

Community Facilities

Activity Management Plan

Long Term Plan 2015–2025

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Quality Assurance Statement

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1 Key Issues for the Community Facilities Activity

The Community Facilities Activity comprises Council provision of community facilities including halls, community centres and cottages. It also includes leased facilities for volunteer libraries and early learning centres. Providing a network of community facilities, enables a range of social, educational, cultural and recreational activities and services to happen and encourages local involvement. This helps increase participation, build community capacity and encourages community involvement in organising and participating in events and activities.

The effects of the 2011 earthquake have provided Council with opportunities to make changes to the way it provides community facilities. This is primarily due the extensive damage suffered to the portfolio and the resulting rebuild process. There is the opportunity to change the way Council works with community groups in owning and operating community facilities and incorporating these relationships into the rebuild process. Opportunities also include, identifying and promoting facilities owned by third parties, promoting the multi use of existing facilities and closing facilities that no longer effectively meet community need, are impractical to repair or are unable to be operated sustainably by the community.

1.1 Community Outcomes

Everything that the Council does in its day-to-day work is focused on achieving community outcomes. All activities outlined in this plan aim to deliver the results required to achieve these outcomes, contribute to Council strategies and meet legislative requirements. Likewise, all Council capital and operating expenditure is directed towards a level of service that moves the community closer to these outcomes now or at some future point. The effective management of community facilities for Christchurch means achieving the community outcomes whereby:

- People are actively involved in their communities and local issues.
- People have strong social networks.
- There is increasing participation in recreation and sporting activities.
- Services are available locally within the urban areas.

Section 4 shows how these outcomes flow down into and influence the Council's activities and levels of service in relation to Community Facilities.

1.2 Effects of growth, demand and sustainability

Population growth and demand effects the decisions Council will make in delivering services to ensure that they are sustainable and will meet the needs of the people of Christchurch into the future.

Population Growth and Demand:

Ongoing demographic change is forecast as a result of the 2010 and 2011 earthquakes which will effect how Council will provide community facilities, namely:

- An initial post quake population loss of 2.8%.
- Slow growth until 2016.
- Stronger recovery over 2016 to 2026.
- A medium to high growth trend after 2021 slightly faster than the pre-earthquake growth trend but generally lagging by about seven years.
- An evacuation of residential Red Zones but no significant depopulation of the Eastern Suburbs.
- Growth areas emerging to the north and south west of Christchurch.
- Significant growth in the over 60 age group by 2031.

Sustainability:

The Local Government Act 2002 requires local authorities to take a sustainable development approach while conducting its business. Sustainable development is the fundamental philosophy that is embraced in Council's Vision, Mission and Objectives, and that shapes the community outcomes. The levels of service and the performance measures that flow from these inherently incorporate the achievement of sustainable outcomes primarily around:

- Restricting Council provision of community facilities to areas and situations where others can or will not provide.
- Financial efficiency and cost effectiveness.
- Ensuring the optimum community use for all facilities and services.
- The use of contemporary technology.
- Capacity building within third party organisations.
- The efficient use of energy, water and other resources.

1.3 Key Challenges and Opportunities for Community Facilities

In working towards the community outcomes and influenced by population growth and demand, Council faces the challenge of making decisions that prioritise resources to deliver the best mix of services at the right level and in a sustainable way. The key challenges and opportunities that have been prioritised by Council are below in Table 1-1.

Table 1-1

Key Issue	Discussion
Delivering an effective community facility rebuild.	The 2010 and 2011 earthquakes damaged almost all Council's community facilities, some have closed permanently others require repair. Councillors have reviewed the priority of facilities for repair and instructed officers to proceed. In order to deliver an effective and sustainable rebuild process Council will change the way Council works with community groups in owning and operating community facilities and incorporating these relationships into the rebuild process. Council will also promote the multi-use of existing facilities and closing facilities that no longer effectively meet community need, are impractical to repair or are unable to be operated sustainably by the community.
Providing community facilities without a detailed network plan	Council's Strengthening Communities Strategy 2007 recommended the development of a Network Plan for Community Facilities detailing Council's role in the provision of facilities in the context of other community provision. This work has not yet been completed. It is scheduled for completion by December 2016. Decisions on community facilities have been informed by the material and data that would have informed a network plan.
Providing community facilities in an increasingly challenging financial environment.	<p>There are unprecedented financial constraints on Council. Operational savings of a minimum of 2 % per annum compounding, are required over the 2015/2016, 2016/2017 and 2017/2018 financial years.</p> <p>The scope and design of new or repaired facilities will support lower operating and lifecycle costs. Repaired/replaced community facilities will optimise participation, sustainability and allow a degree of flexibility to change over their lifecycle to meet ongoing changes in community need. Each repaired facility will have a sustainable business plan before construction begins.</p> <p>Council will be encouraging better business practice to lower operational costs. The efficient use of resources will be emphasised in design, construction and operation. Greater levels of third party funding and support will become common. Council lead projects will seek to incorporate community facilities as part of a wider project such as a library, school or recreation centre or locate facilities where communities tend to congregate. Facilities that no longer effectively meet community need, are impractical to repair or are unable to be operated sustainably by the community may be closed.</p>

Increased management of facilities by third parties	Under a sustainable business plan more facilities will be managed, promoted and maintained by third parties, usually proven community organisations. Third parties often have greater access to philanthropic funding and volunteer assistance. User charges will fund maintenance and utility costs, Council will insure the buildings and complete major capital works.
Council's provision is part of a wider network.	In Christchurch there is an extensive network of non-Council community facilities, many are under utilised. Rather than compete Council will assist in the promotion of these facilities and make the community aware of what is on offer. Council will be the provider of community facilities where others can not. Where others can provide Council will not aim to duplicate or compete.
A number of existing facilities that do not have a sustainable future will be closed.	<p>In order to provide a viable network of community facilities in tomorrow's environment some facilities will be closed or given other uses primarily where:</p> <ul style="list-style-type: none"> • They are damaged beyond repair. Or the repair costs exceed Councils reasonable ability to pay. • They have been superseded by newer or alternative fit-for-purpose facilities, perhaps provided by others. • Viable alternatives to deliver the service are available (e.g. volunteer libraries as part of a larger community facility as opposed to a stand alone building). • A reasonable need can no longer be demonstrated, for example poor usage. • Where motivated community groups can operate or own the facility in a sustainable fashion.

2 Proposed changes to activity

Table 2-1 summarises the proposed changes for the management of the Community Facilities activity since the Three Year Plan 2013-16 Activity Management Plan.

Table 2-1 Proposed changes to activity

Key Change	Reason	Level of significance? What investigations are needed?	Options for consultation and engagement
The effects of the 2011 earthquake have provided Council with opportunities to make changes to the way it provides community facilities	<p>This is primarily due to:</p> <ul style="list-style-type: none"> The extensive damage suffered to the portfolio and the opportunity the resulting rebuild process provides. There are unprecedented financial constraints on Council. Operational savings of a minimum of 2 % per annum compounding, are required over the 2015/2016, 2016/2017 and 2017/2018 financial years. 	<p>There is a moderate level of significance as Council will face challenges in owning existing or new community facilities unless it makes changes to the way it manages its portfolio of facilities.</p> <p>Investigations include but are not limited to; how Council changes the way it works with community groups in owning and operating community facilities and incorporating these relationships into the rebuild process. It also includes identifying and promoting facilities owned by third parties, promoting the multi use of existing facilities and closing facilities that no longer effectively meet community need, are impractical to repair or are unable to be operated sustainably by the community.</p>	<p>Community Board, MOE, Annual Plans, LTP Philanthropic organisations Other providers Community Groups</p>
Council will make a significant and targeted investment into its network of community facilities.	<p>Council have prioritised the development and/or repair of major new community facilities including. Examples include Aranui, Heathcote, Sumner, Halswell, Bishopdale and Riccarton. This represents a significant investment into Council's network.</p> <p>Council will ensure there is sufficient resources either through Council or through the community to operate and maintain community facilities being built.</p>	<p>There is a moderate level of significance as Council will need to make changes to the way it manages its portfolio of facilities.</p> <p>Investigations include but are not limited to; The scope and design of new or repaired facilities supporting lower operating and lifecycle costs. Repaired/replaced community facilities optimising participation, revenue generation and allowing a degree of flexibility to change over their lifecycle to meet ongoing changes in community need. Each repaired facility will have a sustainable business plan before construction begins. Greater levels of third party funding, management and support will become common.</p>	<p>Community Board, MOE, Annual Plans, LTP Philanthropic organisations Other providers Community Groups</p>
Community facilities	Community facilities that do not meet community need	There is a moderate level of significance as any closures	Community Board,

