Attachment F: Community Investments

Context

Overview of Community services

Community services help ensure our diverse communities are socially connected so they are more resilient to social, economic, cultural and environmental change. This becomes more important in a recovery environment where some communities may be more impacted than others. Council delivers community services through:

- **Regional community services** provide opportunities to connect Aucklanders at a regional scale through regional parks, programmes and services, cemeteries and crematoria, parks co-governance services, regional grants and events.
- **Local community services** provide opportunities to connect local communities through events, programmes and activities, across library information and literacy services, arts and culture, parks, sport and recreation and events facilitation. Community-led action and volunteering is supported through provision of local grants programmes, community leases, advice and activities.

There are several adopted policies, strategies and plans that guide our investment in both service and asset delivery for Parks and Community. They set expectations with stakeholders and the community about the services we will provide and the scale of investment in assets required to support them.

Our key challenges

Auckland is growing and will continue to do so. Our local communities are changing and are increasingly diverse. We need capacity to support new communities with infrastructure as well as to tailor our services to different community requirements and preferences.

Investment in the council-owned community asset portfolio means council incurs both the initial cost and ongoing costs to maintain those assets over their lifecycle. The investment required is significant and continues to increase as our portfolio ages and grows in size as we respond to Auckland's growth and mitigate/adapt to climate change impacts.

At current funding levels we are not able to sustain the extensive community asset portfolio, with the funding gap at approximately $800million over 10 years. Prioritisation is only an interim solution to allow us to focus on the most critical renewals (to maintain compliance and satisfy health and safety requirements) but at current funding levels the portfolio will continue to degrade over time.

Consultation options

As some of our assets are old and in poor condition it is prudent to consider how well they can meet our current and future service requirements before we continue to invest significantly in them. In some instances, alternate options may offer greater value and benefit to our customers. Options have been developed to consider how best to address the key challenges.

Preferred option

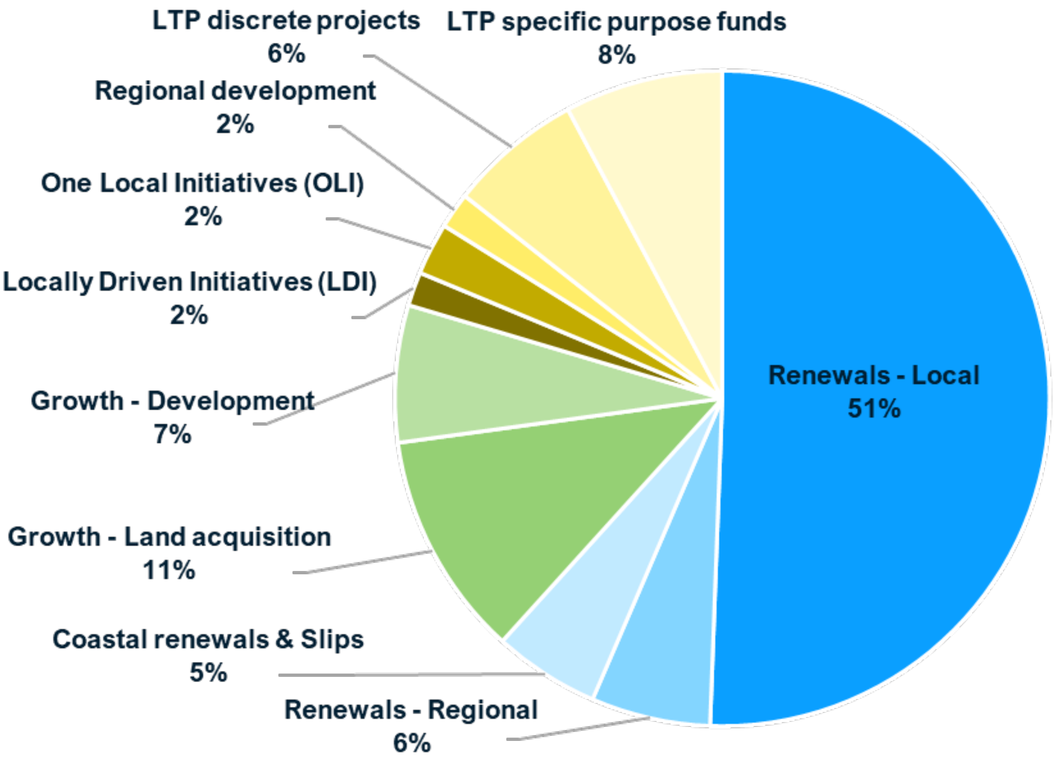
The preferred option is a ***focused investment*** approach, to be less dependent on having a large number of community assets and delivering differently to our communities by:

- Tailoring services to the greatest needs of our communities.

- Using alternative ways of delivering services, through partnerships and digital channels and multi-use facilities.
- Over time, divesting aging community assets that aren't fit for purpose and reinvesting in services and facilities that better meet the needs of our communities.

