

Governance framework review

17 November 2016

FINAL REPORT

Prepared by Gareth Stiven, independent consultant

Sponsored by Phil Wilson, governance director

Contents

| | |
|--|-----|
| | 1 |
| 1 Glossary of key terms and abbreviations | 4 |
| 2 Executive summary..... | 5 |
| 2.1 Overview of findings..... | 5 |
| 2.2 Summarising issues and options..... | 9 |
| 3 Introduction and report structure | 18 |
| 3.1 Approach | 18 |
| 3.2 Focus and exclusions | 19 |
| 3.3 Structure of the report | 19 |
| 4 Overview of the shared governance framework | 20 |
| 4.1 Intentions of the model..... | 20 |
| 4.2 LGACA requirements..... | 21 |
| 4.3 ATA approach..... | 24 |
| 4.4 The decision-making framework | 24 |
| 4.5 Funding mechanisms..... | 26 |
| 4.6 Organisational support..... | 28 |
| 5 What is working well | 34 |
| 5.1 Regional perspective | 34 |
| 5.2 Local perspective..... | 36 |
| 5.3 AUT/Committee for Auckland report | 37 |
| 6 Issues and options | 39 |
| 6.1 Organisational structures and culture have not adapted to shared governance | 39 |
| 6.2 Complementary decision-making, but key aspects of overlap | 48 |
| 6.3 Lack of alignment of accountabilities with responsibilities | 65 |
| 6.4 Local boards are not sufficiently empowered | 72 |
| 7 Community engagement..... | 95 |
| 7.1 Concerns relating to poor community engagement | 95 |
| 7.2 The role of local boards | 96 |
| Appendix A Non-regulatory decision-making | 98 |
| Appendix B Other jurisdictions..... | 99 |
| Appendix C Case Study - Thames-Coromandel District Council..... | 102 |
| Appendix D Comparing TCDC and Auckland Council..... | 111 |
| Appendix E Reducing the number of local boards | 116 |
| Appendix F Options for changing ward representation | 125 |

| | | |
|------------|--|-----|
| Appendix G | Governance roles and the Reserves Act | 130 |
| Appendix H | Local board input on regional decisions..... | 133 |
| Appendix I | Funding local boards..... | 146 |

1 Glossary of key terms and abbreviations

| | |
|---------------|--|
| ABS | Asset based services funding. This is funding linked to local services and facilities related to assets. |
| ATA | Auckland Transition Agency |
| ATEED | Auckland Tourism Events and Economic Development Limited |
| AUT | Auckland University of Technology |
| BID | Business Improvement District |
| CCO | Council controlled organisation |
| GBI | Great Barrier Island |
| IMSB | Independent Māori Statutory Board |
| LBFP | Local Board Funding Policy |
| LBS | Local Board Services |
| Local rate | Funding of local activities through a locally set and levied rate |
| LDI | Locally driven initiative funding. This is discretionary funding made available to each local board. |
| LGA | Local Government Act 2002 |
| LGACA | Local Government (Auckland Council) Act 2009 |
| LGC | Local Government Commission |
| LGOIMA | Local Government Official Information and Meetings Act 1987 |
| LTP | Long-term plan |
| MMP | Mixed member proportional (representation). |
| NZTA | New Zealand Transport Agency |
| PWP | Political working party |
| RFA | Regional Facilities Auckland |
| RMA | Resource Management Act 1991 |
| SOI | Statement of Intent |
| SUIP | Separately used or inhabited part (a single rating unit) |
| Targeted rate | A rate set to fund a targeted activity and/or levied from a targeted geographic area |
| TCDC | Thames Coromandel District Council |
| TLA | Territorial Local Authority |
| UAGC | Uniform Annual General Charge |

2 Executive summary

2.1 Overview of findings

The 2010 reforms

The Auckland governance reforms of 2010 heralded a transformation for local government in Auckland, by:

- removing the seven legacy territorial local authorities and one regional authority
- establishing Auckland Council as a unitary authority and by far New Zealand's largest local authority
- introducing a new, shared decision-making structure with a governing body and 21 local boards supported by one council organisation.

The overarching aim of the reforms was to deliver strong regional decision-making, complemented by decisions that meet diverse local needs and interests.

Focus of this review

Over the last six years Auckland Council (both governors and the organisation) have put considerable effort into developing policies, processes, protocols and organisational support structures to put shared governance into practice. The Local Government (Auckland Council) Act 2009 (LGACA) did not provide prescription but its strong principles have guided this work.

This review reflects on what has been set up over the last six years and considers whether this is enabling the governance model to work optimally in terms of meeting the aim of the 2010 reforms.

Comments on the legislative framework itself are limited as it is not the intent of this review to recommend wholesale changes. This stems from the fact that the scope and scale of governance reform was so significant that it was always going to take time to mature. Public and central government appetite for significant further change would be low, and fundamentally six years on is not the time to propose another model. The review focuses on making the existing framework work better for Auckland.

The review does not include a review of council controlled organisations (CCOs). These structures were recently reviewed by the council, with the findings incorporated into the 2015-2025 Long-term Plan. The role of the Independent Māori Statutory Board (IMSB) is also out of scope.

Review findings

A number of clear successes

The establishment of Auckland Council as a unitary authority governing and representing the Auckland region has enabled clear regional leadership, a platform to respond to growth pressures and ensuing infrastructure demands and created an improved relationship with central government, with the region able to speak with one voice. There has also been significant harmonisation of rules and charges, efficiency savings and enhanced equity across the region in terms of costs and the availability of services. Locally, through the work

of local boards, decisions have been made to reflect the diversity of Auckland's communities and important local issues have been progressed.

Notwithstanding these successes, this review identifies a number of issues with the model and how it is being supported.

An organisation that has struggled to adapt

While the reforms and legislation contemplate shared and complementary decision-making, there is in reality overlap between the roles and powers of the two sets of governors. This is compounded by an organisational structure and culture that has struggled to adapt to what is a unique set of arrangements, with the challenge presented in having one organisation work for and advise 22 different sets of governors.

A fit-for-purpose support model has proved elusive, and the organisation has struggled to balance the need to provide consistent, timely and efficient advice, while also tailoring that advice to reflect the different needs and preferences of 21 local boards.

Similarly the support, structures, and processes that work for the large-scale, strategic, region-wide decisions that rest with the governing body are not necessarily well placed to provide advice and respond well to much narrower local issues. The scale of activity and decisions in the domain of local boards are such that the distinction between the management role of staff and the governance of local board members is not always clear.

The complexity and uniqueness of the Auckland Governance model means that work is still needed to ensure staff and community understanding. This includes where decision-making responsibility sits, and how best to give effect to the shared governance principles.

Roles are not always clear

Importantly, both the governing body and the local boards are responsible and democratically accountable for Auckland Council's decision-making under a shared or complementary structure, rather than a hierarchical model.

In broad terms the governing body has responsibility for all regional policies, strategies and plans, region wide initiatives, setting rates and oversight of the CCOs. Local boards make decisions on, and have oversight of, a broad range of local activities such as local parks, libraries, events, recreational facilities and community activities. Local boards also have a legislative role to input into regional decision-making. While on one level this sounds easy, in practice many activities require both regional and local decisions and there can be actual or perceived overlap in responsibilities.

Accountabilities and responsibilities are not always aligned, and incentives could be strengthened

At a governance level, local boards lack clear accountability to their voters for their decisions. They don't need to balance trade-offs between changing service levels and rate increases, and can advocate to the governing body without being responsible for finding the funding solution. The importance of funding should not be underestimated. Ultimately any decision-making role is undermined where the decision-maker does not have the responsibility for funding those decisions.

The Royal Commission noted these issues in respect of its proposal for local councils:

“The need to justify funding levels to electors is a powerful accountability discipline for local councillors. The fact that local councils will have significant delegations and will be able to influence local rates means that they must also be responsible for managing community expectations and must at times make hard choices.” (Royal Commission on Auckland Governance, 2010, page 375)

Furthermore, governing body members’ roles within their wards are unclear. On one hand they are expected to act in the interests of the region, while on the other they are there to represent the constituents of their wards, making for an inherent tension in their roles. This can also put them in conflict with local boards when local interests are at odds with regional ones.

Powers on paper do not match empowerment in practice

In a number of cases, rules, practices and processes undermine the autonomy of boards or make it difficult for them to fulfil their decision-making roles. For instance:

- the funding policy is highly paternalistic, the governing body sets the budgets for each local board and directs where the majority of funding can be spent
- procurement of most major local activities is guided by the governing body (for the most part through substantial delegations to staff)
- regional policy and decision-making frequently captures local board input at the end of processes, and does not provide a lot of opportunity for local boards to play a role in shaping these decisions or to canvass their communities to help inform what their input should be.

There are often good reasons for these rules and processes. Actively supporting this structure is complex, and can be inefficient. For example, taking opportunities to leverage council’s scale can be in conflict with tailored local solutions. Also, while it is important that local decision-making is empowered, the nature of making good regional decisions is that localism will sometimes be surrendered to a regional prerogative. The local board input role can lead to tension in these cases.

In addition Auckland is, for a large part, a dense, contiguous urban form. Assets and services operate and are used by people from different areas. Yet council’s funding model involves all ratepayers funding all services. This means that residents and ratepayers are funding assets and services governed by local boards that in many instances they are unable to vote for. This complicates issues of equity and democracy, and can make it more difficult to recognise the dominion of local boards over local assets

Engaging the community continues to be a struggle

The government saw local boards playing an important role in leading better community engagement in Auckland. However, while there are some specific examples of local boards’ pioneering new approaches to engagement, evidence of systemic improvement since the establishment of Auckland Council is not apparent.

Improved engagement is a key focus for the organisation and is reflected in outcome number one of the council’s organisational strategy. This organisational commitment is crucial. For local boards to be successful in their roles in leading community engagement, they require high-quality advice and support. It is recommended that this element of the

organisational strategy actively contemplates the leadership role of local boards, and how they can be better supported in this role.

Many issues are within the organisation's power to address

In looking to address the issues identified in this review, the recommendations mostly involve changes at the organisational level and reflect an opportunity to amend a number of practices based on almost six years' experience with the model.

While there is some discussion in this report in relation to reducing the number of local boards, and changing the ward structures, which would involve reasonably significant change, this would not involve a departure from the underlying nature of the model, and would continue to be consistent with the intent of the reforms.

Some of the issues identified in this review such as the tension between leveraging council's scale and tailored local solutions are inherent to the governance model and will continue to require the council, both at an organisational and governance level, to weigh up the merits of both drivers.

The working premise of this review is that there is a desire and commitment to make the governance structure work at its best for Auckland, by ensuring strong regional decision-making while empowering local boards to make decisions that reflect the needs and preferences of diverse communities. It has made the assumption that genuinely shared decision-making makes for better outcomes for Aucklanders, given that this was the ultimate aim of the reforms.

This review demonstrates that if the council (organisation and governors) is committed to shared decision-making, it does need to change. Continuing to operate under some of the current arrangements and processes will incur many of the costs and complexities of shared governance, but too few of the benefits. Most of the changes recommended are completely within the hands of the council.

Some practices to date could suggest that the council needs to test its commitment to genuinely shared governance. The recommendations of this review are aimed at enhancing shared governance as this was the original intent of the reform and legislation, however there is a legitimate counterview that the cost and complexity required to make this effective is not justified by sufficiently improved outcomes. If this counter-view prevailed, then recommendations aimed at shifting responsibilities back to the governing body would be needed. Such changes would have to be justified under the provisions of the LGACA based on the premise that they would better promote the well-being of communities across Auckland. This is a reasonably fundamental change however, and is outside of the scope of this report.

The scale of the reforms should not be underestimated

Creating and operationalising a completely new organisation, at such a large organisational and geographic scale is a major challenge in its own right. However this model also involves a fundamentally different and untested way of working. Like any large scale merger, policies, processes and cultures will take time to mature and embed.

While any review will inevitably focus on and be dominated by issues, this shouldn't negate the significant achievements of Auckland Council over its first six years, and the efforts of

staff and governors in establishing and making this model work, guided by relatively few legislative principles.

That many of the recommendations of this review build on these existing frameworks and processes is testimony to the good thinking to date. With some amendments there is opportunity to see the model working much more effectively.

2.2 Summarising issues and options

The tables below summarise identified issues and recommendations and/or potential responses for further consideration. Many issues are interrelated, and a number of the options work together as a package rather than as independent elements.

They are grouped into four themes which are mirrored in the issues and options discussion in section 6. These themes are:

- organisational structures and culture have not adapted to the complexity of the model
- complementary decision-making, but key aspects of overlap
- lack of alignment of accountabilities with responsibilities
- local boards are not sufficiently empowered.