that do not meet community and / or are impractical to repair will be closed or given other uses..	<p>and / or are impractical to repair will be closed or given other uses primarily where:</p> <ul style="list-style-type: none"> • They are damaged beyond repair. Or the repair costs exceed Councils reasonable ability to pay. • They have been superseded by newer or alternative fit-for-purpose facilities, perhaps provided by others. • Viable alternatives to deliver the service are available (e.g. volunteer libraries as part of a larger community facility as opposed to a stand alone building. • A reasonable need can no longer be demonstrated, for example poor usage. • Where motivated community groups can operate or own the facility in a sustainable fashion. 	<p>are off set against Council's investment in the network and third party provision.</p> <p>Investigations include but are not limited to; Councils facility rebuild process, asset condition assessment, quantification of need and use, quantification of alternative providers and facilities and robust community engagement</p> <p>There will also be an concerted effort to find and support community groups who could operate facilities, building capacity within communities.</p>	<p>MOE, Community Focus Groups Annual Plans, LTP Surveys Philanthropic organisations Other providers Community Groups</p>
Increase in community based management of facilities	Greater community involvement in the operation and ownership of community facilities can lead to more local decision making, greater access to volunteers and philanthropic funding and greater community engagement.	<p>Low as there will be no change to levels of service.</p> <p>Council will commit to better understanding the groups who operate and potentially operate. Specifically around building capacity of the group and understanding where Council can assist. This includes working across the organisation to develop new models of building social enterprise. The aim will be to ensure all operational or ownership arrangements are sustainable.</p>	<p>Community Board, MOE, Philanthropic organisations Other providers</p>
Third party provision will complement Council provision in a overall "network" approach to provision	There are many more community facilities provided by third parties than by Council. Council will focus its provision in areas where there is insufficient third party provision. A robust understanding of what other providers are offering is needed so Council will be the provider of community facilities where others cannot. Where others can provide Council will not aim to duplicate or compete.	<p>Low, overall provision will not alter dramatically, most of it will not be through Council.</p> <p>Investigations include the identification of alternative providers in relation to Council's network.</p>	<p>Philanthropic organisations Other providers Community Groups MOE,</p>
Council's support of	In the early 2000's Council identified a lack of early	Low , early learning centres are not a core function of	LTP

Early Learning Centres	<p>learning centres in the Community and progressively made up to 15 premises available for this purpose along with funding to support the activity.</p> <p>Over time community provision has increased as has the support for this activity from many other agencies. Council should now consider whether its intervention in this area remains a priority especially in light of current community needs. Council will ensure is not allowing its ELC lessees to compete unfairly against the market.</p>	<p>Council and the vast majority of provision is through non Council providers.</p> <p>Investigations centre on identifying alternative provision, what benefit the Council gets from its investment, whether Council's resource is being applied to "today's" highest priority and quantifying the potential opportunity of applying Council's investment in ELC's elsewhere.</p> <p>This will be an action in the Improvement Plan is section 10 of this plan.</p>	
Improving the measurement of usage for Community Facilities	<p>Anecdotal evidence points to the risk of poor use of some community facilities. User numbers are currently not collected in a manner that can reliably inform Council's decision making.</p>	<p>Moderate, Council is limited in its ability to make informed decisions if user numbers, demand and cost efficiency can not be verified.</p> <p>Investigations centre on reliably capturing user data. This will be an action in the Improvement Plan is section 10 of this plan.</p>	None

3 Activity description

3.1 Focusing on what we want to achieve

Council undertakes activities in order to deliver on the community outcomes for Christchurch. The outcomes that relate most directly to the management of the city's Community Facilities are that:

- People are actively involved in their communities and local issues
- People have strong social networks
- There is increasing participation in recreation and sporting activities
- Services are available locally within the urban areas

Providing a network of community halls, centres and cottages enables a range of social, educational, cultural and recreational activities and services to happen and encourages local involvement. This helps increase participation, build community capacity and encourages community involvement in organising and participating in events and activities.

Leasing facilities for childcare and early learning programmes enable parents and caregivers to have access to such services in their area where, in past years, there were no alternative providers.

Leasing facilities at no rent for voluntary libraries historically allowed the provision of some library services in areas of Christchurch previously outside the reach of City Libraries and other providers.

3.2 How we will know we are achieving the outcomes

We will know we are achieving the above outcomes when we see the following results:

- A sustainable and well utilised network of community facilities (including halls, community centres, community cottages, facilities for childcare and early learning, and facilities for voluntary libraries) are provided to enable a range of social, educational, cultural and recreational activities and services across the city.
- Council facilities that effectively complement the non-Council network of facility provision, particularly where other organisations are unable to meet significant identified community need.
- Facilities that are well utilised, sustainable and perform well where benchmarked against others nationwide.
- There is an increase in community based management of facilities with Council management the exception.

The activities that follow in section 4 and the levels of service within them are all linked to the above results to ensure Council stays focused on moving towards the community outcomes. This link aims to confirm why we are doing the activities – that they will realistically move us closer to our goals – and that service delivery remains relevant to strategic direction.

3.3 What services we provide

This activity includes the following services:

- Community facilities provision and operation.
- Provision of leased facilities for operating early learning centres.
- Support volunteer libraries.

3.4 Our key customers

Individuals. Casual or regular not for profit user and community groups. Local businesses. Childcare, early learning and volunteer library businesses and community providers. External philanthropic organisations, community management committees, tenants and lessees.

Users, be they individuals, community groups or businesses tend to be local

3.5 Benefits and Funding Sources

3.4.1 Who Benefits?

Christchurch residents and ratepayers,
Our Key Customers

Who benefits?	
Individual	Some
Identifiable part of the community	Majority
Whole community	Some

Key:
Full
Majority
Some

Explanatory Comments:

The benefits of Community Facilities and associated services are in the main for our key customers. Individuals and the wider community also benefit via limited use of our facilities on request and availability.

3.4.2 Who pays?

Funding - Fees / User Charges	Other revenue Grants & Subsidies	General rate	Targeted rate
20%	0%	80%	0%
Some		Majority	

Note, Funding Split % is derived from the 'Summary of Cost for Activity' (section 13).

Key:		Typically
Full	All or almost all the cost is funded from that source. If the comment is made in the general or targeted rate columns it does not preclude making minor charges for the service but indicates that the charges are a negligible part of the fund.	95%+
Majority	The majority of the activity is funded from this source.	50%+
Some	Some revenue is derived from this source.	<50%

Does this Activity generate surplus funds that can be applied to other areas? **No**

3.6 Key legislation and Council strategies

No particularly unique legislation applies other than the CER Act 2011. Legislation and documents used to inform Council's decision making include:

- Local Government Act 2002,
- Building Act 2004,
- Health and Safety in Employment Act 1992.
- Strengthening Communities Strategy 2006
- Council's Facility Rebuild Process 2012
- Libraries 2025 Plan (Volunteer Libraries)
- Community Facilities Plan (Draft under development)

4 Levels of service and performance measures

Table 4-1 summarises the levels of service and performance measures for the Community Facilities activity. Shaded rows are the levels of service and performance measures to be included in the Long Term Plan. Non-shaded rows are non-LTP management level measures, agreed with and reported to Council but not included as part of the community consulted document.