The focused investment approach (under the proposed budget package which includes a 5% average general rates increase for Year 1) will mean an investment of $739m over the next 3 years. The proposed allocation to capex programmes as illustrated in Figure 1 will be discussed at the 19 May Finance and Performance Committee Workshop.

Figure 1 Proposed budget allocation to capex programmes (preferred option) – first three years[1]



- 62% allocated to renewals of current asset portfolio – including regional, local and coastal
- 18% allocated to new assets to meet the needs of growth – including land acquisition and development of new assets
- 20% allocated to other new development – including OLIs, LDI, discrete LTP projects and specific purpose funds.

The proposed 10-year budgets (capex and opex) for the preferred option are provided in Figure 2 and Figure 3, which includes additional opex between year 4 – year 10 to expand on service delivery options. Further rephasing and prioritisation of budgets across Council group will be considered on the 19 May at a Finance and Performance Committee workshop.

[1] 11 Feb 2021 Memo: LTP CAPEX Budget allocation – Parks and Community

Figure 2 Proposed 10 year budget for capex (preferred option)

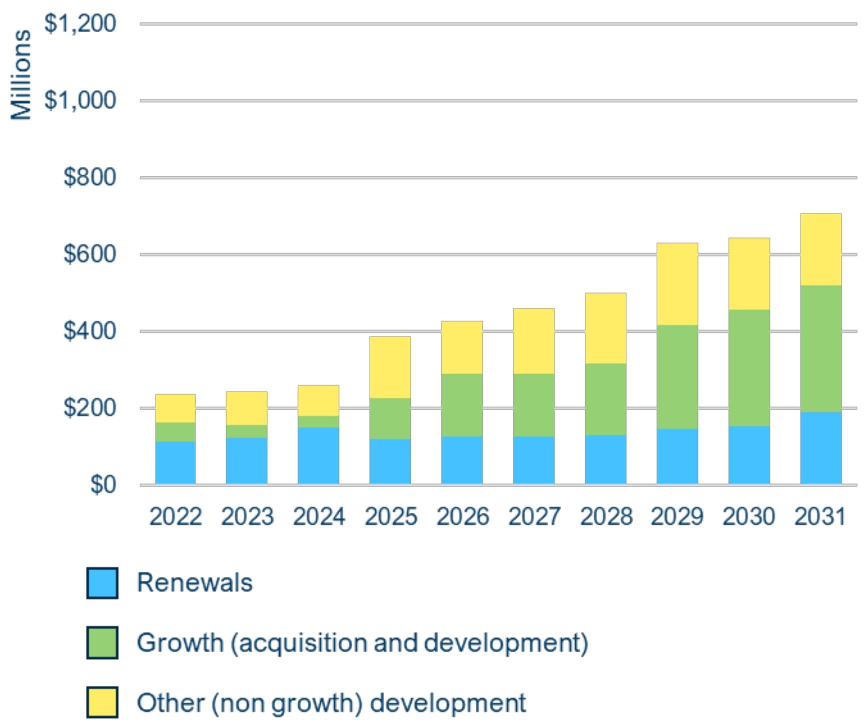
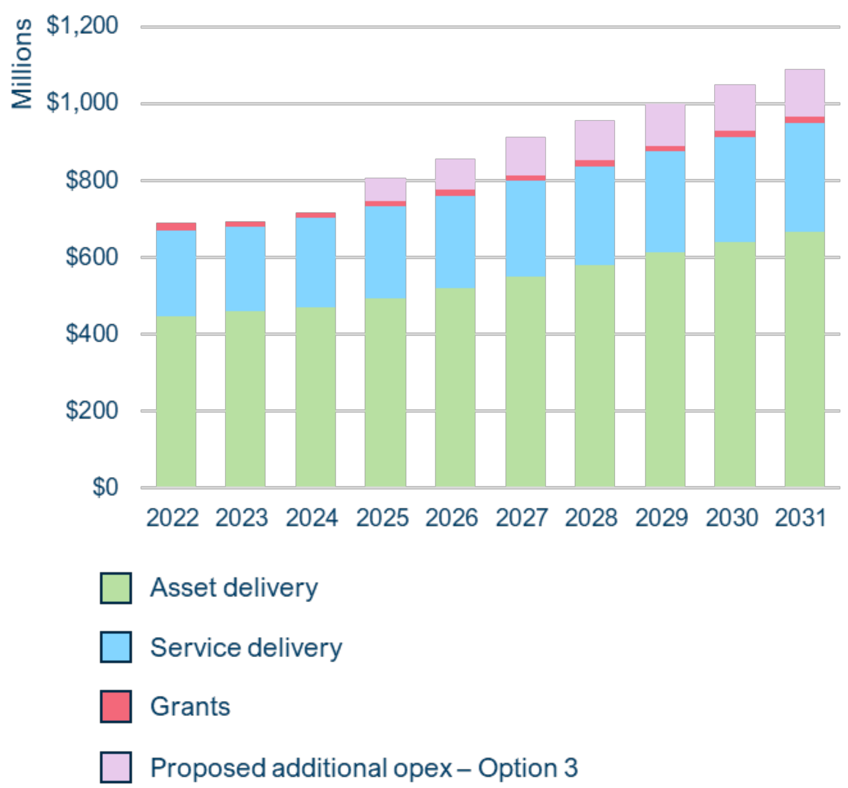


Figure 3 Proposed 10 year budget for opex (preferred option)



Alternative options

Two alternative options were also considered and detailed comparison is provided in Attachment A.