Organisational structures and culture have not adapted to the complexity of the model

| Summary of issues | Options |
|---|--|
| <p>Unfamiliar and complex governance structure, with 21 local boards, a governing body, six substantive CCOs and the IMSB.</p> <p>Organisation design that is fit-for-purpose to service regional decision-making is not necessarily well suited to supporting local decision-making.</p> | <p>Reduce the number of local boards to make:</p> <ul style="list-style-type: none"> • the model easier to support • it logistically more workable to bring local boards together, and for local boards to work with the governing body • the views of local boards have greater influence. <p>Noting that getting the <i>right</i> number of local boards is about striking a balance between getting genuine local engagement, while maintaining a decision-making structure that is able to be effectively serviced. Specifically a smaller number of local boards may:</p> <ul style="list-style-type: none"> • dilute the concept of individual communities with unique local needs and issues • undermine the ability of local boards to meaningfully connect with their communities • reinforce a sense that the council is remote and removed from its constituents. <p>It is recommended that the new council considers the issue of the number of local boards, and forms a clear position on this matter. If this involves changes, this position can be the basis of advocacy to central government and/or the</p> |

| Summary of issues | Options |
|--|--|
| | Local Government Commission (LGC). |
| Quality of advice not consistently at an appropriate standard. | Embedding the quality advice programme and the improving work programmes project (organisational change programmes) are essential for addressing systemic issues that have been prevalent for six years. |
| Ongoing restructuring undermines the ability to build relationships. | Holistic review focused on determining the best end-to-end support model for local boards, that incorporates operational, policy and planning support. |
| <p>No clarity about the best support model. Different parts of the organisation (and CCOs) have developed their own approaches that range from:</p> <ul style="list-style-type: none"> • dedicated staff such as strategic brokers that are based in local board offices • staff that each work across several local boards such as parks advisors • liaison type roles that provide the interface between their department and local boards, such as the environmental and infrastructure services relationship advisor roles and the Auckland Transport relationship manager roles. | <p>A specific alternative approach that should be considered would be to establish a more decentralised operational support model, which focuses on geographic clusters of local boards.</p> <p>It is recommended that this is the focus of the “servicing local boards” initiative as part of the organisational strategy.</p> |
| <p>Lack of understanding of the model. This includes on-going perceptions that:</p> <ul style="list-style-type: none"> • local boards are a stakeholder rather than a decision-maker • lack recognition of the complementary decision-making roles • the governing body has priority over local boards. <p>In addition, the scale of activity and decisions in the domain of local boards are such that the distinction between the management role of staff and the governance of local board members is not clear.</p> | <p>Staff induction and training that focuses on the respective roles of governing body and local boards.</p> <p>Structural changes (discussed elsewhere) that reinforce respective roles.</p> <p>Develop clear guidelines that specify the role of the two sets of governors and the role of staff.</p> <p>Invest in communications that reinforce the respective roles.</p> |
| Tension between Local Board Services department and other areas providing operational support or policy advice. | <p>Consider further the merits of alternative options for local board support including integrating Democracy Services and Local Board Services as “elected member services” or absorbing Local Board Services into the organisation.</p> <p>It is recommended that any changes are made in the context of a more holistic review focused on determining the best end-to-end support model for local boards, as per the “servicing local</p> |

| Summary of issues | Options |
|-------------------|---|
| | <p>boards” initiative discussed above.</p> <p>Potential changes should also be weighed up against the high levels of satisfaction of local board members with the current dedicated support arrangements. They would also need to provide an alternative mechanism for integrating advice to local boards from across the organisation.</p> |

Complementary decision-making, but key aspects of overlap

| Issues | Options |
|---|---|
| <p>While the governing body and local boards have distinct roles, there are areas of overlap which can lead to role confusion. For example local boards’ have a wide remit to provide input on regional policy-making and advocate on regional matters, and governing body members decisions can have significant local consequences.</p> <p>In addition, some of the processes and conventions adopted by Auckland Council can reinforce these issues, including:</p> <ul style="list-style-type: none"> • naming conventions (in that governing body members are referred to and recognised as councillors) • traditional committee structures • governing body members being elected locally. | <p>Clear statement of core purpose of governing body and local boards, which helps to clarify and differentiate the regional and local roles.</p> <p>It is recommended that the performance of the new committee structure is considered in the context of Auckland’s shared governance model, and specifically with the aim of ensuring overlap in regional and local decision-making is minimised.</p> <p>Confirm and reinforce the current practice for naming conventions or have it changed for example, to the terms regional and local councillors or regional and local members. This would reinforce and clarify the complementary and specific nature of the roles, making it easier for staff and the public to understand.</p> <p>Where both arms of governance have roles in a process or decision or where there are decisions by both arms at different points in a process, there needs to be a robust process established to bring the two arms of governance together and clarify respective roles at the outset.</p> <p>In recognition of the input role of local boards to regional policies and plans, ensure that organisational briefings and workshops look to bring the two arms of governance together so they get the same information where possible.</p> <p>A number of minor changes to the allocation table are recommended to help increase clarity between the governance roles.</p> |
| <p>Local boards have allocated responsibilities for local parks. However there are certain decisions on reserves that are not able to be allocated as</p> | <p>Further investigate the delegation of Reserves Act regulatory decisions to local boards. This would primarily involve classification decisions on</p> |

| Issues | Options |
|--|---|
| <p>they are deemed regulatory in nature. This means that local boards effectively have different responsibilities on parks as compared to reserves.</p> | <p>reserves.</p> |
| <p>Delegated responsibilities for granting swimming pool fence exemptions. There does not appear to be any justification for decision-making being enhanced through local boards having better local knowledge, or being closer to the underlying issues. This is a safety issue, where a robust, standardised regional approach is more appropriate.</p> | <p>The Building (Pools) Amendment Act was recently passed. This Act amends the Building Act 2004 and repeals the Fencing of Swimming Pools Act 1987. This new legislation will come into effect from 1 January 2017 and means that swimming pool safety requirements will stand alongside the other safety and building regulation powers contained in the Act.</p> <p>While the implications are still being investigated, it is likely that the local board role in decision-making will change or end.</p> |
| <p>Local boards have delegated responsibilities for setting time and season rules for dog access. This makes it difficult for both dog-owners and the general public to understand the rules outside of their respective local board areas.</p> | <p>Move responsibility for determining time and season rules for dog access to the governing body.</p> <p>It is also recommended that more generally, for future delegations of bylaws or other regulatory decisions, that the impacts of balancing regional consistency with local tailoring are carefully considered.</p> |
| <p>Role of local boards with respect to parks acquisitions is practically more limited than suggested by the allocation table. Park acquisition opportunities tend to stem from developments where a particular location is offered to council for sale. There are not many instances where the council has an opportunity to select a specific site following a decision to acquire a park somewhere in a local board area.</p> | <p>Note that for Resource Management Act 1991 (RMA) parks acquisitions, the role of the local board is limited, as the acquisition is on a regulatory basis.</p> <p>Qualify the local board role with respect to determining the specific location of local parks, to better reflect the practicalities of park acquisitions. For example change the wording from determining “<i>the specific location of new local parks...</i>” to determining “<i>the specific location of new local parks to the extent that there are options to do so...</i>”, or words to that effect.</p> |
| <p>Under the Reserves Act, for most reserves decisions there are two roles: the administering body role and the supervisory role. The administering body role involves the substantive decision on the relevant matter. The supervisory role involves a different “hat” and is focused on ensuring the process for following the administering body role is consistent with the</p> | <p>Further investigate the most appropriate approach to carrying out the supervisory role for both locally and regionally governed reserves.</p> <p>It is recommended that the approach adopted is consistent for both local boards and the governing body, noting that options may be limited by DoC imposed restrictions in relation to</p> |

| Issues | Options |
|---|--|
| <p>Reserves Act.</p> <p>The supervisory role is a function delegated to local authorities by the minister of Conservation through the 12 June 2013 “instrument of delegation for territorial authorities”.</p> <p>There is a question in relation to who should carry out the supervisory role for Auckland Council reserves.</p> | <p>the instrument of delegation. Legal services are continuing to assess the viability of different approaches.</p> |
| <p>Contesting advice and engaging external expertise.</p> | <p>Advice should come from the organisation. When there are concerns with quality or independence this should be escalated internally in the first instance.</p> <p>The council should consider developing a clear process for addressing needs / requests for contestable advice. This could include the establishment of an internal conflict resolution process.</p> <p>Where there is a lack of organisational resource to support advice, any engagements should still come via the organisation.</p> |

Lack of alignment of accountabilities with responsibilities

| Issues | Options |
|--|---|
| <p>Councillors are elected from wards to represent the region. This means that their responsibilities and accountabilities are not aligned. It also means that they are approached about local issues including constituent queries or complaints that relate to local board activities. This in turn can lead to them being:</p> <ul style="list-style-type: none"> • drawn in to responding, or trying to address local issues that are local board responsibilities • distracted from the core strategic roles they were elected to fulfil. <p>In addition, it makes it harder for the public to understand the respective roles of their ward councillors and local board members.</p> | <p>It is recommended that the new council considers the issue of ward size and boundaries, and forms a clear position on this matter. If this involves changes, this position can be the basis of advocacy to central government and/or the LGC.</p> <p>Likely options would include:</p> <ul style="list-style-type: none"> • retaining status quo (in conjunction with earlier recommendations to better clarify the respective roles of governing body and local board members) • electing a mix of councillors at large and from wards • reducing the number of wards from which councillors are elected. (For reference the Auckland Regional Council were elected from six wards.) <p>Noting that a full at-large system is not supported.</p> |
| <p>There are incentives to act locally despite</p> | <p>Establish clear protocols that focus on ensuring advocacy is finite and regional decisions are</p> |

| Issues | Options |
|--|---|
| <p>regional benefits.</p> <p>Local boards do not have to balance the trade-offs of decisions in the same way that the governing body needs to. For example, it is perfectly tenable (and logical) for local boards to advocate for additional investment in their areas while at the same time seeking lower rates. In effect local board advocacy to the governing body is unconstrained by broader regional needs as they are not accountable for the consequences of regional decisions. Another example could be where central government or the private sector would like to invest in a facility on a local park where the facility has regional or national benefits.</p> | <p>accepted.</p> <p>Establish a call-in right for the governing body so that there is an ability to utilise locally governed assets for identified regional uses. This right would need a clear structure around it including rules around consultation and compensation with local boards.</p> <p>Continue to progress the service property optimisation process with Panuku Development Auckland.</p> |
| <p>Tensions between local boards, the governing body and the organisation.</p> | <p>Continued roll-out of the elected member development programme.</p> <p>Local board advisors keep ward councillors informed on local issues and priorities in a structured way.</p> |

Local boards are not sufficiently empowered

| Issues | Options |
|--|--|
| <p>Inflexibility of the current funding policies to empower local board decision-making. In particular, local boards feel they have little or no real control over 90% of their funding which is for “Asset Based Services”.</p> <p>The terminology of ABS and LDI has also produced a misunderstanding on the part of staff regarding the local board governance role over both elements with staff seeing no role for local boards in ABS.</p> | <p>Remove restrictive rules around how funding is used. Local boards could instead be bulk funded for all their costs, or for the majority of costs other than a baseline of costs that are inherently inflexible which includes governance costs, finance costs, asset depreciation, internal property rentals and facility overheads.</p> <p>Local boards would need to meet core costs, including personnel costs and maintenance contracts out of this bulk funding.</p> <p>In addition, each local board’s flexibility to make changes should be limited to particular points in time and no more frequently than annually.</p> <p>Potentially introduce local rates¹ to fund local activities, though this needs further investigation and a key priority should be a better understanding of the reasons for some of the large differences in spend per rating unit on local</p> |

¹ The term local rates is used here to mean rates set by the local boards to fund some or all (full local rating) of their spending on local activities.