Table 4-1

Performance Standards Levels of Service (we provide)	Results (Activities will contribute to these results, strategies and legislation)	Method of Measurement (We will know we are meeting the level of service if.....)	Current Performance	Benchmarks	Future Performance (targets)			Future Performance (targets) by Year 10 2024/25	
					Year 1	Year 2	Year 3		
					2015/16	2016/17	2017/18		
Community facilities provision and operation									
2.0.1	Provide community facilities.	<i>The provision of community facilities including community centres, halls, rooms and cottages.</i>	<i>Annually reporting the details of a network community facilities provided by Council.</i>	<i>2013/14: Total 70; 48 open, 22 closed..</i>	<i><u>Wellington:</u> 19 facilities. 14 are community managed. <u>Auckland:</u> 22 halls and 21 community centres. <u>Dunedin:</u> 7 community facilities, all community managed. .</i>	2.0.1.1 Provide a range of 56-68 community facilities (subject to maintenance and facility rebuild priorities).	2.0.1.1 Provide a range of 54-66 community facilities (subject to maintenance and facility rebuild priorities).	2.0.1.1 Provide a range of 52-64 community facilities (subject to maintenance and facility rebuild priorities).	2.0.1.1 Existing facilities are retired when new facilities come on line or alternative provision is available maintaining a sustainable network.

2.0.2	Deliver a high level of customer satisfaction with the range and quality of Council operated community facilities.	<i>Facilities that are well utilised, sustainable and perform well where benchmarked against others nationwide.</i>	<i>Survey 25 regular users of Council operated community facilities (point of contact) annually to determine level of customer satisfaction with the service provided.</i>	<i>Not previously measured.</i>	<i>Using the benchmark for recreational and sporting facilities as no benchmark exists for community facilities. 5.6 score or 80% of customers satisfied with range and quality of facilities (CERM international benchmark on a 7 point scale)</i>	At least 80% of customers are satisfied with the range and quality of facilities	At least 80% of customers are satisfied with the range and quality of facilities	At least 80% of customers are satisfied with the range and quality of facilities	At least 80% of customers are satisfied with the range and quality of facilities
2.0.7	Support community based management of community facilities.	<i>Support and advice to enable community management and provision of community facilities</i>	<i>Annually reporting the number and percentage of community facilities provided by Council that are operated by the community..</i>	<i>2013/14: Total 70 facilities, 58 or 82% community managed.</i>	<i><u>Wellington</u>: 19 facilities. 14 are community managed. <u>Dunedin</u>: 7 community facilities, all community managed.</i>	At least 80% of the community facilities are managed by third parties (subject to maintenance and facility rebuild priorities).	At least 82% of the community facilities are managed by third parties (subject to maintenance and facility rebuild priorities).	At least 85% of the community facilities are managed by third parties (subject to maintenance and facility rebuild priorities).	Council will continue to empower community operation of community facilities.
2.0.8	Identify and promote community facilities provided by third parties.	<i>Council facilities that effectively complement the non-Council network of facility provision, particularly where other organisations are unable to meet significant identified community need..</i>	<i>Publish a directory of community facilities in Christchurch</i>	<i>New initiative</i>	<i>Benchmarking process underway.</i>	Research and compile a directory.	Publish the directory on line and review content annually	Review content a minimum of bi-annually	Generate a small revenue stream from promotion and a booking fee.
Provision of Leased Facilities for operating early learning centres									

2.0.5	Provide and lease Early Learning Centre facilities at market rate.	A sustainable and well utilised network of facilities for childcare and early learning, are provided to enable a range of social, educational, cultural and recreational activities and services across the city	Annually reporting the details of a network early learning centres leased by Council at market rent. Facilities Open: Aranui, Hoon Hay, Linwood, , Sockburn, , Woolston, Burwood, Somerfield, New Brighton (3 buildings) Lansdowne, St Albans, Parklands, Diamond Harbour, Facilities Closed: Sydenham, North Beach, Bishopdale.	2013/14: 15 leased early learning centre buildings provided 12 open 3 closed	<u>Wellington:</u> Provides 8 Early Learning Centres <u>Auckland:</u> Provide 1 Early Learning Centre <u>Christchurch:</u> Provide 11 Early Learning Centres	2.0.5 12 Facilities leased exclusively to Early Learning Centres at market rate. (subject to maintenance and facility rebuild priorities)	2.0.5 12 Facilities leased exclusively to Early Learning Centres at market rate (subject to maintenance and facility rebuild priorities)	2.0.5 12 Facilities leased exclusively to Early Learning Centres at market rate (subject to maintenance and facility rebuild priorities)	2.0.5 12 Facilities leased exclusively to Early Learning Centres at market rate (subject to maintenance and facility rebuild priorities)
Support volunteer libraries									
2.0.8	Support volunteer libraries	A sustainable and well utilised network of volunteer libraries, are supported to enable a range of social, educational, cultural and recreational activities and services across the city	Annually reporting the details of a network buildings and spaces housing volunteer libraries Heathcote, Opawa Children's, Opawa Adults, Redcliff's, Riccarton, St Martins, Mairehau, Woolston, Upper Riccarton	2.0.8 9 Buildings housing volunteer libraries. Heathcote, Opawa Children's, Opawa Adults, Redcliff's, Riccarton, St Martins, Hoon Hay, Mairehau, Woolston 1 voluntary library service supported. Upper Riccarton	None	2.0.8 9 voluntary library services supported. (subject to maintenance and facility rebuild priorities)	2.0.8 9 voluntary library services supported. (subject to maintenance and facility rebuild priorities)	2.0.8 9 voluntary library services supported. (subject to maintenance and facility rebuild priorities)	2.0.8 9 voluntary library services supported. (subject to maintenance and facility rebuild priorities)

5 Review of cost effectiveness - regulatory functions and service delivery

The Local Government Act requires local authorities to review the cost effectiveness of current arrangements for delivering its services and regulatory functions

A review need not be undertaken if

- Delivery is governed by legislation, contract or other binding agreement that cannot be reasonably altered in the next two years.
- The benefits to be gained do not justify the cost of the review.

A review must be undertaken

- In conjunction with the consideration of any significant change to service levels
- Within two years before the expiry of any legislation, contract or other binding agreement affecting the service
- Not later than 6 years after any previous review.

A review must consider each of options 1 to 9 in the table below. Option 10 is discretionary.

Governance	Funding	Delivery	Option
CCC	CCC	CCC	1
CCC	CCC	CCO (CCC sole shareholder)	2
		CCO (CCC one of several shareholders)	3
		Other local authority	4
		Other person or agency	5
Joint Committee / Shared Governance	Joint Committee / Shared Governance	CCO (CCC sole shareholder)	6
		CCO (CCC one of several shareholders)	7
		Other local authority	8
		Other person or agency	9
Other arrangement	Other arrangement	CCC or other arrangement	10

This section considers reviews for regulatory functions and service delivery. Reviews for infrastructure delivery are considered in Section 7.

Service: Council provision of community facilities including halls, community centres and community cottages

Current Arrangements			
Governance	Funding	Delivery	Estimated Cost
CCC	CCC	CCC	\$10,000

Arrangements that cannot reasonably be changed in next two years			
Governed by Legislation	Contract or binding agreement	Not cost effective to review	Option
None	None	The review will be in the form of a strategy for community facilities linked to Council's financial strategy.	Option 1.

Service: Support and advice to enable community management of community facilities.

Current Arrangements			
Governance	Funding	Delivery	Estimated Cost
CCC	CCC	CCC	\$5,000

Arrangements that cannot reasonably be changed in next two years			
Governed by Legislation	Contract or binding agreement	Not cost effective to review	Option
None	Certain leases or management agreements	The review will be in the form of creating of reviewing management agreements and leases.	Option 1.

6 Long Term Infrastructure Strategy

6.1 Issues, principles and implications

Changes to the Local Government Act now require local authorities to assess and consider their long term infrastructure strategy and their financial position over at least a 30-year timeframe. A key component of such a strategy is the planning for the maintenance and investment in assets needed to maintain appropriate levels of service.

The formal infrastructure strategy must cover 5 mandatory infrastructure activities, with additional built assets considered as appropriate. Neither the Community Facilities, Early Learning Centres nor the Voluntary Libraries are part of the 5 mandatory activities however their asset bases extend well beyond 30 years. As such they do contribute to the long term financial position of Council and funding issues associated with inter-generational equity.

To ensure that timely, well supported and well understood investment decisions are made Council needs to

- provide early warning of investment gaps or risky levels of infrastructure-related expenditure.
- provide a high level overview of issues, options and implications, particularly relating to expenditure
- take into account renewals, demographic growth, other demand variables, levels of service changes and resilience to natural and man-made hazards.

