

Enhancing local government for Aucklanders

Progress update -
Recommendations of the
Local Government
Commission

November 2018

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1 Introduction

This report provides an update on the progress Auckland Council has made in response to recommendations the Local Government Commission (“the Commission”) made to Auckland Council under Section 31(1) of the Local Government Act 2002.

The recommendations were made following the Commission’s consideration of reorganisation proposals arising from an application from the Northern Action Group proposing a separate Unitary Authority for North Rodney.

An initial response was provided by Auckland Council in June 2018. This update considers the progress that has been made over the last five months.

2 Recommendations of the Local Government Commission

The Commission has made twelve recommendations to Auckland Council and two to the Minister of Local Government. The recommendations to Auckland Council are that council:

1. notes that good relationships are key to Auckland’s success and rely on all parties understanding how and where they fit into the local government system, mutual respect and clear communication on all sides
2. continues the work done so far on the Governance Framework Review, and
 - further explores ways to balance regional and local needs without losing the benefits of being part of a large organisation. This could include:
 - a. keeping delegations and/or allocations of functions to local boards under active review, and
 - b. considering where people benefit from service delivery standardisation and where service delivery could be tailored to different areas
 - considers whether to roll out the Waiheke pilot (or aspects of it) elsewhere before the pilot is complete, if it is achieving the desired results
3. notes there is a widespread lack of understanding of council governance arrangements, in particular the role and responsibilities of the governing body and local boards
4. takes steps to improve understanding of the council governance arrangements among the public, council and council-controlled organisation staff, and elected members
5. continues to monitor the effectiveness of the relationships between council controlled organisations, local boards and the public, and provide direction to council-controlled organisations where they are not meeting expectations
6. takes steps to build public understanding of the wide range of functions the council undertakes (including regional council functions)
7. tailors communications for different local areas, in particular highlighting the work the council is doing and where rates are being spent locally

8. considers whether the current funding allocation method for locally-driven initiatives, on a largely per-capita basis, is the best way to meet the different needs of local areas
9. considers ways to deal with different service levels across the region due to decisions of legacy councils; for example, an increase to the road sealing budget in Rodney
10. continues to look for ways to improve service delivery for customers and communicate those improvements to the public
11. explores the possibility of the Rodney local board office being physically located in the Rodney Local Board area; and
12. with all relevant parties, including the Waiheke Local Board and council-controlled organisations, works towards a solution at Mātiatia on Waiheke Island.

The Commission requested that Auckland Council provide a written response to these recommendations by 22 June 2018 and a progress update by 1 November 2018. The following section of this report responds to each of these recommendations.

The recommendations to the Minister of Local Government were that she:

- notes the recommendations to Auckland Council and the timeline for its response and progress update; and
- considers whether amendments to the Local Government (Auckland Council) Act 2009 (LGACA) and the Local Electoral Act 2001 are required to give Auckland Council greater control and flexibility over its representation arrangements.

3 Progress update on Auckland Council response

3.1 Auckland Council response – Key themes

Our initial report in June 2018 identified key themes in the Commission's report and grouped council's primary response under those themes. They were:

- relationships, mutual respect, understanding the respective roles of the different governance arms (Recommendations 1,3 and 4)
- ongoing commitment to localism, devolution, flexibility (Recommendation 2.1)
- active monitoring of council-controlled organisations against governance expectations (Recommendation 5)
- consider appropriateness of local board funding policy settings (Recommendation 8)
- address legacy issues impacting on service level variability across the region (Recommendation 9)
- tailoring local communications, including raising public awareness of council services and service improvements (Recommendations 6, 7 and 10)

Other recommendations related more specifically to issues identified in Rodney and Waiheke and were addressed in separate sections of the June report.

This progress report uses the same format to provide an update on each of the key themes previously identified, as well as on the specific issues identified in Waiheke and Rodney.

3.2 Relationships, mutual respect and role clarity

Ensuring that staff, elected members and the community understand the complexity and uniqueness of the Auckland governance model will require ongoing focus by council.

Three key areas were identified where council is undertaking work that will help to improve understanding and effectiveness of the governance model. An update on each of these areas is provided below.

Staff

A two-day Governance Fundamentals programme was developed and piloted initially in March and again in April 2018. The pilot course was delivered to around 60 senior staff who work closely with elected members and was very well received.

