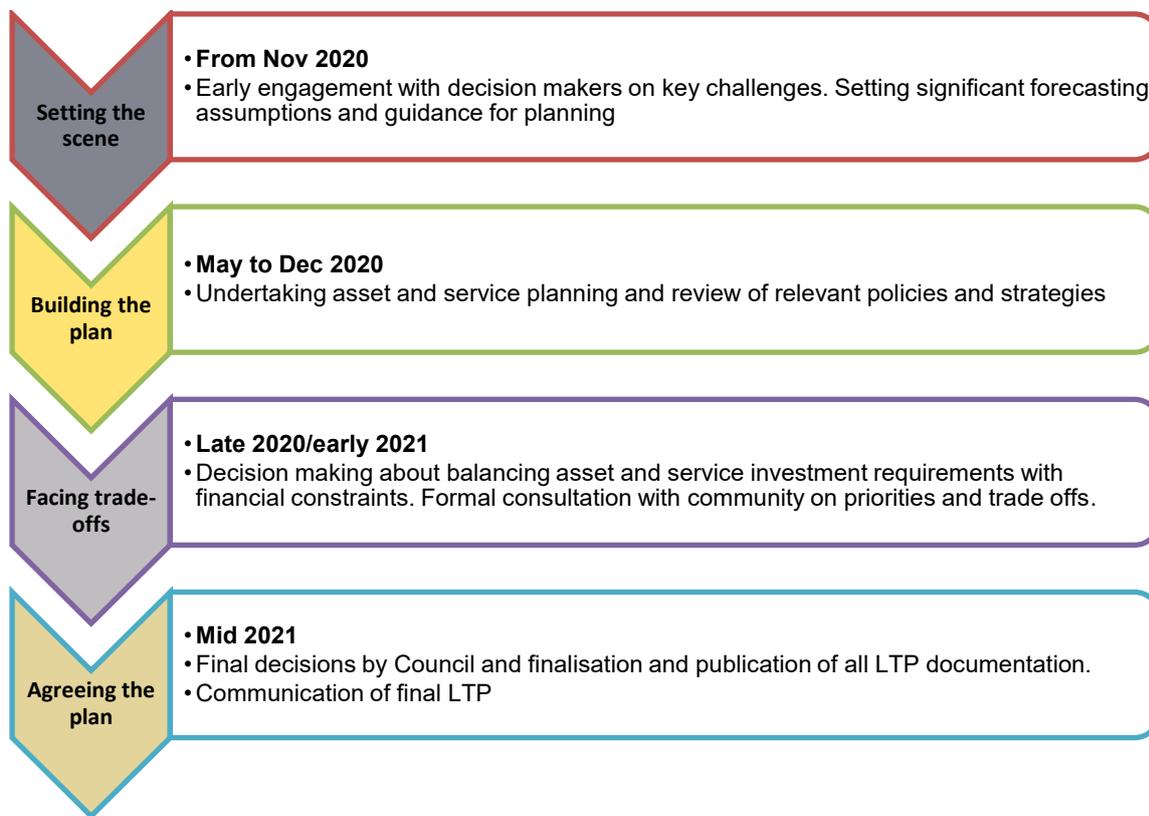


15. There are also several longer-term activities/projects - both within and outside of the Council - that contribute to the LTP programme. While these activities/projects are outside the 'practical scope' of the LTP, they directly inform a number of workstream outputs. An example is the spatial plan population projections which inform LTP forecasting assumptions. These activities/projects are shown in grey on the right in Figure 1: High-level scope. There is active co-ordination between officers managing these projects and LTP workstreams.

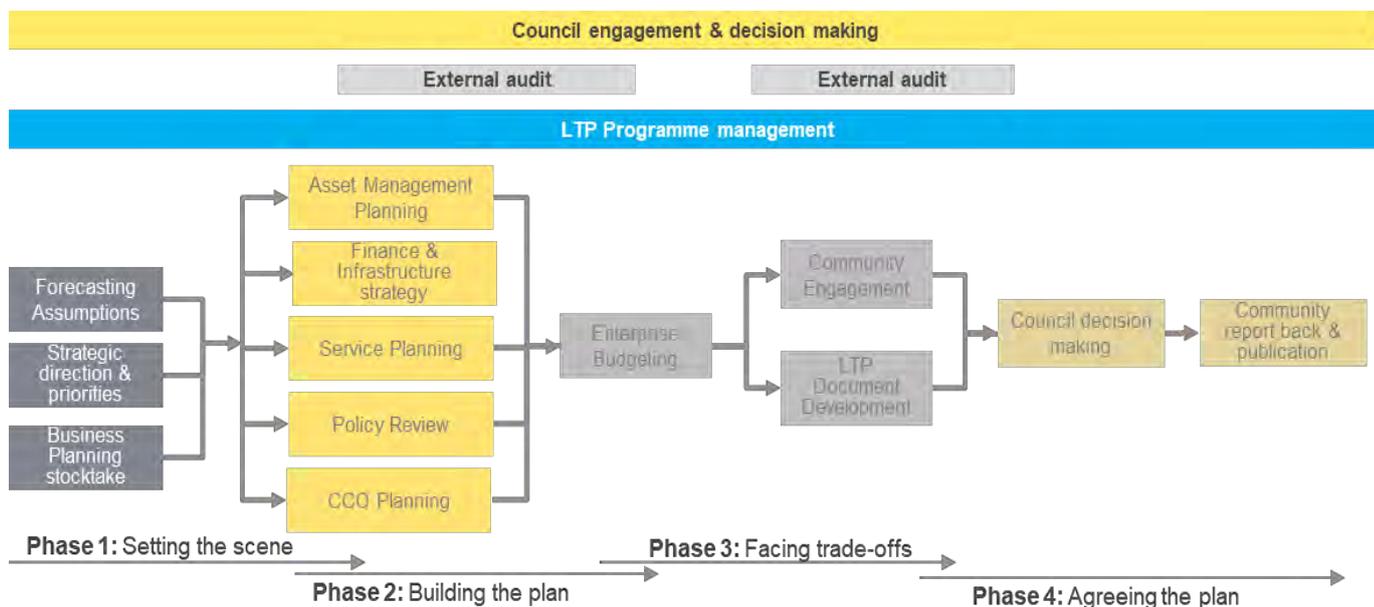
Programme structure

16. The LTP work programme is in four phases with the 'products' that make up the LTP being developed in seven workstreams. Figures 2 and 3 provide an overview of the programme phases and the sequencing workstreams by phase. This structure reflects SOLGM guidance and some technical improvement from the previous LTP. The impact of the COVID-19 lockdown has meant that the two early stages and their associated workstreams will occur later in 2020 and in parallel.

1. **Figure 2: Programme phases**



2. **Figure 3: Workstreams and phasing**



Workstreams and deliverables

17. **Table 1: Workstream deliverables** (below) summarises LTP workstream deliverables. Each workstream is subject to normal good practice project planning, reporting, quality and resource management requirements to the Programme Management Group (see

below). The resourcing of teams has been largely from within existing capacity whilst specific inputs for external data and expertise as required.

18. The key challenge for workstream leads is managing dependencies between the various deliverables – which is also an on-going focus for the Programme Management Group. Workstreams are supported centrally by the Planning and Reporting Team on a day today basis and assists on dependence management.

3. **Table 1: Workstream deliverables**

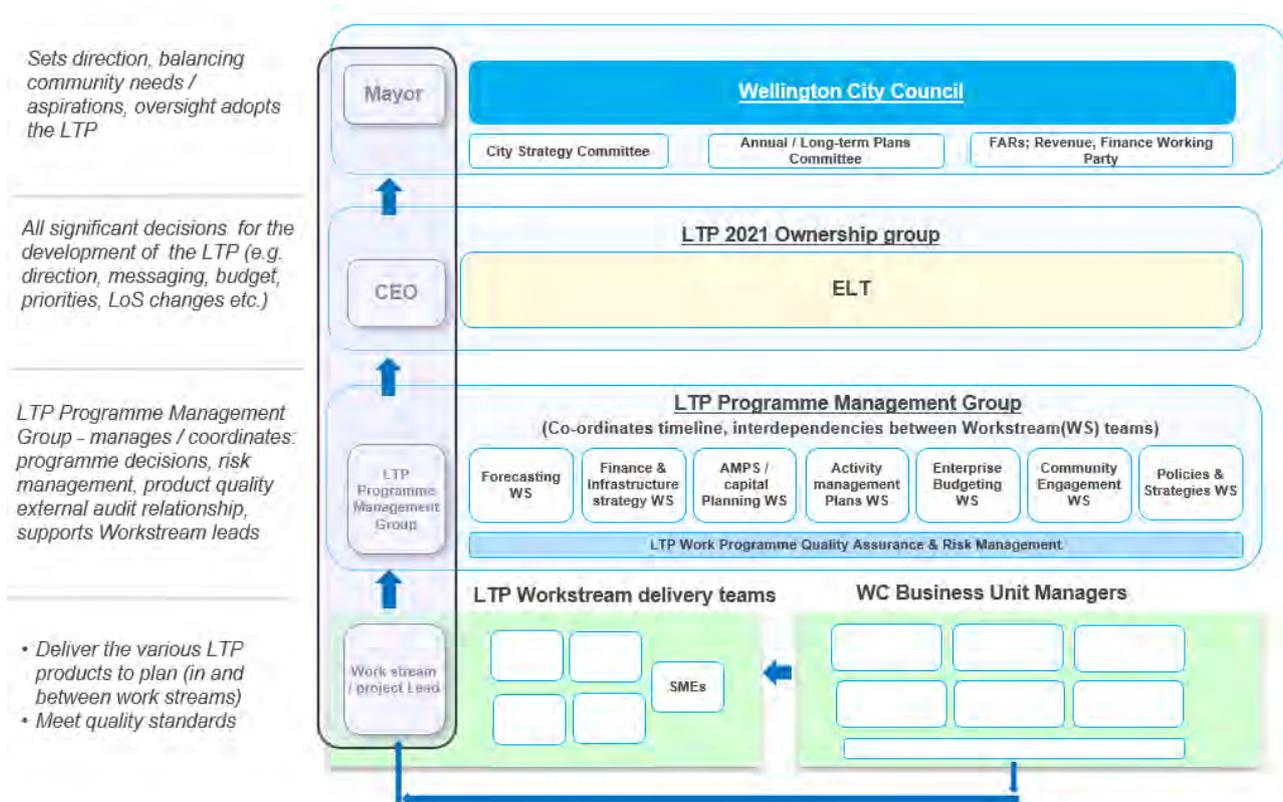
Workstream & description	Key deliverables
<p>1. Forecasting and community outcomes</p> <ul style="list-style-type: none"> • Scan of operating environment to set forecasting assumptions to guide workstream activity. Link assumptions to relevant Regional strategies / programmes. • Bring together community outcomes with government four well-beings 	<ul style="list-style-type: none"> • Environmental Scan • Significant Forecasting Assumptions • Community Outcomes and indicators
<p>2. Asset management planning</p> <ul style="list-style-type: none"> • Update asset management plans including capital budgets outlining levels of service, investment requirements and risks. • Contributes to the development of the finance and infrastructure strategy 	<ul style="list-style-type: none"> • 12 Asset Management Plans (including summaries) • Capital expenditure for groups of activities • Finance and Infrastructure Strategy
<p>3. Business/service Management planning</p> <ul style="list-style-type: none"> • Produce activity management plans outlining levels of service for non-asset activities, risks and challenges and investment requirements. Includes info capture on cost efficiency and FTE position across activities 	<ul style="list-style-type: none"> • Activity Management Plans and KPI framework and targets • CCO statements of performance (separately through CCO planning) • Initial Business plans
<p>4. Enterprise budgeting</p> <ul style="list-style-type: none"> • LTP business cases for the LTP Capex and Opex budgets • Development of financial statements and FIS are a key activity within the workstream 	<ul style="list-style-type: none"> • 30 year Budget (with forecasts) • Forecast Financial statements • Funding Impact Statements
<p>5. Funding and other policies</p> <ul style="list-style-type: none"> • Review of relevant policies. Policies include: Revenue and Financing Policy (fees and charges); DC policy, S&E and any other Financial Policies 	<ul style="list-style-type: none"> • Revenue and Financing • Development Contributions • Investment and Liabilities • Rates remission • Rates Postponement • Significance and Engagement Policy update (if required)
<p>6. Community engagement</p> <ul style="list-style-type: none"> • Development and management of an engagement strategy for the programme and management of production and management of consultation document & process • Review of Māori capacity to contribute towards decisions making is a key activity within the workstream 	<ul style="list-style-type: none"> • Engagement Strategy • Engagement community activities • Consultation Document • Māori capability to contribute
<p>7. Document Development</p> <ul style="list-style-type: none"> • Narrative development 	<ul style="list-style-type: none"> • LTP final document • AMP document development support

Workstream & description	Key deliverables
<ul style="list-style-type: none"> • Design and production of final LTP and support for development of all other associated LTP documents 	

Ownership and decision making

19. The LTP governance and management framework (Figure 1) is the means through which programme delivery, capacity, quality and risks are managed. The LTP Programme Management Group which is responsible for the operational management of the work programme and includes key members of ELT. This supports joined up decision making throughout the programme.

