



Report To: Regional Council
Meeting Date: 02 November 2017
Report From: Mary-Anne Macleod, Chief Executive

CouncilMark™

Executive Summary

Local Government New Zealand (LGNZ) CouncilMark™ is a programme that was launched in August 2016 and so far 18 foundation councils across New Zealand have participated. LGNZ has called for registrations of interest for the second and third year of CouncilMark™, the closing date for registering an expression of Interest is the 8th of November 2017.

The LGNZ CouncilMark™ programme is designed to improve the public's knowledge of the work councils are undertaking in their communities and to support individual councils to further improve the services and value they provide. The programme has an independent assessment system and councils receive an overall performance rating and commentary against 4 key priorities.

Under the Governance and Leadership category of the assessment, staff and the community will feedback on Councillors performance if Council commits to the programme. The ratings are in place for three years and it is expected councils will act on the recommendations of the assessment, and engage with their communities on the issues that matter locally and implement an action plan to deliver on these recommendations.

Participating in the Local Government Excellence programme demonstrates council's commitment to continuous improvement, transparency and demonstrating the value Bay of Plenty Regional Council (BOPRC) provides to the community. The programme provides an opportunity for assessment across our sector and complements our existing internal improvements initiatives and Internal Audit Programme.

Staff's recommendation is, if Council decides to participate in the programme it participates in year 3. Year 2 conflicts with the engagement and consultation timing for the 2018 – 2028 Long Term Plan (LTP).

Recommendations

That the Regional Council:

- 1 Receives the report, CouncilMark™;**

2 That Council does not register for year 2 of the programme but indicates an expression of interest for participation in Year 3.

1 Background

Local Government New Zealand (LGNZ) has embarked on an excellence programme, CouncilMark™ is designed to improve the public's knowledge of the work councils are doing in their communities and to support councils in continuous improvement to improve the value they deliver to their communities. CouncilMark™ will encourage councils to consider improvements in growing a culture of performance and includes a strong focus on governance, fiscal strength and financial management. The four Programme priorities and components that make up a councils CouncilMark™ rating are as follows:

- **Governance, leadership and strategy** – how councils set the direction for their community, and make and oversee decisions.
- **Financial decision-making and transparency** – how council finances are decided and allocated;
- **Service delivery and asset management** – what assets are infrastructure councils own and operate, how efficiently and effectively these assets are used, and what service they provide.
- **Communicating and engaging** – how councils involve their residents, businesses and communities.

Eighteen councils from around New Zealand signed up as Foundation Councils to be the first councils to go through the assessment programme including two Regional Councils; Waikato Regional Council (WRC); Greater Wellington Regional Council (delayed due to earthquakes) and also one Local Council in the Bay of Plenty; Whakatane District Council (WDC). Waikato Regional Council and Whakatane District Council assessment reports are included as appendices.

Local Government New Zealand are now seeking participating councils for years 2 and 3 of the programme (2017-2019). Registrations of interest close on Wednesday 8th of November 2017. Should Council sign up to year 2 of the programme the assessment rating process would commence March 2018. If Council signs up to year 3 of the programme the assessment rating would commence in July 2018 to March 2019. It is important to note year 2 of the programme conflicts with Council's Long Term Plan engagement and consultation process for 2018 – 2028.

2 The Assessment Process and Outcomes.

The programme incorporates an independent assessment system to assess how councils are performing and the value they are delivering. It employs expert independent assessors across the four priority areas outlined above, who report to an independent assessment board responsible for the programme's assessment system and prepare a final report and CouncilMark™ rating. Those ratings are detailed below.

CouncilMARK™ rating	Interpretation
AAA	Highest possible rating. Exemplary across all priority areas, a leader in the sector. Strongest capacity to meet its community's needs and expectations. Innovative and setting or exceeding best practice.
AA	Strong grades in most priority areas.
A	Some clearly identifiable areas of strength and leadership.
BBB	Some areas of strong performance and competent generally.
BB	Competent in all priority areas or alternatively, performing very well in some priority areas but underperforming in a number of other priorities. Good capacity to meet its community's needs. Balances short and long-term priorities.
B	Areas of improvement identified in one priority area.
CCC	Areas of improvement in two priority areas.
CC	Areas of improvement or underperforming in more than two priority areas.
C	Underperforming across the board. Council not well aligned with community's needs and expectations. Lack of coordination between elected members and staff and misalignment across business units.

The assessors undertake an onsite assessment of the Council over 2 days following the completion of a self-assessment process by staff. The onsite assessment comprises sessions with some council members, the Executive Leadership Team, and key managers and team leaders. In addition there are key stakeholder sessions undertaken. These stakeholder sessions include: iwi, the community, business and local territorial authority partners.

Post the onsite assessment the independent assessors develop a draft assessment report which is reviewed by Council. The assessors and the independent board review Council's feedback, finalise the assessment report and assign the Council an overall CouncilMark™ result and a result for each of the four priority areas. Below you will see in the first table Waikato Regional Council's assessment outcome against each priority area. The second table is Whakatane District Council's assessment outcome.



Governance, leadership and strategy	Financial decision-making and transparency	Service delivery and asset management	Communicating and engaging with the public and business
Better than competent	Standout	Performing well	Better than competent



Governance, leadership and strategy	Financial decision-making and transparency	Service delivery and asset management	Communicating and engaging with the public and business
Variable	Competent	Competent	Better than competent

Post the receipt of the overall performance assessment rating and commentary on their performance which identifies areas for improvement. It is then up to each council to review their results, develop an action plan and engage with their communities on the issues that matter locally. The opportunity to track progress from the initial benchmark rating is every three years and thus the CouncilMark™ issued by LGNZ will be attached to the council for three years.

Council has contacted both Waikato Regional Council and Whakatāne District Council to ascertain their experience with the process, they have advised that non-quantifiable comments from staff and the community sessions were taken as fact by the assessors and included in the report with no quantifiable evidence. These conclusions were appealed at the draft report stage of the process. Feedback from other councils is that the assessment panel will not change their report without factual evidence and in the case of one council approximately 50% of their 7 page appeal was accepted. As an example on page 6 of the Whakatāne District Council report the following heading under the Governance, leadership and strategy, an example provided by WDC was “Councillors are functioning well in some areas. A formal evaluation of their performance would assist in identifying areas for improvement which, once acted on, should lead to a higher-performing council.”

3 Cost

The cost of assessment to council covers:

- The cost of the assessor’s time on site at each individual council;
- The tasks involved with preparing each assessment report; and
- The necessary disbursements for assessors travelling to each participating council.

The cost of engaging LGNZ to undertake the assessment will be approximately \$25k.

The above cost does not include the costs of Councillor and staff time along with any disbursements to community groups if applicable. WRC and WDC both stressed the importance of committing resourcing up front and having a dedicated senior manager to project manage the process; 0.5 FTE for three months plus administration support. Given staff and Councillor Commitment to the LTP in the first half of 2018 it would be

likely that external resourcing would be required to project manage the assessment process. As the assessors are only on site for two days the criticality of the pre-assessment and the education of the assessors as to the functions of a regional council are critical to ensure an assessment is received that reflects a true and fair view of the Councils performance and activities.

4 Council's Accountability Framework

4.1 Community Outcomes

This project contributes to the “how” Council undertakes it's activities. As a benchmarking exercise it looks at Efficiency and Effectiveness, Community Engagement, Good Governance and Financial Management.

4.2 Long Term Plan Alignment

This work is not planned under the Current Annual Plan (AP) or LTP and would require approval by Council as an exception to budget if delivered in the current AP or an addition to the 2018 – 2028 LTP if undertaken in Year 3.

James Graham
General Manager, Corporate Solutions

for Chief Executive

31 October 2017

WE ARE.



Making our
communities better



Waikato Regional Council

Independent assessment report | October 2017*

An independent assessment report issued by the Independent Assessment Board for the CouncilMARK™ local government excellence programme. For more information visit www.councilmark.co.nz



* Period of Assessment: March 2017



A measure for better community value.