The impact of the programme six months on has been evaluated and found a significant lift in attendee understanding of the governance model and how to engage with and best support elected members. Key learnings include:

- that the governance fundamentals programme is an essential building block for supporting staff to provide quality advice. There are also strong connections between the programme and the Quality Advice and Kura Kāwana programmes, including: taking a programme approach, using some of the same learning collateral (e.g. videos) and key messages, looking at how to embed and extend learning and systems and tools
- governance training is relevant to all staff, regardless how long they have worked at council
- there is significant value in building relationships across subject matter experts
- future work needs to build in activities to embed and extend learning.

Building on the success of the pilot, roll-out is now underway with two streams of work.

- a) Phase One roll-out: Further workshops to refine the training for staff who engage regularly with elected members – A shorter, more interactive training workshop has been developed. By March 2019, a further 200 staff who work closely with elected members will have attended the improved Governance Fundamentals training. Attendees include staff from across the council family, including operations and policy divisions as well as council-controlled organisations. The workshop content and approach will continue to be refined as roll-out of the programme continues in 2019.
- b) Phase Two roll-out: Broad governance education for all staff - To complement the in-depth training, a broad governance education programme is being developed to provide a base level of information to all staff. The programme is in the early development stage. It will be based on learning and development best practice and will:
 - use a variety of methods to deliver learning
 - take a modular approach
 - provide flexible learning options
 - tailor needs to specific groups of staff and business requirements.

This education programme builds on the basic governance training already in place, which includes an introduction to governance as part of staff induction training, and an e-learning module available to all staff.

Across all governance training, a key focus will be on embedding and extending learning beyond the initial training period. The size and complexity of the council organisation means building and maintaining staff governance capability will require significant investment and ongoing commitment.

Elected members

Kura Kāwana is Auckland Council's ongoing programme of elected member development. It has formally been in place since October 2016 and aims to ensure that all elected members will have the right skills and knowledge to be effective governors. The induction component covers the governance model, roles and responsibilities and key aspects of governance versus management.

Planning is underway for the elected member development programme for the 2019-2022 term. Induction content will continue to cover 'Governance Fundamentals', however some planned improvements include:

- improved content - addressing feedback and known challenge areas
- improving the accessibility of content so that elected members can revisit guidance as required
- establishing refresh and check-in sessions to help embed knowledge after the induction phase.

Community

The 2019 local body elections provide an opportunity to engage with Aucklanders about Auckland's unique governance model and how it works. The work programme includes:

- a strong focus on communications and community engagement to lift awareness of council and encourage people to stand for council and get out and vote. Marketing activity will be supported by a community engagement programme that leverages community partners and internal networks
- an Elections 19 website that includes content on Auckland's governance model and the roles and responsibilities of elected members
- a youth voting programme with interested schools that aims to build awareness of local government and voting. The programme builds up to a mock election held just ahead of the official election, encouraging conversations at home that in turn may help to increase awareness and lift voter turnout.

Council also undertakes a range of ongoing communication activity that aims to inform Aucklanders about the roles and functions of council and what it delivers at both a regional and local level. Recent targeted activity is discussed in the section titled 'local communications and awareness of council services'.

3.3 Ongoing commitment to localism, devolution, flexibility

The Commission recommended that Auckland Council keep delegations and allocations of functions under active review (recommendation 2.1). Council's response in June noted the mechanisms by which local boards acquire decision-making powers, and the principle-based approach followed that aims to devolve decision-making to the lowest practical level.

Allocations and delegations to local boards were reviewed as part of the Governance Framework review and through the Long-term Plan 2018-28 process.

Three changes were approved in 2018:

- a) Local boards were allocated final decision-making on disposal of local service property and reinvestment of sale proceeds in accordance with the Service Property Optimisation approach. The purpose was to better align decision-making responsibilities with the intent of the Service Property Optimisation approach, which aims to improve incentives for local boards to actively consider optimisation of under-utilised local assets.
- b) Certain decisions under the Reserves Act 1977 were delegated from the governing body to local boards to better support local board decision-making. These were:
 - the decision to declare a reserve under section 14(1)
 - the decision to classify a reserve under section 16(1), which has been delegated by the Minister of Conservation to Auckland Council
 - the decision to classify a reserve under section 16(2A)
 - the decision to reclassify a reserve under section 24(1)
 - the decision to propose to the Minister of Conservation that the status of a council-owned reserve should be revoked under section 24(1), (but only where the reason for the request to revoke is because the local board wishes to manage the land under the Local Government Act 2002)
- c) The Governing Body delegated land-use and development decisions for Matiatia to the Waiheke Local Board.

