

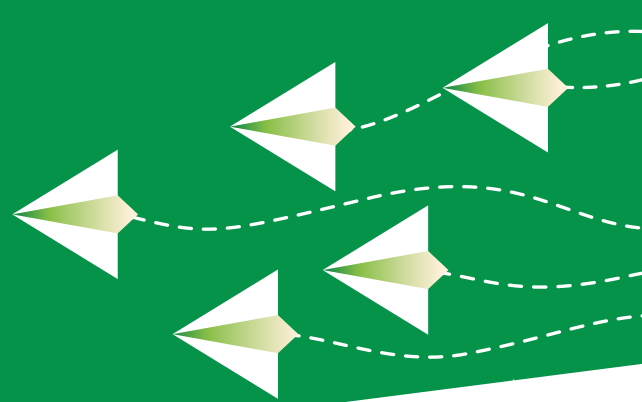
Tips for Local Government

MASTERING ANNUAL AND LONG-TERM PLANNING



ALLEN + CLARKE

Annual and long-term plans are a core planning activity of local government.



Long-term plans have been a staple of the local government landscape for over twenty years, and annual plans have existed even longer.

However, in a sector of increasing change and uncertainty, formulating effective annual and long-term plans is now more challenging than ever. This guide contains Allen + Clarke's ideas for mastering annual and long-term planning, covering challenges and risks, fiscal pressures, project management, and tips for engagement.

The basics

Long-term plans, or LTPs, have been a requirement for local councils since 2004, and they have been carried out on a triennial basis since 2006. Councils began producing Annual Plans even earlier.

Annual and LTPs are a core function arising from local government's purpose, which is to enable democratic decision making and promote their communities' future social, economic, environmental, and cultural wellbeing. LTPs have an important link to the community outcomes in the Council's district, city, or region, because they describe what those outcomes are and set out the actions the Council intends to take over the next 3–10 years to achieve them.

Annual vs LTPs: Similarities and Differences

Annual and LTPs are both planning documents, and both cascade out of community outcomes – they set out the Council's intentions for what it will do to advance its community outcomes over a specified time period, and they provide a basis for the Council to be held accountable to its community.

The main difference between annual and LTPs is timeframes: annual plans focus on the budget and priorities of a local council from year to year, while LTPs take a ten-year outlook. However, as LTPs are carried out triennially, they essentially have a three-year 'life' before they are updated. As a result, the first three years in an LTP usually contain the greatest amount of detail and specificity, and the first year in an LTP is, in itself, an annual plan.

Additionally, the main focus of an annual plan is on funding implications and decisions over the upcoming year, which leads to setting rates, fees, and charges, while an LTP provides a process for shaping the decisions and activities of the Council, such as setting service levels for Council activities and planned investments over the next three to ten years.

Annual and long-term plans: Similarities and differences

Similarities

- Both planning documents
- Both set out a council's intentions over a specified time period
- Both provide a basis for councils to be accountable to their communities.