4. **Figure 4: Programme governance and management framework**



Responsibilities

20. In general, the LTP attracts three categories of decisions ie:

- Decisions that direct the development of programme content eg direction setting, strategy development, priorities, budgeting framework.
- Decisions that facilitate the effective operation of the core LTP work programme ie resourcing, process, the quality of the information used and final deliverables.
- Decisions to adopt LTP products.

21. The decision-making or oversight responsibilities for the 2021 LTP update programme are:

Role	Responsibilities	Approving /adopting LTP products	Directing programme content	Effective programme delivery / operation	Assurance oversight
Council	Final approval of all LTP components and the formal adopts of the final LTP	✓			
AP/LTP Committee	Review key LTP components and recommend to Council decisions on the final shape of the LTP and its adoption	✓	✓		
FARS	Oversight of the approach used for the preparation of the 2021 Long-term Plan				✓
Revenue & Funding working party	<ul style="list-style-type: none"> • KPI framework • Asset Management Planning process & standards, risk tolerance, key levels of service and forecasts, maintenance and renewals • Revenue and funding policy application 				✓
CEO & ELT	CEO is the internal owner of the LTP and through ELT provides collective direction and guidance on critical components, and at critical decision point		✓		
Programme Management Group	Co-ordinates the delivery of the agreed work programme, direct resources to the completion of necessary tasks within members' respective areas of operation and provide guidance on the resolution of operational matters that may arise during the project		✓	✓	
Workstream leads	To assist the Programme Management Group through the management of delivery of workstream deliverables and provide regular project status reports to the Programme Management Group			✓	

Quality Assurance

22. The quality drivers of an effective LTP process are:

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5. Table 2: LTP Quality framework

Driver	Includes	Application
Local Government Act legislative compliance	Both LTP content / data and consultation document and process	<ul style="list-style-type: none"> • Workstream Leads/ Programme Management Group in the sign-off of individual LTP deliverables • External Audit of compliance • Finance and Infrastructure Strategy • Consultation (Special Consultative Procedure)
Audit standards and OAG observations	<ul style="list-style-type: none"> • Audit standards and expectations • The Auditor General's review of the Audit of Long-term Plans 	<ul style="list-style-type: none"> • External Audit of LTP financial and some supporting information
Local government sector guidance	<ul style="list-style-type: none"> • SOLGM guidance (300 pages) • Reports 1-3 of the Local Government COVID-19 Response Unit 	<ul style="list-style-type: none"> • LTP Programme process management and content development – oversight by the Programme Management Group
Specific good practice standards and information requirements	National/ISO Asset Management Planning Standards	<ul style="list-style-type: none"> • Update of Asset management Plans and their review by the Programme Management Group
WCC programme/project management standards policies	<ul style="list-style-type: none"> • Investment Delivery Framework (for significant projects); project management and reporting • Significance and Engagement Policy • Revenue, Financing and Development Contributions policies 	<ul style="list-style-type: none"> • Service Management Planning • Consultation and supporting information

23. The above quality framework provides focus for the development of LTP outputs and the management of the programme. Addressing the areas underpin the delivery of an LTP is:

- complete - legislative requirements are met, and the key issues are discussed
- coherent - all parts of the plan make sense individually and hang together
- consistent - all information is presented in the same way
- cost-effective - the need for rework is minimised.

24. The overall oversight of quality is with the Programme Management Group through regular compliance, consistency and coherence checks. For those developing the content there are a number of standard programme checklists and guidance notes to support quality outputs. That the Programme Management Group provides internal quality assurance to ELT. The LTP is a standing item on ELT agendas.

Audit focus for the 2021 LTP

25. Auditor feedback on the 2018 LTP has indicated that there are likely to be a number of areas of focus for the 2021 LTP audit. These have helped inform both the process and content of the LTP programme.
- Asset Management Plans eg the quality and use of condition information in driving asset renewal policy and investment planning.
 - Finance and Infrastructure Strategy, in how it informs and is informed by wider asset and service planning.
 - Service planning particularly levels of service, updates to non-financial KPIs and their measurement.
 - Our Consultation Document, and particularly scrutiny of the matters that we propose for consultation. The LTP process also includes OAG 'hot review' of the consultation document.

Managing programme risks

26. **Table 3: LTP Programme Risks being managed** summaries the four areas of risk that are monitored at a programme level. The drivers of these are addressed within workstreams in relation to specific workstream outputs. Workstream Leads can escalate risks/issues to the Programme Management Group at any time. There is an expectation with the expectation that escalation will happen in advance of any adverse impact on delivery. Addressing the drivers of programme delivery risks provides the best opportunity for the early identification and mitigation of risks/issues in advance.
27. Risks are a standing item on Programme Management Group project dashboards and agendas.
6. **Table 3: LTP Programme Risks being managed**

Category	Key risk drivers
Process - delivering on time	<ul style="list-style-type: none"> • Timings not aligning and decision makers are not able to progress LTP decisions eg LGWM requires a number of complex decisions over 2020 from a range of stakeholders • Availability of information for asset and financial modelling and planning • Late changes to workstream outputs that increase rework and addition of unanticipated audit requirements
Resourcing - delivering in full	<ul style="list-style-type: none"> • Availability of skills and experience when needed • Availability and capability of staff within directorates to undertake the required level of planning and workstream input
Accountability - owning and making informed decisions when needed	<ul style="list-style-type: none"> • Compressed timeline as a result of COVID-19 related delays meaning less time is available to support Councillors unfamiliar with an LTP process • Availability of timely and sufficient information for workstream outputs and to support confident decision making
Compliance and information quality - delivering compliant products to external Auditors in the right order	<ul style="list-style-type: none"> • Clarity on Audit information expectations and their policy/approach • Synchronising the WCC and Audit timeline for changes • Workstream clarity on legislative compliance obligations and consultation document content expectations of both Audit and the OAG

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28. The operational monitoring and reporting of programme risks and issues is handled centrally and reflects the Council's risk reporting and management framework. The Programme Management Group is responsible for setting and adjusting the overall programme appetite to tolerate a particular risk or issue and any trigger intervention. Significant issues can be escalated to ELT from the Programme Management Group. All issues/risks are current/y being managed through the programme internal governance and management framework and within the compressed COVID-19 timeline.
29. The Programme Management Group is responsible for ensuring the external audit relationship is informed, constructive and there is ongoing proactive contact with the Auditors.

Attachments

Attachment 1. [2021 LTP - Programme Charter \(Nov 2020\)](#)  

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Author	Lloyd Jowsey, Team Leader, Planning and Reporting
Authoriser	Stephen McArthur, Director Strategy & Governance

SUPPORTING INFORMATION

Engagement and Consultation

Nil

Treaty of Waitangi considerations

Nil

Financial implications

Nil

Policy and legislative implications

Nil

Risks / legal

Nil

Climate Change impact and considerations

Nil

Communications Plan

Nil

Health and Safety Impact considered

Nil

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Introduction and Context

Introduction

The Long-Term Plan (LTP) is a key planning document of Council and also a key mechanism for engaging with the community about the future of the city and council services. On approval by ELT this LTP programme charter (the charter) formally initiates and guides the development of the 2021 Long-Term Plan. This includes how the LTP work programme will be managed to deliver a fit-for-purpose LTP in-full and on time.

Long-term plans have complex processes and legislative requirements including heightened scrutiny by audit and the OAG. They can have significant legal and reputational consequences and demand joined-up decision making throughout the programme. The LTP is also the main legacy of a Council's term in office and therefore grounded in the needs, aspirations of the community and ability to pay.

This charter reflects the key assumptions in the ELT paper of 11 September 2019 which discussed the approach to the 2020 Annual Plan and 2021 LTP. These assumptions are:

- a) The key challenges and choices for the triennium will be identified early in the programme
- b) LTP development programme will be strategy lead
- c) On-time start to the LTP with improved product sequencing, quality assurance and role clarity
- d) The 2020/21 AP will include a scalable community engagement programme which can be transitioned into LTP community consultation
- e) Early and on-going external auditor engagement; and
- f) SOLGM guidance is the benchmark guidance for this charter and the delivery of the 2021 LTP.

Charter update for COVID-19

Whilst the 2021 LTP charter (Appendix 1) was approved by ELT in December 2019 with early work commencing before the end of the year, the COVID-19 pandemic in 2020 has eliminated the timeline contingency that was built into the ELT approved programme. Consequently, we have adjusted the work programme to respond to the increased uncertainty in the COVID environment and, stay on-track for adoption in June 2021.

Specific adjustments to accommodate the include:

- using working forecasting assumptions to guide the development of (for example) service and asset management plans. We are monitoring the evolving impact of COVID-19 and will be updating our forecasts and assumption in early February 2021
- recalibrating the update of the combined 30 yr. Finance and Infrastructure strategy as an iterative process as (for example) key borrowing, rates funding
- increased monitoring of the wellbeing of staff in a compressed process; and
- building more LTP outputs in parallel rather than sequentially – with an increased focus on inter-dependencies by the Programme Management Group (see item 20 for more information on the Programme Management Group).

These adjustments along with tactical workstream project management, have allowed the programme to stay on-track and mitigate the risk of the loss of timeline contingency from the pandemic.

Purpose

This Charter outlines the structure, content and management of the 2021 Long-term planning process. It is the key programme planning, commissioning, management and delivery guidance

document for the development of the 2021 LTP. Adoption of this Charter by ELT is the formal start of the LTP work programme and triggers:

- The start of on-going programme management activities
- An on-going internal LTP communications programme. This includes progress updates, workstream processes, deadlines etc. and is managed by the Programme Management Group (PMG) - supported by internal communications.
- The lock-in of a baseline LTP timeline of key programme milestones, deliverable dates etc.
- The completion of workstream project plans by workstream leads and their approval by the Programme Management Group. This includes the finalisation a the LTP project budget and resource requirements by the PMG; and
- The development of the external audit timeline.

LTP Delivery Programme

Goals and Objectives

The primary goal of the Programme is:

- the production of a LTP for 2021-2051 on time and that is balanced, strategically aligned, and can be used as a meaningful strategic management tool for the Executive, Council and the Community.

Secondary goals of the programme (which will be critical to ensuring the quality of the LTP) are:

- Improving the quality of long-term planning practices across the Council's services and assets.
- Continuing to improve the quality and level of engagement of Councillors and the public with key strategic challenges facing the city.

Scope and Context

The 2021 LTP programme will set the Council's long-term strategic direction, service delivery activities, investment in city development programme and assets, operating budgets, levels of service etc. There are, however, a number of other longer-term activities / projects occurring within and outside of the Council that contribute to the LTP work programme but are not directly part of any particular LTP workstream. These as shown in grey in figure 1 and are outside the 'practical scope' of the LTP work programme. The LTP programme will however be informed by these projects / activities.



There are a number of contextual influences in the Council's operating environment that inform the content and management of the LTP work programme. These are detailed in Appendix A: LTP programme context p16.

Additions to the 2021 LTP development programme

Business planning stocktake and LTP Service management / activity plans:

A key element of LTP decision making is the Council having a sufficient working knowledge of the services provided. In particular, a working understanding of levels of service (LoS) provided, KPIs, management of the asset providing those services, expenditure and how services are to be improved and financed. The local authorities that did this well in 2018 had service management or activity management plans that were presented to Councillors by accountable business unit managers as part of the LTP development process. These were then used as an internal business performance planning and management tool. While previous LTP documents have included Activity Plans they have not addressed the above service management and business improvement aspects or were actively used as business performance management tools.

In addition to better service management planning for the AP/ LTP, WCC has signalled its intention to:

- a. implement standardised Business planning across the Council by 30 June 2021 to obtain an initial view of improvement opportunities and risks as part of organisational (internal) direction setting for 2020-21; and then to
- b. integrate business plans as part of WCC's operational annual planning, performance monitoring and accountability reporting cycle.

It is expected that this integration would happen as part of the 2021/22 Annual Planning. At that point, business plans will bring together service management (including LoS), improvement, budgets, capacity and capability and be an input to the WCC Annual Planning cycle. They will also identify a service and or contract that may trigger a s17(a) review.



In their initial phases of implementation standardised business plans in parallel with LTP service management plans provide an opportunity to address two similar needs and gather largely the same information from the business - at the same time. They are however, somewhat different tools for different purposes.

Bringing together business plans and LTP service management / activity plans could occur in three phases:

Phase one - Business Planning stocktake for 2020-21: focuses on gathering information to establish and initial business activity baseline including business improvement, risks and issues to support the delivery of the 2020-21 Annual Plan (and savings target). This enables the CEO and ELT to identify specific opportunities for improvement and associated risks as part of organisational improvement direction setting for 2020/21. A key driver and focus for this phase is achieving the organisation efficiency target in the 2020/21 Annual Plan.