| Issues | Options |
|---|---|
| | <p>activities.</p> <p>The use of targeted rates to increase service levels continues to be an option.</p> |
| <p>Lack of flexibility and nimbleness of current procurement processes. Local Boards specifically felt that there were instances where the current model:</p> <ul style="list-style-type: none"> • had excluded smaller, local providers from opportunities meaning: <ul style="list-style-type: none"> ○ lost economic opportunities for these local providers and local communities ○ less pride and ownership in the work and consequently lower standards • had precluded more creative solutions and opportunities to build community empowerment, often at higher cost • was unresponsive and often more expensive due to a lack of competitive tension • resulted in generic outcomes that failed to reflect local character etc. | <p>Continuation of recent changes that emphasise more outcome based procurement.</p> <p>New facilities contract tender next year is an opportunity for local boards to play an important role in setting differential service levels, and providing local boards with more flexibility in terms of supplier choice.</p> <p>Specific recent examples include an initiative to go directly to the market in Waiheke Island and Great Barrier Island (GBI), to clearly understand the capability and capacity on offer locally. This will inform the ultimate approach to the market.</p> <p>(No specific recommendations, but note the crucial importance of the facilities maintenance contract tender to establish better processes from a local board perspective.)</p> |
| <p>Procurement of major contracts sits with the governing body. However, there is no definition of “major contract” and contracts don’t envisage collective procurement from groups of local boards, which may be appropriate for certain sub-regional contracts.</p> | <p>Potentially develop some guidelines in relation to what constitutes a “major contract”.</p> <p>Needs to be a clear decision upfront about whether a specific contract is considered major or not, and local boards need to be part of this process.</p> <p>Consider establishing mechanisms that support procurement on behalf of a group of local boards (without reverting to the governing body for decisions).</p> |
| <p>Organisational (operational) flexibility to enable more tailored local decision-making.</p> | <p>In tandem with changes to funding and procurement, the organisation will need to have the ability to adapt to local board decisions that have operational implications.</p> <p>For example, local board driven changes to service levels will likely have resourcing implications. The organisation needs to front-foot a structure that can be responsive to these requirements. It may also need to include some restrictions, e.g. that changes can only be made annually or even three-yearly.</p> <p>(Engagement with operations teams is key to progressing this.)</p> |

| Issues | Options |
|---|--|
| <p>Local board member feedback on current processes is the lack of sufficient lead time to:</p> <ul style="list-style-type: none"> influence decisions draw on organisational advice to inform their position appropriately canvass community views. <p>There is a perception that local board input is seen as an afterthought, and that there is a lack of genuine desire to incorporate local board input to improve the quality of decision-making.</p> <p>There are also concerns about the lack of quality feedback in response to their input.</p> <p>From the perspective of staff, they note the significant logistical challenge associated with programming comprehensive local board input, particularly for issues with region-wide implications where all 21 local boards are involved. This can add significant time and cost to decision-making processes, and impacts the organisation's ability to be responsive and flexible.</p> | <p>The governing body agrees at the start of the term, with local board input, a programme of work for the electoral term for strategy, policy, plan development and key regional decisions, which would then be revised annually.</p> <p>Agree criteria that can be used to categorise regional decisions as having high, medium or low local impact and tailor local board input accordingly.</p> <p>The organisation supports the regional decision-making process by:</p> <ul style="list-style-type: none"> where appropriate, bringing both arms of governance together early in the process giving local boards the opportunity to provide early input into the decision ensuring the governing body is supported in hearing and understanding local board views on the decision closing-the-loop with local boards on regional decisions. <p>Identify a suite of tools that can be used for gathering local board input in regional decision-making, including better utilisation of local board clusters.</p> <p>Develop and agree a matrix of local board input on regional decision-making that identifies which engagement tool is best suited to the type of decision being made (high, medium, low local impact) and the stage of the decision-making process.</p> <p>Governors need to receive quality advice in the regional decision-making process. In particular:</p> <ul style="list-style-type: none"> an analysis of the issues and options, including implications locally and regionally local boards need advice on staff's final recommendation/s before providing their own feedback by way of resolutions the governing body needs advice on the local board views before making the final decision local boards need information on the outcome of the decision and how their views |

| Issues | Options |
|---|--|
| | were taken into account. |
| <p>There is frustration among local board members with respect to decision-making in relation to transport. Common concerns include a view that:</p> <ul style="list-style-type: none"> • there is a lack of timely, high-quality information about local transport activity • the community holds them accountable for local transport decisions, but they have very little influence over them • Auckland Transport could be delegating some transport responsibilities to boards, particularly in relation to local transport and place-making in town centres. | <p>Promote recommendations² on improving Auckland Transport reporting to local boards:</p> <ul style="list-style-type: none"> • reduce the detail and technicality of reports to local boards, and make them more relevant in terms of the local board role in strategy and community concerns • more actively demonstrate consideration of local views in reporting. <p>Initiate discussions with Auckland Transport to trial some area-based transport delegations. Suggest that these be considered for Waiheke in the first instance given it is standalone rather than connected to the rest of the transport network.</p> <p>A key challenge to any delegations will of course be funding constraints, which would not be resolved by delegating decision-making.</p> |
| <p>Challenge that Auckland Council decision-making is inconsistent with subsidiarity principles as per the Local Government Act.</p> | <p>Current arrangements do reflect principles of subsidiarity as defined in the Act.</p> <p>Changes discussed above, in relation to role clarity and empowerment, should give better effect to the current structures.</p> <p>Consider trialling some extended decision-making allocations or delegations for Waiheke Island.</p> |

² Taken from: "Auckland Transport, Local Boards and Place making - issues and options paper for Auckland Council", Tanya Perrott, May 2015

3 Introduction and report structure

3.1 Approach

The LGACA set the statutory framework for the establishment of Auckland Council as a single unitary authority, with governance shared across two tiers: the governing body and local boards.

Auckland Council's unique shared governance arrangements are complex, and bring both challenge and opportunity. The Auckland Council model is intended to enable democratic decision-making to meet regional and local needs.

With Auckland Council now in its sixth year it is an appropriate time to consider the effectiveness of the shared governance framework. There is now sufficient experience with the model to assess what has been working effectively, and what needs refining in order to best meet the objectives of the governance reforms.

This report presents a review of the Auckland Council governance framework. Specifically the review is focused on assessing how well the Auckland governance model has been meeting the aim of the 2010 reforms by **delivering strong regional decision-making, complemented by decisions that meet diverse local needs and interests.**

The legislation establishing Auckland Council is principle-based rather than prescriptive, meaning that the council (both governors and the organisation) have developed policies, processes and protocols to meet the intent of the legislation. The review considers whether these are enabling the governance model to work optimally. Comments on the legislative framework itself are limited as it is not the intent of this review to recommend wholesale changes, six years into a major governance reform.

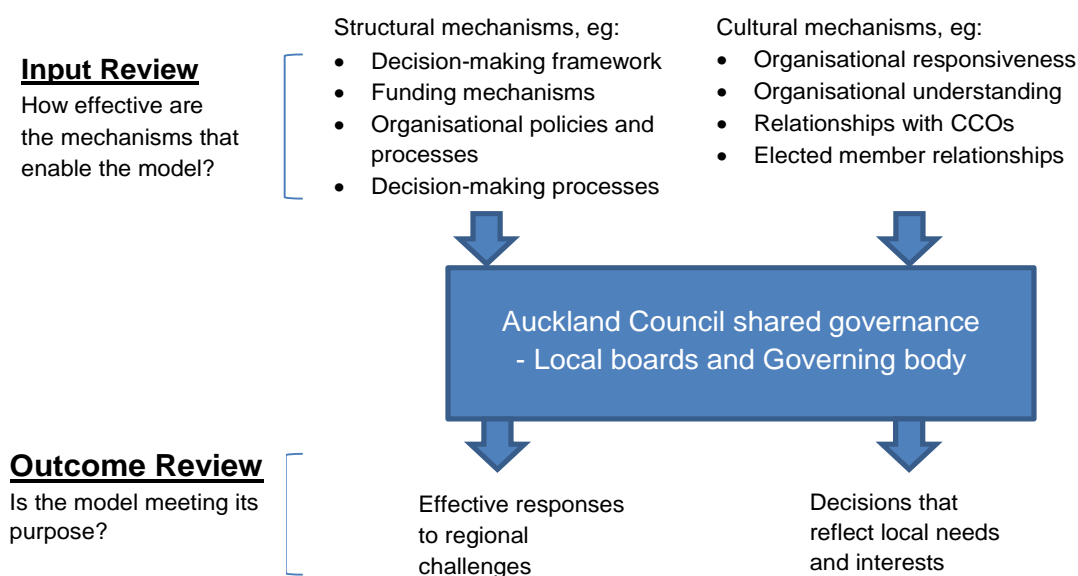
The review is based on:

- an extensive programme of stakeholder interviews across elected members, staff, CCOs, government, and external stakeholders
- analysis of work that preceded the establishment of Auckland Council including the Royal Commission on Auckland Governance, the government's decisions and associated cabinet papers and legislation, and work completed by the Auckland Transition Agency (ATA) in establishing Auckland Council
- analysis of relevant council policies, practices and processes
- other reviews and comment on the success of the reforms
- general research on governance models used in other jurisdictions.

The focus of the review is on both structural and cultural mechanisms, and whether they are enabling Auckland Council to meet the purpose of the reforms. It also looks at the council's decision-making, and whether these decisions are delivering outcomes that reflect the purpose of the reforms.

Figure 1 below summarises the key elements of the review.

FIGURE 1 OVERVIEW OF THE AUCKLAND COUNCIL GOVERNANCE FRAMEWORK REVIEW



3.2 Focus and exclusions

The review does not include a fundamental review of CCOs. These structures were recently reviewed by the council, with the findings incorporated into the 2015-2025 Long-term Plan. However, the review does consider the operating relationships with CCOs at a high level, and in particular considers the relationship with Auckland Transport, which has the most extensive interface with local boards. The role of the IMSB is also out of scope.

The review focuses on making the framework work better for Auckland. A fundamental rethink of the governance arrangements is not contemplated or in scope as:

- the model is still new, and while it is appropriate to reflect on what could be done better, the scope and scale of change was so significant it will take time to develop and mature
- major changes that require legislation or another reform process are unlikely to be supported either by government or the public.

3.3 Structure of the report

This report is structured as follows:

- Section 4 provides an overview of the shared governance framework, it sets the scene and describes the current approach.
- Section 5 provides a brief summary of some of the successes of the model, from both a regional and local perspective. It also briefly summarises the findings of a recent externally based review of the performance of the new Auckland Council governance structure.
- Section 6 is the main part of the report. It includes detailed analysis of issues with the current model and potential options to address them. This section is presented in four sub-sections representing themes emerging through the review.
- Section 7 discusses community engagement in the context of the governance framework.

4 Overview of the shared governance framework

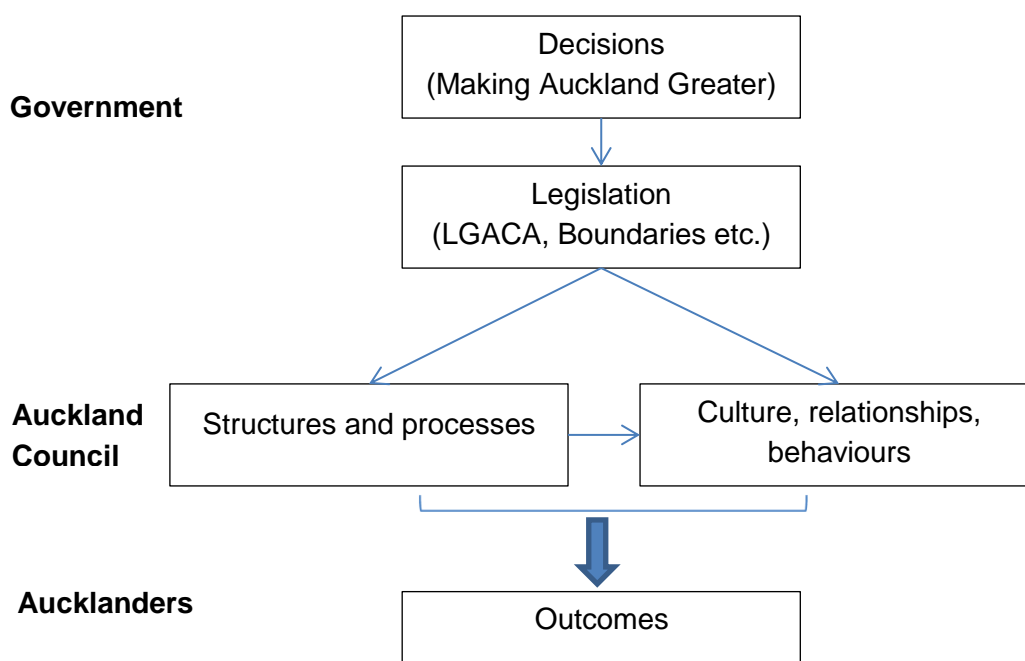
4.1 Intentions of the model

4.1.1 Background

The 2010 changes to local government in Auckland followed a number of years of perceived underperformance of New Zealand’s largest city. In 2007, the (Labour-led) government launched a Royal Commission on Auckland Governance to investigate the existing local government arrangements in Auckland, and to consider what restructuring should be done.

The Royal Commission released its report on 27 March 2009³. They proposed a structure that involved a single unitary authority for the region, complemented by four urban local councils (broadly reflecting the previous Manukau, Waitākere, Auckland, and North Shore city councils), two rural local councils (broadly reflecting the previous Rodney and Franklin district councils), and three community boards representing the CBD and waterfront, Waiheke Island and GBI.

Following the Royal Commission report, the (National-led) government announced its high-level decisions in relation to Auckland governance in April 2009, through the release of Making Auckland Greater⁴. Their work drew heavily on the Royal Commission recommendations with regards to the establishment of Auckland Council as a unitary council, but differed in terms of the second tier of governance.



³ Royal Commission on Auckland Governance, March 2009

⁴ New Zealand Government, “Making Auckland Greater”, April 2009

4.1.2A unified Auckland with effective local representation

The government agreed that Auckland needed a single, region-wide unitary authority to “overcome fragmentation and coordination problems”⁵. The establishment of Auckland Council was driven by a desire to get stronger regional decision-making, to provide a single voice for Auckland, and enable “growth and prosperity through its decision-making structures and policies”⁶.

However, the government raised concerns about the level of local democracy in the Royal Commission’s model, and determined that rather than six local councils and three community boards, local interests would be served through the establishment of local boards. The government felt that this model would better provide for community representation and enable local decision-making. Essentially it was about retaining the “local” in local government.

4.1.3 Engaging communities in local government

The Local Government Act 2002 (LGA) involved a major overhaul of local government legislation, replacing the Local Government Act of 1974 and its many amendments.