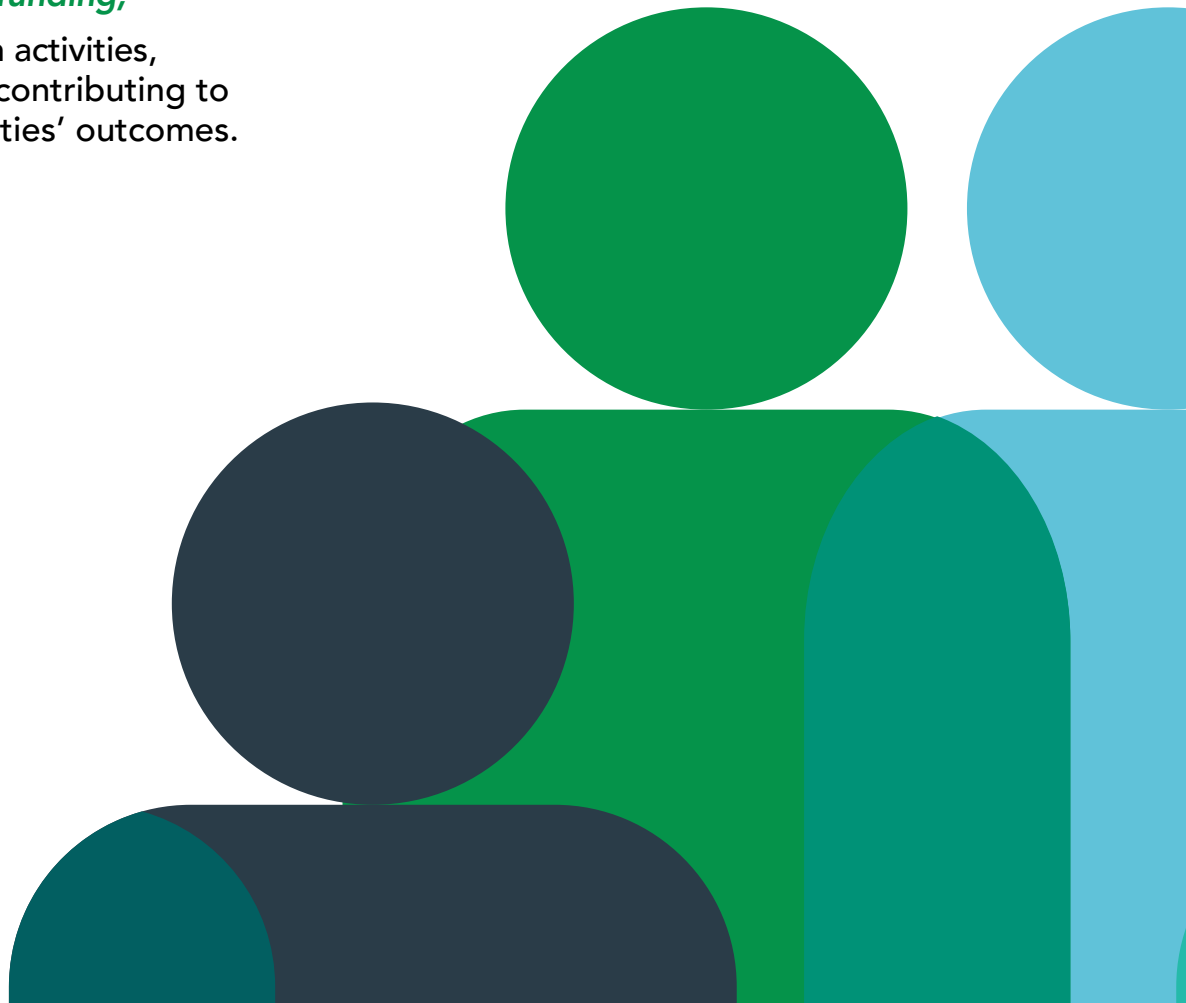
Differences

- ***Timeframes:***
annual plans outline councils' plan for the next year; LTPs take a 3 to 10 year outlook
- ***Degree of specificity:***
LTPs have a broader scope
- ***Annual plans focus on budget and funding;***
LTPs focus on activities, services and contributing to the communities' outcomes.

Some decisions are only able to be made in a LTP.

These include:

- Any decision that significantly alters the intended level of service activity undertaken by, or on behalf, of the council. This includes decisions to commence or cease any such service activity.
- Any decisions that transfer the ownership or control of a strategic asset to, or from, the Council.



Uncertainty in the local government sector: 3 factors

1. The Future for Local Government report

It is currently an uncertain environment for local government, with changes and disruptions on the horizon that could significantly alter the focus and activities of local councils. The Future for Local Government report, released in June 2023, recommends significant change to local government, though it is unclear how the Government will address the report's recommendations.

Despite this ongoing uncertainty, several points raised in the report highlight areas of potential change for local government, particularly strengthening councils' focus on community wellbeing. This would be facilitated through more alignment with central government, including shifting some roles and functions away from local government and placing them with central government, so that local government is able to focus more on community wellbeing and ensure that funding systems enable local government to achieve positive outcomes. The report also emphasises the importance of local government being a Te Tiriti partner, highlighting that strong relationships between councils and hapū/iwi should be woven into councils' operational fabric.