Assessment Summary

AT A GLANCE



The Waikato region's natural environment supports its people, culture and economy and is the fourth largest region in the country.



LARGE METRO

SMALL METRO AND LARGE PROVINCIAL

SMALL PROVINCIAL AND RURAL

REGIONAL



The current situation

The Waikato Regional Council is performing well in most assessment areas. The Council's performance has improved over the past three years, and is widely regarded as a more effective organisation compared to when it was Environment Waikato. The Council faces a complex set of economic, environmental and social issues, which it treats as interrelated principles.

The Waikato region contains around 10 per cent of New Zealand's population, and its largest river and lake. Its population is diverse and growing.

The Council has generally constructive relationships with the other councils in the Waikato region, and with stakeholders. These relationships have enabled the Council to show leadership and innovation in major policy and collaborative areas.

Period of assessment

The assessment took place on 6 and 7 March 2017.



\$43,350

GROSS DOMESTIC
PRODUCT PER CAPITA¹

SERVES

403,638

PEOPLE², A MIX OF
77.4% EUROPEAN/PAKEHA
21.9% MĀORI
6.9% ASIAN
3.8% PACIFIC



POPULATION TREND
GROWTH

MAKES UP

9.327%

OF NEW ZEALAND'S TOTAL LAND AREA³
REPRESENTING **WAIKATO REGION**,
FROM THE BOMBAY HILLS IN THE
NORTH, SOUTH TO MOKAU ON THE
WEST COAST, AND COROMANDEL ON
THE EAST COAST AND SOUTH TO MT
RUAPEHU AN AREA OF:

23,902 km²

RESPONSIBLE FOR
4,400km
RIVERS⁴ AND
620km
STOPBANKS



Key learnings

Collaboration enabled by councils and led by communities can generate consensus to own and address local issues. The Council has shown a high degree of innovation, leadership and trust in its regional communities to successfully consult and empower the Council to make a plan change to improve the health of New Zealand's largest river, the Waikato River.

Implementing this change presents the Waikato region, its councils, communities, stakeholders and the Waikato Regional Council with a major environmental, economic, cultural and community opportunity. Any changes have to also account for issues of affordability across the region, ongoing public support and adequate resourcing by the Council.

The Council has the benefit of a strong financial position and generally positive stakeholder relationships to make progress on major initiatives. It has broad strategic ambitions. The Council's proposed *Healthy Rivers* plan demonstrates the wisdom of trusting regional communities and stakeholders, supported by

the Council, to enable policy changes. The challenge remains how well the Council can implement significant change across the region that is acceptable and achievable.

The Waikato Regional Council is one of only two councils in New Zealand who have Māori seats, and this greatly assists collaboration. The establishment of Māori seats is a key mechanism to facilitate Māori participation in Council business. The Council also has co-management arrangements between Iwi and the Council, and agreements and committees that determine the way they work together, for example on *Healthy Rivers*.

¹ MBIE 2016

² Stats NZ Census 2013

³ DIA 2013

⁴ Above 4th order

Assessment Summary

continued...

OVERVIEW

Waikato Regional Council demonstrates competency and leadership in delivering its core functions and addressing a range of regional issues. The Council has wide environmental, economic and social responsibilities, and in general it collaborates well with stakeholders to achieve its strategic outcomes. While areas for improvement have been identified, the Council’s overall performance is good.

RATING



Findings



AT THE START OF ITS NEW TERM, THE COUNCIL HAS A STRONG AND CLEAR STRATEGIC DIRECTION WITH SPECIFIC AIMS. THE COMMUNITY HAS NOT BEEN CONSULTED ON THESE AIMS, BUT THE COUNCIL WILL BE MAKING THEM PART OF ITS CONSULTATION ON THE 2018-28 LONG TERM PLAN. THE AIMS WILL BE INCLUDED IN THE PERFORMANCE AGREEMENTS FOR THE CHIEF EXECUTIVE AND MANAGEMENT.



THE COUNCIL IS LED BY A CHAIR AND A CHIEF EXECUTIVE WHO EMBODY THE COLLABORATIVE APPROACH TO COUNCIL PRACTICE. THIS HAS RESULTED IN IMPROVED AND GENERALLY POSITIVE RELATIONSHIPS WITH STAKEHOLDERS, AND IN SUCCESSFUL POLICY INITIATIVES. STRONGER COLLABORATION BETWEEN MANAGEMENT AND STAFF IS REQUIRED, HOWEVER, THERE IS AN OPPORTUNITY TO FURTHER IMPROVE CULTURE WHICH THE COUNCIL IS SUFFICIENTLY RESOURCED AND SELF-AWARE TO ADDRESS



THE NEW COMMUNICATIONS STRATEGY ADDRESSES THE NEED TO EXPLAIN TO DIVERSE SEGMENTS OF THE COMMUNITY, IN A MEANINGFUL AND RELEVANT WAY, WHAT THE COUNCIL DOES. THE SAME APPROACH IS REQUIRED FOR INTERNAL COMMUNICATIONS, SO THAT THE STAFF CAN BE THE COUNCIL’S CHAMPIONS.

Commonly used terms

Term	Definition
Asset Management Plan	A tactical plan for managing a council’s infrastructure and other assets to deliver an agreed standard of service.
Infrastructure	Local and regional roads, pathways and cycleways, flood protection, drinkingwater, wastewater and stormwater assets, sports and recreation facilities (parks, sportsgrounds, green spaces etc), community and tourism facilities (playgrounds, public toilets, libraries, museums, galleries and public art etc), town centres, and other facilities.
Local Government Act 2002	The legislative act that provides a framework and powers for councils to decide which activities they undertake and the manner in which they will undertake them.
Long Term Plan	The document required under the Local Government Act that sets out a council’s priorities in the medium to long-term.



Governance, leadership and strategy	Financial decision-making and transparency	Service delivery and asset management	Communicating and engaging with the public and business
Better than competent	Standout	Performing well	Better than competent

STRENGTHS

The Council uses a “holistic” policy perspective which integrates economic, environmental and social issues to achieve lasting outcomes across a range of challenging and complex regional issues.

The Chair and the Chief Executive have demonstrated collaborative leadership and innovative approaches in enabling the community to address potentially divisive regional issues.

The Council has a clear strategic direction which is supported by staff and largely supported by stakeholders.

The Council is acting to further partner with Iwi.

The Council is in a healthy financial position and has prudent financial and risk management practices.

There is a focus on planning processes and a clear line-of-sight within the Council towards the needs of the Waikato region.

Information available to stakeholders and the community is comprehensive and up to date.

The Council’s quality of service delivery and verification are noted by stakeholders.

The Council is a leader on regional matters and initiatives such as *Healthy Rivers* for the Waikato River, and creating New Zealand’s first marine spatial plan for the Hauraki Gulf in collaboration with Auckland Council.

Efficiencies are being achieved through shared services and shared operations.

The Council’s communications are focused towards its community, and it has a digital engagement strategy.

AREAS OF IMPROVEMENT

The Council should recognise the need to consult on its Strategic Direction and integrate it with its Long Term Plan.

The strategic outcomes sought must be tied closely to the key performance indicators for the Chief Executive and management.

The Council needs to mature relationships with some Iwi.

The Council would benefit from an independent stakeholder audit.

The Council must work with the other councils in the region so they are “on board,” and can afford to implement its initiatives (eg *Healthy Rivers*, “clean fires and clean air”).

To increase efficiency, the Council’s information technology (IT) systems and capability require rationalisation and improvements.

The Council should improve its workplace conditions and culture.

Internal and external communications should be targeted to specific audiences, and should clearly demonstrate how the Council’s work benefits the region and its communities.

Leading locally

Governance, leadership and strategy

The Council is performing competently particularly in areas of leadership and innovation. The Council is a leader on issues and services for the Waikato region. While it previously had a more antagonistic relationship with regional stakeholders, the Council now works with them to meet integrated economic, environmental and social goals. Greater regional coherence reflects the Council's adoption of collaborative governance, leadership and strategy with stakeholders, if not (yet) with the broader public. There is room for improvement in the Council's internal systems and its culture to support its improved external position.