6.2 Background to current provision of facilities.

The Council's LTCCP 2006-16 identified the need to reduce expenditure by 20% in the activity of community facilities. The required savings were intended to be achieved through a number of options, including:

- Increasing revenue by maximising the use of facilities.
- Joint ventures with other organisations to share costs.
- Improving management systems.
- Reducing maintenance costs.
- Selling assets.

In 2007 Council researched, developed and after an SCP approved a strategic Facilities Plan as part of the Strengthening Communities Strategy. This identified that the use of Council facilities by communities varies significantly due to the age, condition, functionality, accessibility, publicity and management arrangements.

The strategy recognised that development of community facilities in Christchurch had been sporadic and ad hoc, and as a result, the quality and distribution of these facilities, and the needs they met, varied widely. The majority of the facilities were of a neighbourhood scale, although a number of these had activities that drew from a larger catchment.

Close to a thousand neighbourhood facilities existed across Christchurch. These facilities provided a sense of identity and a focal point for the varied neighbourhood and stakeholder communities that owned, operated and used them. The financial viability of these facilities and the provider groups that own and operate them was considered critical. Long term Council needed to be careful that it's own provision of facilities, often available at heavily discounted charges, did not pose a threat to other providers.

Equity, community connectedness, accessibility, affordability, sustainability and efficiency were identified as key principles to direct Council's provision of community facilities.

It was also envisaged that the best approach to meet the needs of communities, was for Council to encourage access to a mix of facilities through a range of different roles:

- Funding – financial assistance or contribution towards costs.
- Provision – supply of facilities through ownership or lease arrangements.
- Support – assistance by staff through working with users and potential users of facilities.

The strategy determined that Council's ownership of community facilities was over time to focus on facilities which serve suburban needs. This was to be accomplished through the development of a network of multi-functional suburban facilities that distributed evenly across the city.

In some circumstances, Council would support the provision of facilities at the neighbourhood scale, particularly where they meet significant social needs.

The Council would work closely with community groups and actively pursue partnerships for the management of facilities, and consider the development of a separate funding source for specific facilities.

High level goals were developed for the strategy including Goal 5 that focused on community facilities. To 'ensure that communities had access to community facilities that met their needs' - the Council planned to:

- Ensure Council community facilities were distributed evenly across the city.
- Enhance community connectedness by providing opportunities for community involvement in the use and management of Council community facilities.
- Ensure the design and location of community facilities maximised accessibility, including disabled access and proximity to public transport.
- Ensure fees and charges were set at a level to encourage community usage.
- Ensure the design of new facilities enhanced sustainability through good urban design and flexibility which accommodates a mix of uses and activities.
- Ensure Council facilities were managed effectively and efficiently.

A Community Facilities Implementation Plan was developed to provide a framework to manage the Council's provision of community facilities for existing and future generations. A number of initiatives were put in place to improve management and utilisation of community facilities. Consultation on some elements of the Implementation Plan also took place from late 2008 to early 2010. This covered in more detail the proposal to move over time to a suburban network of facilities but did not include the any specific reference to the closure of facilities. Next steps were being considered at the time of the September 2010 earthquake.

6.3 The impact of earthquakes on network provision.

After the earthquakes a number of community facilities were demolished or closed for periods of time. This was due to earthquake related damage and the results of a 2 year program of engineering assessments (DEE's) to determine the seismic strength of buildings relative to the New Building Standard 2011. This identified the need for closure of a number of buildings from a public risk perspective. Further damage has occurred to the community facilities due to a fire, and with the current nature of insurance cover this has and continues to pose a significant financial risk for Council.

The loss of capacity has to some extent been off set over the 4 years by the opening of a number of temporary facilities. The anticipated network provision at the beginning of the LTP period is 61% of pre-quake capacity, largely due to the demolition of 7 buildings and the remaining closure of 10

A number community facilities have been repaired and strengthened or had temporary works completed enabling them to be re-opened. The FRT (Facilities Rebuild Team) co-ordinates the earthquake response for all Council owned properties / buildings, focusing on earthquake related damage to properties, Council's insurance entitlement and the DEE's, as well as compliance upgrades triggered by these works.

A prioritised program of investigations and works has been agreed. As a result some properties have ample information to make informed decisions while others are still at a preliminary stage. At this point in time Council's insurance entitlement has not been confirmed. As a result Council is exposed to significant risk around funding the earthquake related works.

In many cases the scale of repairs or strengthening works requires a wider cost benefit analysis that takes into consideration deferred maintenance (over the last 4 years), the existing building design and the anticipated lifecycle issues. More importantly the anticipated demand for the community facilities and the wider network strategy for the activity needs to guide the repair and refurbishment strategy.

The 2007 Facilities Plan has continued to anchor decision making to the longer term strategic direction. However, it has become apparent the plan needed to be reviewed to respond to the changes that have begun to emerge as a result of the earthquakes.

The plan has been under review by staff and this is intended to provide a refreshed aspirational network of facilities that need to be built or returned to service to meet the needs of the city going forward.

The Voluntary Library service has been a sub activity supported in part by the Libraries 2025 Facilities Plan. This is not considered to be a core library service and with low utilisation rates and a largely aging group of stakeholders it they are viewed as being more similar to community centres. As such the decision has been made to move the management of these facilities to the Recreation and Sport Unit.

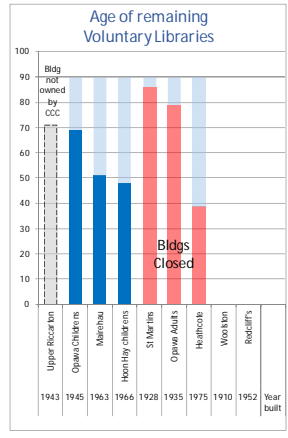
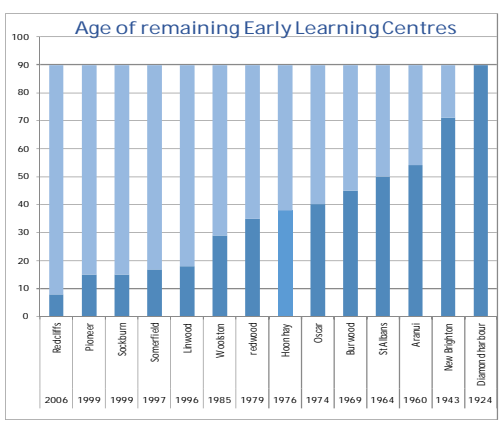
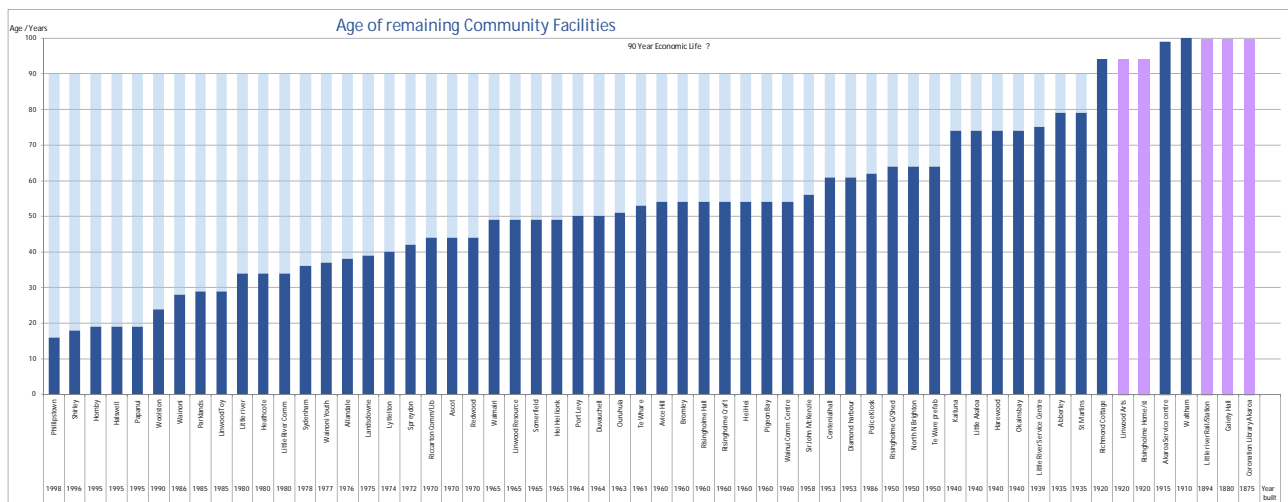
Council's involvement and management of the Early Learning Centre facilities was originally guided by Council policy statements from 2001. No formal strategy or long term plan has been developed for this

activity and the leases for many of these facilities have or are about to expire. A review of the community needs and policy associated with Early Learning Centres is required.

