



**Date:** Thursday 14 August 2014  
**Time:** 1.30 pm  
**Meeting Room:** Reception Lounge  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

---

## **Budget Committee**

# **OPEN MINUTE ITEM ATTACHMENTS**

---

<b>ITEM</b>	<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>9</b>	<b>Adoption of amendment to the Local Boards Funding Policy</b>	
	A. Amendment to the Local Boards Funding Policy	3



## Amendment to the Local Boards Funding Policy

The following sections will replace sections 1 to 4<sup>1</sup> of Chapter 10 of the Long-term Plan 2012-2022, Local boards funding policy.

### 1. Purpose/Introduction

The Local boards funding policy sets out how local boards are funded to meet the costs of:

- providing local activities
- administration support.

The amendments to the policy will come into effect from 1 July 2015 and do not change how administration support is funded.

### 2. Background

Auckland Council's 21 local boards have decision making responsibility for local activities. The full list of local activities is set out in the Allocation of decision making in the long-term plan.

They include amongst others:

- local recreation services eg: swimming pools
- local libraries
- local parks
- local events
- local community development.

This amendment splits funding for local activities into two parts based on the nature of the service provided and the allocation of decision making between the Governing Body and local boards. The two classifications of activities are set out in the table below.

Nature of service	Nature of local board decision making role*	Examples of activities
Asset based services	Make decisions within parameters set by the Governing Body	Swimming pools, Libraries Local parks
Locally driven initiatives	Make decisions on how locally driven initiative funding allocated from Governing Body is spent	Local events Local community grants

\* Local boards make decisions on specific location, design, and build of new facilities, service standards, and renewals, within parameters set by the governing body. Local boards also decide on use of facilities, including change of use and leases. Local board's decision making is set out in full in the "Allocation of decision making responsibility for non-regulatory activities" on page 4 of Chapter 1 of Volume Three, "Financial information, policies and fees" of the Long-term Plan 2012-2022.

Local boards have decision making responsibility for fees and charges for both asset based services and locally driven initiatives within any parameters set by the Governing Body. For example, local boards can set the fees for adult entry to swimming pools but may not charge for the entry of children, under 16.

<sup>1</sup> Except for Section 4 with respect to Funding allocation for administrative support, Funding allocation for non-dedicated purposes and Funding sources for funds allocated for local activities.

How local asset based services, locally driven initiatives and administration support, will be funded is set out below.

### 3. Funding for local asset based services

Local asset based services will be funded by:

1. fees and charges collected from local asset based services for base fee levels set by the Governing Body
2. plus any other revenue including grants, donations, and sponsorships
3. plus any revenue from a targeted rate set to fund local asset based services
4. plus general rate funding to meet the balance of costs for providing the services levels set by the Governing Body in the long-term plan for local asset based services being provided to each local board area.

### 4. Funding for locally driven initiatives

#### 4.1. Funding sources

The amount of budget available to each local board for locally driven initiatives is determined by:

1. fees and charges collected from locally driven initiatives
2. plus revenue from fees and charges for local asset based services in excess of that projected by the Governing Body where the local boards sets higher fees, (see section 3 above)
3. minus revenue from fees and charges for local asset based services below that projected by the Governing Body where the local boards sets lower fees, (see section 3 above)
4. plus any revenue from grants, donations, and sponsorships
5. plus any revenue from a targeted rate set to fund local activities in the local board area
6. plus an allocation from a budget pool for locally driven initiatives funded from the general rate.

#### 4.2. Level of total budget available for locally driven initiatives

The total general rates funded budget available for locally driven initiatives will be set by the Governing Body and will be identified in the long-term plan or annual plan.

#### 4.3. Allocation of total budget pool

Each local board will be allocated a share of the total budget available after deducting the funding for the Great Barrier Island Local Board and the Waiheke Island Local Board, see section 5 below. Each local board's share of the budget will be equivalent to its share of the regional population adjusted for deprivation<sup>2</sup> and land area, excluding Great Barrier Island and Waiheke Island. This is set out in the table on the next page.

---

<sup>2</sup> Population will be adjusted annually based on revised estimates from Statistics New Zealand.

Factor	Proportion of total general rate funded locally driven initiative budget	Local board share
Population*	90%	Local board population divided by the total population of all local boards***
Deprivation**	5%	Average local board deprivation divided by the total of the average deprivation of each local board***
Land area	5%	Local board land area divided by the total land area of all local boards***

\* adjusted each year to reflect changes in population estimates provided by Statistics New Zealand

\*\* based on the most recently available update of the Index of Deprivation provided by the Ministry of Health

\*\*\* excluding Great Barrier Island Local Board and Waiheke Local Board

### 5. Funding for Great Barrier Island Local Board and Waiheke Island Local Board

The amount of budget available for locally driven initiatives on Great Barrier Island and Waiheke Island is determined by:

1. fees and charges collected from locally driven initiatives
2. plus revenue from fees and charges for local asset based services in excess of that projected by the Governing Body where the local boards sets higher fees, (see section 3 above)
3. minus revenue from fees and charges for local asset based services below that projected by the Governing Body where the local boards sets lower fees, (see section 3 above)
4. plus any revenue from grants, donations, and sponsorships
5. plus any revenue collected from targeted rates set to fund local activities
6. plus a general rates allocation

General rates funding will be provided to meet the balance of the costs of providing locally driven initiatives on Great Barrier Island and the Waiheke Island. This will be based on the expenditure on these activities agreed with the Governing Body in their local board agreements each year net of revenue generated from the items in 1 to 5 above.

### 6. Transition

The table below sets out the transition mechanism that will be applied each of the three years from 2015/2016.

Local boards funded less than their allocation under the formula	Local boards funded above their allocation under the formula
Locally driven initiatives budget will be increased in equal steps so that the local board is funded to the level of the allocation formula after 3 years	Locally driven initiatives budget will be held at its current absolute level (no increases for inflation)

The table below sets out the transition mechanism that will be applied from 2018/2019 onwards.

Local boards funded to the level of the allocation formula	Local boards funded above their allocation under the formula
Increases in the total budget for locally driven initiatives budget will be applied as per the formula	Locally driven initiatives budget will be held at its current absolute level (no increases for inflation) until it is exceeded by the allocation under the formula

**7. Definition of local asset based services and locally driven initiatives**

The Governing Body, after considering local board feedback, will determine which services are local asset based services and locally driven initiatives when the total budget for local activities is set.