Priority grading

Better than competent

< The Council has a focus on providing leadership in economic, environment and social change through effective working relationships and organisational management. >

Some opportunity exists for the Council to create greater inclusion in its objectives with external stakeholders.

Setting the direction for the community

The Council has broadened its strategic focus and priorities over the past six years, from being primarily an environmental regulator (formerly called "Environment Waikato") to promoting a sustainable future for its region. It has established a vision for its

region, "The Waikato cares locally, competes globally," and has three integrated aims to achieve this vision: healthy environment, strong economy and vibrant communities.

The Council's strategic direction, which is the primary driver of the Long Term Plan and the Council's work programme, is set at the start of each new term. At the time of the assessment, business, some Iwi (including co-governance partners) and councils across the region had seen the new strategic direction – but most Iwi and some stakeholders had not. Stakeholders and the community had no input into the strategy, which will be the prime driver for the Council's Long Term Plan. There will be consultation on the strategic direction as part of development on the new Long Term Plan, although the Council will have applied the strategy well before the Long Term Plan is approved and comes into effect.

There are several major plans and documents that relate to the Council's strategic direction – for example *The Waikato Plan* (a broad community-owned plan to advance the region's interests, agreed by the Waikato Mayoral Forum in February 2017), *Waikato Means Business* (a Council-initiated and community-owned plan to advance the region's economic future), the Waikato Regional Policy Statement and *Healthy Rivers* (a major consultation on a change to the regional plan). Councillors told the assessors that these plans may "morph into one" in the 2018-28 Long Term Plan.

Councillors have also said that, while they and staff understand the business they are in, the Council could be seen to be trying to be "all things to all people", which would perpetuate "vagueness"

about its role and function. Clarity of purpose will assist the Council in its consultation on the Long Term Plan, and further assist the Council on consultation and brand expression.

The Council places emphasis on achieving economic, environmental and social change, and has developed programmes to encourage behavioural change in areas such as water and air quality. It is not always clear whether the Council itself, or other councils in the region, are leading these programmes. Nor is it clear whether the other councils can afford to implement the programmes, such as *Healthy Rivers*. A clear definition of the purpose of these programmes would help stakeholders and the community better understand and value them.

Creating confident councillors

The information provided to councillors, both during the local body elections and as part of their induction, is generally successful in preparing them for their duties. It could, however, be more specific about councillors' time commitments. The Chief Executive held individual interviews with each new councillor, and this reportedly worked well.

Councillors do not assess their own performance, although they do decide on their own training. Councillors see value in self-assessment, particularly in relation to governance and in identifying areas for further training.

Some Councillors see the Council as a "slow wheel," with too many committees. They regard the information provided to them as "sufficient" (albeit sometimes too detailed). Councillors also believe that Council papers need to have much clearer definitions of "the problem" being addressed, and that reports should have less jargon and fewer acronyms.

Effective working relationships

Councillors reported a good working relationship with the Chief Executive, who had faced a difficult time in the previous term because of reported discord amongst some councillors.

Councillors felt there were "no surprises" from staff. However, they also saw the Chief Executive as facing an internal culture that was at times difficult. In the 2016 internal "climate" survey, 62.8 per cent of staff reported feeling "ambivalent", 18.1 per cent of staff "disengaged" and only 19.1 per cent of staff reported feeling "engaged".

Staff mentioned several examples of councillors allegedly interfering in operations, which (if it is true) would be in breach of the Council's code of conduct. There was frustration that the line between governance and operations was not always clear to councillors or respected by them. However, no complaints have been lodged to allege political interference in operations.

There is a general acknowledgement that the Chief Executive's key performance indicators need to closely relate to the strategic aims of the Council.

Managing the organisation

The Chief Executive has a commitment to continuous improvement, and councillors and staff acknowledge improvements since the fit-for-purpose internal review and restructure took place. There are regular third and fourth tier management meetings, and several initiatives by the Chief Executive (eg an "away day") designed to encourage a more coherent culture and a more efficient organisation.

Staff said that work priorities are not always clear and there can be a "disconnect between the executive team and work programmes." Some staff felt they had limited input into programmes that directly affect their work areas. Resourcing is also an issue, particularly for upgrading IT systems and servicing ambitious community-consultation programmes such as *Healthy Rivers*.

Strengthening risk management

The Council's finance, audit and risk responsibilities are split across two committees: Audit and Risk, and Finance. The Audit and Risk Committee is a full committee of the Council and has two independent members. This strengthens both its expertise and its transparency.

The Council maintains a risk register and there is a comprehensive list of risks, but it does not include the earthquake risk rating of the carpark building.

Strengths

The Council is a respected organisation, locally and nationally.

There are formal co-governance relationships with Iwi.

The Council's Audit and Risk Committee (which is separate from its Finance Committee) has two independent members which gives it external expertise and greater transparency.

The Council's strategic direction is set at the beginning of each new term, which provides certainty.

The Council's bold and collaborative approach to issues helps stakeholders and the community to "own" issues and solutions.

The Chair and the Chief Executive embody the Council's strategic direction and its collaborative approach.

Areas for improvement

The Council's decisions and what it does are not understood by most of its community. The Council should combine its different plans into a coherent Long Term Plan, with firm linkages between its work programmes and the region's needs.

The number of Council sub-committees should be reduced, and council work programmes should be aligned with the Council's strategic direction.

The Council would benefit from using an informal session of Council to discuss context for decisions, a common governance practice to improve decision-making.

Councillors need to undertake self-assessment and training, especially in relation to governance and identifying training needs.

Councillors must, in all instances, follow the Code of Conduct's separation of governance from operations.

The Council's earthquake-prone carpark building must be added to the risk register.

The Chief Executive's performance agreement needs to be closely aligned to the Council's aims, and contain key performance indicators that are measurable.

Workplace culture needs further improvement.

The use of jargon and acronyms in council reports needs to be considerably reduced, if not eliminated, and issues being addressed need to be more clearly defined.

Investing money well

Financial decision-making and transparency

Council finances and oversight of risk are in hand. The Council has no external debt and its investment fund is prudently managed and governed.

Priority grading

Stand out

< The Council operates few public utilities apart from bus services across the region. Regional public services include navigation safety, river management, flood protection, drainage, biosecurity, farm extension, road safety, waste minimisation and enviroschools. >

The Council is funded primarily from rates and charges, and has the benefit of an investment fund to draw upon (internal debt). There is full budgeting of all Council activities.

Assessing the financial data

The financial strategy is clear. Monthly financial reports to the executive leadership team and quarterly financial reports to councillors are simplified and contain clear graphics. However, uncompleted major projects are not clearly reported in annual reports. The Council budgets for its major initiatives, such as the support services it provides for the *Healthy Rivers* consultation.

Addressing financial risk

The Audit and Risk Committee has two skilled independent members to enhance transparency and to add to the overall capability of the Committee. The risk register is largely comprehensive, and is updated quarterly, although at the time of assessment, it did not include the Council's earthquake-prone carpark building as a risk issue.

There is general transparency of the Council finances.

The Council has no external debt. It operates an investment fund, with an independent agency (Mercers) providing advice and the Finance Committee overseeing the fund's performance. The full Council sets the fund's strategy. The Council could consider appointing an independent member to the Finance Committee, to improve transparency.

Strengths

The Council is in a healthy financial position, and its low increases in rates provide an incentive for cost-efficiencies.

The Audit and Risk Committee is a strength of Waikato Regional Council and the willingness to have independent members builds confidence and capability.

The Council's investment fund is managed prudently, with independent advice and governance oversight.

The Council uses simplified and graphic reporting that clearly shows trends and targets.

Areas for improvement

Uncompleted capital projects need to be fully reported in the Council's annual reports.

The Finance Committee would benefit from having an independent member who could contribute external expertise and enhance the Committee's transparency.