6.4 The long term 30 year forecast.

Close to 60% of Council’s community facilities are over 50 years old, with more than a quarter being between 70 and 110 years of age. The minimum design life for new buildings is 50 years however the anticipated economic life of community buildings such as these has historically been between 70 and 90 years of age.

The following table shows the current age of the network facilities currently open. It also highlights (in light purple) a number of facilities that have a heritage status. The age profile for Early Learning Centres and Voluntary Libraries are also shown in the two smaller graphs below.



Council’s Financial Asset Register depreciates these buildings over a 90 year horizon and this generates a demand on ratepayers to set aside funds for replacement. The impact on Council finances due to the earthquakes means that replacement of aging facilities will in general now require borrowing to fund the capital investment. The aging building stock raises questions about the appropriateness of the current thinking about the economic life of community facilities and in particular the current depreciation strategy in place to fund them. It also raises questions around the depreciation strategy for heritage assets.

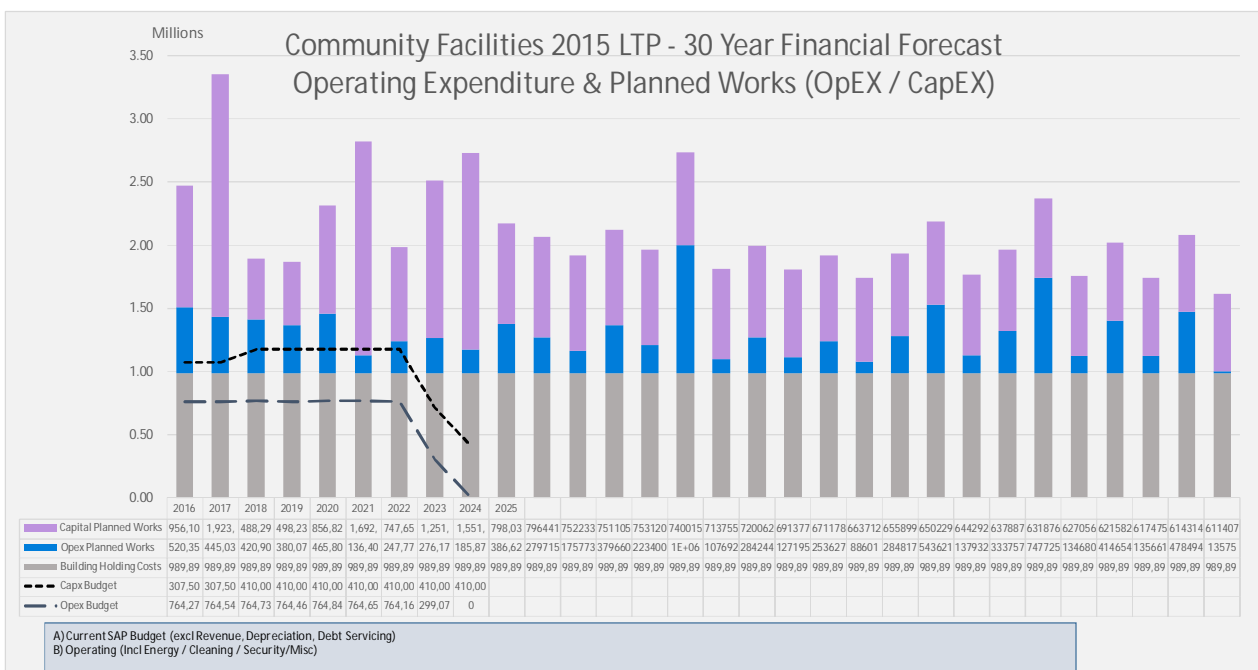
A number of the older facilities are classified as having a heritage status. Council needs to determine if it’s primary reason for owning and retaining the buildings is heritage or operational. At some point in time it becomes more cost effective to replace operational buildings instead repairing them.

Heritage listed buildings become increasingly expensive to maintain and this puts higher financial pressures on the operation of the activity hosted by the building. If the primary reason for ownership is heritage protection it may be worthwhile considering moving them to the Restricted Assets portfolio where similar heritage buildings are managed. This does not mean the use of the building needs to change however, alternate strategies around ownership, leasing management and cost recoveries may be more appropriate.

Apart from the earthquake related issues and affordability, key drivers around the replacement of community facilities should be directed by community outcomes and Council's broader strategic objectives. This in turn will be influenced by changes in demand and the appropriateness of current capacity to meet these demands over time. These matters will be considered in depth in the review of the Facilities Plan.

In the interim the uncertainty around the economic life of certain community facilities makes optimised renewal planning difficult as the timeframes (over which a payback on investment should be considered) is uncertain. Most planned works for buildings such as painting and capital renewals have been deferred since 2010, pending damage and strengthening assessments. As a result there is a backlog of renewals and deferred maintenance to be addressed over the LTP period.

The following graph shows the 30 year financial profile for asset operations and planned works associated with retaining the community facilities portfolio. A more detailed explanation is provided for the 10 year LTP profile in section 11.



The 30 year (and 10 year LTP) profile shown above has allowed for the deferred renewals and maintenance but the timing will be significantly influenced by when earthquake repairs / strengthening works occur, governed by the FRP decision making framework. Some planned works may be funded by insurance proceeds, but this will be determined building by building. In the interim only urgent planned weatherproofing work (for example roofing) or critical services failures (required to keep the facility functioning) will proceed.

Due to the deferral of the planned work program elevated reactive maintenance is likely to occur and budgets will need to be adjusted to reflect this, diminishing in the later years of the LTP as (if) properties return to normal levels of service.

The historic budget envelope for operations and capital renewals are shown by the black dotted lines. Clearly current budgets do not cover the long term cost of retaining and maintaining the existing portfolio over time.

The profile also ignores the anticipated replacement of facilities and therefore needs to be amended once a revised Community Facilities Plan is agreed. A number of new and replacement community centres and voluntary libraries have been signalled by recent Facilities Rebuild decisions. These are detailed in Key Projects (section 12). The operational budgets that are associated with these new facilities are referenced within each project and need to be considered when approving the project. These operational sums will be factored in to the LTP budget and the 30 year financial strategy once the start date and scale of the facility is signed off by Council.

Growth The future network of facilities is also anticipated to be influenced by demographic and transport changes that may eventuate over the coming decade, see section 1.1. Apart from the likely impact of new subdivisions (North & South West parts of Christchurch), the localised nature of the changes are difficult to predict. This requires ongoing monitoring in relation to the network and building capacity to match demand. Demographic change will result in design and operational developments to cater to the needs of older adults.

Betterment / Aspirational Re-themeing of facilities combined with asset repair and renewal cycles will enable best practice application of technology and operational improvements in response to evolving recreation and sport activity behaviours and preferences.

Summary The number of community facilities owned by Council is likely to decrease over the next ten years by about a third. Some facilities can not be repaired or are not economic to repair. Others will have exceeded their useful life or are no longer needed. Council may decide to sell or gift facilities to others who are in a better position to own and operate. In many cases Council provision will not be necessary due to alternative community provision nearby.

7 Review of cost-effectiveness - infrastructure delivery

The Local Government Act requires local authorities to review the cost effectiveness of current arrangements for delivering infrastructure. The same criteria and options as defined in section 5 above apply (*Review of cost effectiveness - regulatory functions and service delivery*).

Replacements and Renewals of Community Facility Infrastructure

Current Arrangements			
Governance	Funding	Delivery	Estimated Cost
CCC	CCC,	CCC review of City Care FM contract	\$50,000

Arrangements that cannot reasonably be changed in next two years			
Governed by Legislation	Contract or binding agreement	Not cost effective to review	Option
	FM Contract with City Care Any long term facility maintenance contracts bundled with the procurement	Not cost effective outside the expiry of each contract.	On going review on the most effective procurement option prior to the commitment to each facility and on expiry of FM contract Option 5

Procurement of new Community Facility Infrastructure (Section 12 of this plan)

Current Arrangements			
Governance	Funding	Delivery	Estimated Cost
CCC, and partner organisation (if any)	CCC, and partner organisation (if any)	In house and various contractors – competitive tendering	\$20,000

Arrangements that cannot reasonably be changed in next two years			
Governed by Legislation	Contract or binding agreement	Not cost effective to review	Option
	Some existing leases		On going review on the most effective procurement option prior to the commitment to each facility. Option 5

8 Significant Effects

The significant negative and significant positive effects are listed below in Tables 8-1 and 8-2 respectively.