- Alternative one: increased funding - We considered an alternative of increased funding with higher rates and debt. This would require $1.9 billion additional investment in assets over the next 10-years to achieve the same levels of service and portfolio offerings expanded to cater for growth. This would ensure all assets are well maintained and adequate for growth, but not necessarily ensure these will be the assets that our diverse and changing community actually need. It would require significant further increases in rates and debt than proposed, but not necessarily achieve the intended community outcomes set out in the Auckland Plan.
- Alternative two: no change to our current plan - We also considered the alternative of the status quo with no additional funding and no change to how we deliver services. This would mean rates and debt settings as proposed in the consultation budget but would lead to a renewals gap that would grow exponentially. Many facilities would likely need to close for health and safety reasons as they deteriorate past our capacity to maintain and repair them. Multiple facility closures with no alternative service delivery would likely lead to a significant deterioration in community service levels over time.

Public feedback

Aucklanders were asked to provide feedback on ***"Should we move to a new way of providing community services that is less reliant on our assets",*** and were given the options to support, not support, don't know or other and could provide additional commentary to elaborate on their choice. There were 13,504 pieces of feedback received relating to the council's Community Investment proposal. The results are illustrated in Figure 4 and key themes on the feedback received are summarised in Table 1.

Figure 4 Community investments overall public feedback

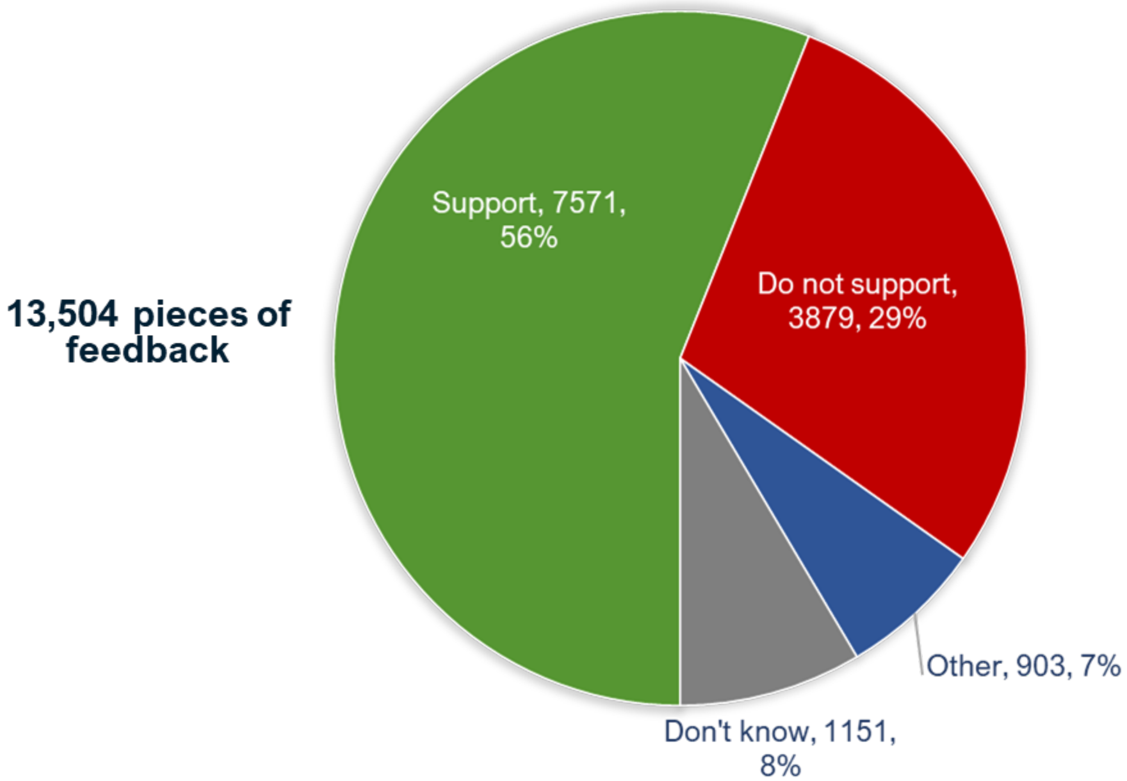


Table 1 Key themes for community investment (Support, not support, don't know or other) – public feedback

SUPPORT (56%)	DO NOT SUPPORT (29%)	DON'T KNOW OR OTHER (15%)
• support for more multi-use facilities • recognition that many council owned facilities are underutilised and leasing arrangements can increase access opportunities (both for council services in non-council owned facilities and non-council services in council owned facilities) • recognition that many assets are in poor condition and are expensive to remedy • acknowledgment that partnering for service provision is a cost-effective way to deliver high quality services.	• existing inadequate service provision, particularly in less populated areas, • the preference for council to invest in other areas as a priority (for example climate and transport) • concerns about the privatisation of assets which could lead to reduced service quality in the short term and a reduced and low value asset network in the long term.	• uncertainty as to how this approach would work in smaller communities, • general support if the approach is rolled out in a fair and transparent manner, and • a request for more information on how the new approach would be applied to specific services in specific areas, and • a request for council to note that any decision on any individual asset or service should be made in consultation with impacted communities.