Delivering what's important

Service delivery and asset management

The Council's overall quality of service delivery generally responds to and in some cases anticipates needs. Given the range of councils in the region, and its size and the complexity of the broad issues addressed by the Council, the quality of planning and service delivery is generally of a high standard. The Council is active in leading regional initiatives, shared services and collaborations that have widespread benefits, providing they are affordable and achievable across the region.

Priority grading

Performing well

< Significant restructuring has resulted in a re-alignment across all areas of the Council. >

The Council's planning processes, as well as the information it makes available to stakeholders and the community, is comprehensive and up to date. There is verification of the quality of its service delivery, and the leadership role that Council takes on regional matters and initiatives is recognised and actively supported.

Planning and evaluating service goals

Community outcomes are well-integrated into the Council's strategic direction. These outcomes are driven by the Council's economic, environmental and social aims, which are determined through inputs such as legislation, national policy statements, regional and district plans, consultation, the community "satisfaction" survey and the stakeholder audit.

At the time of assessment, the community outcomes were in the process of being translated into key performance indicators, beginning with those for the Chief Executive, then cascading down to managers. A number of separate plans and strategies within the Council are now being rationalised and connected.

The Council uses formal "satisfaction" surveys to measure the experiences of stakeholders and the community. Understanding of "what the council does" has a low rating, but the Council's services receive higher ratings. The Council undertakes "customer journey mapping" and "net promoter score analysis."

Stakeholders such as the NZ Transport Agency (NZTA), the South Waikato District Council, Mighty River Power, the Matamata-Piako District Council and the Te Arawa Iwi Trust emphasised the work the Council has done with the region's economic development agency. They also cite the Regional Transport Committee as a good example of a forum where a range of stakeholders interact with the Council in a forthright and solution-focused manner. The *Waikato Means Business* plan demonstrates the Council's collaborative approach.

The Council's Integrated Catchment Management Directorate is well-resourced and capable. The integrated approach is evident in terms of the "healthy catchment lens" that this directorate operates under, as noted by stakeholders. An example is the collaborative and consultative approach between the Council and community, industry, individual land owners and Iwi, for example in the *Healthy Rivers* programme. All monitoring data is publicly available. Internal reviews of effective environmental monitoring and service delivery are regular and identify areas for improvement.

All staff have professional development programmes/plans that are reviewed annually as part of the staff performance evaluation process in order to further lift skills. A significant review of the Council's organisation structure was completed in 2014. In the period leading up to this review, staff turnover was relatively consistent, and it is now decreasing.

Staff are generally positive about the progress being made in restructuring the organisation. One particular issue being

addressed is having the organisation spread across seven sites in Hamilton. This will be addressed subject to a Council decision to approve the business case for change via the Long Term Plan (there is no formal property strategy), and the need to attract the necessary capability, particularly in the planning field.

Staff referred to the Council's internal systems as being "clunky" at times. For reporting, there are five core system applications used across human resources, payroll, finance and infrastructure. The Council needs to improve integration between systems which makes some reporting manual and time consuming.

Assessing service quality

Stakeholders report excellent interaction in service delivery reviews, and point to the Council taking up the region's surf rescue/lifesaving function as an example of the regional services funding mechanism administered by the Council. The Waikato's Local Authority Shared Services (LASS) works well, and there is co-ordination with other regions to identify other collaborative opportunities (eg with the Bay of Plenty's LASS). The Council's reviews under s.17A of the Local Government Act are well-planned and scheduled, and are focused on outcomes. The positive relationship with the Department of Conservation is evident. The Maritime Mate app is recognised by stakeholders as good practice and as a useful tool updated with regional maritime information.

Flood control schemes, including stop bank management (as principal assets owned by the Council) are sound, and the Council uses a number of nationally and internationally recognised infrastructure management processes to monitor and improve its performance in this area.

The Council has a good understanding of the region's transport requirements and manages these well. NZTA and other stakeholders see the Regional Transport Forum as a very useful setting for managing transport issues. There is a procurement strategy for public transport. All regulatory policies and plans are publicly available.

Planning, regulation and accountability

The Regional Policy Statement, Regional Plan, and coastal plans are integrated and aligned. Alignment with national plans and policy statements is sound.

Overall, environmental management of the Council is strong and highly regarded by stakeholders. There is a strong level of community and stakeholder collaboration on major environmental and social and economic issues.

The Regional Transport Forum and its working groups (SH1, SH29 and SH3) are supported by neighbouring councils.

IANZ, New Zealand's leading accreditation agency, has provided positive reports on the Council's building consenting processes. Compliance with consenting timeframes is measured at 99.7 per cent. In instances where there has been non-compliance with timeframes (and where allowable), small discounts have been given to applicants.

Annual reports are comprehensive and link the Council's objectives, measures and performance. Outside of the annual reporting cycle, there is regular communication with the community on progress and performance.

The Council uses the Better Business Case methodology.

The Council has simplified its tendering processes for transport, and consequently the last response rate was better than the previous one. NZTA has confirmed that the Council's tendering process is regarded as national best practice.

Strengths

The Council has very clear strategies and plans.

The Council largely meets the needs and requirements of its stakeholders and its community.

The Council is appreciated for its wide knowledge, regional connections and strong leadership.

The Council is open to having the "difficult conversations" and working in an outcome-focused manner.

Area for improvement

The Council's internal systems require integration, and some manual procedures could be rationalised.

Listening and responding

Communicating and engaging with the public and businesses

The Council adopts a strategic and audience-centric approach to engagement and communications. The new communications strategy is comprehensive and include issues management as well as customer services and brand promotion. While the Council is effectively engaging and communicating, there remains widespread public misunderstanding about what the Council does.

Priority grading

Better than competent

< The Council faces complex and often entrenched issues across the Waikato region, and its audiences are diverse – for example, there are 208 Iwi and hapu in the region. >

The Council is not well-understood by Iwi, or by its communities and region. It needs to carefully manage its engagement and communications to help it achieve the broad aims outlined in its strategic direction.

Planning effective engagement

Despite its extensive economic, environmental and social responsibilities, there is not a wide understanding of what the Council does. As noted earlier, the Council can appear to be “all things to all people,” resulting in a lack of brand recognition and defined purpose. Its communications strategy identifies the need to provide simplified information about real issues that the Council can do something about (eg water and flood control), and it is moving towards providing “bite-size” information to specific parts of the community as well as to media. The strategy also identifies customer service as key to providing this information.

The communications strategy is robust in describing why and how the Council’s purpose and value is communicated with stakeholders. However, the Council needs to address the confusion that the general public have in understanding what the Council does. The Council’s messages also need to be aligned with the internal communications strategy, so that the Council’s staff can become its champions. The strategy does not identify the key performance indicators for communications.

The performance of the Council’s external communications strategy is measured by its community satisfaction survey, which is independently conducted. The survey does not measure the community’s views on the Council’s leadership or the extent to which the community trusts the Council, but the Council will consider including these in future surveys. Similarly, customer service requires a range of measurements that record the experience of customers along the customer journey with the Council.

Engaging digitally

Digital communications is a developing area, with the Council linking customer services and communications on a digital platform.

Communicating through the media

News media relationships appear to be well-managed.

Building relationships with iwi

The Iwi who spoke to the assessors reported that the Council has a good relationship with them, with the relationship strongest with the Chief Executive and staff. The Māori/iwi relationship with

councillors needs to improve. There is room for the relationship to mature and both iwi and the Council should decide where the relationship should go. Iwi feel they assist the Council on Resource Management Act consent issues and on the *Healthy Rivers* consultation. They want the Council to show a similar level of co-operation on Iwi consents, particularly where the Council is a co-governance partner.

Some Iwi representatives report not being consulted on the Council's new strategic direction. There has been no "big discussion" on where the partners want the Iwi/Council relationship to go.

Building relationships within the region

Business and farming groups have a positive working relationship with the Council, and praise it for being "courageous" in initiatives such as *Healthy Rivers*. The Chief Executive has brought a collaborative and inclusive style to the Council, and has helped to improve relationships with Auckland Council. For example, it worked with Auckland Council to establish New Zealand's first marine plan for the Hauraki Gulf. The Chief Executive's collaborative style is complemented by the Council's strategic direction, and the KPI's set for the organisation.