Table 8-1 Significant Negative Effects

Effect	Council's Mitigation Measure
Facilities captured by user groups if managed through the community.	Use management agreements, pricing policy and conditions of leases to ensure equitable access. Audit accessibility as a condition of operation and/or funding,
Perception of Council withdrawing services if number of Council owned facilities declines	Promote alternative local facilities not owned by Council, possibly a city wide guide to community facilities. Continue capacity building in local communities to develop alternatives and sustainably use the facilities already available.

Table 8-2 Significant Positive Effects

Effect	Description
Well utilised network of community facilities.	A sustainable and well utilised network of community facilities including halls, community centres, community cottages, facilities for childcare and early learning, and facilities for voluntary libraries provided to enable a range of social, educational, cultural and recreational activities and services across the city.
Non-Council network thriving	Council facilities that effectively complement the non-Council network of facility provision, particularly where other organisations are unable to meet significant identified community need..
Community based management.	There is an increase in community based management of facilities with Council management the exception.
Local Access.	Leasing facilities for voluntary libraries and early learning allows the provision of some library and early childhood services in areas of Christchurch outside the reach of City Libraries and other providers.
Sustainable Network	Council's network of Community Facilities, leased Early Learning Centres and leased Volunteer Libraries becomes sustainable over time in terms of effective asset management and costing what Council can afford to pay.

8.1 Assumptions

Council has made a number of assumptions in preparing the Activity Management Plan.

Table 8-3 Major Assumptions

Assumption Type	Assumption	Discussion
Financial assumptions.	That all expenditure has been stated in 1 July 2011 dollar values and no allowance has been made for inflation.	The LTP will incorporate inflation factors. This could have a significant impact on the affordability of the plans if inflation is higher than allowed for. The Christchurch construction market is subject to high fluctuations and is difficult to predict and manage.
Asset data knowledge.	That Council has adequate knowledge of the assets and their condition so that the planned renewal works will allow Council to meet the proposed levels of service, except where there is un-assessed quake damage.	There are several areas where Council needs to improve its knowledge and assessments but there is a low risk that the improved knowledge will cause a significant change to the level of expenditure required. The exception to this is the damage to buildings of land as a result of the earthquake that is not yet ascertained.
Third Party provision.	That Council has sufficient knowledge of third party provision to inform this plan	Extensive work on third party provision was done in 2008. CERA have been developing a data base of facilities.
Timing of capital projects.	That capital projects will be undertaken when planned.	The risk of the timing of projects changing is high due to factors like resource consents, funding and land purchase. Council tries to mitigate these issues by undertaking the consultation, investigation and design phases sufficiently in advance of the construction phase. If delays are to occur, it could have significant effects on the level of service.
Third party funding of capital projects.	That the projects identified for subsidies will receive third party at the anticipated levels.	The risk of Council not receiving anticipated third party funding is high due to the post earthquake uncertainty in partner organisations and the declining availability of philanthropic funding.
Accuracy of capital project cost estimates	That the capital project cost estimates are sufficiently accurate enough to determine the required funding level.	The risk of large under estimation is high; however the importance is moderate as Council may choose to decrease the project scope, defer the project or not proceed.

9 Risk Management

At an asset group level (Level 2), Council has identified 5 extreme or high risks and has planned controls but even with the controls, they remain extreme to high. Council has decided to accept these risks, which are listed in Table 8-1.

Table 9-1 Significant Risks and Control Measures

Risk Description	Current Control	Proposed Control	Target Risk Level
Financial: Insufficient funding available to cover commitments.	Best practice budgeting and financial risk management.	Proactively review priorities and commitments and Council's ability to afford.	EXTREME
Deteriorating Asset Condition: The condition of many facilities is progressively deteriorating.	Reactive maintenance where resources allow.	Close of otherwise dispose of facilities. Move from reactive to planned maintenance.	EXTREME
Community Expectation: Community expectation on the quality and quantity of asset and service provision post quake is unrealistic.	Community consultation over levels of service.	Continue to engage and inform communities as new information becomes available. Honest conversations up-front on affordability.	HIGH
Lack of Robust Data and Benchmarking: User data collected is insufficiently accurate and complete to inform the management of the network	Limited, to staff collecting what they can as resources allow.	Establish user-friendly systems and enter data as it is initially processed. Establish effective benchmarking.	HIGH
Cost of Capital Projects: Unpredicted increase in the cost of capital projects renders them unaffordable.	Best practice project planning and increased funding for contingency and inflation.	Prioritise which projects to pause if absolutely necessary. Enhance value management.	HIGH

10 Improvement Plan

Three priorities for the improvement of this activity management plan includes:

- The measurement of facility usage in terms of the percentage of available time the facility is used, and the actual foot-count as detailed in table 2.1 of this plan.
- A reliable cost effectiveness measures around cost per user and/or cost per square meter of facility as detailed in table 2.1 of this plan.
- In investigation into Council's support of Early Learning Centres as detailed in table 2.1 of this plan.

Asset Management Planning at Christchurch City Council was last subject to an external peer review by Maunsell (Aecom) NZ Ltd in late 2007 with regard to compliance with both Audit NZ criteria for asset management and the requirements of the LGA 2002. The findings and suggestions were incorporated into the development of 2009 Asset Management Plans by the asset management team and either implemented or added to the Improvement Plan task lists (within that document).

A key focus during 2010 was planning for the implementation of Council's new Asset Management information System (AMiS). This was interrupted by the 2010 earthquakes and did not go live until 2012, with a de-scoped program.

The effects of the 2010 / 2011 earthquakes have largely superseded earlier priorities and improvement plans. It also necessitated a largely reactive response to earthquake and consequential damage, created fresh regulatory requirements and forced the closure of many facilities. It abruptly interrupted and changed demand factors and this area still remains somewhat dynamic. Insurance discovery phases, negotiations and delays have resulted in the deferral of normal planned works programs. The focus on earthquake related matters also compromised normal business processes and planning.

Unplanned failures and other asset performance issues are occurring due to damaged buildings and 4 years worth of deferrals. This is likely to be compounded by further program delays and financial constraints.

No formal network plans exist for Early Learning Centres or Voluntary Libraries. A network plan was developed for Community Facilities in 2007, as part of the Strengthening Communities Strategy. The subsequent implementation plan was commenced but this was interrupted by the 2011 earthquakes. A revised Community Facilities Plan is currently under way.

A program of inspections by asset management and operational staff occurred between January and June 2014. This considered asset condition as well as the priority, timing and high level scope of works for contract maintenance and the planned operational and capital renewal projects. This has been used to inform the provisional LTP budget profiles shown in sections 6 and 11.

This works program takes into account where possible the Facilities Rebuild Team's (FRT) program of repairs and strengthening, that span the next 3 to 5 years. However, in many cases insufficient detail is available to determine the extent of any overlap between the separately funded strengthening works, insurance funded works and the normal renewals and planned operational projects. The FRT focus on prioritised work packages and those that sit later in the program have less supporting information.

The resolution of insurance claims is central to funding issues and the program and viability of works could be affected if insurance proceeds are substantially less than forecast. A focus on data and information integrity will be key Improvement Plan tasks over the next few years along with the alignment of FRT and normal BAU works programs.

The willingness of Christchurch residents to bear significant rates increases is generally accepted as being low. With significant financial pressures emerging for Council, its operating costs and the planned works program are likely to come under increasing scrutiny. An asset disposal strategy is currently being contemplated however if this is not implemented it is anticipated that normal levels of service to the public from the Community Facilities activity will need to be reduced, along with the standard of asset maintenance and performance. Preliminary implications of this are discussed later in the Activity Management Plan however, anticipating and understanding these implications is likely to be a focus of the Improvement Plan (currently being prepared).