Submissions from 18 Mana whenua entities were received with 10 entities supporting the proposal and 8 entities with no preference. Key themes from mana whenua included:

- Recognise the issues of under-utilised council facilities and that the current model makes it difficult to develop land
- Councils needs to embrace digital technology and support whanau to access technology

259 pieces of feedback were provided on behalf of organisations including commercial entities, community organisations, residents and ratepayers associations, business associations, sports clubs, churches and trusts from a variety of sectors and organisational sizes. 9 organisations also provided their submissions at the regional stakeholder event. Feedback from organisations is summarised in Table 2.

Table 2 Community Investment overall organisations feedback

Submitted feedback	Attended regional stakeholder event
• 52% support • 25% Don't know/other • 23% Do not support	Of 9 attendees: • 4 support • 3 don't know/other • 2 do not support

Other observations when we breakdown the responses by age groups, ethnicity and local board areas are provided in Attachment B. Key highlight includes:

- There is higher level of support from the respondents in the younger age groups in comparison to respondents who do not support
- There are distinct patterns across the major ethnic groups

- There is higher than regional average for support in more urbanised areas than more remote areas but overall, there is no significant regional variations (within +/- 5%).

The feedback received shows that we have majority support from the public (56%), mana whenua (56%) and organisations (52%) to proceed in exploring the focused investment approach over the next 3 years. The feedback suggests that those who do not support or are undecided require more information to understand what delivering differently means specifically, based on the high level concept that was included in the consultation materials for the proposed LTP.

Delivering differently

This section provides additional information to illustrate what delivering differently means and the transition required to make the shifts over time. Some existing examples for delivering differently are included in Attachment C.

Tailoring our services locally

Our traditional asset-based approach for service delivery is becoming financially unsustainable and we need to start delivering differently through the following key shifts:

- We tailor services to different communities focusing on growing participation in areas of greatest need
- We invest in a range of delivery approaches so we can adapt and are responsive
- We contribute to Te Tāruke-ā-Tāwhiri through a sustainable and resilient service network
- We operate a fit-for-service and cost effective service network

Our definition of customer segments is summarised in Table 3. We need to focus on building customer insights into our ***retain***, ***grow*** and ***target*** groups to provide tailored services that meet their needs.

Table 3 Customer segments for Community Services

	Type	Approach
Users	Core users	**RETAIN** – Current customers that use our services as their preferred choice
	Infrequent users	**GROW** – groups that use our service infrequently
Non-users	Non-users	**TARGET** – groups that are missing out (Communities of greatest needs)
	Non-users by choice	**LEAVE** – groups that don't use our services by choice

Service delivery approaches

We already provide services through a range of delivery approaches but we need to do more intentionally by creating capacity from our assets and asset-based services. There are number of existing levers:

- Multi-use facilities – Deliver on ***Community Facilities Network Plan*** and prioritise service integration in place across the asset portfolio
- Partnerships – Focus investment capacity through proactive partnering enabled by existing policies and grants (such as ***Facility Partnership Policy***, ***Sport and Recreation Facilities Investment Fund***)

- Digital Channels - Align our approach with the ***Digital Strategy*** by using our digital channels to increase productivity, reach and satisfaction of council and increase opportunities for participation

Refining asset portfolio

We operate a substantial asset portfolio (refer table 4) to deliver community services and will need to refine our asset portfolio across all asset types. We will use the next three years to develop options that:

- Focus investment on services and facilities that best meet the needs of our communities
- Exit from services and facilities that are no longer meeting the needs of our communities or don't provide good value for money

Table 4 Community Asset categories and values[2]

Asset category	Asset value	Asset description
Land	$8b	500,000ha of land provides the physical building platforms and spaces to deliver our services
Buildings	$1.6b	2492 buildings provide the physical built space
Built structure	$2.9b	7417 built structures help deliver our services (carparks, lighting, retaining walls, drainage etc.)
Green assets	$n/a	Ngahere (forest), wai (water) and other natural features which are located in our parks networks and streetscapes
Collections	$222m	Broad range of collections including heritage and cultural assets, botanical collections and public art
Plant & equipment	$42m	642,000 assets required for our buildings and open spaces to function and operate
Technology platforms	$259m	Provides the platform for alternative service delivery as well as enhancing our existing services

This will require quality information at the local board level to enable decision-making and engagement with the public and stakeholders.