Phase two - Concurrent LTP service / activity planning: utilises phase one information with additional LTP service management information (covering WCC's activity areas) to produce service management plans for the 2021 LTP. Some updated / additional information will need to be added later in phase two to harmonise business plans with updated AMPs.

Phase three - Integration: is where the combined business plan / LTP Service Management Plans (from phase two) are merged and become part of the Council's on-going Annual Planning, ELT internal performance monitoring and Council / external accountability reporting cycles. The combined plans will take effect on 1 July 2021 for the 2021/22 FY (year 1 of the adopted 2021 LTP).

The common aim of business and LTP service / activity management planning is to:

- Strengthen transparency, accountability and business performance management; by
- Bringing together LoS, asset management, modes of service delivery, performance improvement, capacity, capability, expenditure and funding to strengthen active monitoring and management of WCC performance.

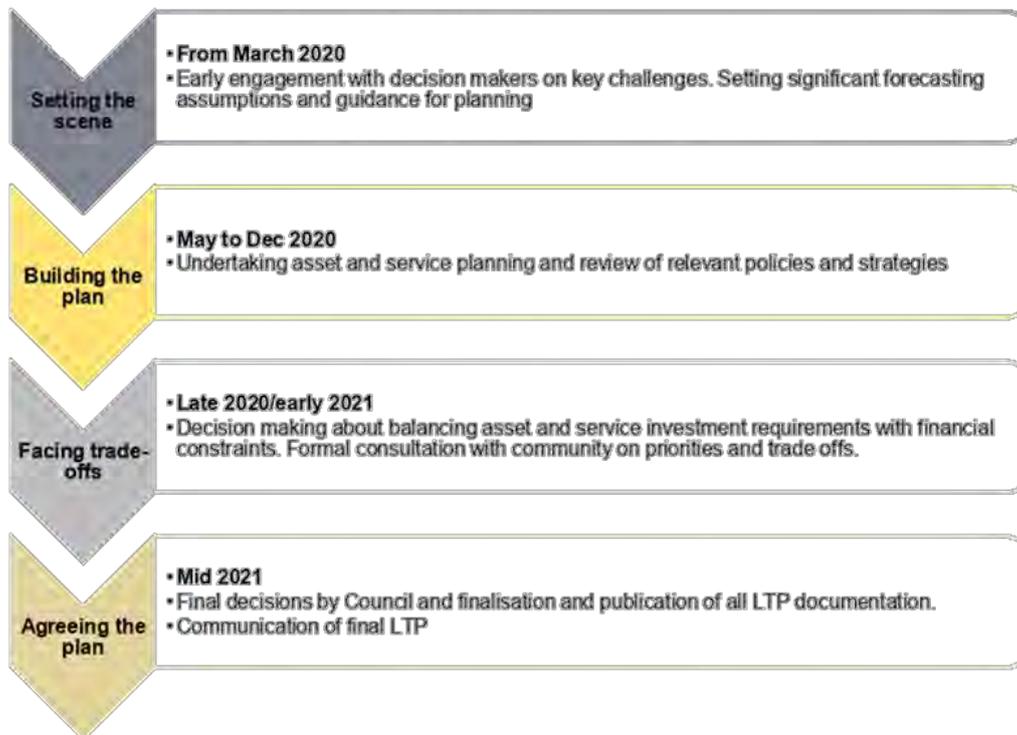
Investment delivery framework:

WCC has been implementing a staged Investment Delivery Framework (IDF) to improve the management and deliverability of projects. The IDF includes a series of 'gateways' at which 'business cases' are prepared for the feasibility, justification and/or quantifying of project spending - as the project moves through the IDF stages. LTP enterprise budgeting will align with IDF governance processes in relation to key significant projects.

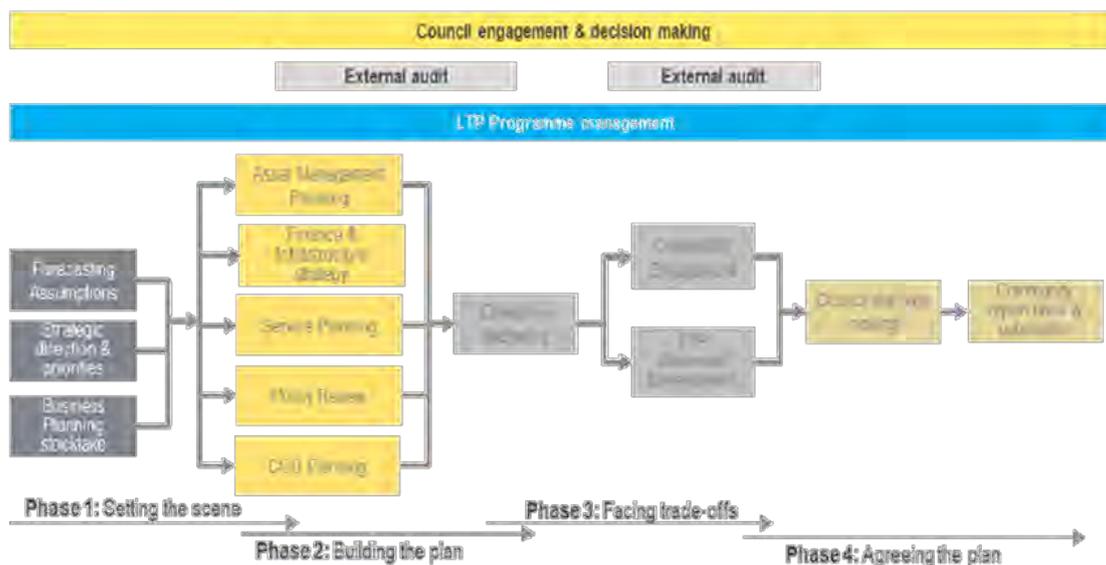
Alignment of IDF and LTP will help to clarify how and when significant projects are approved i.e. the difference between enterprise budgeting and individual project governance decision making.

Phases and key deliverables

The 2021 LTP work programme is in four phases with the 'products' that make up the LTP being developed in seven streams of work (workstreams).

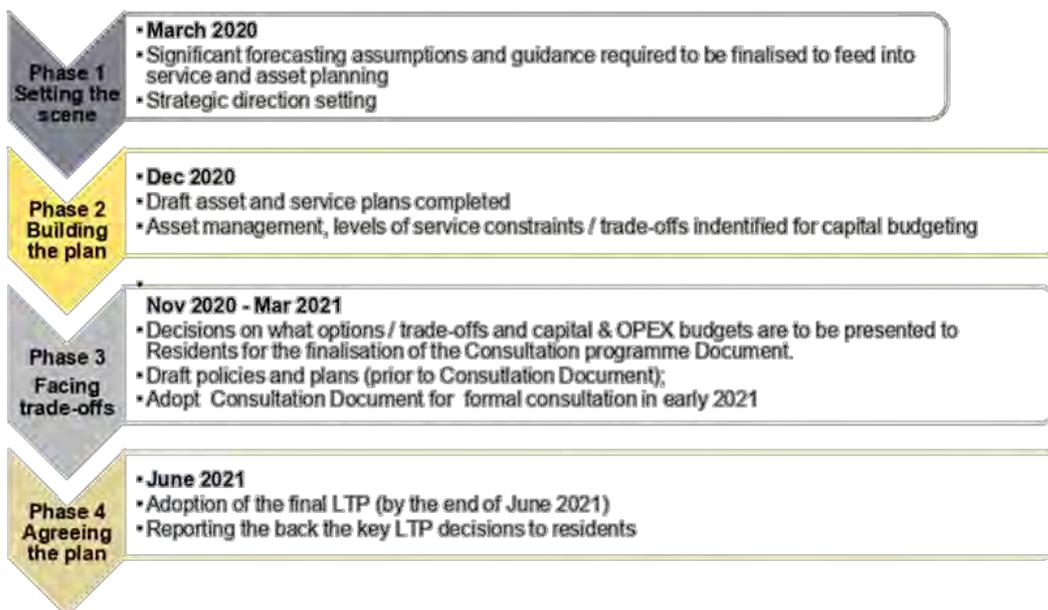


• The workstreams and their sequence of work by phase is as follows:



Key Milestones

Milestone dependencies



An LTP work programme is 'won (or lost)' at the start. The earlier something goes off track the more profound its impact down the line. As there are multiple interdependent and moving parts, delivering products in the right order is crucial - particularly for external auditors. The following are key dependencies for the above milestone timeline (and are also areas of improvement from the 2018 LTP).

(a) Phase one - setting the scene:

The key foundation activities in phase one are - strategic direction setting, forecasting assumptions and internal communications. Strategic direction setting by ELT and establishing initial forecasting assumptions guides much of the subsequent workstream activity. These activities will commence in March 2020.

LTP strategic direction setting: The LTP provides the city and Council with a cohesive strategic story and direction and drives the development of the LTP. While it is usual for the story detail to be refined as LTP development proceeds, some early direction setting from ELT is crucial for the update of the Finance and Infrastructure strategy (F&IS) as well as enterprise budgeting and community engagement. The early involvement of the Mayor and Council in scene setting will be crucial to both maintaining progress and providing the framework for Council decision making on the shape of the LTP. The scope of LTP strategic direction setting includes:

- Overarching LTP strategic narrative / story / and guiding strategic goals
- Key performance drivers for the Council and their expected impact on customers, process people and organisational improvement
- Priorities; and
- Verification of the initial forecasting assumptions and treatment of key WCC strategies and policies

ELT setting clear priorities early in the LTP development programme and then making budget decisions against the priorities is crucial to internal clarity and focus. This is particularly significant recognising line-of-sight gaps in the WCC strategic framework which would have otherwise guided prioritisation is a key risk for the LTP.

Forecasting assumptions: Forecasting assumptions guide the development of a number of LTP products - particularly Asset management Plans (AMPS), enterprise budgeting, Finance and Infrastructure Strategy (FIS). The development of an initial discrete set of forecasting assumptions and supporting guidance early in the process is therefore a key milestone in the LTP work programme. The initial set will cover (for example):

- population growth
- COVI-19 impacts
- treatment of climate change - including rainfall, storm damage, sea-level rise (recognising Ministry for the Environment guidance) and guidance on how to
- treatment on WCC policies / strategies e.g. carbon reduction; and
- relevant change organisational change / efficiency / improvement.

Initial assumptions / guidance will be fine-tuned as the LTP work programme progresses.

Internal communications: As a whole of organisation activity with a significant number of staff being involved over the life of the LTP development programme, internal co-ordination, communication and clarity of message will be a key focus for the PMG. Internal communications will operate as a dedicated and crosscutting workstream.

(b) Phase two - building the plan:

Phase two is where dependencies between deliverables and workstreams is the greatest, as is the risk of milestone and general programme slippage. This phase will attract close scrutiny by the Programme Management Group. Progress on business / service and asset management plans is crucial as they are key dependencies for successful enterprise budgeting e.g. the review of funding pressures and investment proposals across both asset and service plans.

Finance and Infrastructure strategy (FIS): In developing an LTP there is often significant focus on capital and capital prioritisation. This should be based on a well-formed Finance and Infrastructure strategy. For the 2021 the F&IS will be a combined finance and infrastructure strategy (as in 2018). The F&IS is developed progressively over the LTP development programme both drawing on and guiding a number of workstream products in each phase e.g. asset management plans. The F&IS is informed by the strategic direction established in phase one.

A key learning from the 2018 LTP is that as the time pressure to deliver the LTP increases, so can the focus on capital. This can be at the expense of OPEX - particularly levels of service, KPIs and OPEX budget priorities which can have bigger impact on rates. An effective F&IS will both inform and be informed by a level of service (LoS) review, asset and activity planning. These processes should start early and be iterative. Capital projects come and go, services are forever.

(c) Phase three - Facing the trade-offs:

Enterprise budgeting: A 'corner-stone' of phase three is centralised co-ordination of enterprise budgeting (i.e. single source of financial truth). This includes (prior to deliberations on the final LTP budget) Councillor Review of:

- asset management and service management plans (which will be part of business plans); and
- new project based investment requests that reflect our strategic spending priorities.
- A key focus for this LTP will be ensuring that there is consistency with the FIS and line-of-sight between AMPS (e.g. renewal programmes) and 30 year budget forecasts.