2. RMA reforms

Another uncertainty facing local governments has been recent changes to the Resource Management Act (RMA). Earlier this year we saw new legislation in this area with the Natural and Built Environment Act and Spatial Planning Act which are designed to ensure that a sustainable natural environment is put first, allowing councils to pool together resources and for development to be an iterative process. Following the election, the sector is likely to see more legislative change in this space.

3. Climate adaptation

The third main factor adding uncertainty to the local government sector is that of climate change and climate adaptation. Recent extreme weather events in New Zealand have highlighted the need for Councils to ensure that their assets and communities are resilient and sustainable in the future. What this looks like for respective regions is a key aspect of long-term plans.

The top 3 changes put forward by the Future for Local Government report are:

- 1. Emphasising local government's focus on community wellbeing.*
- 2. Improved coordination and alignment between local and central government.*
- 3. Local government embracing Te Tiriti o Waitangi and te ao Māori.*



*For more tips on how local government can adapt to climate change, check out our **Impact of Climate Change** webinar.*



*Click here to see
the video*



Long-term plans: where to start

Creating a long-term plan is a daunting task, and it can be difficult to know where to begin. The key to a successful LTP is to draw up an LTP strategy or project plan – this will set out how to undertake this project. Our ‘hot tip’ is to have the project plan adopted by decision-makers, which will give it the standing it needs to be carried through.

Key factors to consider when formulating an LTP strategy is how you will educate decision-makers. Ask yourself whether the council’s leadership team is engaged, the extent that elected members need to be briefed, and consider how to address potential knowledge gaps in newly elected members.

Secondly, pay attention to resourcing. Ensure you have the right level of staffing and resources you need to do the work, and that everyone knows if and/or when they will be needed to contribute content.

Thirdly, have an engagement plan. Identify your key stakeholders and figure out how you will engage them throughout the process.

Engagement

Engagement is a two-way street. From an LTP perspective, engagement is about helping people understand why they should care and how they can get involved. Communities need to be asked what they want their district/city/region to be, what they do not want it to be, and what natural advantages and disadvantages exist that need to be addressed.

Consultation with mana whenua throughout the process demonstrates the Council's commitment to acting as a Te Tiriti partner.

As noted above, a major point from the Future for Local Government report was an emphasis on community wellbeing and this should be evident in your engagement process. What wellbeing looks like will differ between communities, so Councils will need to bring communities along with them to develop participatory processes that provide a voice to their thoughts on what wellbeing looks like for them.

Tips for engagement:

- **Define your audience.**
Who you should talk to is different to who you need to talk to. Identify what you need to talk to this audience about and why these particular points are important to them. Stakeholder mapping is a useful tool for identifying peoples' proximity to the issue and their influence on the wider community.
- **Define your problem.**
Solutions are only as good as the problem they are aimed at, so resist the urge to jump straight to focusing on solutions. Community engagement is key to identifying the problem – often, it is not one you would expect.
- **Engage often and early.**
Engaging with stakeholders often and early ensures accurate information and facilitates access to diverse perspectives and innovative ideas.



Putting it all together: top tips for planning an LTP

1 Be clear about the scope of the work.

The LTP should be complementary to your community outcomes; being clear about what is in and out of scope right from the outset mitigates the risk of scope creep.

2 Understand your inputs.

Be aware of your information inputs and dependencies and what level of detail these inputs will provide.

3 Develop a timeline

for when milestones in drafting your LTP should be completed by. Anticipate problems and allow for these in your timeline.

4 Monitor progress against the plan.

This provides another safety valve for mitigating scope creep and enables prompt remedial action if things start to go off-track.

5 Communicate

with your leadership team and Council members on how you are progressing.

6 Watch out for optimism bias.

It is not uncommon for organisations to find they have fallen short of their planned intentions, and optimism bias is often to blame. This can be through overestimating what is achievable and underestimating, or not considering, risks. Look at past LTPs and analyse what was achieved and what wasn't, and ask why those outcomes were not achieved. Ask whether the Council and the community have the capacity and capability to achieve everything on its list.