Transitioning to delivering differently

To support this transition over time, we will need to address the following:

- **Expectations**
  - Traditional asset-based approach for service delivery
  - Resistance to changes to asset portfolio (perception of loss)
- **Investments**
  - Majority of financial capacity is used for assets investment
  - Current budget allocation supports asset-based approach
- **Quality advice for decision making**
  - Whole of life/whole of portfolio costs not well understood or considered
  - Lack of incentive to consider the long-term implications of decisions

[2] Draft LTP 2021-2031 Section 1.1 Auckland's 30-year Infrastructure Strategy

- Preference towards asset-based options and lack of prioritisation and identified trade-offs across portfolio

These barriers can be overcome through focusing the next 3 years to:

- Develop quality advice (assets and services / funding & costs for whole of life/portfolio) at Local Board level
- Develop service network planning at Local Board level so all viable service channels are considered
- Provide appropriate funding tools that support the transition (short-term) and transformation (long-term)

Recommendations to consider in the Mayoral Proposal Report

1. Confirm budget envelope for community investment the next 10 years as part of the overall budget
2. Acknowledge that sustainable future community service delivery requires consideration of a range of options (not only Council-own/Council-led) to meet community needs.
3. Future political decisions related to community investment should consider a range of options, use the four key shifts as the framework for quality advice and include whole of life/whole of portfolio costs and funding.

The engagement with elected members on Community Investment is summarised in Attachment D. Local Board input will be provided at Finance and Performance Committee on 25 May.

Attachment A: Options table

		Option 1 Status Quo	Options 2 Additional investment	Option 3 Focused investment
Principal options for addressing the issues		Our current operating conditions continue	Increased funding to retain existing portfolio and provide for anticipated growth based on current provision guidelines	We tailor our services and reframe our portfolio to ensure it is effective and affordable
Implications	Budget impacts	Same budget • Insufficient renewal budget to retain extensive existing asset portfolio in good operating condition • Insufficient development budget to meet expectations for new assets • Limited ability to differentiate and tailor service provisions	Significant budget increase • Significant increase in renewal budget to enable total existing asset portfolio to be retained in good operating condition • Significant increase in development budget to enable addition to asset portfolio to meet mandated expectations for new assets	Moderate budget increase • Moderate increase in operating budget to support activity by others and alternate service approaches • Insufficient renewal budget to retain existing asset portfolio in good operating condition, requiring identification of assets that are not well-positioned to meet current and future requirements • Moderate increase in development budget to meet expectation for new assets
		3 year CAPEX (Renewal) $330m [Gap $270m] CAPEX (New assets) $170m [Gap $760m] OPEX (Asset delivery) $1 billion OPEX (Service delivery) $500m	3 year CAPEX (Renewal) $330m [Gap $270m] CAPEX (New assets) $170m [Gap $760m] OPEX (Asset delivery) $1 billion OPEX (Service delivery) $500m	3 year CAPEX (Renewal) $330m [Gap $270m] CAPEX (New assets) $170m [Gap $760m] OPEX (Asset delivery) $1 billion OPEX (Service delivery) $500m
		10 year CAPEX (Renewal) $2 billion [Gap $800m] CAPEX (New assets) $1.4 billion [Gap $1.1billion] OPEX (Asset delivery) $3.8 billion OPEX (Service delivery) $2 billion	10 year CAPEX (Renewal) $2.8 billion CAPEX (New assets) $2.5 billion OPEX (Asset delivery) $3.9 billion OPEX (Service delivery) $2.6 billion	10 year CAPEX (Renewal) $1.8 billion [Gap $1 billion] CAPEX (New assets) $1.6 billion [Gap $900m] OPEX (Asset delivery) $3.8 billion OPEX (Service delivery) $2.7 billion
	Assets impacts	Constrained funding will mean increasing asset deterioration and risk of failure Reduced asset portfolio	Similar asset portfolio	Focus on strategy to reduce asset portfolio in response to constrained funding
	Service impacts	Reduced services due to asset impacts	Similar services	Tailored and alternative service delivery
Likely consequence of proceeding with this option	Rates	No impacts	Increase rates to fund additional OPEX	Increase rates to fund additional OPEX in outer years
	Debt	No impacts	Increase borrowing to fund additional CAPEX	No impacts
	Levels of services	Reduce levels of service	Maintain levels of service	Maintain levels of service in the first 3 years. Any changes in levels of service