Stakeholders such as NZTA have a good working relationship with the Council. They report that the Council takes a sensible approach to regional issues and treats other councils in the region fairly. However, there is a general view that the Council does not always have the technical grunt it needs, and employing contractors does little for ongoing successful stakeholder relationships.

Healthy Rivers was initiated and serviced by the Council, and drafting of the plan change was handed over to a collaborative stakeholder group. While the collaboration process has been successful, it is recognised by stakeholders that implementing *Healthy Rivers* could become unsuccessful if it is not owned and resourced locally during implementation. Implementation of *Healthy Rivers* is now an issue for rural landowners and the eight councils impacted by it. The cost of its implementation within the region is estimated by some territorial authorities to be as high as approximately \$500 million. Councils whose rural landowner communities are largely on fixed incomes may struggle to afford the cost to implement on-farm measures. Territorial authorities may also need to assess and upgrade infrastructure through their existing point-source discharge consents. *Healthy Rivers* does not impose any rules directly requiring point-source discharge infrastructure upgrades, but addresses this through a policy framework. In addition, there is effectively a disincentive to initiate any further intensive rural land use change or development in the region until hearings on *Healthy Rivers* are complete. Land use investment is unlikely to happen while there

is uncertainty and until the decision on the final plan change has been released (expected second half of 2018).

Council initiatives on "clean fires and clean air," in partnership between the Council and the South Waikato District Council and required under the National Environmental Standard for Air Quality will also impose costs on local residents.

There are differences on stormwater issues between the Council and other councils in the region, although these are being worked through. The various regional service forums, the Mayoral Forum, the Waikato Local Authority Shared Services (LASS), catchment and civil defence and emergency management committees, and other regional bodies supported by the Council provide high levels of community ownership and value and regional cohesion.

The most recent stakeholder audit, which recorded high levels of stakeholder satisfaction with the Council, was conducted by the Chief Executive. In future, the audit will be independently undertaken.

Strengths

The Chair and the Chief Executive are good listeners and are strong on working collaboratively.

The Council takes a collaborative approach to achieving community outcomes, transferring responsibility of issues and solutions to those who own them.

There is stakeholder, Iwi and community collaboration on big issues (eg *Healthy Rivers*).

Relationships with business and stakeholders are positive.

The Council's communications strategy addresses the needs of its customers and its communities.

Areas for improvement

The Council's relationships with Iwi need to mature, particularly at councillor level.

The Council through implementation of its communications strategy needs to promote its value to specific parts of the community (including the general public), both through targeted campaigns and through its staff as Council champions.

Internal and external communications need to carry a consistent message about the Council's value.

Council documentation should consistently be made simpler and clearer.

The communications strategy needs to include key performance indicators.

Communications should be represented on the internal Risk Forum.

The Council should undertake an independent stakeholder audit.

The CouncilMARK™ local government excellence programme is a proprietary programme operated by Local Government New Zealand (utilising independent assessors). The rating given to a council is an independent assessment of that council's performance in certain areas, as at the time the rating was given. LGNZ does not accept any liability to any person whatsoever in relation to any rating, or the council's participation in the programme. For more information visit www.councilmark.co.nz

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Whakatāne District Council

Independent assessment report | October 2017*

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*Period of Assessment March 2017



A measure
for better
community value.

Assessment Summary

AT A GLANCE



The Whakatāne district is steeped in history and culture. The region is rich in forestry resources and tourism is an important growth industry.



LARGE METRO

SMALL METRO AND LARGE PROVINCIAL

SMALL PROVINCIAL AND RURAL



REGIONAL

The current situation

Whakatāne District Council services a diverse range of communities, with Whakatāne, Edgecumbe and Ōhope showing growth that is not being experienced in smaller centres such as Murupara, and Matatā. The Council has a challenge in meeting the needs across its wide socio-economic range and its diverse urban/rural/township mix.

With 43 per cent of its population being Māori, the Council is actively involved with seven Iwi and has strong relationships through the Mayor and the Chief Executive. However, engagement with Ngāti Awa requires more work.

Dairying, fruit growing and processing, forestry, water bottling and small industries such as boat building are the main industries, although tourism is growing. Despite the district's closeness to Tauranga and Auckland, the spill-over economic benefit is only beginning to be realised.

The Council had a rapid increase in its debt levels in the early 2000s, and for the past five years has held commitments, concentrating on improving its finances and adopting a generally risk-adverse approach to projects. There is a strong emphasis on

affordability of rates and charges. With major and costly infrastructure projects required, the Council will need to carefully plan and manage community consultation and expectations so that it can deliver affordable services that enable development across the district.

Period of assessment

The assessment took place on 13 and 14 March 2017. Subsequent to this assessment, there has been major flooding in the district. The Council performed well through these events, although these events are not considered in this report.



\$1,700m
GROSS DOMESTIC
PRODUCT¹

SERVES

32,691

PEOPLE², A MIX OF
66.3% EUROPEAN/PAKEHA
43.5% MĀORI



POPULATION TREND
DECREASE

MAKES UP

1.657%

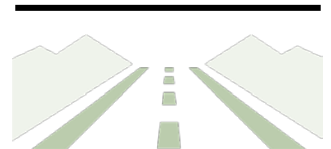
OF NEW ZEALAND'S TOTAL LAND AREA³
REPRESENTING WHAKATĀNE DISTRICT,
FROM OTAMARAKAU IN THE NORTH TO
THE CENTRAL VOLCANIC PLATEAU IN
THE SOUTH, AN AREA OF:

4,442 km²

RESPONSIBLE FOR

904km

ROADS⁴



Key learnings

The Council is actively working to meet service needs for a sparse population spread over several small and one larger population centre. Infrastructure, such as wastewater, that service several areas can be expensive for a council with self-imposed financial limits. Managing such a spread of population is challenging, even with the assistance of external funding. Decisions to proceed with large commitments has to be made with care and full transparency given the implication of large costs for individual ratepayers. As an example, this assessment found that councillors, senior staff and stakeholders held mixed views on the desirability of the Council committing to a large wastewater system for the district.

The Council has good examples of where community involvement and cost savings have been achieved to the benefit of the community. The partnership with Iwi Ngāti Manawa to provide animal control in Murupara, and using ambassadors from community boards to inform “freedom” campers of local policies, are regarded as successful approaches to regulating activities that many other councils struggle with. Bringing services in-house,

such as mowing, has resulted in more effective management and cost savings.

Whakatāne district has considerable potential for further tourist development. Ensuring that stakeholders, including Māori/Iwi, and the Council are united on the best form of tourism for the district will greatly assist its development and promotion.

¹ MBIE 2016

² Stats NZ Census 2013

³ DIA 2013

⁴ Ministry of Transport 2013/14

Assessment Summary

continued...

OVERVIEW

The Council is largely responsive to community needs and is performing competently in most assessment areas. There are major service needs for the district, and the Council has a low appetite for risk. With councillor commitment, a sound financial setting, requisite operating expertise, a continuous improvement ethos and community input, the Council is well placed to further increase its effectiveness.

RATING



Findings



COUNCIL HAS MADE RECENT IMPROVEMENTS ACROSS MOST PERFORMANCE AREAS. FURTHER AREAS FOR IMPROVEMENT ARE LARGELY WITHIN THE COUNCIL'S GOVERNANCE, FINANCIAL, SERVICE AND ENGAGEMENT CAPABILITIES.

Councillors are generally competent, and executive and staff are committed to responding to community needs and delivering effective and some innovative services.



THE COUNCIL MAINTAINS LOW DEBT, AND LARGELY HAS CONSTRUCTIVE STAKEHOLDER AND COMMUNITY RELATIONSHIPS.



TO FULLY ACCOUNT FOR AND MAXIMISE THE EFFECTIVENESS OF SERVICES, IMPROVEMENTS ARE REQUIRED IN COUNCILLOR EVALUATION AND TO ENSURING THE COUNCIL'S RESOURCES ARE ADEQUATELY MANAGED.