An important part of the LGA (and its subsequent modifications through the Local Government Act 2002 Amendment Act 2014) was to introduce requirements around community consultation for significant decisions made by councils.

These changes were a major step in challenging councils to engage more with their communities and actively seek views on a wide range of local decisions.

The Royal Commission also identified poor community engagement as a systemic problem with Auckland’s legacy governance arrangements.

This is important context for the role of local boards. The government’s decisions clearly contemplated local boards playing a key role in garnering and representing the interests of their communities, and being a conduit for the community engagement and representation at risk of being diluted by such a large scale regional authority. This is also clear in the Cabinet papers, which stated that “local boards are designed to improve community engagement.”⁷

4.2 LGACA requirements

Both the governing body and the local boards are responsible and democratically accountable for the decision-making of Auckland Council⁸. The LGACA sets out the classes of decisions that are the responsibility of the governing body and local boards respectively.

4.2.1 Responsibilities

The governing body is responsible for:

⁵ New Zealand Government, “Making Auckland Greater”, April 2009

⁶ Ibid

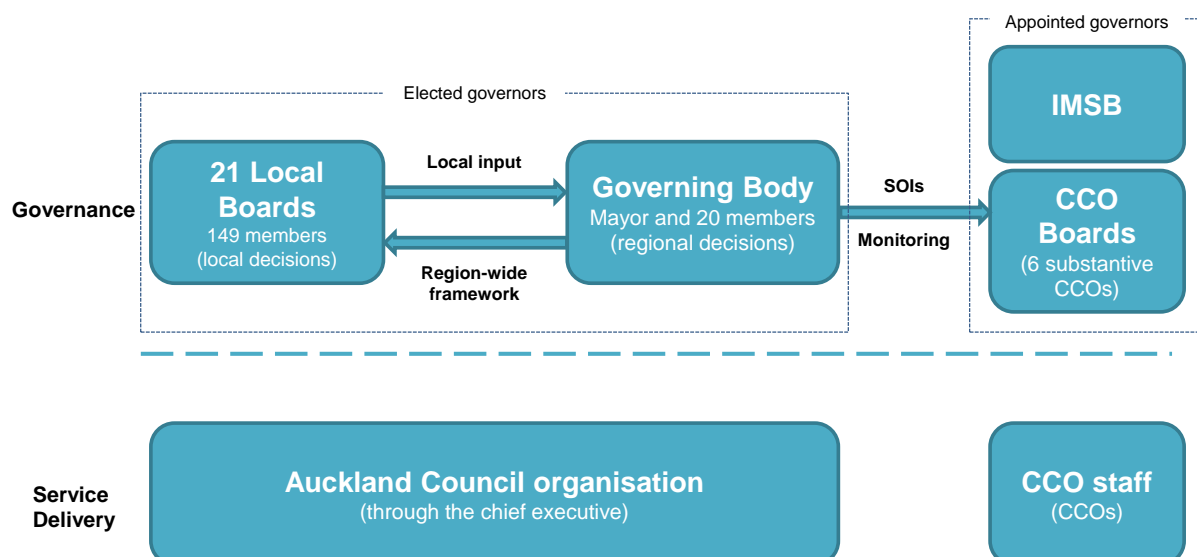
⁷ “Local Government (Auckland Council) Bill: roles and functions of local boards and relationship with Auckland Council”. Retrieved from: [https://www.dia.govt.nz/diawebsite.nsf/Files/Cabinet_Paper_Roles_Funcitons_Local_Boards/\\$file/Cabinet_Paper_Roles_Funcitons_Local_Boards.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Cabinet_Paper_Roles_Funcitons_Local_Boards/$file/Cabinet_Paper_Roles_Funcitons_Local_Boards.pdf)

⁸ LGACA, Part 2 s 14(2)

- regulatory activities
- non-regulatory activities that are allocated to it
- determining the overall budget for the council and the approach to funding that budget
- the decision-making of Auckland Council in relation to the governance of its council-controlled organisations
- the agreement reached with each local board (as set out in each local board agreement)
- (in making a decision) considering the views and preferences expressed by a local board, if the decision affects or may affect the responsibilities or operation of the local board or the well-being of communities within its local board area.

Each local board is responsible for:

- non-regulatory activities that are allocated to it by the governing body on the assumption that non-regulatory activities should be devolved unless the interests of the whole region are better taken into account by regional decision-making
- identifying and communicating the interests and preferences of the people in its local board area in relation to the content of the strategies, policies, plans, and bylaws of Auckland Council
- adoption of local board plans
- identifying and developing bylaws specifically for its local board area, and proposing them to the governing body
- the agreement reached with the governing body (as set out in the local board agreement)
- (in making a decision) collaborating and co-operating with one or more other local boards in the situations where the interests and preferences of communities within each local board area will be better served by doing so.



Service delivery and provision of advice for Auckland Council is undertaken by the council organisation and staff within the council's substantive CCOs:

- Auckland Transport

- Watercare Services
- Auckland Tourism Events and Economic Development (ATEED)
- Panuku Development Auckland
- Regional Facilities Auckland (RFA)
- Auckland Council Investments.

As noted earlier the role of CCOs is out of scope of this review, however their decision-making role does add to the complexity of the governance framework. In particular, the governance role of their boards is complicated by the fact that they are in turn governed by Auckland Council's governing body, which sets their high-level strategic direction through the Statement of Intent process and (in most cases) their budgets.

4.2.2 Allocation of non-regulatory decision-making

The LGACA requires the governing body to allocate decision-making responsibility for non-regulatory activities to either the governing body or local boards. This must be undertaken in accordance with certain legislative principles and after considering the views and preferences of each local board.

These principles are based around the concept of *subsidiarity*, which argues that in political systems, decisions should be devolved to the lowest practical level⁹, i.e. handled by the smallest, lowest, or least centralised authority capable of addressing that matter effectively.

This principle recognises that the people closest to the issues will typically understand them best, and have the greatest interest in addressing them effectively. The challenge is in determining the "lowest practical level", and assessing whether a lower level of authority can address the matter more effectively.

This challenge is reflected in the LGACA legislative principles described in section 17(2). These state that decision-making responsibility for a non-regulatory activity of Auckland Council should be exercised by its local boards *unless*:

- the nature of the activity is such that decision-making on an Auckland-wide basis will better promote the well-being of the communities across Auckland because:
 - the impact of the decision will extend beyond a single local board area (which does not, in itself imply that decisions affecting more than one local board area must be regional, as the legislation also contemplates local boards collaborating)
 - effective decision-making will require alignment or integration with other decisions that are the responsibility of the governing body
 - the benefits of a consistent or co-ordinated approach across Auckland will outweigh the benefits of reflecting the diverse needs and preferences of the communities within each local board area¹⁰.

Importantly, the subsidiarity requirements in the LGACA relate only to council's non-regulatory activities. They do not apply to council's regulatory functions, which include rule-making functions such as setting bylaws, licencing, RMA and Building Act decisions.

⁹ Collins English Dictionary – Complete & Unabridged 2012 Digital Edition

¹⁰ LGACA, Part 2 s 17(2)

4.3 ATA approach

The ATA was given the task of determining the initial allocation of the council's non-regulatory activities using the LGACA¹¹. In undertaking this exercise, the question considered by ATA was not "why should the activity be allocated to local boards?" but "why not?"¹². This consideration was consistent with the LGACA and based on a view that:

- local decisions are best made at a local level to ensure local knowledge and community input are considered
- the governing body should focus on region-wide issues
- from a practical perspective, with 20 governing body members and a mayor governing a region the size of Auckland, the governing body needs to retain a focus on big picture issues.

The ATA reviewed all the activities undertaken by local government in Auckland. It recognised that many of these activities had a local and a regional component. Consequently it determined that it is "not a simple categorisation (of activities) but the nature of the decision, and an understanding of the local component versus the regional component of an activity, that is important."¹³

4.4 The decision-making framework

4.4.1 The current model: statutory, allocated and delegated responsibilities

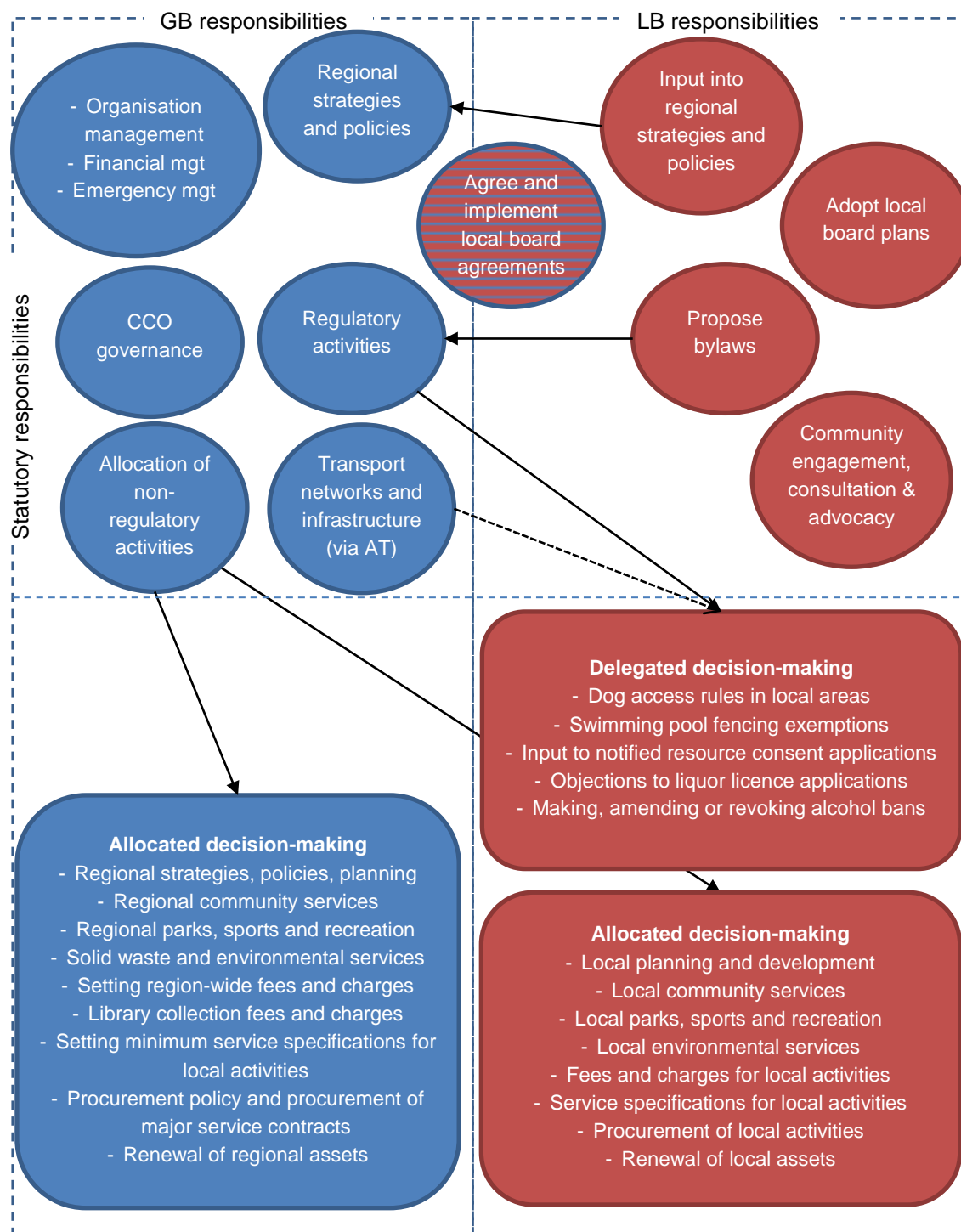
Figure 2 below provides an overview of the decision-making framework.

¹¹ Auckland Transition Agency, Discussion Document – Auckland Council local boards, 26 February 2010

¹² Ibid

¹³ Ibid

FIGURE 2: GOVERNING BODY AND LOCAL BOARD DECISION-MAKING FRAMEWORK



As discussed earlier, *statutory* responsibilities for the governing body and local boards are outlined in the LGACA.

The initial allocation of non-regulatory activities developed by the ATA has subsequently been reviewed and refined, but the broad structure and approach has been retained. The allocation reflects that many activities have both regional and local aspects.

Broadly speaking, the governing body is *allocated* responsibility for all regional policies, strategies and plans; region wide programmes, projects or initiatives; regional assets;

region-wide fees and charges; regional service specifications and setting minimum standards for local service specifications.

Local boards are responsible for decision-making in relation to non-regulatory activities *allocated* to them by the governing body. Local boards make decisions on, and have oversight of, a broad range of local activities such as local parks, libraries, events, recreational facilities and community activities.

Local boards may also be *delegated* certain regulatory responsibilities by the governing body, or transport responsibilities by Auckland Transport¹⁴. Currently local boards have been delegated responsibility for¹⁵:

- dog access rules in local areas
- swimming pool fencing exemptions
- input to notified resource consent applications
- naming of streets and allocating numbers
- objections to liquor licence applications
- making, amending or revoking alcohol bans.