LTP Workstreams

Workstream and deliverables

There are seven workstreams within the Programme. The table below outlines the workstreams and their key deliverables. For detailed information on each workstream see also **Appendix C**

Workstream & description	Key deliverables
<ul style="list-style-type: none"> • 1. Forecasting and community outcomes • Scan of operating environment to set forecasting assumptions to guide workstream activity. Link assumptions to relevant Regional strategies / programmes. • Bring together community outcomes with government 4 well-beings 	<ul style="list-style-type: none"> • Environmental Scan • Significant Forecasting Assumptions • Community Outcome and measures
<p>2. Asset management planning</p> <ul style="list-style-type: none"> • Update asset management plans including capital budgets outlining levels of service, investment requirements and risks. • Contributes to the development of the finance and infrastructure strategy 	<ul style="list-style-type: none"> • 12 Asset Management Plans (including summaries) • Capital expenditure for groups of activities • Finance and Infrastructure Strategy
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<p>4. Enterprise budgeting</p> <ul style="list-style-type: none"> • LTP business cases for the LTP Capex and Opex budgets • Development of financial statements and FIS are a key activity within the workstream 	<ul style="list-style-type: none"> • 30 year Budget (with forecasts) • Forecast Financial statements • Funding Impact Statements
<p>5. Funding and other policies</p> <ul style="list-style-type: none"> • Review of relevant policies. Policies include: Revenue and Financing Policy (fees and charges); DC policy, S&E and any other Financial Policies 	<ul style="list-style-type: none"> • Revenue and Financing • Development Contributions • Investment and Liabilities • Rates remission • Rates Postponement • Significance and Engagement
<p>6. Community engagement</p> <ul style="list-style-type: none"> • Development and management of an engagement strategy for the programme and management of 	<ul style="list-style-type: none"> • Engagement Strategy • Engagement community activities • Consultation Document

Workstream & description	Key deliverables
production and management of consultation document & process • Review of Māori capacity to contribute towards decisions making is a key activity within the workstream	• Māori capability to contribute
7.Document Development • Narrative development • Design and production of final LTP and support for development of all other associated LTP documents	• LTP final document • AMP document development support

Details of the workstream activity can be found in Appendix A: 2021 LTP work programme

Legislation, Assumptions, Standards

Legislation: Schedule 10 of the Local Government Act (LGA) specifies the information to be included in the LTP and which are in effect the minimum core deliverables for an LTP development programme. Together Schedule 10, OGA guidance, audit standards and related sections in the LGA:

- set the baseline compliance requirements / standards for the LTP
- drive external audit activities; and
- guide the programme management group oversight of LTP deliverable quality.

Key programme management assumptions: This charter reflects the following key assumptions:

- Centralised co-ordination of enterprise budgeting based on a clear and well socialised budgeting process and responsibilities (including IDF governance links)
- An optional and scalable community engagement programme for the AP which can be linked to the LTP
- External auditors will expect to receive LTP products in sequence and with the minimum of iterations.
- The Programme Management Group will obtain the necessary resources to ensure that the programme remains on track.

Standards: Overall Council, ELT and Auditor confidence in the quality of products is crucial to the programme delivering the LTP in full and on time. To support this SOLGM LTP guidance has been used for the development of this work programme. It is expected that workstream plans, leadership and activity will also be grounded in this guidance.

Success, constraints and risks

What success looks like

The Local Government Act defines the timing and minimum content requirements of the Long-term Plan

Good practices (SOLGM)

SOLGM good practice guidance will be the baseline by which the 2021 LTP is structured and developed. Audit New Zealand through their management report and engagement letter has encouraged the use of SOLGM guidance in the preparation of LTPs. This does not preclude LTP process and content tailoring based on the needs and issues relevant to the Council.

Constraints

Staff capacity

The key constraint will be the capacity of staff within the Council to engage in long-term planning alongside delivery of BAU and annual planning. Given the 2018 LTP has only recently been completed staff will be focused on delivery against that existing LTP. This will constrain the programme's ability to draw on staff to undertake any significant levels of new long-term service or asset planning.

Availability of data

It is likely that there will be limitations in the availability or the reliability of financial and non-financial information. This will mean that planning will need to be undertaken on the basis of incomplete information on matters including the financial costs of key programmes and the levels and efficiency of council services. The programme will need to find ways to support decision makers to set plans in the absence of definitive data.

Availability of other programme information

The timing of the LTP process will also not align completely with other planning activity underway, for example around the Planning for growth programme or LGWM. As a result decisions on the long-term plan may need to be made based on assumptions around these key external programmes of work and their impacts on Council services and budget.

Managing Risks

Process risks - delivering on time

- Risk of delay if other related programme timings do not align and decision makers are not able to progress LTP decisions – LGWM in particular requires a number of complex decisions over 2020 from a range of stakeholders.
- Systems for asset and financial modelling and planning not be available meaning more manual processing resulting in delays
- Additional late demands being placed on the programme could delay deliver, for example the addition of unanticipated audit requirements

Resource risks - delivering in full

- Reliance on key individuals – single points of failure
- Availability of staff within directorates to undertake the required level of planning
- Capability of directorate staff to provide level of quality of planning required

Accountability risks - owning and making informed decisions when needed

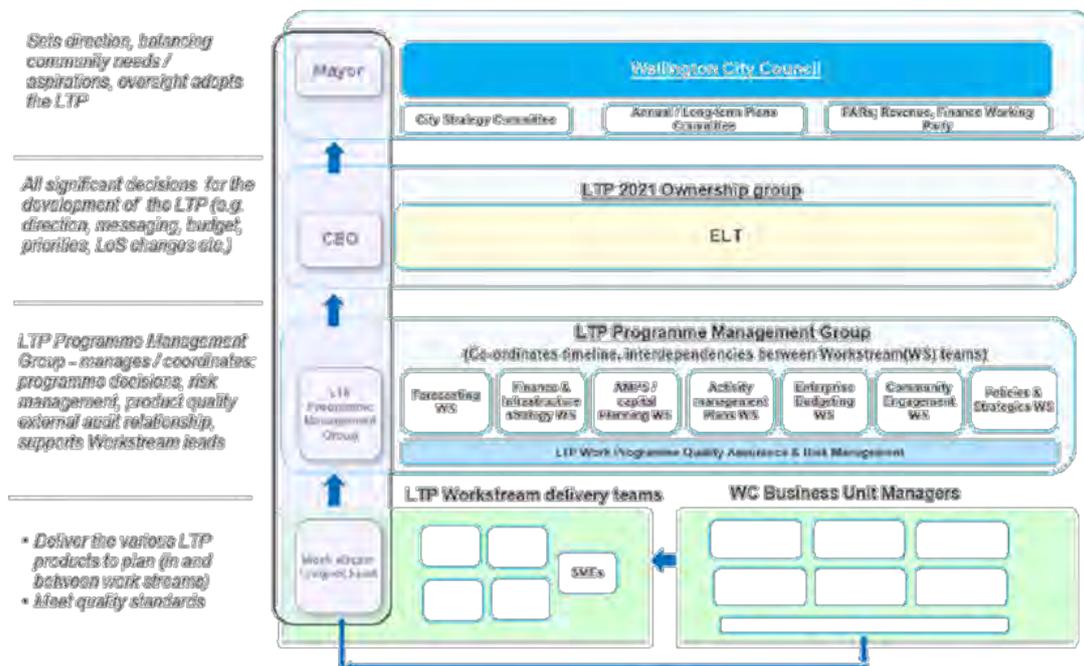
- A new Council could require additional time to engage in planning process and to make decisions
- Inadequate information being available may reduce confidence of decision makers creating delays to final decisions.

Audit and information quality risks - delivering compliant products to audit in the right order.

- Clarity on Audit information expectations and their policy / approach
- Synchronising the WCC and Audit timeline for changes
- Workstream clarity on legislative compliance obligations and consultation document content expectations of both Audit and the OAG

Programme Organisation

Programme structure, ownership and decision making



Responsibilities

Decision making: The LTP attracts three categories of decisions i.e.:

- Decisions that direct the development of programme content e.g. direction setting, strategy development, priorities, budgeting framework.
- Decisions that facilitate the effective operation of the core LTP work programme i.e. resourcing, process, the quality of the information used and final deliverables; and
- Decisions to adopt LTP products.

Role	Responsibilities	Approving /adopting LTP products	Directing programme content	Effective programme delivery / operation	Assurance oversight
Council	Final approval of all LTP components and the formal adopts of the final LTP	✓			
LTP/AP Committee	Review key LTP components and recommend to Council decisions on the final shape of the LTP and its adoption	✓	✓		
FARS	Oversight of the approach used for the preparation of the 2021 Long-term Plan				✓

Role	Responsibilities	Approving /adopting LTP products	Directing programme content	Effective programme delivery / operation	Assurance oversight
Revenue & Funding working party	KPI framework Asset Management Planning process & standards, risk tolerance, key levels of service and forecasts, maintenance and renewals Revenue and funding policy application				✓
CEO & ELT	CEO is the internal owner of the LTP and through ELT provides collective direction and guidance on critical components, and at critical decision point.		✓		
Programme Management Group	Co-ordinates the delivery of the agreed work programme, direct resources to the completion of necessary tasks within members' respective areas of operation and provide guidance on the resolution of operational matters that may arise during the course of the project		✓	✓	
Workstream leads	To assist the Programme Management Group through the management of delivery of workstream deliverables and provide regular project status reports to the Programme Management Group			✓	

Programme Management

Overall LTP programme management is undertaken by the Management Group. They are the primary interface between the LTP workstream leads and are responsible for the management of the deliverable timeline, risks to the timeline, and management of dependencies.

Within this approach, to avoid significant rework towards the end of the LTP – particularly budget processes - it will be important that there is:

- early and proactive management of staff expectations with consistent messaging being paramount - particularly if there is a challenging budget starting position
- early agreement of LTP priorities with the Mayor; and
- Directors providing leadership and set expectations within their directorates key gateway in determining which business cases go forward to ELT and communicating final decisions on business cases

Programme Management Group Membership

The Programme Management Group is made up from the following members:

- Director Strategy & Governance (Chair)
- Chief Financial Officer
- Chief Infrastructure Officer

- Chief Operating Officer, Customer and Community
- Manager Strategy & Research
- Manager Financial Strategy & Treasury
- Head of Communications and Engagement
- Team Leader, Planning and Reporting

A quorum of three members is required for decision making with a requirement of at least one of those members being the Chief Financial Officer or Manager Financial Strategy & Treasury.

Process, timeline and risk/issue management

The Programme Management Group will operate with formal agenda and minutes and work in accordance with the agreed AP and LTP timelines. It will take responsibility for the centralised AP/LTP schedule and risk and issue register. Workstream leads are responsible for identifying, managing and communicating specific workstream issues and risks to the Programme Management Group

Programme Communications

Process, progress and decisions

The Programme Management group will provide monthly reports on progress to the ELT alongside ELT reporting around key programme deliverables. A decision register will be used to record and track follow-on LTP actions.

Channels

The Programme Management Group will develop, approve and support an organisational wide LTP internal communications plan (with active involvement of the internal communications team). This will involve the establishment of a Pokapū page in early 2020 along with ongoing regular communications around key programme events and milestones. The PMG will also operate a programme management site a central point of information for both LTP workstreams and internal Q&A.

Detail of workstream plans for communication with stakeholders will be confirmed within each workstream plan. All external communications will be planned through the Community Engagement workstream.

Programme Budget

Resourcing

Detailed workstream costs and resources will be confirmed within each workstream plan. Programme costs are anticipated to be able to be met within baseline team budgets. The core LTP programme delivery and leadership capability is sourced from the Planning and Reporting and Finance teams. However additional capacity and capability will be required to support deliverables at different stages of the work programme. Key pressure points will include community engagement, document development, business planning and financial planning and budgeting.

Programme cost

The main costs for the delivery of the LTP are expected to be:

- Additional resource at various stages of the LTP development programme
- Community engagement
- LTP document development, design and production; and
- External Audit.

The budget will be managed by the PMG.

Quality Assurance

Managing Product Quality

Detail of workstream approaches to quality assurance around their deliverables will be confirmed within each workstream plan. The key Quality / legislative requirements are summarised in Appendix C

Audit and Audit Management

Audit focus for the 2021 LTP

Based on audit feedback on the 2018 LTP there are likely to be a number of areas of focus in 2021, including:

- The quality of our Asset Management Plans, in particular in relation to the quality and use of condition information in driving renewal planning.
- The quality of our Finance and Infrastructure Strategy, in how it informs and is informed by wider asset and service planning.
- The quality of our service planning particularly levels of service, updates to non-financial KPIs and their measurement
- Our Consultation Document, and particularly scrutiny of the matters that we propose for consultation. We expect OAG 'hot review' of the consultation document

External Audit Approach, Activities and Relationships

LTP audits are detailed and compliance focused meaning that all LTP products subject to Audit tend to attract a significant level of scrutiny in which accuracy of detail and version control is important (particularly in the budget development process where there are typically a number of iterations). Also important is BU managers who will interact with auditors, need to be clear on what is expected of them and be able to deliver on-time and explain the information requested.

The key risks in the LTP Audit programme are timeline slippage and expectation management – particularly clarity on what Auditors and OAG expect for LTP product review.

An effective LTP external Audit relationship relies on quality information and process transparency. Therefore, the key objectives for the management of the LTP Audit relationship (by the PGC) are to maintain:

- Auditor confidence in how we are managing the programme
- Auditor process certainty across the life of the LTP development programme; and
- Where possible, early delivery of well-formed LTP products for review.

To manage the risk of slippage or unanticipated additional requirements being identified as a result of audit, we will clearly communicate early our expectations and timeframes with the Auditors.