The allocation of decision-making for regulatory activities will be reviewed every three years as part of the LTP cycle, and changes can also be made through the annual plan process.

The Governance Framework Review also identified two key areas that needed to be addressed in order to provide improved flexibility for local boards:

- Renewals – Through the LTP 2018-28 additional funding was approved to accelerate the asset data improvement programme and a consolidated renewals budget (able to be prioritised across local activities) was established for each local board to improve flexibility. Focus is now on:
 - ongoing improvement of asset data
 - implementing an improved process to agree local board three-year renewals programme
 - improving quarterly reporting.
- Operational funding and service levels – this work is covered under the heading 'service level variability across the region'.

3.4 Active monitoring of council-controlled organisations

Recommendation 5 focuses on the council's role in monitoring the effectiveness of relationships between CCOs, local boards and the public.

Key areas of progress are set out below.

- CCOs are at various stages of developing updated local board engagement plans that set out the principles for how they will build and maintain relationships with local boards:
 - Auckland Transport expects to finalise a revised engagement plan in early December 2018
 - RFA developed an updated engagement plan in December 2017
 - ATEED and Panuku will soon begin a process to refresh their engagement plans.
- Panuku Development Auckland and Local Board Services have jointly developed a process that clearly sets out the roles and responsibilities of local boards and Panuku Development Auckland on public realm projects (new facilities, playgrounds, town centre redevelopments). The next steps are to formalise sign-off and consider how the work will be embedded.
- An accountability review of CCOs has been completed and a report will be provided to the Governing Body when it meets in February 2019.
- A new CCO board performance review framework has been approved that aims to enhance board effectiveness and performance. It includes protocols for councillor to CCO board workshops, improving how the council specifies the outcomes it wants from CCOs and determines whether CCOs are delivering what the council (representing the public) wants via its strategic planning framework. The framework is currently being trialled with Auckland Transport.
- A new CCO quarterly report template is being trialled that aims to provide better clarity on the performance of each CCO and improve the consistency of reporting across the council group. The new template includes a section on engagement with local boards. It will be finalised and distributed in December 2018, effective from March 2019.
- The Accountability Policy for substantive CCOs has been updated to reflect the specific expectations for each CCO, and to introduce a set of core expectations which include: building trust and confidence with the public and understanding the roles of both arms of governance within the council.

3.5 Local board funding policy settings

The Commission's recommendation 8 proposed that council consider reviewing its funding policy for local boards. The response provided by council in June 2018 did not support this recommendation as the funding formula for locally driven initiatives is only applied to a relatively small proportion of local board budgets, i.e. local discretionary and local capital funding.

The current Local Board Funding Policy was adopted as part of the Long-term Plan 2015-25 following extensive engagement with local boards and consideration of a wide range of options. In terms of addressing funding distribution issues across local board areas, the review of service level variability (see below) is likely to deliver more impact than reviewing the local board funding policy.

For further detail, please refer back to paragraphs 57-65 of the initial response provided in June 2018.

3.6 Service level variability across the region

Recommendation 9 relates to service level variability resulting from legacy council decisions, which was one of the key issues the Governance Framework Review considered.

The Governing Body agreed in September 2017 [GB/2017/118] that, in principle, local boards should have increased flexibility in the use of operational funding for local activities, but that the variability of service levels needed to be better understood and potentially addressed first. They directed further work to be undertaken on:

- existing service levels across local board areas
- options for equity of service levels between local boards
- options for minimum service levels and to which activities these may apply
- the impacts of organisational support.

The work programme was launched in July 2018, once the Long-term Plan 2018-28 had been adopted and a dedicated programme manager appointed. Project planning has been completed and the cross-council team is currently working on clearly defining existing service levels and understanding the differences across local board areas. This phase will be completed in February 2019.

The second phase will consider options for minimum service levels and then subsequently, the parameters and budget for increased local board decision-making. Phase three will develop options for addressing equity of service levels between local boards. It is likely that this complex work will progress well into 2019.

3.7 Local communications and awareness of council services

Three recommendations (6, 7 and 10) focussed on aspects of communication and engagement with communities about the roles and functions of council, how rates are spent locally and what services are delivered.