Appendix 1 provides a summary of the current allocation of non-regulatory activities. The full decision-making allocation policy is included as part 3.5 of the Auckland Council Long-term Plan 2015-25, Volume 2 of 3.

4.5 Funding mechanisms

Auckland Council generates funding from a variety of sources, including general rates (based on property value or as uniform annual general charges (UAGC)), targeted rates, subsidies and grants, fees and charges, interest and dividends and other charges such as fuel taxes and fines. Legislation restricts the use of certain funding tools¹⁶, and also controls the extent to which certain tools can be used¹⁷.

- The Auckland Council group operating budget for 2016/17 is about \$3.7b.
- This includes funding from a variety of sources, including:
 - General rates (including UAGC) of \$1.45b
 - Targeted rates \$0.18b
 - Fees and charges of \$1.228b
 - Grants and subsidies of \$0.26b
 - Interest and dividends \$0.005b
 - Other revenue \$0.295b
- The Auckland Council parent (excluding CCOs) has an operational budget of \$1.8b for its activities in 2016/17. This funding includes:
 - \$350m or 20% is for local activities, and of that
 - \$28m or 1.6% is discretionary.

¹⁴ Auckland Transport has not made any delegations to LBs at this stage

¹⁵ This excludes some delegations specific to GBI local board

¹⁶ Auckland Council cannot currently set road tolls for example

¹⁷ UAGC charges cannot be more than 30% of general rates funding

Across the council, funding requirements are tightly linked to the management, maintenance and operation of council's assets, and/or committed to large scale contracts. For example approximately a third of total group expenditure is for interest and depreciation costs.

4.5.1 Funding for local boards

Funding for local activities is based on the nature of the service provided and the allocation of decision-making between the governing body and local boards.

There are three local board funding categories, which are:

- Governance services funding (also called administration costs) which is primarily driven by the number of members and supports members remuneration and Local Board Services costs.
- Locally driven initiatives (LDI) funding which is discretionary. The governing body determines a total LDI funding envelope, and it is allocated to local boards based on population, size of the local board area and the level of deprivation. Examples of LDI expenditure include local events, community grants, increases to library opening hours, feasibility studies, youth connections, and local playground enhancements.
- Asset based services (ABS) funding, where:
 - Operating expenditure is determined on the basis of budgeted costs to meet a base service level. This primarily supports financing, renting, and maintaining assets, as well as the staff costs associated with delivering services from those assets (i.e. library, pool, community and leisure centre staff). Examples include funding for standard library opening hours, maintenance of local parks etc.
 - Capital expenditure is determined based on regional priorities and asset management plans. Examples include funding for a new swimming pool or renewal of a library.

In addition:

- Auckland Transport ring-fences \$10 million for local boards to fund local transport initiatives. This funding is allocated across the local boards on the basis of population¹⁸.
- Each local board has the ability to propose a targeted rate to its community, to fund projects, improve service levels, or for new assets.

4.5.2 Base service levels

The funding policy provides the basis for setting funding for local boards. It enables each local board to manage and maintain its local assets to meet base service levels, provides funding to deliver new assets (as approved by the governing body), and provides some discretionary funding for boards to develop their own initiatives. Local boards are also enabled to find local solutions to fund specific initiatives, either through reallocation of existing funding, changes to user charges, or seeking targeted rates.

A complication and limitation with this approach is that it is difficult to determine base service levels in the context of a range of heterogeneous assets, highly varied communities, and inherited differences associated with the decisions of the legacy councils. This means that:

¹⁸ With the exception of Waiheke and GBI local boards.

- Inevitably there will be different perceptions in different areas in relation to service standards.
- For areas accustomed to receiving higher service levels under their legacy council, the governing body baseline funding actually represents a drop in standards. While in other areas, the baseline may represent an increase in service levels.
- As the majority of funding is tied to assets, the model may reinforce inconsistencies, as areas with more facilities automatically receive more funding to service their assets (whether or not these facilities represent the optimal level for that area).

However, the structure does contemplate these issues:

For *operational service levels*, e.g. facility opening hours, cleaning and maintenance standards, lawn mowing frequency etc., it is appropriate that these are funded to a consistent regional baseline. Local boards have the opportunity to supplement these service levels if desired, for example if this is to match a level previously experienced. While this may pose some challenges in communities that had experienced higher standards historically, this is the reality of the move to one Auckland Council. Similar, and often more pronounced impacts have occurred as a consequence of standardisation of rating policies, and other charges.

For *asset service levels*, e.g. the number of facilities or amount or quality of open space and sports fields, these are best addressed over time, as regional planning and prioritisation takes effect. For example, the Community Facilities Network Plan provides a regional view of service level gaps, to help prioritise investment in the communities least well served in terms of facilities. These include assessments based across different dimensions, including quantity of assets, quality of assets, demographics (and changing demographics) of the communities in question, and use of the facilities (e.g. whether they operate locally, sub-regionally or regionally).

4.6 Organisational support

The organisational support model for the democratically elected members is that the whole organisation supports the governance structure as appropriate. In addition, there is dedicated support provided by the:

- Democracy Services department for the governing body
- Local Board Services department for local board members.

4.6.1 Organisation-wide support

In terms of wider organisational support the governing body members' role in developing regional strategies, policies and plans means that they tend to be supported mostly by the strategy, planning and policy arms of the organisation as well as by the financial policy and planning team. Operational staff provide advice to the governing body on service levels, regional programmes and infrastructure operations.

Local board members on the other hand are served more extensively by the operations arm, as local board work programmes are dominated by initiatives in areas such as environment, events, community development and parks. Specific policy and planning support for local boards has been reduced over the first two terms of Auckland Council due to:

- the prioritisation of areas for growth (spatial priority areas) and consequently the work of planning staff has focused on these areas
- deployment of staff to work on the development of the Unitary Plan
- more general prioritisation of resources, for example the removal of urban design staff supporting local boards
- operational efficiencies being built into the Long-term Plan (LTP).

However, the policy arm of council does support local boards in their legislative role of providing input to regional policies and plans.

4.6.2 Dedicated support

Dedicated support for elected members comprises the Democracy Services department and the Local Board Services department.

The Democracy Services department mirrors the type of support department found in most councils in New Zealand, albeit on a larger scale. It provides democratic support for council committees and hearings; and governance advice, advice on constituency matters and administrative support to governing body members. The department also manages the LGOIMA function and supports regional engagement through the advisory panels such as the ethnic panel and rainbow panel. Senior strategic and governance advice to the governing body is provided by the chief executive, executive leadership team and senior managers who are the lead officers for governing body and committee meetings. In terms of direct support for the governing body members, Democracy Services provides thirteen councillor support advisors, eight democracy advisors and three governance support managers.

The Local Board Services department was set up with a different operating model to Democracy Services given the need to support the local boards in their specific responsibilities that require governance and strategic support. A model was contemplated whereby a parks advisor, community development advisor, planner etc. were part of the department but it was concluded that this could create mini council organisations and create a divide between the rest of the organisation and local boards.

The dedicated support department therefore draws on and integrates this functional expertise. It has specific responsibilities for the core governance responsibilities of local boards including:

- developing local board strategic plans
- developing the annual local board agreement (agreed budget and priorities)
- developing the local board work programme (prioritising the funding envelope and drawing together initiatives from across departments)
- monitoring the work programme
- developing views and input on regional policies and plans
- community engagement.

In addition, the department provides democratic and administrative support. It was also acknowledged that a structure focused spatially around each local board, was preferable.

4.6.3 Staff supporting local boards

Each local board has its own office and is directly supported by 0.33 to 0.5 of a relationship manager, one senior advisor, one advisor, one democracy advisor, one PA/Liaison officer and 0.33 to 0.5 of an engagement advisor (totalling 110 positions). A cross departmental team of 18 staff supports the local teams and the rest of the organisation with processes that cross all local boards as well as being responsible for organisational improvement initiatives aimed at improving the support for local boards.

Dedicated support for local boards is also provided by the local boards communications team (12 staff) within the communications department and the local board financial advisory team (7 staff) within the finance department.

There are also operational staff dedicated to local boards or who are local-board-facing from across the rest of the organisation as follows:

- 44 in parks
- five in infrastructure and environmental services
- 36 in arts, community and events (includes 21 strategic brokers)
- nine in libraries
- five in community facilities
- 21 dedicated staff in CCOs - 11 in transport, six in ATEED, and one in Watercare.

These numbers are very subjective, as there is no definition of local-board-facing and the line could easily be drawn differently. For example there are a number of other staff who are geographically dispersed and operating within the governance sphere of local boards but are not necessarily local-board-facing (i.e. providing direct support and advice to local board members). For example libraries and recreation centre staff; parks programme staff; community service place managers (who manage programmes in community centres and halls etc.); and property lease staff.

In terms of the costs of Local Board Services staff and other local-board-facing staff:

- The 2016/17 budget for Local Board Services staff costs is \$11.3m.
- Assuming a similar per head cost, the cost of other local-board-facing staff is estimated to be about \$12m.

As discussed, local boards are also supported by specialist advice from across the organisation on an as required basis. It is difficult to gauge the extent of this support. However, a previous estimate suggests something in the order of 3500 reports per year go to local board business meetings for information or decisions. A number of these reports will be from Local Board Services staff or from the local-board-facing staff discussed above. Unfortunately detail on these numbers is not available.

To get a sense of context, we can make some *very* crude assumptions, for example:

- assume half of the reports (1750) are written by staff other than Local Board Services or local-board-facing staff
- assume each report involves 5 days of staff time including meeting attendance and a workshop if required (obviously this will in reality vary widely)
- assume, on average an hour of staff time costs \$50.

This would suggest a cost of \$3.5m across 21 local boards.

By adding this to the estimated costs associated with Local Board Services and local-board-facing staff gives an estimated staff budget of about \$27m. This cost supports:

- decisions related to \$350m of council spend (just under 8%)
- staffing of 21 regional offices
- the local board role in community consultation and engagement
- democracy support for 21 local boards
- the development of local board plans and agreements
- input into regional policy, plans, strategies and bylaws.

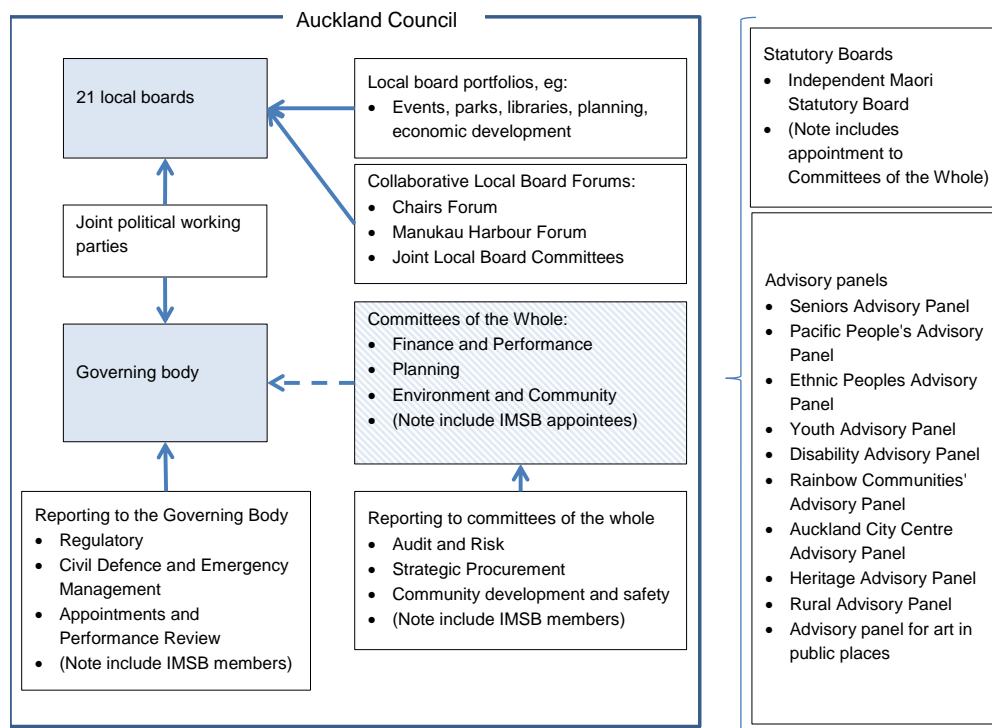
As noted, this is a crude estimate and is only provided to give a sense of costs. Without a comprehensive focused costs assessment, it is very difficult to identify an accurate picture of local board support costs. In addition, any assessment would need to consider the counterfactual, i.e. to what extent would work still be undertaken and costs incurred under a different model.

4.6.4 Conducting governance business

Conducting the governance of Auckland Council is a significant business, with a myriad of structures to support the 170 elected members.

The Auckland Council governance and support model is outlined in Figure 3 below. The shading indicates the key decision-making bodies. This shows the complexity of the model, and the large number of sub-committees, reporting committees and advisory bodies etc.