Appendices

Appendix A: LTP programme context

The following are expected to inform the LTP work programme content and management.

2020-21 Annual plan

Challenges facing 2020/21 Annual Plan (AP) are greater than previous years reflecting growing financial pressures on the budget and complex trade-off decisions by ELT and Council and their impact on rates. These pressures will flow into a number of workstreams for the AP and LTP. The 2020/21 Annual plan and 2021 LTP are being managed concurrently as complementary processes. This will be particularly relevant for community engagement and developing community understanding of both the Annual Plan and LTP budget (and trade-offs) - from both service delivery and city development perspective. Increasing community awareness and transparency of the Council's budgets will support better community understanding of key LTP decisions by the Council.

2021 Long-term Plan

Operating pressures: Since the development of the 2018 LTP the financial pressures facing the Council have grown. A significant driver of this has been the 2016 Kaikōura earthquake which has brought infrastructure investment into focus and creating additional investment requirements in Te Ngākau – the Civic precinct.

Other issues have added to this focus e.g. performance issues with the 3 waters infrastructure; increased focus on resilience and climate change (the declaration of a climate emergency by the Council in June 2019 and the adoption of Te Atakura - First to Zero); and ongoing supply market constraints affecting plans for growth and infrastructure - which continue to impact the phasing of our capital programme. For the LTP work programme establishing how these issues are to be treated - particularly in asset management planning - will need to be established as early as possible.

Strategic direction: The 2018 LTP (like the previous 2015 LTP) continued the focus on the 2040 goals and the seven strategy areas. The working assumption is that the 2040 goals will remain for at least the initial phase of the 2021 development programme.

The previous LTP included five areas (called 'priority areas') for the development of the city over the ten years. These 'priority areas', while not part of the formal strategic activity / reporting structure of the Council, acted as a strategic lens for decision making and policy development. The 2018 LTP had a number of significant programmes of work related to these areas that are now underway, including Let's Get Wellington Moving (LGWM) and Planning for Growth. These are expected to impact our capital budget for the 2021 LTP.

A related legislative change is the reintroduction of the well-beings into the Local Government Act meaning that well-beings should be part of Council and community long-term planning. While scope, content and use of the well-beings in the Local Authority sector is undergoing further development, our initial assumption is that the well-beings will incorporate existing WCC outcome indicators and in effect replace the 2018 "priority areas".

Council Strategies: The 2018 LTP included a combined Finance and Infrastructure Strategy (F&IS). This approach will continue for the 2021 LTP. An early delivery of a draft F&IS is important as it informs and is informed by other LTP workstreams - particularly Asset Management Plans and levels of service (LoS).

A key uncertainty for the LTP programme is the extent to which the planning parameters from the LGWM, Spatial Plan and Planning for Growth initiatives are going to be available for the development of some key LTP products in particular the Finance and Infrastructure Strategy (F&IS), Asset Management Plans (AMPs) and capital budgeting. This uncertainty means that and on-time start, early direction setting by ELT and consistent internal messaging is crucial.

Enterprise Budgeting

Pressure points at the last LTP were:

- Clarity of the LTP budget process and budgeting parameters / priorities in business units
- Variable quality of budget proposal information; and
- Communicating ETL budget decisions through Directorates.

Along with better internal communications and process certainty, a key focus for this LTP will be improving the consistence with the FIS and line-of-sight between AMPS (e.g. renewal programmes) and 30 year budget forecasts.

Internal capacity and capability: Balancing the capacity and capability to develop the 2021 LTP, deliver BAU and annual planning for 2020/21 is a key programme management focus. This includes particularly identifying gaps during the programme. The Programme Management Group will ensure that there is sufficient capacity and capability in the workstreams to deliver quality work on time.

Ownership & accountability: Allied to internal capacity and capability is the need for greater collective ownership of both the Annual and Long-term plans across the organisation. While this will require a number process, accountability, planning and budgeting improvements in a number of areas the key changes being made to how we approach the development of the 2021 LTP are:

- A team approach - collective responsibility across the organisation for the budget,
- Ownership - clarity of expectations with councillors to ensure they take greater ownership of the budget pressures and the decisions that lead to them. This positions Councillors to hold discussions with their communities on the LTP budget.
- Process clarity - Organisation wide access to information / messaging on:
- information on the process, timeline, deliverables and who is responsible for what; and
- budget constraints and decision making.

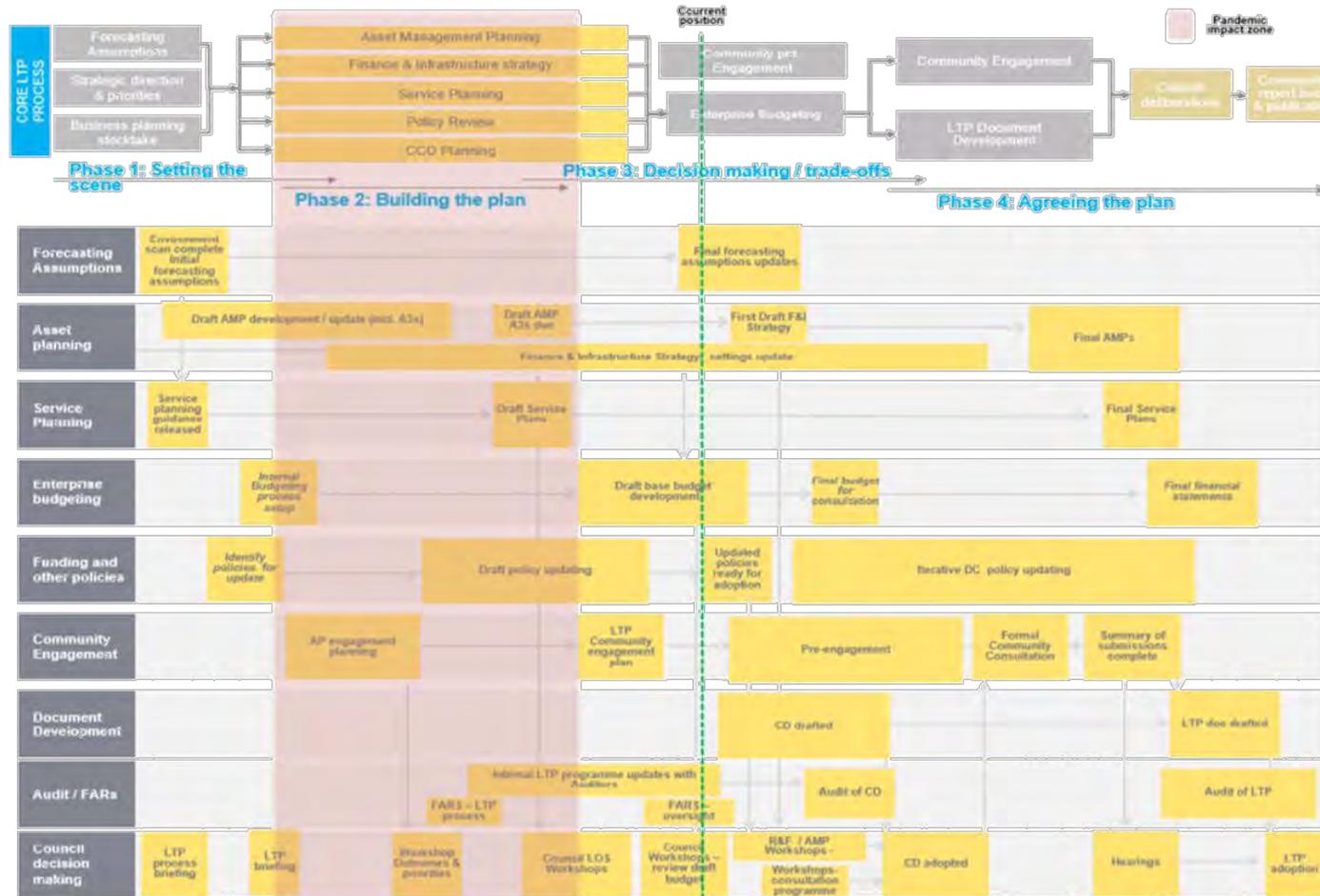
Improvements from the 2018 LTP development programme: In planning the 20201 development programme we have incorporated a number of improvements LTP planning, process, decision making and programme management practices for further development. These improvements are aimed at ensuring there is an on-time start, delivery of LTP products in the right order, and clarity of processes, expanding internal communications across the business over the life of the LTP development programme.

External audit: Audit has a significant role in the LTP. An external Audit relationship with aligned expectations on content and delivery on both sides is crucial to keeping a timeline intact. OAG expectations for Council long-term planning have also developed since 2018. In its review of 2018 LTP the OAG indicated that areas of concern include:

- WCC's planning around ambitious capital programmes;
- the adequacy of condition data and renewal programmes to maintain assets;
- how resilience, including to the effects of climate change, are addressed in LTPs; and
- Councils' understanding of the performance and condition of critical assets.

These are key focus areas for the 2021 LTP programme - particularly asset management planning and the finance and infrastructure strategy. The relevant workstreams are expected to explicitly address these areas and with oversight from the programme management group.

Appendix B: 2021 LTP High-level pathway



Appendix C: Detailed Workstream Scope and Content

Workstream 1: Significant Forecasting Assumptions (SFA), Community outcomes and Well-beings (Consists of 2 activities)				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
Activity 1. Forecasting assumptions				
<p>1. Update of significant forecasting assumptions, Environmental scan and guidelines for the use of assumptions in LTP planning particularly financial forecasts, Asset management and capital planning (LGA Sched. 10 s17; audited deliverable).</p> <p>Final LTP deliverable:</p> <ul style="list-style-type: none"> Significant forecasting assumptions, their level of certainty and risks that underlie the 2021 financial estimates. Includes assumption's covering life cycle of significant assets, funding sources for the replacement of significant assets 	<p>A. Identify:</p> <ol style="list-style-type: none"> The key national / regional social & economic conditions expected to prevail over the plan life Any changes in social needs that impact Council plans / strategies Links between WCC community outcomes, the well-beings and alignment of indicators likely impact on the Council's strategies / plan(s), previous forecasting assumptions possible WCC response <p>B. Assessment of the gaps in existing assumptions /data in relation to A. of above and develop an updated assumption set</p> <p>C. Update data and trends supporting updated</p>	<p>Dependencies:</p> <ul style="list-style-type: none"> Activity A: Council informed integration of WCC of outcome indicators with the 5 community well-beings (LGA Amend. Bill 2019) – see below <p>Informed by:</p> <ul style="list-style-type: none"> GRWC & other local councils expect to impact their LTPs existing council strategies (e.g. first to Zero) 2018 assumptions, strategic priorities (including any relevant CCO / regional strategies) Deprivation data – social need changes 	<p>Workstream focus:</p> <ul style="list-style-type: none"> Starts with the 2018 LTP forecasting assumptions, outcomes challenges & opportunities, strategies currently in place Environmental scan is largely an update of the population, natural hazards, technological change, economic growth, social, land use and environmental changes, and legislative trends or changes influencing WCC Forecasting assumptions comprises of: <ul style="list-style-type: none"> ○ A smaller set of <i>primary global</i> assumptions guiding the whole LTP ○ <i>Secondary</i> detailed assumption(s) for specific LTP work streams indicating the what the assumption means (likely impact) for specific 	<p>Notes:</p> <ul style="list-style-type: none"> This Workstream starts early in the LTP programme and provides the necessary assumptions AMP Workstream will be early users of the forecasting assumptions <p>Milestone dates:</p> <ul style="list-style-type: none"> Programme Management Group review A3: environmental scan sheets: Programme Management Group review of full draft assumption set: Assumptions released to work streams: ELT review of full assumptions set: Council sign-off:

Workstream 1: Significant Forecasting Assumptions (SFA), Community outcomes and Well-beings (Consists of 2 activities)				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, critical success factors / likely pressure points	Notes & milestone dates
	assumption set including information risks D. Guidelines on the application of assumptions to LTP planning e.g. financial forecasts, Asset management		work stream activities / products Critical success factors / pressure points: <ul style="list-style-type: none"> • Demonstrate to auditors how assumptions are impacting financial forecasts, asset management plans (AMPs) and underpin the Finance and Infrastructure strategy • Access to reliable data sets. 	
Activity 2. Harmonising WCC outcomes with the Governments 4 Well-beings (LGA Amend. Bill 2019)				
Activity 2. Integration of 4 well-beings with the WCC performance strategic framework (LGA Amend. Bill 2019) Final LTP deliverable: WCC's outcomes framework and indicators harmonised with the 4 Well-beings	A. Link WCC strategic goals / priorities to the 4 well-being's B. Develop summary descriptions of the well-beings (for Wellington) and categorise existing WCC outcomes linked to WCC indicators & activities C. Socialise B. with Councillors and with the community in LTP early engagement	Informed by: <ul style="list-style-type: none"> • GRWC Regional well-being statements • Treasury Living Standards Framework (for indicators) • SOLGM indicators • WCC strategies Feeds Into: <ul style="list-style-type: none"> • Activity management Plans and activity KPIs 	<ul style="list-style-type: none"> • Focus for this activity is the integration of the existing WCC strategic goals, community outcomes and indicators with the 4 well-beings • Council socialisation workshop will be against the proposed framework (not a ground-up development) 	<ul style="list-style-type: none"> • Possible early engagement activity - feedback on what the outcomes for the well-being looks like to the community. •