Making these improvements will better equip the Council to better manage high-cost large projects such as the proposed district sewerage system and renewal of aging infrastructure.

Commonly used terms

Term	Definition
Asset Management Plan	A tactical plan for managing a council's infrastructure and other assets to deliver an agreed standard of service.
Infrastructure	Local and regional roads, pathways and cycleways, drinking water, wastewater and stormwater assets, sports and recreation facilities (parks, sportsgrounds, green spaces etc), community and tourism facilities (playgrounds, public toilets, libraries, museums, galleries and public art etc), town centres, and other facilities.
Local Government Act 2002	The legislative act that provides a framework and powers for councils to decide which activities they undertake and the manner in which they will undertake them.
Long Term Plan	The document required under the Local Government Act that sets out a council's priorities in the medium to long-term.



Governance, leadership and strategy	Financial decision-making and transparency	Service delivery and asset management	Communicating and engaging with the public and business
Variable	Competent	Competent	Better than competent

STRENGTHS

The Council has a committed Mayor and councillors, and an effective Chief Executive, all of whom are community-driven.

The Council is managing debt well.

Service delivery is largely effective, with some innovations and .cost-savings achieved.

The Council has an open and effective channel of communications through to its community.

AREAS OF IMPROVEMENT

The Council needs to make sure its community clearly understands and supports the benefits of investing in large service projects.

For full accountability, the Council's internal and external performance measures should be aligned.

The Council could benefit from restructuring the Audit and Risk Committee so that it becomes a representative committee of the Council and is chaired by an independent member.

More attention should be paid to delivering the capital works programme on time.

The earthquake status of the Council's offices needs to be fully understood.

The Council's departments need to work together with supporting systems.

There should be a formal annual evaluation of councillors, to identify areas for further training and needs.

Stakeholders consider the Council should have a stronger role in economic development for the district.

The relationship with Māori/Iwi needs further advancement including in economic development. From the Council's perspective, the relationship should be extended further than the Mayor and Chief Executive, so all councillors participate.

The Council should develop an overarching communications strategy that is linked to customer service.

Leading locally

Governance, leadership and strategy

Councillors are functioning well in some areas. A formal evaluation of their performance would assist in identifying areas for improvement which, once acted on, should lead to a higher-performing council.

Priority grading

Variable

< The Council has a strong and capable Mayor and Chief Executive, who work well together. However, the full potential of this Council is somewhat limited by the mixed capability of councillors. >

It is also limited by the capacity of third-tier managers, who expressed concerns over their lack of resources for executing plans effectively.

Setting the direction for the community

The Council's vision is for the Whakatāne district to be known as: "the place of choice for people to live, work and play" and is founded on four principles: responsibility, sustainability, enablement and affordability. Councillors feel they are the guardians of the vision, and they expect no change to the vision for the new Long Term Plan.

Six community outcomes are stated: effective leadership; economic development; community needs; quality services; valuing our environment and reliable and affordable infrastructure. Appropriate linkages between activities, projects and community outcomes are apparent. The annual plans and the Long Term Plan are adequately related.

Creating confident councillors

Most councillors were re-elected in 2016, with only two new councillors added to Council. The new councillors went through an induction programme.

There is little use of governance training through a recognised provider and only one councillor has attended an in-depth governance course. Most councillor training in the last two years has been "operational" or "technical" rather than specific governance training.

Councillor understanding of "good governance" appeared relatively weak, despite most serving several terms on the Council. There is budget available for supplementary training, but few councillors had or planned to undertake further governance development.

Councillors are committed to serving their communities well, however, there is no systematic self-assessment and councillors themselves showed little enthusiasm for self-assessment. As an alternative, the Council could consider moving to annual assessments and even formal external evaluation of councillors so their performance can be reviewed and they can learn from experiences and feedback.

Some councillors appear to struggle with the financial information presented to them, claiming it is "very hard to understand budgets and what is actually going on." The same applies to their understanding of the Resource Management Act.

Some Māori/Iwi felt that they needed a stronger relationship with all councillors, not just the Mayor and Chief Executive, and that there should be more collaboration and potentially a Māori committee.

Effective working relationships

The Mayor and the Chief Executive have a strong working relationship. The same is true of councillors and the Chief Executive who operates with an "open door" approach. The Chief Executive reports directly to the community.

Councillors enjoy good access to staff, subject to trust and rules of engagement that separate governance from operational activities.

Councillors were confident that succession planning for the Chief Executive was in hand.

Health and safety

The Council has a strong commitment to providing a safe working environment for staff and contractors. This is supported by a health and safety policy and manual, formal health and safety reviews, and public reporting of minutes.

The health and safety framework and its associated documentation are formally reviewed once every two years against the requirements for workplace safety-management practices. The Council's health and safety policy complies with all tertiary-level requirements.

The Council's management regularly reports to the full Council on health and safety, including reporting on health and safety in the risk register. The Council is committed to seismic strengthening of the Civic Centre to further reduce the earthquake risk that was not widely known by staff or councillors at the time of assessment.

Informing council decisions

Councillors were satisfied with the quality and level of information supplied by council officers. The Chief Executive is highly regarded by councillors, by direct-report executives, and by third-tier managers. One direct-report executive said the Chief Executive was their reason for continuing to work at the Council. The senior leadership team is open to innovation and new ideas.

The Council's departments generally work well together, although there should be better co-ordination between planning, finance and services to determine future demand.

Staff are recognised for good engagement through awards. Third-tier managers claimed to receive good support from senior management, although some views of "them versus us" were apparent. Some third-tier managers reported that there were too many projects in progress, and resources and communications across the organisation could be improved to break down barriers between departments.

Strengthening risk management

The Council has an Audit and Risk Committee with formal Terms of Reference. The Committee is chaired by the Mayor and all councillors are members of the committee. There is one independent member.

Neither the Mayor nor the councillors were concerned the Mayor was Chair of the committee, even after it was noted that it might be better practice for someone other than the Mayor to chair in order to potentially increase objectivity.

Strengths

The Chief Executive is capable and well-respected.

The Mayor and the Chief Executive work well together, with strong support and encouragement from both the community and the executive team.

The Council provides good recognition to staff for their work.

Areas for improvement

The Council would benefit from an improved understanding and application of good governance to upskill Councillors and to improve formal procedures at the Council.

A formal annual evaluation process for councillors, possibly through an external provider, could help give councillors a professional and objective perspective of their performance, lead to suitable professional development opportunities and further improvements in teamwork.

The Council should consider restructuring the Audit and Risk Committee so it becomes a committee of the Council, structured along the lines of best practice and chaired by an independent member.

The Council would benefit from clarification of resource allocations and performance expectations for third-tier managers to resolve concerns over their work load.

Investing money well

Financial decision-making and transparency

The Council has returned to a fiscally conservative position with prudent management of debt and risk that better reflects core funding from a reasonably static revenue base. However, if large projects are approved, even with possible funding from central government, they will increase Council debt levels.

Priority grading

Competent

< The Council has taken the past five years to recover from a series of considerable rises in rates. Its financial management is now generally prudent, resulting in lower rate increases and adequate delivery of core services. >

The Council's intention to embark on a major capital investment programme will introduce considerable financial cost and risk that will require close and ongoing attention, in terms of both the initial decision-making and the later monitoring of the effects of those decisions.

Assessing the financial data

The Chief Financial Officer expressed a desire to move to 30-year and eventually 50-year financial strategies in order to fund inter-generational needs.

The Council states its financial strategy and reporting comply with the requirements of the Local Government Act.

Recently, finance team members visited the Council's infrastructure assets including the water treatment plant. These visits have led to increased knowledge and awareness, resulting in greater understanding of strategy.

To ensure that rigorous analyses of all potentially viable strategic options are completed before preferred options are selected, the

finance team needs to have an integrated role in the Council's business case development.

Financial reporting follows generally accepted practices, including the production of monthly reports. As such, both internal and external financial reporting is adequate. However, reporting to councillors could be clearer as councillors have found it difficult to interpret the reports. A candid discussion between councillors and the Council's management would be helpful for understanding how reports could be made clearer.