FIGURE 3: THE AUCKLAND COUNCIL GOVERNANCE MODEL



Local boards

The boards hold formal monthly business meetings, which constitute the core decision-making forum. In addition there are a number of non-decision-making forums including:

- weekly workshops
- portfolio meetings (most local boards have portfolios to address specific activities such as events, parks, libraries, planning and economic development as a way of sharing governance responsibilities)
- local board chairs meetings
- joint local board chairs / governing body meetings
- cluster meetings between more than one local board
- the Manukau Harbour Forum.

Formal decisions made at local board business meetings are either directly actioned by staff, or in the case of input on regional decisions, formally communicated to the governing body via the relevant committee.

Governing body

Formal governing body decision-making is made at either a full governing body meeting, one of the three committees of the whole, or (subject to delegation) at one of the six committees which report either to the governing body or a committee of the whole.

Special purpose committees can also be established from time to time. Examples include the Auckland Plan committee which existed in the first term of Auckland Council to oversee

the development of the first Auckland Plan, and the Unitary Plan committee which was established in the second term to progress the development of the Unitary Plan.

More frequently, working parties are used to provide guidance over specific issues. Working parties do not have decision-making powers, but report their findings to the relevant decision-making committee to support a particular decision. Governing body members also attend a number of non-decision-making forums such as workshops and briefings to support their decision-making roles.

Working together

The governing body and local boards are also involved in joint forums such as:

- the governing body and local board chairs forum, which considers broad governance issues, and issues germane to the working relationship between the governing body and local boards
- joint political working parties for key pieces of policy work.

However, there are also examples where the governing body and local boards don't work together, where there may be opportunities for them to do so. For example there are often separate briefings for governing body and local board members on exactly the same issue.

5 What is working well

The substantive focus of this report is on opportunities to improve the model. Consequently the emphasis tends to be on areas that are not working well and are causing frustration and tension, or leading to inefficient or ineffective outcomes.

However, there are a number of positive aspects associated with the model, both from a regional and local perspective.

5.1 Regional perspective

Regionally, the Auckland Council model has represented a step change in the ability of the region to speak as one to government. This has led to improved relationships and a vastly improved ability to work together.

This is clearly demonstrated in areas such as transport and the recent agreement on funding for the City Rail Link, and housing where the Housing Accord between government and Auckland Council has accelerated delivery of housing across the city through Special Housing Areas (SHAs).

Strong and accelerating population growth in Auckland continues to be a significant challenge, with more than 130,000 more people living in the region since 2010. A fit-for-purpose regional model with the scope and scale to responsively plan and invest has been crucial. For example, the development of the Unitary Plan, which is soon to become operative, provides a coherent regional framework for strategic decision-making and action, with land-use decisions that support development in spatial priority areas, consistent with the development of transport and other network infrastructure.

Under the legacy model, the regional arm (the Auckland Regional Council) had the ability to plan, but not to raise money or implement any of these decisions.

The establishment of Auckland Council has also enabled significant harmonisation of rules, services and charges, enhancing equity across the region in terms of costs and the availability of services, as well as providing consistency and transparency for residents and businesses. This includes the establishment of:

- one rating system
- consistent water and wastewater charges
- consistent user charges and fees for regional activities
- standardised consenting and licencing practices
- rationalisation and standardisation of by-laws
- planning and programmes to identify and address regional service level deficits.

A range of examples of important outcomes supported by a single regional perspective are outlined in Table 1 below.

TABLE 1: EXAMPLES OF STRONG REGIONAL DECISION-MAKING

| Area | Specific examples |
|--------------------|--|
| Controlling costs. | Core council expenditure is lower per capita than prior to amalgamation. |

| Area | Specific examples |
|--|---|
| <p>Transport is now one integrated regional network.</p> | <p>Electrification of the rail network, and the introduction of 57 new electric trains.</p> <p>Commencement of the City Rail Link project including a funding agreement with government.</p> <p>Auckland Transport HOP card rolled out across buses, rail and ferries.</p> <p>Redesign of bus and ferry networks to integrate with the rail system, while express bus-ways and bus lanes now connect areas not yet serviced by rail.</p> <p>A number of new cycle-ways completed or planned.</p> <p>First stage completion of the Auckland-Manukau Eastern Transport Initiative, included a new Panmure train and bus station, new Ellerslie-Panmure Highway bridges, along with Te Horeta Road linking Glen Innes and Mt Wellington.</p> <p>Completion of the New Lynn train station and a series of subsequent interrelated projects in the area.</p> <p>Public patronage increasing by a third in only five years, from 60 million passengers in 2010 to 80 million in 2015.</p> |
| <p>Ability to take a regional approach to sports-field provision, which has enabled the development of a strategy focused on increasing the capacity of the existing network, and also partnering with others, like schools to host games.</p> | <p>Sportsfields investments that have enabled 796 additional playing hours per week through improvements that have included 12 artificial turf fields, 53 sand carpet fields and 11 new soil fields.</p> <p>Close to six million booked participations on 800 sports fields every year with demand continuing to grow along with population growth.</p> |
| <p>Regional leverage and capacity to respond to growth pressures.</p> | <p>More pools and parkland – 620 hectares of additional parks acquired in five years.</p> <p>New libraries for Devonport, Wellsford, Waiheke, Rānui, Ōtāhuhu and Te Atatū.</p> <p>New cultural facilities, such as Te Oro music and arts centre in Glen Innes, Titirangi's arts and culture precinct and Te Wao Nui at Auckland Zoo.</p> |
| <p>Environmental responses that more appropriately reflect the sphere of impact.</p> | <p>Regional approach to waste minimisation.</p> <p>Establishment of the Manukau Harbour Forum.</p> |
| <p>Establishment of a coordinated approach to housing supply issues.</p> | <p>Formalised collaboration with central government.</p> <p>Introduction of the concept of Special Housing Areas and rolling a number of these out across the region.</p> <p>On track for meeting the three-year target of consenting 39,000 dwellings or sites by October 2016.</p> |

| Area | Specific examples |
|--|--|
| Coordinated economic development focus | <p>Development of an Auckland-wide innovation plan.</p> <p>Delivering a portfolio of more than 30 major events in 2015, generating 390,000 visitor nights and \$73.1m into the regional economy.</p> |

5.2 Local perspective

Local boards have played an important role in ensuring the council is responsive across the scale and scope of its activities. They have enabled the governing body to fulfil its bigger picture regional role, while ensuring the model provides a strong connection and point of access for local communities, e.g. through having local offices and representatives close to the local issues and empowered to speak on their behalf. Table 2 provides a number of examples of the strength of the shared governance model from a local perspective.

TABLE 2: LOCAL BOARDS INFLUENCING COMMUNITY OUTCOMES

| Local boards can... | Examples |
|--|--|
| ...take a direct role in community engagement and development and bring innovation into engagement activities | <p>Leading the establishment of youth councils which have progressed into the regional Youth Advisory Panel and have had a positive impact on mobilising younger people's engagement in decision-making. This was evident in the prominent role of Generation Zero in discussions on the proposed Unitary Plan.</p> <p>Engagement on the development of the 2014 local board plans focused on reaching parts of the community that do not typically engage in council consultation processes. Approaches were tailored for different local boards and different communities, effectively enabling a range of different tools to be tested. Over 200 engagement events were held, with participation from 13,600 people from right across Auckland.</p> |
| ...make local decisions that provide a local focus in a way that didn't exist in the legacy model | <p>Establishment of local targeted rates to fund universal free swimming pool entry in Māngere-Ōtāhuhu and Ōtara-Papatoetoe. This means that only the communities that most want these services are paying for them.</p> <p>Supporting the establishment of regional Greenways programmes to link parks and cycleways and quiet streets to support cycling and walking.</p> |
| ...keep important local issues alive through their advocacy (to the governing body, Auckland Transport and other CCOs) | <p>Supporting or progressing the delivery of various projects through a combination of advocacy, working with partners and/or local board funding support, for example the Hobson Bay Walkway, the Albany Stadium, the Potters Park Splash Pad and various community facilities and open spaces across the region</p> <p>Advocacy to the governing body that enabled local boards to object to liquor licence</p> |

| Local boards can... | Examples |
|---|---|
| | applications. |
| ...use their detailed local knowledge to play an important monitoring and oversight role that would have been lost without their presence | <p>Many cases where a local board's detailed knowledge has identified issues or opportunities with plans or proposals or enabled better quality delivery of projects and events. For example:</p> <ul style="list-style-type: none"> • facilities that are scheduled for renewal that are underutilised, and where there are others with a higher priority • providing useful local context to event planning such as traffic management. |
| ...help shape regional policy by providing insight into local implications that the governing body may not be aware of | <p>For example, advocacy to government and the governing body leading to the adoption of the Local Approved Products Policy leading to the closure of some retail outlets selling "legal highs".</p> |
| ...better identify and develop innovative solutions through their local relationships. | <p>Working with community groups and other parties to support the successful delivery of projects such as the:</p> <ul style="list-style-type: none"> • Oruarangi Awa purple dye spill and industry pollution prevention programme • plans to address erosion on the Huia Domain and foreshore • Sturges Park redevelopment • establishment of a community basketball court in Ōtara. |

5.3 AUT/Committee for Auckland report

In May 2016, the Committee for Auckland released a report it had commissioned on the state of governance in Auckland reflecting on the establishment of Auckland Council and its impact on the region. The report, "The Governance of Auckland: 5 years on"¹⁹, was prepared by the Policy Observatory of Auckland University of Technology (AUT).

The report provides an external facing view of the impact of the reforms, and does not include any detailed interrogation of underlying structural mechanisms or operational support. Some of the key findings of the report, as noted by the Committee for Auckland include:

"The report found that the unitary structure has significantly addressed the issue of a weak and fragmented regional governance system. Addressing the Auckland-wide infrastructure deficit and engaging with central government are more possible under the new model.

¹⁹http://www.committeeforauckland.co.nz/images/pdfs/The_Governance_of_Auckland_5_Years_On_-_Full_Report.pdf

“Despite some negative media coverage, the council is on the right track for Auckland. Significant restructuring is not warranted and it would be costly and disruptive.

“Many issues with council can be solved within existing structures, although there is room for some adjustments. The key issue is community engagement, and the ‘local’ dimension needs work. The size and complexity of Auckland Council governance may well be alienating for many members of the public.”²⁰

Other relevant findings included that:

- local boards lack power, profile and respect
- there is tension between the voter base, e.g. ward councillors, and their regional focus.

These two points are both discussed in the following discussion on issues and options.

²⁰ Retrieved from <http://www.committeeforauckland.co.nz/newsandpublications/latest-news/8-news-and-publications/634-media-release-community-engagement-a-problem-in-improved-auckland-council>

6 Issues and options

This section outlines some of the key issues emerging from this review and a number of options for addressing these issues. While many issues are interrelated, they are structured into four key themes as follows:

- Organisational structures and culture have not adapted to the complexity of the model
- Complementary decision-making, but key aspects of overlap
- Lack of alignment of accountabilities with responsibilities
- Local boards are not sufficiently empowered.

For each theme, a number of more detailed issues are highlighted along with options for addressing or ameliorating these issues.

As noted earlier, the changes outlined below mostly contemplate building upon the current model, rather than a fundamental restructure, which is not contemplated given the recency of the reforms. While there is some discussion in relation to reducing the number of local boards, and changing the ward structures, which would involve reasonably significant change, it is noted that this would not involve a departure from the underlying nature of the model, and would continue to be consistent with Local Government Act legislation etc.

6.1 Organisational structures and culture have not adapted to shared governance

The effectiveness of organisational support, from both a cultural and structural perspective, was a pervasive theme emerging from discussions with staff and elected members, and it is clear that the challenging logistics of the Auckland Council model have not been surmounted.

This is an important issue for at least three reasons:

- 1 it directly reflects on the quality of advice to elected members, organisational support structures and the understanding of the governance model
- 2 it reinforces a number of other issues discussed in this report
- 3 it is most in the organisation's power to address (though, as discussed above, the complexity and uniqueness of the governance structure is certainly contributing to these challenges).

The model is unfamiliar and complex

It is hard to overstate the unique and complex nature of the Auckland Council governance arrangements. While there are a number of other cities that have models with both region-wide and local decision-making elements, these tend to be one of either:

- completely separate organisations, each with their own staff, or
- locally focused sub-committees of the council (where members on the local committee are generally elected from the relevant ward).

Other models in New Zealand with community board decision-making are possibly the closest comparators. However, they generally operate as a lower tier of their councils, with limited delegated powers.

(Appendix B outlines examples of structures used in other jurisdictions. Appendix C provides a detailed case study of Thames-Coromandel District Council (TCDC). Appendix D provides a structural comparison of TCDC with Auckland Council.)

The challenge of adequately servicing 21 local boards was a consistently recurring theme from discussions with staff. Nearly everyone who had to work with local boards found this to be a significant obstacle which added logistical challenges, making it hard to programme decision-making, capture genuine input from across the governance model and to provide high-quality, consistent advice. This also means that one local board's input can become invisible among the large pool of feedback.

Ensuring the right level of support is also difficult. The organisation needs to be fit-for-purpose at a regional level, and has developed scale, processes and organisational policies to do so. These don't necessarily fit well when applied to supporting local boards that were set up to help ensure council services reflect local diversity.