Workstream 1: Significant Forecasting Assumptions (SFA), Community outcomes and Well-beings (Consists of 2 activities)				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
	D. Update existing community outcome indicators, datasets and well-being / community outcome reporting framework	<ul style="list-style-type: none"> LTP Statements of Service Performance (SSPs) Annual Reports, quarterly reports 		

Workstream 2: Asset/capital planning				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
<p>Asset Management planning Scope:</p> <ul style="list-style-type: none"> - Examine the asset in detail, covering its condition, lifespan of components, resources needed to manage the assets, levels of service, cost of replacing the asset or components, etc. <p>Purpose:</p> <ul style="list-style-type: none"> - Mechanism for Councillor engagement into asset decision making - AMPs are a critical input into the Infrastructure Strategy - Outline capital investment requirements broken down by: meeting additional demand; improving LoS; and replacing existing assets 	<p>A. Agree structure, processes & guidance for AMPs.</p> <p>B. Prepare AMPs</p> <p>C. Prepare A3 summaries of AMPs</p> <p>D. Socialise individual AMPs with Councillors</p> <p>E. Socialise overall AMP decisions with Councillors</p> <p>F. Finalisation and publication of AMPs</p>	<p>Dependencies</p> <ul style="list-style-type: none"> • Asset condition data • AMP risk assessment <p>Feeds into</p> <ul style="list-style-type: none"> • Finance and infrastructure strategies • Financial policies including DC policy 	<p>Workstream focus</p> <ul style="list-style-type: none"> • Asset planning beginning earlier this year. • AMPs will be more tightly linked to the development of the Infrastructure Strategy with IS being an output of the same Workstream. • This year will include addition of overall summary across Asset Management Plans to provide cross asset view of investment in growth and increased levels of service. <p>Pressure points</p> <ul style="list-style-type: none"> • AMPs will be an area of focus for audit this year, particularly relating to our asset condition information. • We will consider including an external review process for plans. 	<p>Key milestones:</p> <p>July 2020 first cut of draft plans to identify size of renewal investment</p>

Workstream 2: Asset/capital planning				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
Final LTP deliverable(s): <ul style="list-style-type: none"> - Asset Management Plans x12 - Capital expenditure for groups of activities 				

Activity: Finance and Infrastructure Strategy (within workstream 2)				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, critical success factors / likely pressure points	Notes & milestone dates
<p>Scope: The significant financial and infrastructure challenges, issues, implications, constraints of WCC policy and service delivery decisions over the next 30 years. Includes: the financial and non-financial consequences of the issues (e.g. LoS, costs, risks) and decisions/ trade-offs; and a top-down direction of the main was these are to be manged.</p> <p>Deliverables: Combined 30 year Finance and Infrastructure Strategy (FIS) describing how the Council intends to manage infrastructure assets over next 30 years and the financial settings to allow for required investment.</p>	<p>A. Early content and legislative compliance Review of previous strategy - identify gaps / improvements</p> <p>B. Obtaining agreement from the management group on the structure and content</p> <p>C. Assess financial situation based on input from asset and activity planning</p> <p>D. Model impacts of proposed investments on rates, debt etc.</p> <p>E. Development of options for managing financial pressures</p> <p>F. Guide the writing the strategy document</p> <p>G. Socialisation with related LTP Workstream teams</p>	<p>Informed by:</p> <ul style="list-style-type: none"> • Asset Management Plans <p>Feeds into:</p> <ul style="list-style-type: none"> • Capital and Enterprise budging • Financial Policies • Provides a context consultation on proposals for funding and expenditure by making transparent the overall effects of those proposals on services, rates, debt, and investments. 	<p>Focus: strategy focuses on the significant issues – not everything i.e.</p> <ul style="list-style-type: none"> ○ Costs involved in addressing the issue ○ Impact on levels of service ○ Degree of upside and downside risk, significance and consequences ○ Impact on the achievement of WCC’s priorities <p>Critical success factors</p> <ul style="list-style-type: none"> • Draft strategy should be ready earlier in the LTP process • Tighter alignment to Asset Management Plan development to ensure consistency and line-of- to renewal/growth/LoS investment stories – particularly on 3 waters assets • Early agreement with the external auditors on the form and content of a combined strategy • Concisely written, readable and presented document <p>Pressure points:</p> <ul style="list-style-type: none"> • Managing the potential for significant financial pressures being identified 	<ul style="list-style-type: none"> • Must include the 5 network infrastructure assets • Need to consider whether the community infrastructure is included (not mandatory). • Including community infrastructure rounds off the major categories of CAPEX and pick up issues that the community cares about and for which funding might be a challenge for the Council <p>Key milestones:</p> <ul style="list-style-type: none"> • Early understanding of financial position required as part of guidance for asset and activity planning (March 2020) • Draft strategy required by Q1 2020/21 to inform Council decision making.

Activity: Finance and Infrastructure Strategy (within workstream 2)				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
			through 'bottom up' asset and activity planning <ul style="list-style-type: none"> Capacity to develop of F&I Strategy alongside Annual Planning, budgeting and financial policies review. 	

Activity: Water & Sanitary services & Waste management plans - variation for the LTP (within workstream 3)				
SOLGM good practice			Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into		
<p>Scope:</p> <ul style="list-style-type: none"> Any variations between territorial authority's long-term plan and assessment of water and sanitary services and waste management plans <p>LTP deliverable</p> <ul style="list-style-type: none"> Statements explaining significant variation(s) between the proposals outlined in the long-term plan sanitary services and waste management and minimisation plans 	<p>A. Update of 2018 statement</p>	<p>Informed by:</p> <ul style="list-style-type: none"> WCC LGA section 125 assessments of water and other sanitary services WCC waste management and minimisation plans (LGA s43) 	<p>Critical success factors:</p> <ul style="list-style-type: none"> Comply with and specific external audit focus. 	<p>Expected to be straightforward exercise with no significant additional resources required handled within responsible BU's</p> <p>Milestones:</p> <ul style="list-style-type: none"> Draft Statement due Dec 2020

Workstream 3: Service Planning (Incl. Service/activity plans)				
SOLGM good practice			Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into		
<p>LTP Activity plans</p> <p>Scope:</p> <ul style="list-style-type: none"> • SAMPs not required by legislation - highly recommended as the basis service performance (SSP) information in the LTP • Grouping of WCC activities is required (LGA Sched. 10 s.2) <p>Purpose:</p> <ul style="list-style-type: none"> • Provides audit with the necessary inputs to the SSPs • Mechanism to give Councillors a working knowledge of Los, KPIs, challenges and opportunities facing the delivery of Council services, the managing of the asset(s) providing, services, BAU expenditure and how services are financed. • Provide a foundation for re-establishing an internal business planning and the co-ordinated 	<p>A. Groupings of activities and existing KPI framework update i.e.</p> <ul style="list-style-type: none"> • Verify existing activity groupings, any changes and • links to community outcomes • “stocktake’ of existing KPIs & changes • Develop structure, processes & guidance for SAMPS (including future business planning processes). Test & socialise with BUs. <p>C. Prepare SAMPS</p> <p>D. Socialise SAMPS with Councillors</p>	<p>Dependencies:</p> <ul style="list-style-type: none"> • Agreement on community outcomes/strategic areas to inform activity grouping and rationale • Forecasting assumptions <p>Feeds into:</p> <ul style="list-style-type: none"> • LTP Activity statements (SSPs) • Enterprise budgeting • On-going internal business and annual planning cycle. 	<p>Focus:</p> <ul style="list-style-type: none"> • <i>Activity Groupings</i>: covers current LTP groupings of activities as well as Corporate Council functions - with adjustments as required for new activities (e.g. for targeted rates). • Refresh of 2018 KPI framework, making updates to simplify measures, improve coverage and adjust targets where necessary – not a complete review <p>Pressure points</p> <ul style="list-style-type: none"> • Bus without established business plans - BUs with established business plans are expected to be able to complete SAMPS with less effort than those without <p>Critical success factors</p> <ul style="list-style-type: none"> • SAMPS need to have a meaningful input into budgeting process for 	<p>Key link to 202/21 Business Planning being led by the Transition Team. Alignment of Business Planning and this service planning is to be confirmed.</p> <p>SAMP Indicative content:</p> <ul style="list-style-type: none"> - Purpose of Activity groupings (why these activities?) - What does the activity deliver, through what services? - How we deliver these services, proposed changes to the delivery mechanism / current LTP? (possible S1(a) review trigger)

Workstream 3: Service Planning (Incl. Service/activity plans)				
SOLGM good practice			Workstream focus, critical success factors / likely pressure points	Notes & milestone dates
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into		
management service delivery & projects Final LTP deliverable(s): <ul style="list-style-type: none"> Activity Management Plans for each activity area and for Corporate functions 	E. Develop LTP Activity statements	informed by: <ul style="list-style-type: none"> Asset Management Plans 	them not to be viewed as a compliance exercise.	- Proposed LoS (KPIs & targets) <ul style="list-style-type: none"> How will the assets be managed to deliver the services? What financial resources are needed? How much capital expenditure will be spent, on what category of asset, and what are the key capital projects for this activity? Significant negative effects that this activity will create? Timings: <ul style="list-style-type: none"> SAMPS produced alongside Asset Mgmt. Plans Feb-June 2020 Socialise with Councillors - 6, 11 June 2020

Activity: Council Controlled Organisations (within workstream 3)				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
<p>Scope:</p> <ul style="list-style-type: none"> Information on CCO: the extent on WCC's significant ownership and control policies / objectives for the CCO nature and scope of the CCO's activities CCO's key performance targets and other measures <p>Deliverable:</p> <ul style="list-style-type: none"> CCOs statements of performance (SOPs) (LGA Schd. 10 s7) 	<p>A. Update of 2018 SoPs (Vol1 of the 2018 SOIs)</p>	<p>informed by: CCO SOIs / letters of Intent</p>	<ul style="list-style-type: none"> OGA has indicated that for the 2021 LTP a somewhat "more full-some description of CCO activities and challenges expected to be faced over the life of the plan" Expected to be straightforward exercise with no significant additional resources required. Informed directly from previous LTP. 	<p>Milestones:</p> <ul style="list-style-type: none"> Draft Sop's Nov 20 Finals March 2021

Workstream 4: Funding & Other Policies				
SOLGM good practice			Workstream focus, <i>critical success</i> factors / likely pressure points	Notes & milestone dates
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into		
Funding policies				
<p>Scope</p> <ul style="list-style-type: none"> Revenue and Financing Policy (fees and charges) including the introduction of any targeted rates Deliverable(s): Updated R&F policies covering funding of operating and capital expenses from different sources (LGA s102-103) 		<p>Dependencies:</p> <ul style="list-style-type: none"> Groupings of activities DC policy <p>Feeds into:</p> <ul style="list-style-type: none"> 2022/23 Annual Plan 	<ul style="list-style-type: none"> Current R&F policy is likely to involve changes should new targeted rates be approved 	Update policies by end of Q1 2020/21?
Development Contributions policy (LGA S106)	<ul style="list-style-type: none"> Summarise and explain the total cost of capital expected to meet the increased demand resulting from growth; and state the proportion that will be funded by: <ul style="list-style-type: none"> (i) development contributions; (ii) financial contributions; (iii) other sources of funding; Explain why the local authority has determined to use these funding sources Identify separately each activity or group of activities for which a development contribution or a financial 	<p>Informed by:</p> <ul style="list-style-type: none"> level of planned investment in growth identified through AMPs Links to revenue and financing policy Informed by Finance and Infrastructure Strategy 	<ul style="list-style-type: none"> Review of policy in relation to on-going appropriateness given financial strategy and future projections/plans on growth 	

Workstream 4: Funding & Other Policies				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
	contribution will be required and specify the total amount			
Investment and Liabilities Management Policies (LGA S104, 105)	<ul style="list-style-type: none"> Policies in respect of investment and the management of both borrowing and other liabilities 		<ul style="list-style-type: none"> Anticipate a straightforward update 	
Rate Remission Policy	<ul style="list-style-type: none"> Stating the objectives sought to be achieved by the remission of rates; and the conditions and criteria to be met in order for rates to be remitted. 		<ul style="list-style-type: none"> Anticipate a straightforward update 	
Rates Postponement Policy	<ul style="list-style-type: none"> Stating the objectives sought to be achieved by a postponement of the requirement to pay rates; and the conditions and criteria to be met in order for the requirement to pay rates to be postponed. 		<ul style="list-style-type: none"> Anticipate a straightforward update, may be need for additional scrutiny given scale of potential rates increases 	
Significance and Engagement Policy:				

