



HAWKES BAY REGIONAL COUNCIL

TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Regional Council Workshop

Date: 25 September 2024
Time: 10.00am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

Item	Title	Page
1.	Welcome/ Karakia	
2.	Annual Plan 2025-26	3
10.30am		
3.	Clifton to Tangoio Coastal Hazards Strategy implementation part 1	5
11.00am		
3.	Clifton to Tangoio Coastal Hazards Strategy implementation part 2 (<i>public excluded</i>)	
12.00pm - break		
12.15pm		
4.	Revenue and Financing Policy adjustments	11
1.00pm - finish		

Subject: Annual Plan 2025-26

Reason for report

1. This item provides Council with the timeline for developing the Annual Plan 2025-26.
2. As a reminder an average 18.3% rates increase is forecast for 2025-26, Year 2 of the Three-Year Plan 2024-27. At Council's request, the Executive Leadership Team are working on options to reduce this and will present those and any implications at future workshops.

Background

3. Annual plans are prepared and adopted under section 95 of the Local Government Act 2002 (LGA). Council is required to produce an annual plan in the years between long term plans (LTPs).
4. An annual plan provides an opportunity for small adjustments or variances from the LTP to be reflected in the plan for the year. The starting point for an annual plan is the relevant year of the current LTP.
5. If the proposed annual plan includes significant or material differences from the content of the long-term plan for that financial year, Council must consult under the principles of consultation under section 82 of the LGA.
6. As per the LGA the purpose of an annual plan is to:
 - 6.1. contain the proposed annual budget and funding impact statement for the year to which the annual plan relates
 - 6.2. identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect of the year
 - 6.3. provide integrated decision making and co-ordination of the resources of the local authority
 - 6.4. contribute to the accountability of the local authority to the community.
7. Part 2, schedule 10 of the LGA specifies the information an annual plan must contain.
8. The LGA also requires that an annual plan be adopted before the commencement of the year to which it relates.

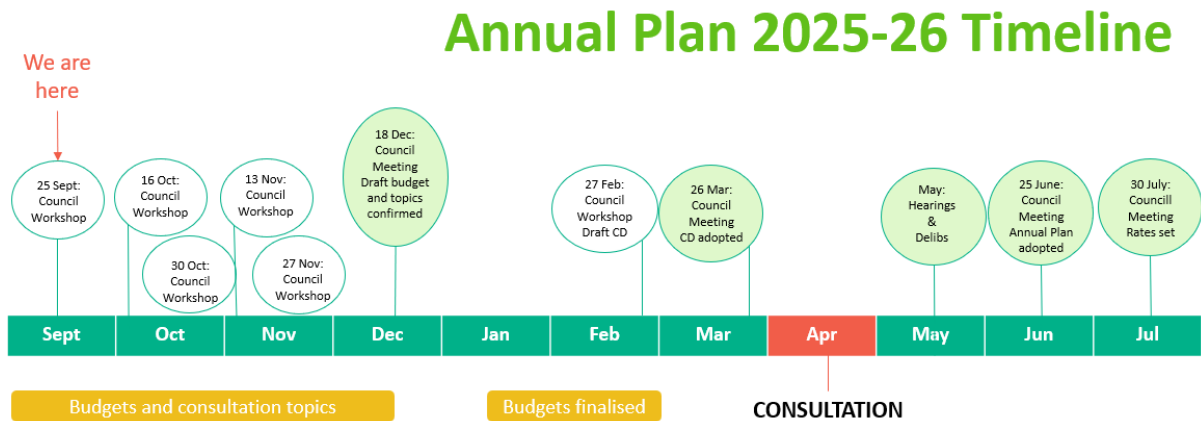
Discussion

9. As of 1 September 2024, staff have commenced regular project team meetings with cross-council membership.
10. Given the potential topics for inclusion in the Annual Plan 2025-26, staff are working on the assumption that public consultation is required.
11. Potential consultation topics include:
 - 11.1. Rating model for Havelock North Streams (requiring an amendment to the Revenue & Financing Policy)
 - 11.2. Further adjustments to the Revenue & Financing Policy, including the Public Transport and UTTFCS targeted rates.