It was also noted that the number of local boards made it hard to build relationships between staff and elected members, which had negative cultural impacts for the organisation. This impact has been exacerbated by a steady change in support, either brought about by churn, or organisational restructuring.

On top of the challenges associated with 21 local boards and a governing body, undertaking a large element of service delivery through CCOs further complicates the support for decision-making and the delivery of services to Aucklanders.

Finally, the model's complexity makes it harder to understand. This is challenging for staff and elected members navigating it, and also the public trying to engage with it.

Reducing the number of local boards

An obvious option for improving logistics and reducing the complexity of the model would be to have fewer local boards.

It is recommended that the new council considers the issue of the number of local boards, and forms a clear position on this matter. If this involves changes, this position can be the basis of advocacy to central government and/or the LGC.

Essentially this is about striking a balance between getting genuine local engagement, while maintaining a decision-making structure that is able to be effectively serviced. As noted elsewhere, the current model includes some very large local board areas²¹. Having fewer boards would obviously require them to cover larger areas, which may undermine the fundamental concept of local and the underlying reason for their existence. Specifically a smaller number of local boards may:

- dilute the concept of individual communities with unique local needs and issues
- undermine the ability of local boards to meaningfully connect with their communities
- reinforce a sense that the council is remote and removed from its constituents
- result in decisions that do not effectively meet local needs and preferences.

²¹ Howick for example is larger than Dunedin City Council

In addition, these issues may become more pronounced as the region continues to grow.

The process for effecting change is also complicated. Under current legislation a change in the number of local boards would need to be confirmed via a local government reorganisation process (similar to the recent processes undertaken for example in Northland²² and the Hawke's Bay²³).

The Cabinet papers supporting the Auckland reforms, contemplated different numbers of local boards. Specifically they looked at options involving 20-30 local boards and 12-16 local boards. Arguments for greater or fewer boards were outlined and the minister concluded "*on balance, I propose retaining ... 20 to 30 local boards... This option would result in a (local) tier that is more representative of local communities and has stronger connections to them.*"²⁴

Interestingly, in 2015 in an article reflecting on the reforms, Rodney Hide (the former Minister of Local Government who oversaw the reforms) commented that: "*there are too many local boards. Twenty-one is too many to service and for the council and CCOs to consult. I don't know the right number but a rationalisation is in order. A bigger jurisdiction would make them less local but the advantage would be in their say counting more.*"²⁵

A more detailed discussion on the options and implications for reducing the number of local boards is provided in Appendix E.

Understanding and resistance

It is generally felt that understanding and acceptance of the model has improved, however this continues to be an issue. There is a concern that local boards are perceived as a stakeholder group that needs to be worked through or consulted, as opposed to a decision-maker in their own right. There is also a view that staff consistently prioritise the governing body in terms of their responsiveness.

Elected members survey

The recent elected member survey results found that while elected members were generally satisfied with support from Democracy Services and Local Board Services departments (80 per cent and 88 per cent satisfaction respectively), the majority of council departments had satisfaction ratings of under 50 per cent. The Governing Body generally rated departments higher than local boards.

Source: Allpress, J. A., Meares, C. & Rootham, E. (2016). Auckland Council Elected Members Survey 2016 : Full Report. Auckland Council.

²² See <http://www.lgc.govt.nz/the-reorganisation-process/reorganisation-current-applications/view/northland-reorganisation/?step=main>

²³ See <http://www.lgc.govt.nz/the-reorganisation-process/reorganisation-current-applications/view/hawkes-bay-reorganisation/?step=main>

²⁴ "Local Government (Auckland Council) Bill: roles and functions of local boards and relationship with Auckland Council". Retrieved from: [https://www.dia.govt.nz/diawebsite.nsf/Files/Cabinet_Paper_Roles_Funcitons_Local_Boards/\\$file/Cabinet_Paper_Roles_Funcitons_Local_Boards.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Cabinet_Paper_Roles_Funcitons_Local_Boards/$file/Cabinet_Paper_Roles_Funcitons_Local_Boards.pdf)

²⁵ "A super achievement", Rodney Hide in the New Zealand Herald, October 30, 2015

This issue is also evident in issues associated with the quality of advice and a clear perception that the standard of advice is quite different for the governing body as compared with local boards.

Policies and processes can aggravate these issues. For example where roles are shared across a specific activity, the governing body may have the substantive decision-making role (e.g. the decision to acquire a new park or build a new library), which reinforces a sense of decision-making hierarchy.

More generally, the governing body's role in setting budgets undoubtedly reinforces a perception that they are the ultimate gatekeeper. Where decisions are related to local board discretionary funding, there is a much clearer sense that the role of local boards is understood and accepted.

High-quality induction and training that focuses on the respective roles of governing body and local boards is important to help address these issues. A number of structural changes (discussed elsewhere) that reinforce respective roles, and greater investment in communications will also support a more intuitively well understood model.

In addition, the distinction between the governance role of local boards and the management role of staff is less clear than that between the governing body and staff. This may partly be a reflection of the fact that the governing body role is more consistent with the role of governors in the legacy councils. However, the scale of activity and decisions in the domain of local boards are such that the distinction between the management role of staff and the governance of local board members is not clear.

It is recommended that clear guidelines are developed that specify the role of the two sets of governors and the role of staff. For example, for procurement this would describe the local board role as specifying the outcomes it is seeking, and the staff role as providing advice on the options to achieve the outcomes and actually carrying out the procurement process.

Quality of advice

The organisation continues to struggle to provide high quality, consistent advice and service to its governors. A number of examples were cited, such as the presentation of advice that doesn't include an adequate consideration of different options, staff not being adequately prepared or briefed to answer questions at local board workshops or business meetings, or staff not having significant seniority to provide the required support.

For example asset renewal programmes that include a list of assets to be renewed over the coming 12 months with no indication of trade-offs and no information about how the costings were arrived at.

Elected members survey

Elected members' overall satisfaction with the advice and support provided by council employees is 51 per cent, down from 63 per cent in the 2014 survey.

| Satisfaction with: | 2014 | 2016 |
|---|------|------|
| Quality of advice in agenda reports | 60% | 55% |
| Timeliness of advice | 38% | 32% |
| Progress toward working as a unified organisation | 33% | 24% |

Source: Allpress, J. A., Meares, C. & Rootham, E. (2016). Auckland Council Elected Members Survey 2016 : Full Report. Auckland Council.

A particular frustration was a lack of good quality work programmes coming to local boards. These are a crucial tool for local boards to manage their own programmes and need to continue to be an area of improvement focus.

These issues have been recognised and two key organisational change initiatives are underway. These two initiatives are outlined in the boxed text below.

Quality advice programme

A comprehensive culture change and skill development programme, aimed at lifting the quality of staff's written and verbal advice, has been introduced as a cross-organisation initiative. This quality advice programme is anchored by a set of standards and includes a range of activities such as training, the development of support tools and guidance, and the testing and application of skill development approaches through pilot projects. In addition to improving the overall quality of advice provided by staff, the anticipated benefits of the programme are to increase efficiency and effectiveness by reducing the volume of information only reports, reducing the need for re-work by getting the quality right the first time, and enhancing the trust and confidence that both elected members and the public have in the support and advice staff provide to decision-makers.

Improving work programmes for local boards

'Improving work programmes for local boards' is a project which seeks to develop and implement a consistent approach to work programming for local boards using SharePoint technology. After implementation of the first phase, local boards are seeing complete work programmes, covering more activities over which they have decision-making. The project has ensured activity is aligned with local board plan outcomes, and measurements against progress are transparent. These changes along with better alignment of timeframes to the annual plan process have allowed for much greater effectiveness of decision-making for local elected members and efficiency of resourcing for the organisation.

Embedding the quality advice programme and building on the first phase of the improving work programmes project are essential for addressing systemic issues that have been prevalent for six years.

Support structure

The original organisational structure set up by the ATA was conventional and in hindsight did not have an eye to how the organisation would best support a governance model of 22 governance entities with each local board having a work programme that involves many departments across council and interests that span council activities including CCOs.

Providing service to the governing body has been less challenging for the organisation as compared to the local boards. This stems from the fact that it is one governance entity and is therefore more straightforward, members are full time, and staff perceive it to be the arm of governance most akin to what they were used to in legacy councils, whereas local boards are a new phenomenon.

Governing body members generally appear to be more satisfied with organisational support than local board members, although some do perceive that local boards receive more dedicated support. The explanation for the different dedicated support structures is that the

Local Board Services teams are providing strategic and governance support in plans and work programmes as well as integrating advice from across the organisation, while for the governing body these functions are performed by senior managers in the policy and finance areas in particular. Looking ahead, there are some potential opportunities for local board advisory staff to provide briefings to ward councillors on local work programmes.

Ongoing change

Since amalgamation there have been a number of restructures in the operations division of council, and some of these restructures have considered how best to serve the local boards. Various models now exist including:

- dedicated staff such as strategic brokers that are based in local board offices
- staff that each work across several local boards such as parks advisors
- liaison type roles that provide the interface between their department and local boards, such as the environmental and infrastructure services relationship advisor roles and the Auckland Transport relationship manager roles.

A number of elected members commented on the constant change within the organisation making it hard to identify the right staff and build relationships.

Determining a preferred model

There was also a sense that, despite the significant number of restructures, no particular model had been settled on. Some departments had moved to embedded staff, others dedicated local board relationship managers to link local boards with the relevant specialists, others use teams working across particular geographies.

It is becoming more common for different parts of the organisation (and CCOs) to establish dedicated positions focused on supporting local boards (either individual boards or groups of boards).

There are two views in relation to this approach.

Local board members generally believe this approach has worked well. However, others raised concerns that the automatic response to issues associated with servicing local boards was to establish positions to better manage the local board *interface*, absolving staff from responsibility for improving the underlying advice. Under this view, there is a concern that rather than increasing accountability, the organisation is in a mode of compensating for underperformance.

Without a more detailed interrogation of the operational model, it is difficult to form a view as to whether the organisation is adapting to the model or compensating for issues in servicing it, or some combination of both.

However, determining the best approach to servicing both governing body and local boards should be a focus for the organisation. Currently there are a range of organisational practices, and also different initiatives looking at support practices from within different parts

Elected member survey

These issues were also reflected in the elected member survey. Elected members' written responses indicated that there is a lack of clarity about how council's functions are organised following restructures and that there is a lack of understanding about local boards' governance role.

Source: Allpress, J. A., Meares, C. & Rootham, E. (2016). Auckland Council Elected Members Survey 2016 : Full Report. Auckland Council.

of the organisation. This seems to be an extension of the approach taken throughout the first six years of Auckland Council, and has resulted in a perception of continual flux, and different practices across the organisation.

It would seem appropriate to step back from this and consider a more holistic review that focused on determining a better end-to-end support model. This should include a review of both policy and operational support, as well as the role and function of Local Board Services.

A specific alternative approach that should be considered would be to establish a more decentralised operational support model, which focuses on geographic clusters of local boards.

This could involve for example an Area Manager with the seniority to make service decisions, and who would have local staff reporting to them across the key local activity areas of community services, parks, sport and recreation, local events etc. They would also be the senior contact point for centralised staff to liaise with locally, be the key relationship point for the boards, and be responsible for servicing their governance needs.

This could have the effect of organising the local boards around larger clusters, and could be particularly effective at managing the interface between local and regional issues in a more efficient way. However, it would still enable each board to have its own unique community facing role.

Local board services dedicated support

The dedicated support from the Local Board Services department is valued by the local board members. The integrating role that the department plays in terms of bringing advice from a functionally structured organisation into a coherent place-based perspective is seen as critical.

A few commentators mentioned that having two separate support departments could contribute to driving a wedge between the two arms of governance. Other commentators felt that Local Board Services staff could be “captured” by local board members and were not always supportive of advice from other departments or saw that their role was to critically challenge that advice.

This is a difficult tension for Local Board Services staff. On one hand, part of their role is to ensure advice is fit-for-purpose, including reviewing agenda reports and workshop materials. Issues with the quality of advice and the lack of understanding of the governance role, as mentioned elsewhere, suggest that the Local Board Services staff play a legitimate role in questioning and setting standards for advice.

On the other hand, the close proximity of local board service staff to local board members does make them vulnerable to political influence, and inevitably this will occur from time to time.

Countering this is a strong culture within the department of political neutrality. So, while it is impossible to say that there is no political influence on dedicated staff, the situation is no different to any other key advisors to politicians, and mostly professional staff manage this extremely well.

Finally, as noted later in this report, local perspectives will not always align with wider regional perspectives or organisational perspectives. As such, Local Board Services staff views may not be *politically* influenced, so much as *locally* influenced which arguably is consistent with their organisational role. This is no different from staff in other parts of the organisation having different views on matters reflecting their roles. These differences would normally be managed and/or reconciled within the organisation, say by the executive leadership team, before becoming formal staff advice. In the case of advice to local boards, which is approved by the relevant relationship manager, there is not the same process for reconciling different organisational views.

In considering the dedicated support it could be valid to look at the potential of combining the two support departments, Democracy Services and Local Board Services, in the interests of supporting one cohesive governance structure.