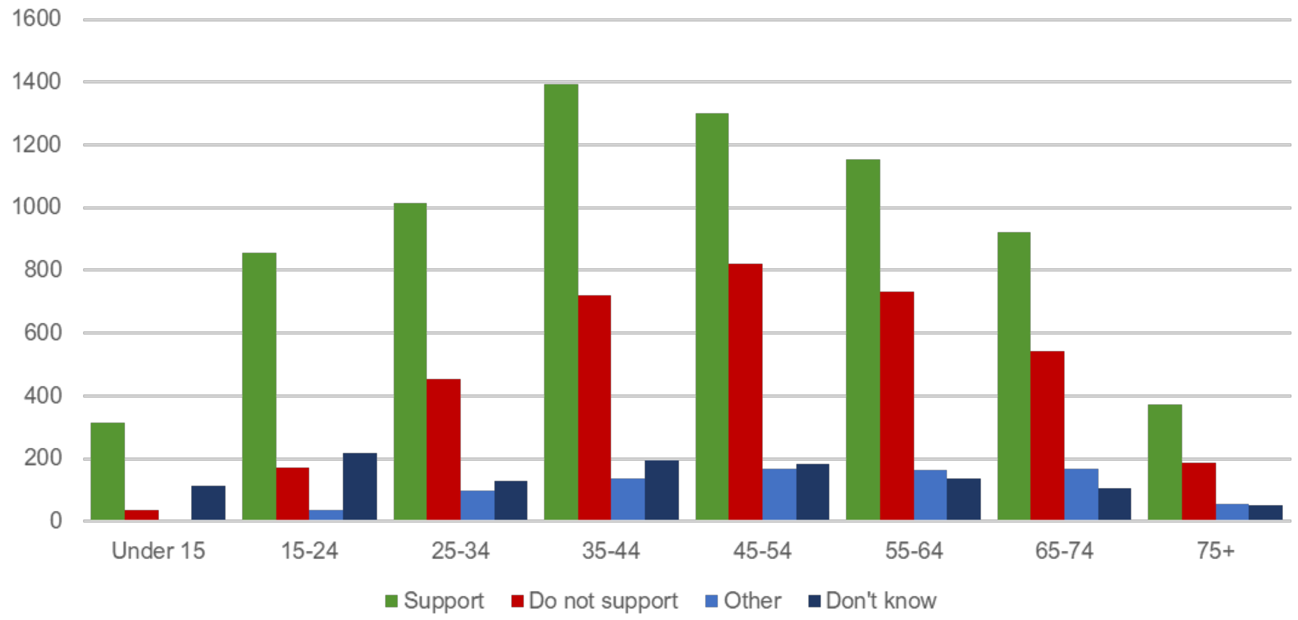
		Option 1 Status Quo	Options 2 Additional investment	Option 3 Focused investment
				as a result of implementing Option 3 will be considered as part of future Annual Plan/LTP process
Potential risks and opportunities		Opportunities • Budget requirements within existing funding envelop • Forced adaption – constraints can incentivise innovation Risks • Renewals budget gap likely to mean increasing asset deterioration and failure • Required rationalisation (reduction) of asset portfolio likely to be difficult and create a perception of loss • Limited development in short to medium term likely to be misaligned with public expectation on more investment in new assets • Limited opex budget capacity to change service delivery approaches to meet changing demand	Opportunities • Reduced renewals budget gap (medium to long-term) enables asset portfolio to be retained in good condition • Increased development budget in medium to long term Risks • Budget requirements significantly higher than existing funding envelop • Scale of capex budget required unlikely to be affordable • Scale of consequential opex required to manage increasing asset portfolio unlikely to be affordable • Limited opex budget capacity or incentive to change service delivery approaches to meet changing demand • Continue to retain assets that offer limited benefit	Opportunities • Additional opex budget provides capacity to test and validate alternate service delivery approaches to meet changing demand • Alternative service delivery approaches will help mitigate impact of rationalised asset portfolio • Financial capacity to support key partnerships such as with mana whenua and community providers • Prioritises recovery and investment to support key shifts Risks • Budget requirements moderately higher than existing funding envelop • Additional budget requirement may be challenging in constrained financial environment • Renewals budget gap likely to mean increasing asset deterioration and failure • Required rationalisation (reduction) of asset portfolio likely to be difficult and create a perception of loss • Limited development in short to medium term likely to be misaligned with public expectation on more investment in new assets
Alignment to key shifts in addressing	We tailor services to different communities focusing on growing participation in areas of greatest needs	Negative • Limited opportunity to tailor services in forced asset/service reduction environment	Positive • Financial capacity and flexibility to tailor services to different communities	Positive • Specific financial allocation for delivering services in a new (non-asset based) way should

	Option 1 Status Quo	Options 2 Additional investment	Option 3 Focused investment
the key challenges			enable focused effort for target communities • May be counter balanced by financial constraint driven change to current service provision
We invest in a range of delivery approaches so we can adapt and are responsive	Negative • Limited financial capacity to invest in a range of delivery approaches	Positive • Financial capacity to invest in new channels to increase adaptive and responsive provision	Positive • Specific financial allocation to invest in new approaches to increase adaptive and responsive provision • May be counter balanced by financial constraint driven change to current service provision
We contribute to Te Tāruke-ā-Tāwhiri: Auckland Climate Plan through a sustainable and resilient service network	Negative • Selective decommissioning of poorest performing assets • Limited financial capacity to deliver significant change to retained assets/services that are currently performing poorly in relation to climate impacts	Positive • Financial capacity to invest in existing assets to improve network performance • Financial capacity to ensure new assets minimise carbon footprint (Sustainable Building Standard)	Positive • Create opportunity for selective decommissioning of poorest performing assets (i.e. climate impact key criteria) • Specific financial allocation to deliver significant change to retained assets/services that are currently performing poorly in relation to climate impacts (e.g. boiler replacement)
We operate a fit-for-service and cost-effective service network	Negative • Constrained funding likely to result in increasing degradation of current asset portfolio • Operating a fit for service network becomes increasing difficult • Corresponding increase in cost of reactive repair	Negative • Continued investment in assets will continue to exacerbate long term public cost burden • Create opportunity to modify investment approach to mitigate and/or reduce future costs	Neutral • Planned change in asset portfolio allows focused investment on high priority assets/services and decommissioning of other parts of portfolio • Potential risks in not able to reduce the asset portfolio means: ○ increasing degradation and costs ○ operating fit for service network becomes difficult