The impact of the earthquake on the nature and location of Community Facilities customers is starting to emerge however demographic changes are likely to remain volatile for some time. Planning for new

Community Facilities may need to remain agile in relation to new information and emerging trends and it is anticipated that this area of demand forecasting will need to be a focus within the Improvement Plan.

The documentation of Asset Management Plans for facilities including the Improvement Plan is planned for late 2014 and early 2015. These will be in a draft format prior to being finalised, following the sign off of the LTP in late June 2015.

An external peer review of Council's asset management practices and the draft plans is scheduled for the second quarter of 2015. The objective is to amend, refine and prioritise the Asset Management Plan's and the Improvement Plan as required.

11 Operations, Maintenance and Renewals Strategy

Planning for operations, planned preventative maintenance and projects (capital and operational) is now provided by the Recreation & Sports Unit staff in tandem with the Property Asset Management Team, a shared COO resource. All planning is considered in light of desired 'levels of service' and strategic direction, as well as wider parameters and directions advised by Council.

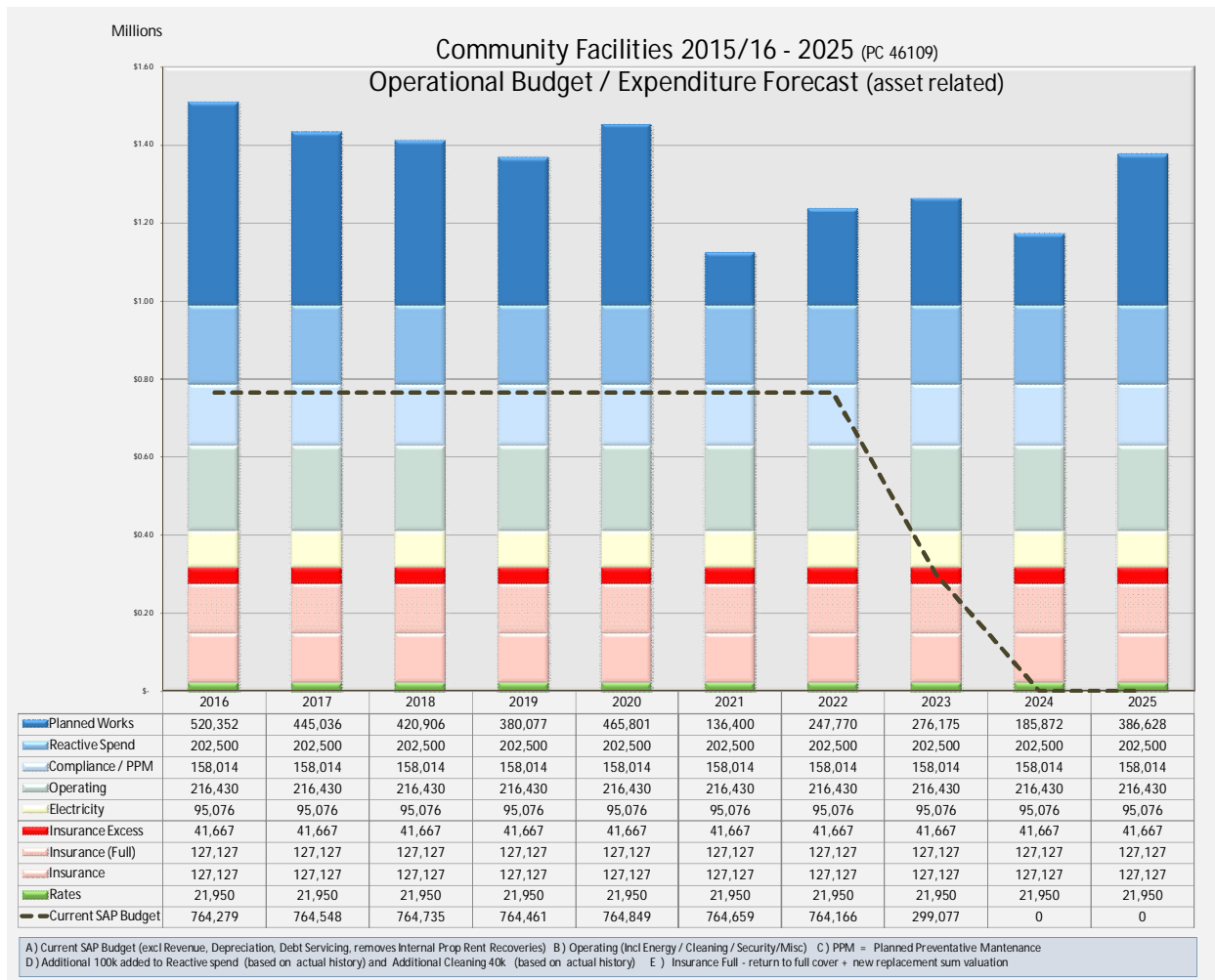
11.1 Operations and Maintenance

Over time a range of operational models have been put in place to operate community facilities, leased early learning centres and voluntary libraries. These include competitively tendered management contracts, leasing facilities, subsidising third party community based organisations to provide, in house operation, partnerships and supporting community organisations to deliver. Operating models are under continual review as identified in section 5 of this Plan.

The governance and specification of facility maintenance is delivered in house. The delivery is contracted out as part of a wider Facilities Maintenance contract. This allows for a series of scheduled and planned preventative maintenance through a general contractor and specialist subcontractors. Reactive maintenance is managed in a similar fashion. All asset data is captured, analysed and used to drive future performance.

Graph 1 (below) shows the 10 year forecast for operating expenditure normally required to run community facilities sites (excluding Early Learning Centres and Voluntary Libraries). This is based on historic data and reasonable asset management principles.

It does not include operational costs associated with new or replacement buildings as these costs are allowed for in the CPMS bid for each building. The commencement dates for increased operating costs will move if start dates for these projects change.



Graph 1 – Recommended 10 year Operating Profile contrasted with the Budget Cap 2015/16 – 2021/22

The forecasts are based on 2015 \$ with a modest allowance for inflation for construction related spend.

Overlaid on this 'recommended' profile is the budget cap for Community Facilities, reflecting the 2014/15 budget currently shown in SAP. Council and Council's senior management have advised that existing budgets need to be reduced to delivery operational savings of 2% per year for the next 3 years. Clearly a tension between anticipated operating costs and what has been deemed affordable.

The gap in funding indicated by the above analysis equates to approximately \$500,000 per year. Average annual costs for the 3 open Voluntary Libraries (\$65,000) and Early Learning Centres are not covered.

The indicative annual costs of operating Community Facilities currently open can be split into suburban facilities (\$100,000), large neighbourhood (\$55,000) and small neighbourhood facilities (\$20,000 - \$30,000).

Analysis of Operating Costs

Holding costs such as rates and insurance have historically shown some upward volatility. Based on the last annual plan rates are forecast to rise above normal CPI & CGPI. Historically these increases have added to pressures on maintenance funding.

Current insurance premiums provide only partial cover and are based on historic replacement cost allowances. A significant increase in premiums is likely following a return to full replacement cover for libraries and the revaluation is also likely to increase premiums. A provisional increase of 50% has been allowed in the budget forecast. Options of self insurance exist but a formal strategy around Council's approach has not yet been agreed.

The current insurance cover also includes a much higher excess than in the past (it was \$5,000 per event but is now \$100,000). This exposes the Community Facilities service to the risk of considerably higher reactive spend than normal. Considering the history of pre-quake insurance claims an average allowance of just under \$40,000 has been made.

Electricity equate to just under \$100,000 per year but this only relates to the facilities Council currently manage themselves. Other operating costs average just over \$200,000 per year and have been grouped in to include cleaning, security and a raft of smaller cost areas. Again, this primarily relates to facilities managed by Council.

Analysis of Maintenance Costs

Compliance and preventative maintenance costs for buildings are grouped in Graph 1 along with grounds maintenance. A number of mandatory costs exist associated with buildings that need a warrant of fitness (BWoF) as well as other health a safety checks and procedures. Regulations and legislation change on a regular basis and costs have historically risen above CPI and CGPI indices as a result. Over recent years budgets for planned preventative maintenance and grounds maintenance have been cut back to a bare minimum. Very few opportunities exist to reduce expenditure further without noticeable effects beginning to occur. These are discussed later.