Workstream 4: Funding & Other Policies				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
<p>Scope:</p> <ul style="list-style-type: none"> WCC's approach to determining the significance of proposals and decisions in relation to issues, assets, or other matters <p>Deliverable:</p> <ul style="list-style-type: none"> An summary (or other description) of the local authority's significance and engagement policy (LGA Sched. 10 s11; S76AA, S80, S82 LGA) 	<p>A. High-level scan of recent changes to S&G policies by other Councils</p> <p>B. Update (here required) of the existing policy content to cover:</p> <ul style="list-style-type: none"> any criteria or procedures to be used in assessing the extent to which issues, proposals, assets, decisions, or activities are significant / have significant consequences how WCC will respond to community preferences about engagement on decisions including how the approach to consultation will be established 	<p>Informed by:</p> <ul style="list-style-type: none"> Existing Significance and Engagement policy 	<ul style="list-style-type: none"> Anticipate a straightforward high-level review & update of the current policy with non-material changes. Summary of the policy needs to be added <p>Pressure points:</p> <ul style="list-style-type: none"> None expected 	<p>Notes:</p> <ul style="list-style-type: none"> Policy Is audit reviewed
Workstream 5: LTP Enterprise Budgeting				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
<p>Scope:</p> <ul style="list-style-type: none"> LTP CAPEX, OPEX and income business cases 	<ul style="list-style-type: none"> Business cases according to the budgeting and business case requirements 	<p>Dependencies:</p> <ul style="list-style-type: none"> Strategic direction priorities, financial priorities 	<p>Focus:</p> <ul style="list-style-type: none"> Process: Business cases: This LTP will integrate IDF into the budget process and will be 	<p>Key milestone(s):</p> <ul style="list-style-type: none"> July 2020 to be considered alongside asset and activity funding requirements

Workstream 4: Funding & Other Policies				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, <i>critical</i> success factors / likely pressure points	Notes & milestone dates
<ul style="list-style-type: none"> • Decisions what will spent and when • Preparation of WCC organisational budgets <p>Deliverable(s):</p> <ul style="list-style-type: none"> • Financial forecasts for the period of the LTP 		<ul style="list-style-type: none"> • Finance Strategy (provides a guide against which proposals spending / funding can be considered) • Asset Management Plans • Service Activity Management Plans (LoS) <p>Informed by</p> <ul style="list-style-type: none"> • Strategic direction setting • Asset management plans 	applied to new and some capital proposals/projects IDF focused business will require a higher standard of information than the previous LTP	

Activity: Financial Forecasts, Budget, Funding Statements & Rating Information (within workstream 5)				
SOLGM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / Informed by / feeds into	Workstream focus, critical success factors / likely pressure points	Notes & milestone dates
Forecast financial statements	10 year forecast statements for our activities	Revenue and financing policy	Developed as per 2018 approach	
Balanced Budget Statement	Where not balanced include statements as to when and why budget is not balanced and the implications including on service levels		Developed as per 2018 approach	
Funding impact statements	Council and Group level. Statement around source of funding, how the funds will be applied, uniform annual charges, rating differentials, targeted rates etc. Include example impacts of any new rates	Financial policies	Developed as per 2018 approach Additional work relating to any proposed targeted rates	
Rating base information	Projection of number of rating units at the end of the preceding financial year	Significant forecasting assumptions	Developed as per 2018 approach	
Reserve funds	Identify nature, use and amount of each reserve fund		Developed as per 2018 approach Potentially affected by potential targeted rates	

Workstream B: LTP Community engagement				
SOLGUM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, critical success factors / likely pressure points	Notes & milestone dates
<p>Scope:</p> <ul style="list-style-type: none"> Planning, design, preparation and delivery of the community engagement and consultation programme for 2021 LTP <p>Deliverables:</p> <ul style="list-style-type: none"> Multi-channel community engagement and consultation programme with activities and media that maximises community awareness, understanding and engagement in the LTP. A means for reporting back to the community final decisions on the LTP Audit approved Consultation Document Analysis of feedback / Submissions and recommended responses 	<p>A. Scope & plan an LTP engagement and consultation strategy covering:</p> <ul style="list-style-type: none"> who including identifying the target audiences needs and preferences for engagement what are we engaging and consulting on (key messages) How and when audiences are to engaged and consulted <p>B. Design engagement and consultation activities</p> <p>C. Prepare the engagement CD and information and organise activities</p> <p>D. Deliver engagement activities</p> <p>E. Consult and analyse (includes public forums / hearings)</p> <p>F. Report LTP decisions</p>	<p>Dependencies:</p> <ul style="list-style-type: none"> Annual Plan budget engagement messaging and activities Compliance with LGA Special consultative procedure (LGA s83) CD and supporting information meeting LGA s93b-93g <p>Informed by:</p> <ul style="list-style-type: none"> Significance and Engagement Policy 	<p>Focus:</p> <ul style="list-style-type: none"> Increasing level of engagement from people, communities and stakeholders in Wellington into trade-offs and understanding costs of services (rather than priority/direction setting) Alignment to LGWM engagement <p>Critical success factors</p> <ul style="list-style-type: none"> Preparing this community for consultation – particularly rates increases Active Councillor involvement – particularly in local face-to-face engagement activities Increased engagement in the LTP issues from Iwi, younger, community audiences and WCC advisory groups Clarity on the key consultation issues, options / preferred options and messages <p>Pressure points / risks:</p> <ul style="list-style-type: none"> Consistency of messaging between the LTP and other concurrent WCC engagements Competition for community engagement “airtime” 	<ul style="list-style-type: none"> Public engagement was a strength of the 2018 LTP development programme Is a resource intensive programme of work – significant amount of <p>Key milestones:</p> <ul style="list-style-type: none"> Plan for overall strategy and programme of activities by March 2020?

Workstream 6: LTP Community engagement				
			<p>between other WWC and the GRWC LTP engagement</p> <ul style="list-style-type: none"> Managing consultation alongside or close to District Plan consultation. Clarity on the focus, structure, content of the CD between WCC and the external auditors and OAG hot review. (option for rates and debt) 	

Activity: Māori Capacity to contribute (within workstream 6)				
SOLGUM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, critical success factors / likely pressure points	Notes & milestone dates
<p>Māori capacity to contribute towards decisions making (LAG Sched. 10 s.8)</p> <p>Deliverable:</p> <ul style="list-style-type: none"> Statement of how Māori capacity can be developed to contribute towards decisions making to be included in LTP covering LGA s.81 considerations 	<p>A. Review of approaches across other Councils in how this is done</p> <p>B. Comparative assessment of opportunities to develop our current approach (including input from MoU review)</p> <p>C. Development of Māori</p>	<p>Informed by:</p> <ul style="list-style-type: none"> Review of MoU (est. April 2020 complete) 	<p>Focus:</p> <ul style="list-style-type: none"> Processes to provide opportunities for Māori to contribute to the decision-making How WCC will foster the development of Māori capacity to contribute to the decision-making <p>Critical success factors</p> <ul style="list-style-type: none"> Obtaining timely input from Iwi Councillor portfolio input Expecting Council will want to see a more explicit Māori capacity development programme in the next LTP - 2018 LTP was light-touch 	<ul style="list-style-type: none"> Previous LTP was light-touch <p>Milestones:</p> <ul style="list-style-type: none"> Late April 2020 – MoU review results available Draft Māori updated capacity development programme available

Workstream 7: Document development

SOLGUM good practice				
Scope & deliverable(s)	Key Workstream activities	Dependencies / informed by / feeds into	Workstream focus, <i>critical success factors</i> / likely pressure points	Notes & milestone dates
<p>Scope:</p> <ul style="list-style-type: none"> Planning, design, preparation and delivery of the final LTP document Design and production support for CD and other associated LTP deliverables (e.g. AMPs) <p>Deliverables:</p> <ul style="list-style-type: none"> Final LTP document Consultation Document design 	<p>A. Design of LTP document branding</p> <p>B. Creative support for workstream</p> <p>C. Development of LTP draft document</p> <p>D. Final production of LTP</p>	<p>Informed by:</p> <ul style="list-style-type: none"> Engagement Strategy All other workstreams 	<p>Focus:</p> <ul style="list-style-type: none"> Bringing production of the LTP document in-house Support to AMP workstream for creative design support for AMPs Focus on meeting statutory content requirements <p>Critical success factors</p> <ul style="list-style-type: none"> Statutory compliance <p>Pressure points / risks:</p> <ul style="list-style-type: none"> High volume of documents that will require creative input- managing risk of scope creep into associated documents 	<p>Notes:</p> <ul style="list-style-type: none"> The design /production of LTP documents will be in-house Is a resource intensive piece of work, hence the dedicated workstream <p>Key milestones:</p> <ul style="list-style-type: none"> Final LTP due May 2021

Appendix D: List of Asset Management Plans

1. Community Services
2. Library Services
3. Cemeteries
4. Waterfront
5. Public Toilets & Pavilions
6. Parks & Open Spaces
7. Marinas
8. Outdoor Sports Facilities
9. Pools & Recreation Services
10. Transport (4)
11. Waste Operations
12. Three waters (3)
 - a. Stormwater
 - b. Wastewater
 - c. Water
13. City Housing
14. Corporate Property
15. CCO AMPs

Appendix E: Audit pathway

Detailed audit information requirements and timing will be established through the audit letter of engagement, and include the following key products

Audit planning phase

- The City Council's timetable.
- Signed audit arrangements letter.
- Description of the City Council's higher-level planning processes (from self-assessment plus discussions).
- Description of the state of progress in updating the City Council's AMPs and in particular a description of the significant issues/ changes that have arisen since 2015.
- Description of the City Council's processes for preparing its forecasts (including its QA process) for non-asset-based activity forecasts.
- Financial model.

Consultation Document audit phase

- Underlying assumptions
- Financial Strategy (FS)
- Infrastructure Strategy (IS)
- AMPs
- Full financial forecasts
- Funding and Financial policies
- Draft performance framework
- Significance and engagement policy
- Draft Consultation Document (CD)
- Final version of CD

LTP final audit phase

- Draft LTP (pre consultation version)
- A schedule of all changes arising from consultation, along with a description of how and where these have impacted the LTP.
- Supporting information for changes and how they have impacted the LTP.
- Final version of LTP

Appendix F: Quality Assurance (Legislative compliance) check lists

Process and Information Management		Groups of Activities	
Required	Have you determined what key issues will be presented in your consultation document? (s93C, LGA)		Have any of the circumstances that trigger the requirement to review service delivery arisen i.e. (i) a significant proposed change to levels of service (ii) a contract to deliver the service is to expire within the next two years (iii) 6 years since last review. (section 17A, LGA)?
	Have you determined what schedule 10, LGA information and other information should be regarded as 'supporting' the consultation document? (s93G, LGA)		What systems do you have in place for (i) identifying the effects of your activities (ii) measuring or assigning significance to those activities?
	Do you have a plan for the production of the consultation document?		
	Do you have a plan or plans for the production of the supporting information?		
	Have you advised governance support staff of the need to adopt supporting information before adoption of the consultation document? (s93G, LGA)		
Groups of Activities		Infrastructure Strategy	
Required	Has your LTP disclosed the following for each group of activities: the activities in the group; the rationale for delivering the group (including the community outcomes); identified any significant negative effects? (clause 2(1), sch 10, LGA)	Adapted from 2018 SOLGM guidance	Have you taken a combined process approach in developing your infrastructure and financial strategies to ensure alignment?
	Have you prepared the information required by clause 2(1), LGA in detail for the first three years, and in outline for the remaining seven years?		Would a reader who comes to this strategy fresh get an overall sense of the 'story' the infrastructure strategy is telling?
	Have you treated the following as separate groups if delivered by/on behalf of your local authority: water supply; sewage disposal; stormwater drainage; roads and footpaths; and flood protection and river control? (clause 2(2), sch 10, LGA)		Has the strategy included groups other than the five 'network' groups of assets in the strategy - if so what?
	Is your rationale for grouping activities been clearly written? Has it been observed?		Does the strategy have or reflect a clearly defined end point or vision for the community in or over the 30 years?
	Have you reviewed your activities against the purpose of local government (section 10, LGA)?		What information has been included about the starting point for the strategy?
	Has the provision of activities been considered against the role of the local authority as set out in section 11, LGA?		How well have the asset consequences of this vision (e.g. the steps necessary to implement this vision) been identified?
			How clearly have intended changes to levels of service been specified? (For example, from what to what, and why is this significant or important)