Attachment B: Additional feedback analysis

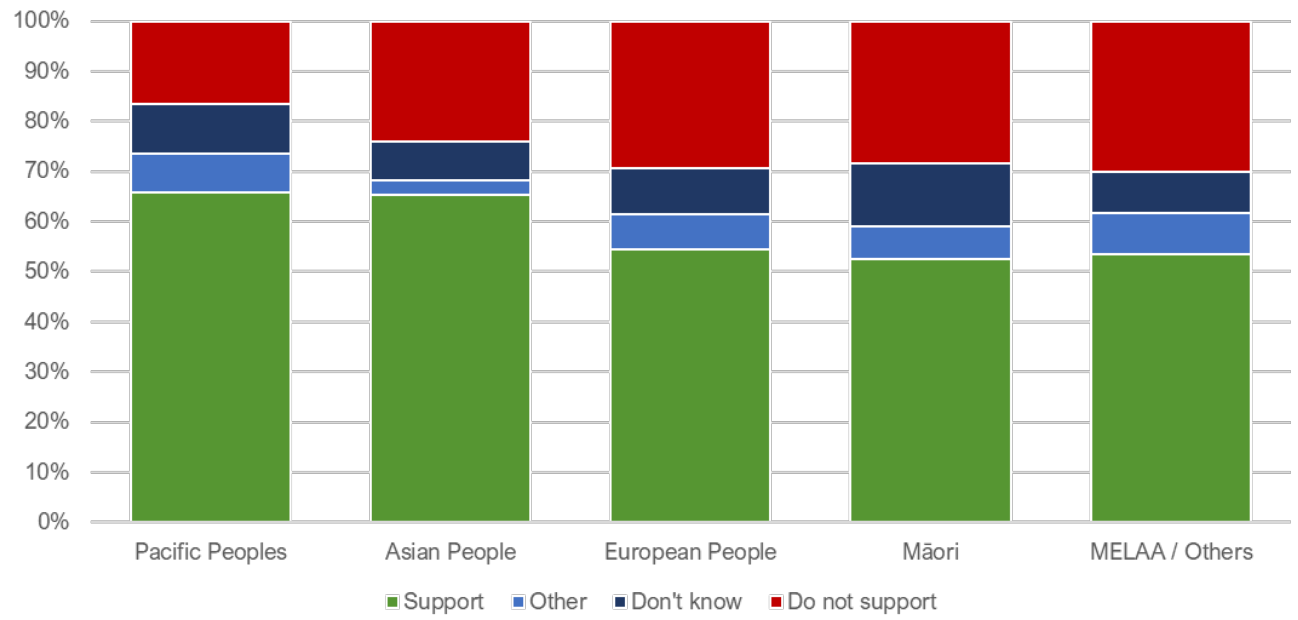
There is higher level of support from the respondents in the younger age groups in comparison to respondents who do not support (Figure 5). This matches up with the insights on our core-users who are generally older and are used to the current service offering which are predominantly asset-based.