11.3. Regional Public Transport Plan 2025-2035 – consultation running concurrently.

Next steps

12. The timeline aims to have the draft budget including the average rates increase and consultation topics confirmed before the Christmas break. This is important as it enables staff to finalise detailed budgets and produce a quality consultation document.
13. A proposed schedule of Council workshops is outlined below. Council meetings are shaded green.



14. The next Council workshop is on 16 October 2024, to workshop budgets and consultation topics.

Authored by:

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Mandy Sharpe
Strategy & Corporate Planner

Approved by:

Desiree Cull
Strategy & Governance Manager

Attachment/s

There are no attachments for this report.

Subject: Clifton to Tangoio Coastal Hazards Strategy implementation

Reason for report

1. This workshop provides the opportunity for Council to workshop recommendations received from the Clifton to Tangoio Coastal Hazards Strategy Joint Committee on 28 August 2024.

Background

2. The Council (and in parallel the Joint Committee) has been working to a schedule of meetings and workshops to develop and confirm the Clifton to Tangoio Coastal Hazards Strategy.
3. **Attachment 1** provides the current timeline that captures this process.
4. The Joint Committee passed a resolution on 9 August 2024 confirming its final recommendations to HBRC, including a final proposed Strategy document. With that decision, the work of the Joint Committee is largely concluded, although the Joint Committee remains in place should HBRC wish to seek any further support or clarification.
5. On 28 August 2024 Council received these recommendations, and passed the following resolutions:

That Hawke's Bay Regional Council:

1. *Receives and considers the Clifton to Tangoio Coastal Hazards Strategy 2120 staff report.*
 2. *Receives the Clifton to Tangoio Coastal Hazards Strategy 2120.*
 3. *Notes the recommendations from the Clifton to Tangoio Coastal Hazards Strategy Joint Committee.*
 4. *Instructs the Chief Executive to provide advice on the pathway to implementation taking into account all of HBRC's priorities.*
6. Today's workshop is the third with HBRC this year:
 - 6.1. **10 April 2024** – provided an overall summary of the Strategy and its development process, summarised the Funding Review undertaken by Raynor Asher KC and the Memorandum of Transition (“MOT”) that resulted from it, summarized the outcome of an HBRC internal review undertaken as due diligence prior to entering in to the MOT, presented the working draft funding model and presented updated financial analysis on the impact on HBRC from leading Strategy implementation as contemplated by the MOT.
 - 6.2. **19 June April 2024** – provided an update on the funding principles developed by the Joint Committee, presented the updated working draft funding model and initial rating analysis undertaken by HBRC staff.
 - 6.3. **25 September 2024** (today) – workshop to provide an opportunity to discuss the outcome of the Joint Committee's work and the process for HBRC to take the Strategy through to community consultation.

Workshop outline

7. At the workshop, staff and advisors will deliver presentations providing an update on key elements of the Strategy as developed by the Joint Committee. The workshop will be delivered in two parts.

Part 1

8. In Part 1 of the workshop presentations will provide an overview of the Strategy document developed by the Joint Committee, including the proposed works at the coast and funding principles.

Part 2

9. In Part 2 of the workshop, a presentation will provide the working draft funding model and associated rating analysis. The draft funding model is based on the funding principles recommended by the Joint Committee.
10. It is stressed that further refinement and development work is required in order to prepare a fully functional funding model to test through community consultation, so the outcomes presented in the workshop are preliminary and subject to change. For example, work is required to:
 - 10.1. Ground-truth and refine the benefit mapping exercise that has identified properties with an assessed low, medium and high benefit, including confirming the location of buildings/improvements to determine capital value benefits at a property scale, and to review where properties may have been inadvertently missed or included.
 - 10.2. Test the consistency of differential/proportionality within and between units for properties with an assessed high, medium and low benefit.
 - 10.3. Review the rating impact on outlier properties (lowest and highest paying).
 - 10.4. Test that the final funding model is reasoned and defensible, avoids perverse outcomes, and includes an assessment of section 101(3)(b) LGA.
 - 10.5. Consider the extent to which the actions or inaction of individuals or a group contribute to the need to undertake coastal hazard adaptation works (i.e., are there exacerbators of risk). For example, everyone has contributed to climate change.
 - 10.6. Consider the extent to which the Parliamentary Select Committee Inquiry into Climate Adaptation (which is due to report in September 2024) has a bearing on the funding approach taken.
 - 10.7. Consider the extent to which the outcome of the Hawke's Bay Independent Flood Review findings regarding affordability of targeted rating approaches has a bearing on the funding approach taken.
11. Accordingly, the rating and financial analysis presented today will change as the funding model is developed and refined with HBRC through workshops over the next few months.
12. In this part of the workshop, direction will be sought on timing, specifically when the Regional Council wants to consult with the community. Staff will discuss approaches with pros and cons.