Being clear and transparent

There are some concentrations of power in the Council's Audit and Risk Committee that should be addressed. The Mayor is also the Chair of the Committee, and the Mayor and the Deputy Mayor hold the delegated power to recommend the name of a person to be appointed as the independent member.

Addressing financial risk

A comprehensive set of financial documentation and policies is in place to support the Council's risk and control functions. Its risk policy is based on the ISO 31000 standard, and further refinements are planned.

The Council reports on individual risks. However, Council staff informed the assessors that a holistic perspective is sometimes lacking. To ensure overall risk is assessed and outlined, the Council must have the best understanding of its strategic options, or strategic impact for large projects in particular. Projects such as the proposed Matatā wastewater scheme represent a considerable risk to the Council, as its final total financial outlay is uncertain and its viability depends on shared funding with central government agencies.

In 2016, the Council introduced an innovative project to manage a known risk more effectively. The "dog control" project in Murupara is a partnership project with the local Māori/Iwi.

An independent review of the risk management framework, and of the operating and strategic risks reported to management and the Council, could provide additional confidence that all relevant risks are being reported and appropriately mitigated.

Balancing the budget

The Council has a zero-based approach to budgeting. Overall, budget managers deliver appropriate information in a timely manner, although third-tier managers have reported resourcing difficulties.

The Council has not always been able to complete capital projects within a given financial year, resulting in significant under-expenditure and the carrying forward of the unspent amount into future years. The Council intends to present unbalanced budgets in the future.

Meeting financial targets

The Council does not have a credit rating as the scale of its borrowings does not require one. However, the Council may need to apply for a credit rating if it embarks on a major infrastructural update and new strategic projects such as the Matatā wastewater project.

In the last two years, the Council has addressed audit matters in a timely manner and there have been no adverse opinions in the audit reports.

The Council meets financial-prudence benchmarks on rates affordability, debt ratios and multiple income streams. However, with changes forecast for the district's population and therefore its rating base from property, further improvements in the Council's financial management and risk management may be needed. Improvements will also be necessary if the Council takes on significant debt to fund major infrastructure projects.

Rates debt is being managed through internal processes. While this in hand, the Council should continue to monitor its rates debt closely, especially if it increases as a percentage of rates revenue, as this will create pressure elsewhere.

Financial reporting to the community through the Long Term Plan, Annual Plan and Annual Report is generally easy to read and interpret.

Strengths

The Council has emerged from a period of high rate increases, and has turned high expenditure into a more stable financial management and lower rate increases.

The Council has a clear and balanced financial strategy. It has clearly stated its intention to adopt an unbalanced budget in the future.

The Council meets its financial prudence targets.

Areas for improvement

The Council should ensure its financial risks, including increased debt and rating impacts, are fully assessed for all capital projects.

The Council should fully inform its residents and customers in statutory documents of capital project non-completions and allocated funding carried over into the next financial year.

The Councillors would benefit from improved clarity in presentation of the financial reports.

The Council would benefit from a more integrated and strategic assessment of risks and risk reporting.

Delivering what's important

Service delivery and asset management

The Council has improved its service delivery through mostly in-house planning and oversight. This approach has been extended to the management of large capital projects. As well, innovation in the delivery of non-infrastructure services has led to novel solutions and cost savings.

Priority grading

Competent

< Whakatāne District Council has undertaken significant changes to improve its service management, delivery and monitoring. Many contracted and dislocated services have been moved in-house, allowing improved Council oversight. >

These improvements are expected to assist the Council in several areas, including: upgrading an aging infrastructure responding to demands that will result from a gradual increase in the district's growth; responding to the requirements of National Policy Statements and meeting ever-growing consenting requirements.

Though the Council agrees it needs greater strategic alignment in planning services, knowledge of its assets is generally good. For example, the Council has asset management plans for strategic infrastructure activities and areas such Whakatāne Airport (a council controlled organisation) and other council infrastructure assets. Council is aware of the need to resource infrastructure, planning and enforcement at a level that will meet demands.

For non-core assets, there is good use of advanced business plans and s.17A reviews under the Local Government Act to increase service efficiencies. For example, mowing services have been brought back in-house, and this move is projected to save \$1.35 million over 10 years. Innovation in animal control and freedom camping enforcement is also increasing efficiencies.

Planning and evaluating service goals

The past approach to infrastructure has been opportunistic in nature, resulting in a lack of strategic coherence between infrastructure activities and the Council's strategic direction. The Council is now using asset management plans to achieve a more strategic approach, and these plans are being developed in-house, with more input from areas within the Council. Consequently, there is a greater sense of ownership of asset planning and management across the Council. The Council has also established a Water Management Board to bring governance closer to operations.

Asset management plans are the main drivers for the Long Term Plan's infrastructure component, and for the 30-year Infrastructure Plan. They have been developed for the main infrastructure areas. Council staff agreed there was more work to be done on strategic direction, and that there is a need to further integrate infrastructure planning with the Long Term Plan. For example, stronger linkage between spatial and infrastructure planning is required. A strategic direction is being developed for drinking water, stormwater and wastewater. For transport planning, staff acknowledge the need to reframe provision of all major services through a business case approach.

The District Plan which began in 2010 is now coming out of review and is being updated regularly.

The influence of government issued National Policy Statements on the levels and quality of service, asset management plans and the District Plan is unclear to Council, and clarity is being sought from central government.

Assessing capability and capacity

Levels of service are largely assessed through community satisfaction surveys (which attempt to evaluate the quality of services) and through feedback from elected community and Council boards. Satisfaction levels are generally in the upper quartiles, although water quality and stormwater show higher levels of dissatisfaction compared to other services. The Council is beginning to use external strategic studies to identify levels of service requirements, for example, using the Bay of Plenty

Regional Council's modelling of stormwater across the district to inform its Three Waters Roadmap. In addition, staff see the benefit of greater use of spatial plans to help identify likely future areas of demand for services.

A management plan for council reserves is currently being workshopped, before public consultation. Public volunteers are also used to "mystery shop" council facilities and answer survey questions on quality of service provided.

A similarly innovative approach is underway with freedom camping enforcement. To help ensure compliance with its rules on freedom camping, the Council has appointed ambassadors from community boards to inform and work with freedom campers at designated sites. This is in preference to infringement fines. However, where needed, breaches are dealt with by security officers.

Generally, the district has ageing infrastructure. The Council's asset knowledge varies from "good" on roading and wastewater to "average" on drinking water loss. Drinking water quality meets statutory requirements.

At the time of the assessment, assessors were informed that the earthquake ratings of the Council's offices – which are variously reported at between 19 and 28 per cent of the standard – were not known by the Mayor, councillors and most of the staff.

The Whakatāne harbour bar has experienced silting and build-up, which prevents deeper-hulled vessels from crossing it. The tourist vessel operating from Whakatāne to White Island is now using a twin-hulled vessel to cross the bar, and suction methods are being considered to deepen the harbour. However, there are cultural issues for Māori/Iwi in dredging and interfering with sacred rocks. Resolution will require the Council to balance cultural and commercial interests for the harbour.

The Council has recently reviewed its asset management and service provision, and some services have been moved in-house.

There has been restructuring in three waters management, with managers being appointed for capital projects, operations and planning, and consent management (which now takes around 30 per cent of consenting time/cost). However, third-tier managers said that the introduction of a number of new systems, plus new projects, has put pressure on their capacity to maintain business as usual.

Other examples where significant savings on service delivery have been identified and implemented include a new tender/contract for a kerbside recycling collection shared with the town of Kawerau. A s.17A comparison of in-house to external provision of services for the Whakatāne Aquatic and Fitness Centre has resulted in greater understanding of the cost of service by Council compared with external providers.

Evaluating asset effectiveness

For Whakatāne and Ōhope, there are eight to 10 hours of drinking water available in an emergency. Staff agree that 48-hour storage is desirable, although contingency plans exist to pump other supplies into Whakatāne and Ōhope, if required. A new bore water supply is also being considered.