Reactive maintenance is well above historic levels due to the deferral of planned works and renewals over the last 4 years. Some Community Facilities have also incurred much higher wear and tear over recent years as a result of closures. Efforts have been made to limit reactive maintenance to addressing health and safety issues, keeping buildings open and weather tight. The Facilities Rebuild program of works mean many planned projects and renewals are on hold and the deferral of these works is likely to add more pressure to reactive maintenance issues. As a general guide reactive works are more expensive than those planned in advance.

Planned operational projects include works such as exterior timber staining and exterior painting programs - every 10 to 12 years depending on substrate materials. Regular painting or treatment of the exterior fabric protects the substrate from degradation and helps avoid leaks. Over the long term this can save significant sums by prolonging the life of the asset. Interior painting cycles have a driven more by aesthetics and customer expectations. Planned operational projects are coordinated where possible with capital renewals to reduce the impact on customers and obtain cost savings e.g. by sharing scaffolding costs. Compliance upgrades associated with accessibility, fire and safety along with functional issues with toilets and kitchens also tend to trigger associated operational works.

Modest allowance have been made for construction related inflation in the forecast. The FM contract has sheltered Council from the direct impact of market pressures in the construction industry however ultimately material and labour cost increases have to be passed on. Recent changes to the Health and Safety legislation are also anticipated to add significantly to the cost of both reactive and planned maintenance.

Non-controllable Costs

In addition to the direct property related expenditure discussed above Community Facilities have 'non-controllable' costs such as depreciation, overheads and debt servicing associated with the portfolio. An asset revaluation is immanent and this may increase the depreciation allowances further. These 'invisible' costs still contribute to the rates demand but are managed corporately. In year one this equates approximately \$1.1 million. Over the following 2 years this increases to \$1.3 million.

Increased costs associated with the earthquake are also covered under this part of the budget with allowance of \$2.6 million over the first 2 years of the LTP period.

Implications of the Budget Cap for Community Facilities

The Community Facilities recent operational budgets for facilities have been cut back to a bare minimum and the base 2014/15 budget provides the base for the first year of the LTP. The budget cap clearly shows that with holding costs and base operating costs at anticipated levels there is no funding available for any planned works like painting or reactive maintenance.

Many buildings need annual BWoF's or risk closure. Regular inspections, servicing and planned preventative maintenance will meet basic BWoF criteria however these tend to generate reactive and planned upgrades. Without funding to respond it is likely that buildings will fail their BWoF's and closures may result.

The lack deferral of planned works (over the next 10 years) would pose a significant risk to the operation of service and would certainly compromise the investment Council has in these properties.

Earthquake repairs and strengthening works managed by the Facilities Rebuild Teams are separately funded. However, experience to date shows funding from the Activity unit's operational (and capital renewal) budgets are often called on to pay for compliance upgrades and 'complete' the project to an acceptable standard. With no such operational funds available the FRT program may be affected and potential savings from scheduling and economies of scale may be lost.

The risks and implications associated with the reduced budget for Community Facilities sites are summarised further in appendix ... , under the following headings:

- reduced reliability
- reduced cost effectiveness
- Lost opportunities
- reduced availability
- Council & Christchurch Libraries reputation
- higher costs in the future
- scheduling and delivery issues
- earthquake response legacy
- inferior asset protection

Asset degradation, health and safety and compliance issues are all likely to result in unplanned urgent expenditure (e.g. water or sanitary services failures) and temporary closures. Customer experience and satisfaction is likely to suffer, not only from an aesthetic perspective but also from environmental conditions such as lighting, heating and air quality, as well as inconvenience due to unplanned closures.

Without adequate funding over the next few years it is highly likely asset performance problems and service failures will occur that pose a risk to facilities remaining open.

Options for consideration

Based on the above analysis there are three broad options to consider.

The first is retaining the historic level of service associated with library facilities by removing the budget cap currently proposed. If all Council activities applied a similar approach the impact on the rates demand would be significant.

The balance of savings could be spread across other parts of the library budget with funds moved instead to cover the operation of the facilities.

Alternately, a number of additional facilities could be permanently closed and a review of future development projects currently committed to could be undertaken.

11.2 Renewals

Assets are considered for replacement and renewal as they near the end of their effective working life or where the cost of maintenance becomes uneconomical and when the risk of failure of critical assets is sufficiently high. Assets are also considered for replacement when they have lost their customer appeal and new trends demand new facilities.

For most built assets, the main parameter that signals the need for renewals is the asset condition. Council utilise modelling software in conjunction with inspections and maintenance history to optimise the network renewals programme. For other assets, a combination of the condition, expected life and engineering judgement is used to programme renewals.



Graph 2 – Recommended 10 year Capital Renewal Profile contrasted with the Budget Cap 2015/16 – 2022/23

Replacement of exterior cladding such as roofs and gutters is required over the 10 year LTP period. The scheduling of carpet replacement and fit-out works are heavily influenced by the timing of FRT repairs and strengthening. To some degree carpet and fit-out works are influenced by aesthetics and customer expectations as opposed to compliance or asset protection.

Replacement of services and equipment, in particular heating, ventilation and cooling (HVAC) is due over the 10 year LTP. With a 20 to 30 year lifespan much of this equipment is now suffering from functional obsolescence, wear and tear and the poor availability of parts and servicing. In some cases this is prompted by compliance issues or rising reactive maintenance costs. The proposed works program seeks to respond to these issues and risks to avoid service failures.

The planned renewals works program has in effect been on hold for 4 years while damage and strengthening assessments have been completed and insurance negotiations have been held. Until a detailed scope of works is finalised by FRT for each site it is difficult to identify what renewal components (or parts thereof) are covered by insurance funded FRT works. In the interim renewals have been provided for with the BAU renewals profile shown above. These funds may be called on where an FRT project involves work that overlaps normal renewals.

The insurance position still remains uncertain and in some cases strengthening works and other FRT projects still need design and cost estimates to be completed. These all have an effect on the logical timing of renewals and this may result in works being rescheduled as the FRT program is confirmed and / or refined.

Optimised renewal decision making has been compromised by both the FRT as well as a lack of clarity over the anticipated economic life of the Community Facilities buildings. This is discussed further under the Asset Infrastructure Strategy (section 7).

12 Key Projects

Table 12-1 details examples of key capital and renewal work programmed for years 2015 to 2025.

Table 12-1

Project Name	Description	Year 1 (\$)	Year 2(\$)	Year 3 (\$)	Years 4-10 (\$)	Project Driver

Note: G = Growth, LoS = Levels of Service, R = Renewal

1 See Appendix F for a full detailed list of new capital works projects driven by growth and / or an increase in level of service.

2 See Appendix I for a full detailed list of renewal projects.

13 Summary of Cost for Activity

Figure 13-1

RESILIENT COMMUNITIES - COMMUNITY FACILITIES	Funding Caps in 2015/16 Dollars				Funding splits exclude EQ Costs from all calculations					
	2014/15 Annual Plan	2015/16	2016/17	2017/18	Funding - User Charges	Other revenue	General rate	Targeted rate	Period of Benefit (years)	Comments
	000's									
Operational Budget										
Community Facilities Provision, Prtnrshp	1,190	1,208	1,113	1,017						
Early Learning Centres Leased Facilities	54	53	52	51						
Activity Costs before Overheads	1,244	1,261	1,165	1,069						
Earthquake Response Costs	1,591	1,628	972	-						
Corporate Overhead	105	107	103	95						
Depreciation	723	811	846	879						
Interest	124	188	252	308						
Total Activity Cost	3,788	3,995	3,338	2,350	20% Some	0%	80% Majority			
Funded By:										
Fees and Charges	527	475	475	475						
Grants and Subsidies	-	-	-	-						
Earthquake Recoveries	1,064	1,095	547	-						
Total Operational Revenue	1,591	1,570	1,023	475						
Net Cost of Service	2,196	2,425	2,315	1,875						
Funded by:										
Rates	1,669	1,892	1,890	1,875						
Earthquake Borrowing	527	533	425	-						
	2,196	2,425	2,315	1,875						
Capital Expenditure										
Earthquake Rebuild										
Renewals and Replacements										
Improved Levels of Service										
Additional Demand										