A refreshed communications strategy has been launched which aims to increase both the effectiveness and efficiency of engagement with Aucklanders. Progress has been made on specific initiatives to grow trust and confidence, particularly in areas with strong identities and unique challenges, such as Rodney and Waiheke. For example:

- A review of local communication channels has taken place, including an audit of local board stakeholder databases. Additional advice is being sought from an external agency on the most cost-effective use of channels to support local communications.
- As part of the Waiheke pilot programme staff are exploring new ways of communicating and working in partnership with other council teams and the Waiheke local board.
- Tailored local campaigns have been established in Rodney and Waiheke to promote understanding of the benefits and value of regional programmes, activities and initiatives i.e. what your rates dollars deliver locally.

- Rodney - A quarterly printed newsletter was sent to all households in September 2018, with the objective being to grow awareness of the governance model and to promote benefits and value of regional and local programmes, activities and initiatives. A second issue will be distributed in December. An awareness and engagement programme is also planned for the summer months, with attendance at events supported by a social media campaign.
- Waiheke Local Board plans to publish its first printed newsletter in December.
- Key metrics across print media, online and social media are being measured quarterly to assess impacts of and engagement with targeted local communications. Results are reported on by local communications staff using insights and metrics available via local board Facebook pages, Ubiquity Engage, council's media monitoring service and data from the Our Auckland news and events pages on council's website.

Council will continue to monitor the results of the Citizen Insights Monitor, to understand whether the activity being undertaken is having an impact on the level of trust and confidence in council. The latest quarter (to September 30 2018) results show Rodney continuing to have lower trust and confidence than more central areas, and at a similar level to Franklin. There has been no significant change in these results since the previous quarter.

3.8 Waiheke specific recommendations

Extension of the Waiheke pilot

The Commission recommended (recommendation 2.2) that council considers rolling out aspects of the Waiheke Pilot ahead of its completion, if it is showing early signs of achieving results.

The Waiheke pilot is an outcome of the Governance Framework Review, initiated by Auckland Council in 2016. One of the key themes of that review was that local boards do not feel sufficiently empowered to fulfil their role as envisioned in the governance reforms.

The pilot has now been operating for one year and progress has been made in most key areas of work agreed with the Waiheke Local Board. The pilot's first few months were an establishment phase and since then its initial focus has been on finding a way forward on a number of quite difficult and longstanding issues. Not surprisingly, these are not easily resolved. All remain a work in progress and, while there have been some quick wins, it is too early to say these have been successful.

A formal evaluation programme is running alongside the pilot and a review of its first year of operation will be undertaken in early 2019. Council will consider these results when available and whether any aspects should be rolled out more widely.

The pilot work programme requires considerable support resource. A dedicated programme manager leads the pilot and works actively with teams across council that have a role in specific projects and issues. Options for deploying Waiheke-oriented operational leadership roles are currently being considered as a mechanism to improve operational efficiency and delivery and

support more direct conversations. Understanding resource implications will be a key consideration in determining any extension of the pilot to other areas.

A sustainable land use solution at Mātiatia

An early success of the pilot was a decision by the Governing Body to delegate land-use and development decisions for Mātiatia to the Waiheke Local Board. This has enabled the local board to make progress on Mātiatia development which had been stalled since land purchase in 2005.

The local board has taken the lead in developing a Mātiatia Plan and a draft Stage 1 plan (land use precincts, principles and outcomes) will be released for stakeholder and then public engagement in early 2019.

On the back of this delegation, Auckland Transport has put forward a bid for \$15m in capex funding to advance transport elements of the Mātiatia Plan. Despite early challenges in engaging with mana whenua, the Mātiatia Plan is the first example of the Waiheke Local Board working together formally on a Waiheke project with Ngati Paoa and it is hoped this will be the springboard for building a wider relationship.

3.9 Rodney specific recommendations

Relocating the Rodney Local Board Office

The Commission recommended (recommendation 11) that council give consideration to providing a Rodney Local Board office located within the Rodney area.

Council plans to provide a new local board office in Rodney and is working with the local board to find a suitable location. However, the timing is currently expected to be around 2021 in order to align with plans to dispose of the existing Ōrewa premises. This work will be accelerated if possible, although it is dependent on identifying a suitable available building.

Work is also underway to establish two meeting spaces in Rodney that can be used by the local board to hold workshops and meetings on an ongoing basis. The intent is to establish one location in the north (Warkworth) and one in the west, with both venues set up with Wi-Fi and other organisational requirements. Warkworth will be set-up as an interim meeting solution by March 2019.