The quality of drinking water is a public issue, with salt water contamination occurring during high tide at the river intake in Whakatāne. While salinity reaches the water treatment plant during periods when river flows are extremely low, the Council has an emergency raw water intake upstream to mitigate the risk and ensure water meets national standards. The Council has identified the possibility of algal bloom in the water supply as a major risk for drinking water. Murupara water is non-chlorinated and unmetred, and the Council says neither it nor the community requires disinfection at source, however the Council is considering chlorinating the scheme. Testing of artisan water sources shows that Murupara water meets standards, but testing is not undertaken daily.

This assessment was undertaken prior to the floods in April and May 2017. In 2013, low-lying areas of Whakatāne experienced serious flooding because pumping stations did not cope with river overflows. Improved stop banks and pumping stations have been installed since. Further work is underway especially in light of the flood that occurred subsequent to this assessment.

A major issue is the review of the Matatā wastewater scheme. The original scheme was not approved by the Environment Court, so a proposal for an integrated system is being developed. This would link wastewater from Matatā, Edgecumbe and Whakatāne, which has a consented outlet to the sea from an upgraded treatment station. Project funding depends on contributions from the Bay of Plenty Regional Council and central government as well as from the Council itself. At the time of the assessment, staff questioned whether all the options were on the table and if the trade-offs between financial and engineering merits of the integrated proposal versus the treatment of wastewater locally at Matatā have been considered adequately.

The Council has good knowledge of local roads and a constructive relationship with the NZ Transport Agency (NZTA) exists. The Council is responsive to local needs, and is revising its policy of not sealing some roads. In general, transport needs are moving to being assessed on a business case basis – for example, NZTA's business case criteria are being used for SH38 to Lake Waikaremoana, which is being co-ordinated between the Council, the local Māori/Iwi, the Wairoa District Council and NZTA.

The recent flooding in the district, were generally well-handled by the Council (and not covered by this assessment and not caused by the stormwater system), further demonstrates the need for services that meet community needs and expectations.

Addressing regulation

In 2015/16 there were around 600 new building consents issued for the district, and a higher number are expected for 2016/17. The Council is part of the “Lakes Cluster” of building inspection services which are shared with other districts in the Bay of Plenty region. The Council will join the ALPHA system of online consenting when it is introduced.

Animal control is an area of innovation. The success of a negotiated approach with Māori/Iwi to reduce the number of horses roaming on roads in the Lake Waikaremoana area has led to a project with Ngāti Manawa in Murupara in which locals are trained to operate as dog control officers. Overall, the estimated number of serious dog incidents each year in the district, including dog bites, is around 170. There is zero tolerance of unsafe dogs.

Planning for future development

The Council has adopted a spatial plan for the Eastern Bay of Plenty, and its implementation is now being considered. It is also acknowledged that the plan needs to be shared widely across the Council, so that future demands for services can be better understood. Spatial planning can also influence the district plan and its rules. The Bay of Plenty Regional Council has developed modelling on hazards and there is scope for the District Plan to use this information.

Generally, future residential development is constrained by the lack of available suitable flat land in growth areas such as Whakatāne and Ōhope. There has been development of the Council-owned Piripai block for residential growth, as well as residential developments at Shaw Road/Huna Road and of industrial land at Mill Road. These new developments incur additional infrastructure costs, but low development contributions are payable by developers, although development infrastructure is on a cost-recovery basis.

Strengths

Governance oversight has been brought closer to delivery.

The Council has become more effective in service strategy, management, measurement and delivery.

The use of business cases and s.17A reviews has improved efficiencies and saved money.

Innovative approaches to animal control and freedom camping enforcement have increased compliance.

Areas for improvement

The Council would benefit from assessing the status of ageing infrastructure and the associated significant replacement costs against a largely fixed income and low cost rating base.

Council would benefit from ensuring that planning, financial and infrastructure needs are carefully considered and integrated into options for future capital projects.

The Council would benefit from linking strategy, planning and measurement to the Long Term Plan.

The Council should link spatial planning to more strategic asset management plans.

Completion of significant infrastructure and residential projects will further demonstrate council value to the district.

The Council should ensure all Councillors and staff are fully informed on the earthquake rating and status of all of its buildings.

The Council should ensure sufficient resources to meet service needs and changes to systems.

Listening and responding

Communicating and engaging with the public and businesses

The Council performs well in this area, and could perform even better by having a stronger strategic focus that includes customer services.

Priority grading

Better than competent

< The Council is advanced in its practice of communications and engagement, especially at the tactical level. Strategic communications and engagement are important to the Council's relationships, particularly with business and Māori/Iwi. >

A more strategic focus (which would include measuring communications and engagement to understand their effectiveness) should lead to improved alignment between customer services and communications.

It would also help all areas of the Council to be consistent in its messaging.

Planning effective engagement

The Council has a tactical approach to communications and uses a range of successful tools, including its award-winning website. It also has good media relationships. However, there is an acknowledged need for an overarching communications, engagement and digital strategy to lift its communications by explaining the "why" of communications.

Council messaging would benefit from greater linkage between strategy and tactical operations. Currently, there is little strategic alignment between communications and customer services messages.

Key performance indicators for communication are largely based on the external satisfaction survey (including media and social media coverage). Reputational issues such as trust and credibility are not measured.

It is also acknowledged that a well-constructed communications strategy, currently under development, will identify the right messages and channels to further promote tourism in the district.

Building relationships with Māori/Iwi

Relationships between the Council and local Māori/Iwi are generally positive for six of the seven Māori/Iwi in the district.

The relationship between Ngāi Tūhoe and the Mayor and Chief Executive is "easy, relaxed." Councillors have met at the main Tūhoe building Te Kura Whare, and there is room to develop the relationship further at councillor level. The relationship between Ngāti Awa and the Chief Executive appears to be amicable. However, tensions between Ngāti Awa and other parts of the council are apparent, especially when it seeks to advance developments with cultural and/or environmental implications.

Other stakeholders share the Council's frustration that projects such as the wharf redevelopment and adjacent precinct require action. It is clear that a gap exists between expectations of Ngāti Awa (in particular) and the Council. However, all parties agree there could be benefit in a strategic discussion about how the relationship between the Council and Ngāti Awa could be developed in a positive and beneficial direction.

This relationship gap is distinguished from regular forums between the Council and Iwi at Mayor and Chief Executive as well as management level, and a dedicated Council engagement officer. There is engagement and partnership between Iwi and the Council on animal control (with Ngāti Manawa) SH38 project (with Tūhoe) and the Matatā wastewater project (with Ngāti Rangitahi).

Building relationships with business

The Council tries hard to engage and encourage business as economic development is a top priority and tourism has major potential for the district. Businesses want the Council to be more "business centric" and to provide easy paths for business

development in the district (eg increasing promotion of tourism starting with a more strategic approach to messaging). There is a general feeling by business stakeholders that the Council is “soft” on Māori/Iwi and that this is sometimes a constraint on commercial development.

Business stakeholders have suggested the Council build up a development fund to grow a more vibrant community which can attract the “right kind of sticky business”, such as high-end tailored tourism that emphasises local experiences.

The gap between business, community and council interests appears narrow. A detailed analysis of stakeholder issues, for example through an independent audit of stakeholders, could help clarify common aims and be the first step in a closer working relationship between stakeholders and the Council.

Strengths

The Council’s communications are well developed. It has an award-winning website and its documents are clearly presented with good use of graphics.

The Mayor and Chief Executive have generally good stakeholder relationships.

The Council has positive media relationships.

Areas for improvement

The overarching strategy for communications and engagement currently under development will assist in focusing the Council’s everyday communications and messaging, and assist in defining broader promotion messages, for example in promoting Whakatāne as a tourism destination.

The Council would benefit from taking a strategic approach to relationship building, particularly with business and some Māori/Iwi.

The Council should look at ways of improving how it measures its communications. For example, through an independent stakeholder audit and through addressing issues of trust and reputation in its community satisfaction survey.

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