Exclusion of public from part 2 of the workshop

13. Staff recommend that the public are excluded from Part 2 of the workshop as described above. The reason and specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for exclusion are:

General subject of the item to be considered	Rationale for excluding the public	Grounds under section 48(1)
Clifton to Tangoio Coastal Hazards Strategy implementation funding model	<p>The draft funding model that is proposed to be presented to the workshop includes detailed analysis of rating impacts to a property scale that could allow the public to identify specific properties and potential rating impacts.</p> <p>There is further development and refinement work to be undertaken with HBRC on the draft funding model. This will result in changes to the draft funding model, and the changes may be significant at a property scale.</p> <p>The public interest in potential rating impacts from coastal hazard mitigation works is considered relatively high and has been the subject of debate over many years.</p> <p>However, making the draft funding model available in public now is outweighed by the risk that the detailed information is preliminary and will change, and if public in its current form it may unreasonably prejudice the commercial position of the person who is the subject of the information and/or be used for improper gain or improper advantage, in the context of property values and sale and purchase processes being affected by the information.</p> <p>The community will have an opportunity to provide feedback on the proposed Strategy and funding model during the public consultation process that must be concluded before any changes in rating can take effect.</p>	<p>Excluding the public is necessary to:</p> <p>s7(2)(b)(ii) protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who is the subject of the information; and</p> <p>s7(2)(j) prevent the disclosure or use of official information for improper gain or improper advantage.</p>

Next steps

14. With feedback from today's workshop, staff will:
- 14.1. Prepare a detailed HBRC workshop and meeting schedule.
 - 14.2. Continue development of the consultation document that meets the requirements of the Local Government Act. This will include Councils preferred option, and alternative options for consultation.
 - 14.3. Commence work necessary to inform funding model refinement.

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Attachment/s

1 [↓](#) Coastal Hazards Strategy Timeline



Subject: Revenue and Financing Policy adjustments

Reason for report

1. This item is to discuss where to next for possible changes to the Revenue and Financing (R&F) Policy.

Background

2. During deliberations on the Three-Year Plan 2024-27, Council made a number of resolutions to further review and/or investigate changes to the R&F Policy that affect rates for specific groups of ratepayers.
3. The topics identified were:
 - 3.1. A cap on the Utilities Roll
 - 3.2. A differential on the general rate for lifestyle/residential properties
 - 3.3. Public Transport
 - 3.4. Upper Tukituki and Makara schemes

Discussion

4. During the workshop, staff will take Council through each of the topics in the following format:
 - 4.1. revisit the resolution made during the Three-Year Plan deliberations on 18 and 20 June 2024
 - 4.2. recap the process Council underwent to reach the original decision
 - 4.3. assess proposed options against the principles in the Revenue & Financing Policy
 - 4.4. discuss which topics to progress; and
 - 4.5. give direction on modelling parameters for the October workshop.

Next steps

5. At the Council workshop on 16 October 2024, staff will provide financial modelling on the topics the Council want to progress. This will include averages, sample properties, outliers, and distribution curves.
6. At the Council meeting in November 2024 Council will then be asked to agree their preferred option for consultation, as well as the topics not to progress and the reasons why.

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There are no attachments for this report.