Figure 5 Community investments feedback breakdown by age groups



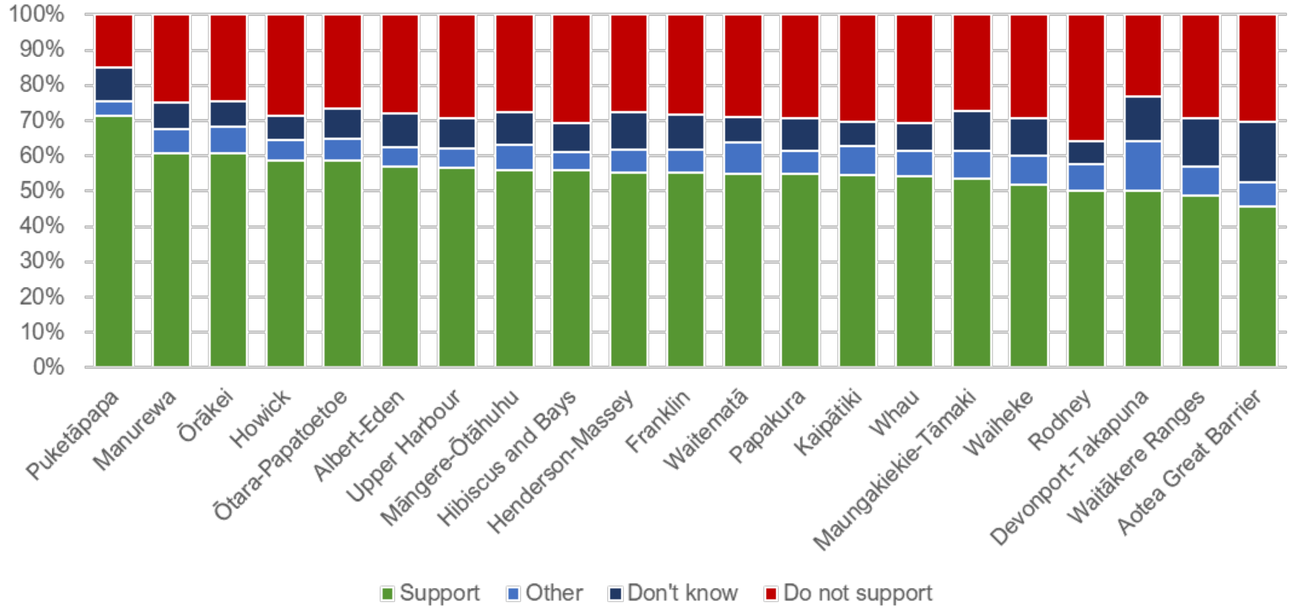
There are distinct patterns across the major ethnic groups (Figure 6) but it is difficult to draw any conclusion due to the under-representation in some ethnic groups (i.e. 2.4% of Pacific Peoples provided feedback in comparison to 15.5% of Pacific Peoples in Auckland).

Figure 6 Community investments feedback breakdown by ethnic groups



More remote areas where it is harder to access services tend to have lower levels of support than urban areas but overall, there is not significant regional variations against the regional average (Figure 7). It is also noted that number of submissions received in some local board areas are much lower than the population (i.e. 1.3% of respondents from Ōtāra – Papatoetoe local board area in comparison to 5.4% Auckland's population living there). Feedback from Local Boards will be reported to Finance and Performance Committee on 25 May.

Figure 7 Community investments feedback breakdown by local board areas



Attachment C: Examples of delivering differently

Recent example
Local response for local community

- Service design
  - early work with community to respond to their requirements
  - focus on improving outcomes for tamariki Māori under five and their whanau
  - informed service offering and approach to delivery
- Applied in shaping **Te Paataka Koorero o Takaanini – Takaanini Community Hub**

Key shift

We tailor services to different communities focusing on growing participation in areas of greatest needs

Recent example
Takaanini Community Hub

Co-design by applying the Te Kakano Framework

TE KĀKANO

Te Paataka Koorero o Takaanini

- Leased, multi-use facility that was co-designed with local communities
- Reduced upfront capital investment
- Provides flexibility to move and adapt future service provision for a changing, growing community
- Integrated library and community services offer flexibility for responsive service delivery and convenience for customers
- Involvement of Māori early in the project influenced both design and planned operating model
- Sustainability features included in fit-out

Key shifts

- We tailor services to different communities focusing on growing participation in areas of greatest needs
- We invest in a range of delivery approaches so we can adapt and are responsive
- We contribute to Te Tāruke-ā-Tāwhiri through a sustainable and resilient service network

18 Nov 2020 F&P workshop: case studies for focused investment option

Recent example - Regional
Track network rationalization

Waitākere Ranges Regional Park – Closed forest area (with some exceptions) to respond to spread and impacts of Kauri dieback. Tracks reopening work programme to determine phasing of upgrade work.

9 Number of tracks permanently closed

43 Number of tracks to be upgraded

Key shift

We operate a fit-for-service and cost effective service network

Recent example - Local
Track network rationalization

Kauri Glen Kauri Track - Track network upgrades started in 2019 to reopen and improve access on selected tracks.

Tracks 1 2 3

- Poor condition and difficult to maintain and significant investment to meet new standards
- Tracks closed indefinitely (kauri protected)

Tracks 4 5

- Dry track that are mostly outside of kauri mitigation areas
- Improved track material and standards – easier to maintain
- Improved user experience and more accessible (steps free)

Key shift

We operate a fit-for-service and cost effective service network

Attachment D: Summary of LTP engagement with elected members on Community Investment

Date	Format	Content
26 Aug 2020	F&P workshop	AM101 to provide brief overview on community portfolio asset management issues and challenges
28 Oct 2020	F&P workshop	Present community investment options and preferred option for public consultation
11 Nov 2020	F&P workshop	Additional case studies to support preferred option – focused investment
10 Feb 2021	F&P workshop	Community investment budget allocation
11 Feb 2021	Memo	LTP capex budgets – Parks and Community Services
3 Mar 2021	PACE workshop	Regional work programme budget allocation
Feb – Mar 2021	LB workshops	10-year budget 2021-20312 overview and proposed capex budget
28 April 2021	F&P workshop	Public feedback on Community Investments and transition in delivering differently