The Rodney Local Board is currently trialling different options in the west, although there is a challenge with relatively few suitable sites. It is hoped that a west meeting location can also be resolved in the first quarter of next year.

Increasing the road sealing budget in Rodney

The Commission noted that the budget for road sealing in Rodney is a long standing legacy issue (recommendation 9) that needs to be addressed over time.

In June 2018, council reported that action was being progressed on two fronts to address this recommendation: a significant increase to the road sealing budget; and a call to reinstate the NZTA subsidy for seal extensions.

Increase to road sealing budget

The Auckland Regional Land Transport Plan (RLTP) 2018-28 includes two programmes of work for road sealing:

- \$36.4m for delivering seal extensions to the region's highest priority unsealed roads (of which two-thirds is enabled by the Regional Fuel Tax); and
- \$84.9m for Additional Seal Extensions over ten years to deliver an enhanced programme of seal extension projects across the Auckland region.

This funding is for use across the Auckland region, not just Rodney. However, unsealed roads in Rodney make up a significant proportion of the list of prioritised roads identified for sealing. The current prioritised list is available on Auckland Transport's website at <https://at.govt.nz/about-us/asset-maintenance/road-sealing/priority-list-of-unsealed-roads/>.

Auckland Transport has broadly estimated that across the combined sealing programmes, around \$90m would be applied in the Rodney area over the next ten years. This estimate is based on the prioritised list and using a standard per kilometre cost.

Rodney is a top priority for road sealing activity over the next three years:

- Monowai Stage 1 is currently under construction and expected to be completed by December 2018
- Monowai Stage 2 and a further three roads (Wellsford Valley Road; Ahuroa Road; Ngarewa Drive) have been confirmed for seal extension between 2018 to 2021 and are currently in the design phase.

Rodney local rate established

A transport-based local rate is also now established for Rodney, enabled through the Governing Body supporting Rodney Local Board leadership.

NZTA subsidy for seal extensions

The Auckland Council submission on the Government Policy Statement on Land Transport (GPS) requested that the NZTA subsidy for road-sealing and footpath renewals that was removed in 2009 be reinstated, in order to put these improvements under the same funding regime as other transport infrastructure.

There is no specific road seal activity class in the final GPS 2018. However, a dust mitigation criteria developed by NZTA will be used in funding some seal extension projects, under the GPS Local Road Improvement activity class (allocation of \$230 million in 18/19 and \$350 million in 19/20). As the dust mitigation criteria is new, it will take some time for the impact of this change to be well understood and quantified.

Araparera Forestry Joint Venture

A further road sealing extension programme in Rodney is funded through the Araparera Forestry Joint Venture. Nine sites have been agreed with the Rodney Local Board. The next priority is to complete detailed design work for three of the sites (Underwood Road, Whitmore Road and Tauhoa Road) and progress to tender. Design work will be progressed for the remaining six sites.

4 Recommendations to the Minister of Local Government

Council's initial response in June 2018 noted that the key issues impacting on Auckland Council's ability to have control over its representation arrangements are:

- the provision in the section 8(1) of the LGACA that the Governing Body will have twenty members
- the requirement for any changes to local board boundaries to be subject to the reorganisation provisions in the Local Government Act 2002, which creates tension with the Local Electoral Act provisions that local board and ward boundaries should align where possible.

Following a review of representation arrangements under the Local Electoral Act 2001 which highlighted that council is significantly constrained by the current lack of flexibility, a submission was made to the Justice Select Committee on the Local Electoral Matters Bill.

The Select Committee is due to report back to Parliament by 7 December. While the final outcome will not be known until early 2019, Auckland Council will continue to advocate strongly for legislative change to enable it to have the same flexibility as is enjoyed by other local authorities.

5 Conclusion

The need to ensure the right balance between regional strength and consistency, with local voice and community democracy is a challenge acknowledged and supported by Auckland Council.

Council is applying deliberate focus to improving understanding and effectiveness of the governance model, providing more flexibility to local board decision-making, more active monitoring of the effectiveness of relationships with CCOs and more resource to address issues faced by the Waiheke and Rodney local board areas.

As progress continues to be made on the recommendations made by the Commission and improvement initiatives identified through the Governance Framework Review process, we expect to be able to demonstrate improved satisfaction with council across all parts of Auckland and higher levels of trust in council's decision-making.

This is a long-term journey and will require ongoing commitment. We look forward to continuing this conversation and sharing further progress.

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