Infrastructure Strategy	
	How robust are the underpinning demand assumptions or methods for forecasting demand? (For example, has your local authority considered demographic drivers but not identified economic drivers in its forecasting assumptions or location for growth)
	What information does the infrastructure strategy contain in regards the condition of network assets (including any statements about gaps in the suite of information)?
	What information does the infrastructure strategy contain in regards the performance of network assets (including any statements about gaps in the suite of information)?
	What funding gaps have been identified – and what strategies have been identified to close them?
	Do the levels of service and projected capital and operating expenditure numbers align? For example is there an increase in levels of service with no apparent increase in expenditure that would support this?
	Has the strategy provided indicative costs for each of the first ten years, and costs in five year blocks for years 11-30?
	How well does the strategy explain any differences in the projected depreciation and renewal tracks?
	What resilience risks and issues have been signalled in the strategy (for example natural hazard issues)? And how you are planning to respond to this (e.g. disaster recovery)?
	Has a single most likely scenario been spelt out in the document?
	Have the financial implications of key forecasting assumptions been presented in the strategy (for example, around the timing of third party revenues)?
	Does the infrastructure strategy tell the same story as the financial strategy e.g. are there changes in levels of service with no increase in

Infrastructure Strategy	
	cost, and if so, why is there a disconnect between the two?
Financial Strategy	
Adapted from 2018 SOLGM guidance	Would a reader who comes to this strategy fresh get an overall sense of the 'story' the financial strategy is telling?
	What information has been included about the starting point for the strategy?
	Has the strategy clearly specified an "end destination" and why this destination is important?
	Has the strategy adequately presented/summarised the key revenue flows, use of debt and other financial implications?
	Has the strategy explained the key levels of service or other changes?
	Do the limits on rates and debt appear to 'bounce around' from year to year? (If so, this may be a sign that the strategy has too much of a bottom-up influence ...)
	Are there factors other than those listed in section 101A(3)(a) that are significant drivers of cost? If so, have they been disclosed in the financial strategy (and should they be)?
	Has the strategy considered how your local authority would fund unexpected events (e.g. natural disasters) or opportunities?
	Have the financial implications of key forecasting assumptions been presented in the strategy (for example, around the timing of third party revenues)?
	Are there separate limits for rates, increases in rates, and debt?
	Has the strategy discussed expected changes in population (note this is wider than just growth or decline) and the capital and operating costs of providing for these changes?
	Has the strategy discussed projected changes in land use and the capital

Financial Strategy	
	and operating costs of providing for these changes?
	Has the strategy set out the expected CAPEX on the five groups of network infrastructure (where applicable)?
	Has the strategy included objectives for holding and managing financial investments and equity securities?
	Has the strategy specified objectives for return of its financial investments and equity securities? [Quantified targets may be appropriate in some cases, but perhaps there are situations where "objectives" need to be more loosely specified?]
	Is there a policy on giving security for borrowing?
	Does the financial strategy tell the same story as the infrastructure strategy e.g. are there changes in levels of service with no increase in cost, and if so, why is there a disconnect between the two?
Capital Expenditure for Groups of Activities	
Required	Has your LTP disclosed the capital expenditure for all of your groups of activities (whether in the infrastructure strategy or not) in each of the years covered in the LTP? (clause 3(1), sch 10, LGA)
	Has that capital expenditure been classified by the different "drivers" i.e. <ul style="list-style-type: none"> • increased demand for an activity • improvements in levels of service • renewals (Note disclosure of capital expenditure by each driver is now mandatory - (clause 3(1), sch 10, LGA).
	Does your council have activity/asset management plans in place for each activity?
	[Not aware of such a specific requirement – would be useful to expressly refer to it]

Capital Expenditure for Groups of Activities	
	Are your activity/asset management plans robust and up-to-date?
Performance Information	
Required	Does your LTP disclose the following for each group of activities: <ul style="list-style-type: none"> • targets for any mandatory performance measures set under the Non-Financial Performance Measures Rules 2013 • those measures and targets that your local authority considers are associated with major aspects of the group • any intended changes to levels of service • reasons for any material change in the cost of providing the service? (clause 4, Sch 10, LGA)
	Have you considered community outcomes and included a mandatory description of community outcomes within your LTP?
	Have you developed the system or systems necessary to collect the information to support each of the measures?
	Is there a clear line of logic between community outcomes, rationale for delivery and your selection of measures?
	Are any of the intended changes to levels of service significant i.e. trigger requirements to review delivery of the service?
Required	Does your LTP contain adopted revenue and financing policy (RFP) (cl 10, sch 10, LGA)?
	Have you planned a review of your RFP so that it is adopted before the LTP (cl 10, sch 10, LGA)?
	Is the disclosure in the RFP at activity levels (s103, LGA)?

Performance Information	
	Does the RFP disclose operating and capital funding sources for each activity (s103, LGA)?
	Does the RFP clearly show how your local authority complied with both steps of the funding policy process in section 101(3) LGA?
	Does the RFP disclose the following for your general rate:
	(i) your choice of valuation system
	(ii) use of differentials on the general rate
	(iii) use of uniform annual general charges?
	Does the RFP disclose each targeted rate (only if your intent to set a targeted rate is required in the RFP)?
	Have you checked for any inconsistencies between the RFP and the financial strategy? If so, what action are you taking to resolve them?
	Has the entire RFP been reviewed for legal compliance by someone conversant with the LGA?
Local Board Funding Policy	
Required	Does your local authority need to include a local board funding policy? (s48M, LGA)?
	Have you planned policy development and adoption so that the policy is adopted before the LTP?
Funding Impact Statement (Council-wide)	
Required	Does your LTP contain a funding impact statement (FIS) for the whole of council?
	Does your FIS contain two components:
	(i) a financial statement as per the Financial Reporting Regulations 2014
	(ii) information about funding sources (cl 15, sch 10, LGA)?

Funding Impact Statement (Council-wide)	
	Does the whole-of-council FIS have a "nil" balance?
	Does the funding disclosure contain details of all of the rates your local authority proposes to set and how these will be calculated?
	Is the funding disclosure specified with enough particularity that ratepayers can, for example, determine what differential categories they are in?
	Does the funding disclosure include sample models of the impact of the rating proposals for the first year of the LTP? (These must be included in the FIS)
	Have your sample models been included in your consultation document (s93C, LGA)?
	Has the entire FIS, but especially the funding disclosure, been reviewed for legal compliance by someone conversant with the LGA and the Rating Act?
Funding Impact Statement (Group of Activities)	
Required	Does the LTP contain a FIS for each group of activities?
	Do the FIS for each group follow the format set out the Financial Reporting Regulations 2014? (cl 5, Sch 10, LGA)
	Has the FIS for each group been checked for consistency with the revenue and financing policy?
Financial Statements	
Required	Does your LTP include forecast financial statements for each year covered by the LTP? (cl 12, Sch 10, LGA)
	Has your LTP included the financial statements for the year preceding the LTP? Are these in the same format as the financial statements for the ten years of the LTP? (cl 13, Sch 10, LGA).
	Do all of the forecast financial statements comply with Generally Accepted Accounting Practice (section 111, LGA)?

Financial Statements	
	Has your LTP included the rating base disclosures? (cl 15A, sch 10, LGA)?
	Has your LTP included a statement showing, for each reserve (as defined), its objectives, the starting and end balance, and any movement? (cl 16, schedule 10, LGA) [Current drafting didn't make it sufficiently clear that the 3 requirements apply to each reserve, not reserves as a whole]
	Have you disclosed the council's intended level of performance against the so-called fiscal benchmarks and indicators? (Financial Reporting Regulations 2014)
Balanced Budget Statement	
Required	Is your local authority running a balanced budget in each year included in the LTP? (s100, LGA).
	Assuming there is an unbalanced budget in any year, then has your LTP explained the reasons for the unbalanced budget, and the implications of the decision? (cl 14, Sch 10, LGA)
	Is running an unbalanced budget prudent? (Note that assessing prudence will necessitate consideration of the impacts beyond the ten year life of the plan)
	Has your local authority resolved to operate an unbalanced budget, having regard to the mandatory criteria in s 100(2) LGA? (That resolution should be made before adoption of the LTP).
Forecasting Assumptions	
Mandatory	Has your LTP identified all of the significant forecasting assumptions and risks?
	Have you considered the implications of forecasts at a strategic level? E.g. large changes

Forecasting Assumptions	
	in your forecasts may affect decision-making.
	Have you considered the level of uncertainty in each of the significant forecasting assumptions and risks?
	Where levels of uncertainty are high have you disclosed:
	(i) the fact of the uncertainty
	(ii) an estimate of the uncertainty on the financial estimate (cl 17, Sch 10, LGA)?
	Has the LTP disclosed its assumptions about the useful life of significant assets and funding sources for the replacement of significant assets? (clause 17, Sch 10, LGA).
	What 'crossover' is there between the strategic assets listed in your significance and engagement policy, and the five mandatory groups of activity?
	Are there any inconsistencies between the assumptions disclosed here (including asset condition), and those disclosed in the infrastructure strategy and the financial strategy?
	Did you review the assumptions and their significance afresh, or did you "roll over" the assumptions from the previous LTP?
	And have you considered the rationale for "rolling" them over? Have you checked if this is the most appropriate course of action?
	Have you checked economic assumptions with those others are making e.g. is there a reason you are assuming interest rates of 10 percent when others are assuming 6-7 percent?
	Should your council undertake scenario modelling of the impact if significant assumptions fail to materialise or are significantly

Forecasting Assumptions	
	different from those you expected? For example, a local authority reliant on central government funding for a particular large project might consider whether it needs a “plan B”; a growth council might want to forecast different scenarios for the receipt of development contributions revenue.
Council Controlled Organisations	
Mandatory	Has your local authority disclosed the following for each of its CCOs:
	(i) the name of the CCO and any subsidiaries
	(i) any significant policies and objectives with respect to ownership and control
	(ii) the nature and scope of the activities the CCO will do or provide and
	(iii) key performance targets and other measures for the CCO. (cl 7, Sch 10, LGA)?
	Have targets for rates of return on commercial activities or holding of equity securities been included in the financial strategy?
	What approach are you taking for consolidation, that is to say is this a parent only or group based LTP?
Working alongside local Māori, iwi and hapū	
Required	Has your LTP set out any steps your local authority intends to take to foster development of the capacity of Maori to contribute to the decision-making, having considered section 81(1)(b)?
Local Board Information	
Required	If you have a local board, has your LTP included details of the activities that are deemed to be local, the funding set aside for each board for each year, and the local board

Local Board Information	
	agreement for the first year of the LTP?
Significance and Engagement Policy	
Required	Is summary of the significance and engagement policy and other information on where the full policy can be found included in the LTP (Clause 11, Sch 10, LGA)?
	If your council did not engage during the development of the policy, can it point to pre-existing information on community needs and preferences with respect to engagement?
	Has your council complied with the criteria and procedures for determining the significance of decisions, matters etc that arose or were made during the LTP?
	Have the results of the consideration of the significance of any matters been documented?
Variations from Assessment of Water and Sanitary Services and Waste Management Plan	
Required	Has your LTP identified and explained any significant variation between the proposals in the LTP and the assessment of water and sanitary services prepared under s125 of the LGA and of the waste management plan prepared under section 43 of the Waste Minimisation Act 2008? (Clause 6, Sch 10, LGA)?
Community Engagement	
Required	Have you used the special consultative procedure as the basis for consultation on the LTP proper? Have you prepared a consultation document that:
	<ul style="list-style-type: none"> determines what the important issues facing your local authority are (and documented reasons for your selection) presents an outline of each issue, the principal options for each issue, the implication of each option, and the local authorities preferred option discusses changes to arrangements for funding, the proposed track for rates, debt and

Community Engagement	
	levels of service (shown graphically), and the sampler rate models
	<ul style="list-style-type: none"> explains how and where to find the supporting information sets out the engagement process
	i) includes an audit report?
	Have you provided opportunities for the public to present their views to the local authority in a manner that enables interaction between councillors (or delegated representatives) and the public using spoken language or New Zealand Sign Language?
	Has your choice or means for allowing the public to present views been measured against the principles of section 82 (regardless of whether

Community Engagement	
	by spoken or NZSL interaction, or by other means)?
	Have you considered the principles of consultation when determining the format for any interaction (e.g. who gets to speak, for how long and on what medium), and documented how those principles are met?
	How did the feedback on any issues that your local authority undertook early consultation on get integrated into the LTP?
	Are you intending to undertake concurrent consultation (as permitted under section 83A), and is the required information for both the CD and statement of proposal present?
	Have you considered any decisions consequential to the LTP regarding engagement e.g. fees and charges?

3. Public Excluded

Recommendation

That the Finance, Audit and Risk Subcommittee:

1. Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
3.1 Insurance Reserve Fund Performance and Insurance Renewals Update	<p>7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p>	<p>s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.</p>
3.2 Risk Management Strategic Risk Profile	<p>7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>7(2)(c)(ii)</p>	<p>s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.</p>

The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.

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7(2)(b)(ii)

The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

s48(1)(a)

That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

7(2)(g)

The withholding of the information is necessary to maintain legal professional privilege.

7(2)(i)

The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

ⁱ To be expressed in WCC-wide Asbestos Management Standard or SOP. This will need to include reference to the other risk controls referred to in this bowtie and how these will work together. It will enable compliance with the Asbestos Regulations (2016), and how these will be used to determine the most appropriate risk controls when work with asbestos is being planned.