Another consideration could be to devolve the Local Board Services department's specific functions out to the organisation, acknowledging that given the number of local boards some form of interface would be needed to support the organisation. While this could be a way of improving support for local boards across other departments, Local Boards Services currently play a key integration role across council, and without a fundamental rethink of the support model (e.g. through establishing area offices) folding Local Boards Services into departments would undermine this integration role.

On the question of dedicated support, more work is needed to determine whether the comments noted are of sufficient concern to prompt considering structural change. Any structural change proposal would need to be weighed up against the high levels of satisfaction of local board members with the current dedicated support arrangements, and provide an alternative mechanism to integrate advice from across the organisation.

Organisational support and culture issues – Summary

| Issues | Options |
|---|--|
| <p>Unfamiliar and complex governance structure, with 21 local boards, a governing body, six substantive CCOs and the IMSB.</p> <p>Organisation design that is fit-for-purpose to service regional decision-making is not necessarily well suited to supporting local decision-making.</p> | <p>An obvious option for improving logistics and reducing the complexity of the model would be to have less local boards. Reducing the number of local boards to would make:</p> <ul style="list-style-type: none"> • the model easier to support • it logistically more workable to bring local boards together, and for local boards to work with the governing body • the views of local boards have greater influence. <p>It is recommended that the new council considers the issue of the number of local boards, and forms a clear position on this matter. If this involves changes, this position can be the basis of advocacy to central government and/or the LGC.</p> |
| Quality of advice not consistently at an | Embedding the quality advice programme and |

| Issues | Options |
|--|---|
| appropriate standard. | building on the first phase of the improving work programmes project are essential for addressing systemic issues that have been prevalent for six years. |
| Ongoing restructuring undermines the ability to build relationships. | Holistic review focused on determining the best end-to-end support model for local boards, that incorporates operational, policy and planning support. |
| No clarity about the best support model. | <p>A specific alternative approach that should be considered would be to establish a more decentralised operational support model, which focuses on geographic clusters of local boards.</p> <p>It is recommended that this is the focus of the “servicing local boards” initiative as part of the organisational strategy.</p> |
| <p>Lack of understanding of the model. This includes on-going perceptions that:</p> <ul style="list-style-type: none"> • local boards are a stakeholder rather than a decision-maker • lack recognition of the complementary decision-making roles • the governing body has priority over local boards. | <p>Staff induction and training that focuses on the respective roles of governing body and local boards.</p> <p>Structural changes (discussed elsewhere) that reinforce respective roles.</p> <p>Clear guidelines are developed that specify the role of the two sets of governors and the role of staff.</p> <p>Invest in communications that reinforce the respective roles.</p> |
| Tension between Local Board Services department and other areas providing operational support or policy advice. | <p>Consider further the merits of alternative options for local board support including integrating Democracy Services and Local Board Services as “elected member services” or absorbing Local Board Services into the organisation.</p> <p>It is recommended that any changes are made in the context of a more holistic review focused on determining the best end-to-end support model for local boards, as per the “servicing local boards” initiative discussed above.</p> <p>Potential changes should also be weighed up against the high levels of satisfaction of local board members with the current dedicated support arrangements. They would also need to provide an alternative mechanism for integrating advice to local boards from across the organisation.</p> |

6.2 Complementary decision-making, but key aspects of overlap

This section considers:

- the roles of local boards and governing body as contemplated by the legislation
- the role of local boards in regional policy development
- aspects of role confusion between the governing body and local boards
- specific local board allocations and delegations that aren't working.

Legislative roles

The development of the Auckland Council reform legislation contemplated local boards and the governing body each having a “*distinct and complementary role to play in the overall governance of the Auckland region*”²⁶. While the legislation is clear that the governing body makes regional decisions and the local boards make local decisions, the governance framework also provides for an overlap of roles.

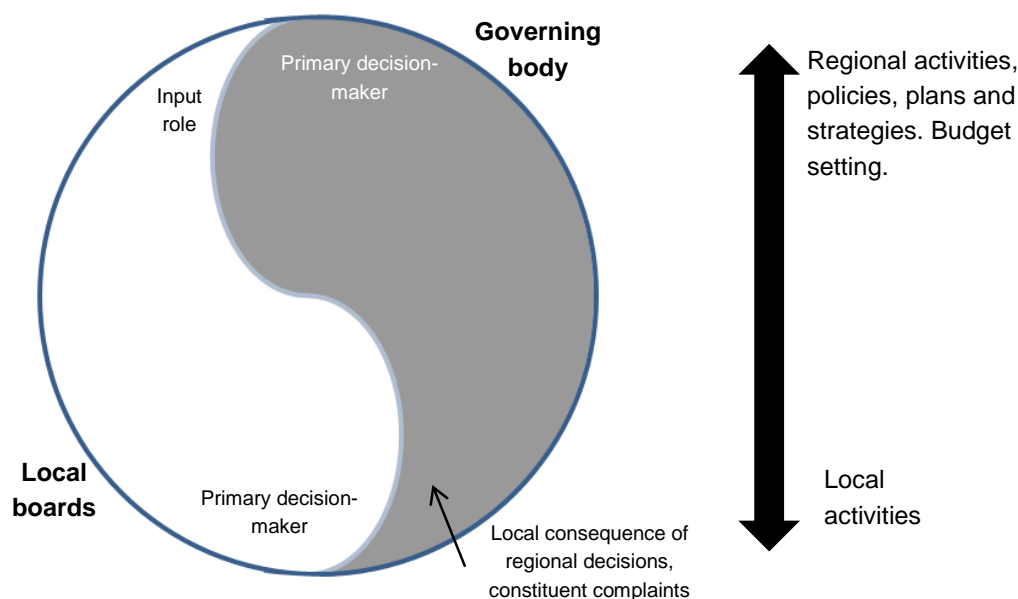
Members of the governing body are elected from local wards and so inevitably have an interest in local issues. Local boards are legislatively mandated to have input into regional decisions, and are interested in the way that regional decisions will impact local communities, meaning that they take positions and comment on a broad range of regional issues.

That the governors of Auckland are involved in local and regional issues is not a problem *per se*, in that it is one governance system working for the benefit of Auckland.

Figure 4 below shows a stylised depiction of the Auckland Council complementary decision-making structure.

²⁶ “Local Government (Auckland Council) Bill: roles and functions of local boards and relationship with Auckland Council”. Retrieved from: [https://www.dia.govt.nz/diawebsite.nsf/Files/Cabinet_Paper_Roles_Funcitons_Local_Boards/\\$file/Cabinet_Paper_Roles_Funcitons_Local_Boards.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Cabinet_Paper_Roles_Funcitons_Local_Boards/$file/Cabinet_Paper_Roles_Funcitons_Local_Boards.pdf)

FIGURE 4: AUCKLAND COUNCIL COMPLEMENTARY DECISION-MAKING



Issues develop where the emphasis of the two roles gets out of balance. For example if:

- local boards spend the majority of their time providing input on regional policies where the governing body is the ultimate decision-maker, it is likely that local matters will be neglected
- local boards are consistently taking positions (including political) on regional matters it can work against the governing body being strong in regional decision-making
- the governing body is more focussed on local issues, including constituent complaints, it could detract from the regional strategic roles they were elected to fulfil.

Some of the processes and structures set up by Auckland Council in the first two terms have contributed to or reinforce an imbalance in the emphasis of roles. For example, council sub-committees that can reinforce a governing body role in local decision-making, and naming conventions for governing body and local board members (discussed further below).

A clear statement of the core purpose of governing body and local boards may help reiterate the primary emphasis of their roles, including the role of ward councillors in their wards.

The key role of local boards seems to relate to place-making, or place-shaping. Being able to respond to local issues, shape local experiences, create a unique look and feel within communities and to create opportunities for local people, consistently emerges as a key role of local boards and to reflect what communities expect the council to be delivering in their areas.

The key role of the governing body is to set the overarching strategic direction for Auckland, to respond to regional challenges, to oversee CCOs, and to determine the overall priorities of Auckland Council by setting a budget envelope across the organisations' activities.

Having a clear statement of core roles should:

- help address aspects of role overlap and confusion
- provide direction in relation to underlying priorities
- help shape focus and extent of effort, for example:
 - for local boards in relation to the nature and extent of their input on regional policies, plans, strategies and by-laws
 - for governing body members in responding to constituents or representing their community on regional issues.

As well as their core roles, local boards do have a statutorily mandated role to input into regional strategies, policies, plans and bylaws. As mentioned earlier there may be options to streamline this process. In addition, when initial briefings are provided or where workshops occur more consideration needs to be given to bringing the two arms of governance together to listen and discuss. There have been positive examples of this but it seems to be the exception rather than a standard process. For discussions, this would need to be the governing body and local board chairs or the relevant portfolio lead, or else numbers become unmanageable.

In recognition of the input role of local boards to regional policies and plans, processes need to ensure that organisational briefings and workshops look to bring the two arms of governance together.

Committee structures

The mayor and mayor's office can play an important role in leading and shaping greater clarity in terms of the roles of local boards and the governing body. This is particularly relevant to the choice of committee structures. In the first two terms, committee structures did not always reflect Auckland council's shared governance model.

For example, while the governing body has a role in regional parks and regional community development programmes, most work in parks and community development occurs at the local board level. In the first two terms there was a dedicated governing body reporting committee to consider these matters. This arguably detracts from the governing body's primary role, and also undermines local board decision-making autonomy.

This was evident for example in the high proportion of reports to the Parks, Sport and Recreation committee (in the second term) which were to ratify decisions related to local parks (e.g. acquisitions or reserve classifications).

Last term the reporting committees also received monthly updates from departments, much of which can include updates on local activities. As the governing body's oversight role is supported by regular performance monitoring reports and the Auckland Plan progress updates, it is questionable whether there is value in the organisation also writing a "parks update report" for example. The new streamlined committee structure recently announced for the third term of Auckland Council is likely to address many of these issues, as it has significantly reduced the number, and tightened the scope of reporting committees.

It is recommended that the performance of the new committee structure is considered in the context of Auckland's shared governance model, and specifically with the aim of ensuring overlap in regional and local decision-making is minimised.

There are also opportunities to consider innovative structures where the governing body and local boards come together on areas such as parks and community development so that the local boards can input to governing body's thinking about strategy in these areas or regional programmes.

Naming conventions

The use of the terms councillor/governing body member and local board member are conventions only. Using the term regional and local members or councillors respectively would:

- better reflect the complementary decision-making roles of the respective elected members
- recognise the distinct differences (and remove confusion) with the community board model
- reinforce the focus of their roles
- improve role clarity
- be easier for the public to understand.

These changes could be made by the council – there is no specific requirement in legislation for the current naming convention. Consequently the changes would be fairly straightforward. There doesn't appear to be any specific downside to changing the naming convention.

It is recommended that to reinforce the respective roles of local board and governing body members, either these naming conventions are confirmed and reinforced, or alternative conventions are used. Specifically:

- local board members could be called local members or councillors
- ward councillors could be called regional members or councillors.

Role confusion

There are situations where the allocation of decision-making responsibilities has led to role confusion. These seem to be in areas where the activity:

- has both local and regional aspects
- has regulatory aspects which are retained by the governing body
- allocated to the local board is actually an outcome, which is delivered by activities allocated to the governing body or to CCOs or would require investment by a third party.

Activities with local and regional elements

For example, statutory planning is a regional responsibility, while local boards have responsibility for local place-shaping activities and local planning “*within parameters set by regional strategies, policies and plans*”. However, statutory planning does not sit in isolation of local planning and place shaping, and in practice this has led to overlap and some challenges.

Case study: Three Kings quarry

Fletcher Building owns the Three Kings quarry (in the Puketāpapa LB area), which it is seeking to redevelop as a (primarily) residential development. This has presented a number of conflicting issues:

From a regional perspective, the GB (and government) has seen this as an opportunity to deliver some intensified housing to address housing supply issues.

The LB have sought to give effect to their place-making role and has pointed to the allocation table which gives them responsibility for the specific location of local parks. The LB has also received objections to the proposal from neighbours groups (primarily related to the level of intensification) and has sought to support those objections.

However, the LB is not the decision-maker. The decision involves a land exchange and classification (and de-classification) under the Reserves Act and is therefore a decision of the GB. The exchange also involves the acquisition and disposal of land, also a GB responsibility.

To enable the development to proceed, Fletchers have applied for a private plan change (i.e. to change the designation from quarry to housing). Auckland Council is required to consider this plan change (in practice via independent commissioners).

The LB commissioned its own master plan for the area (which it is entitled to do).

However, this master plan is not achievable without the cooperation of the land owner, and/or council acquiring land and/or subsidising some of the development. None of this is budgeted.

| Issue | GB role | LB role |
|------------|---|------------------------|
| Open space | Acquisition/disposal decision / Regulatory decision | Governor of local park |
| Planning | Regulatory role to consider private plan change | Local planning role |
| Outcomes | Housing supply | Place making |

An example cited was the development of the Three Kings Precinct Plan (which is discussed briefly in the case study in the panel overleaf). From a regional perspective this was viewed as a statutory planning exercise, with a focus on addressing a major regional priority to increase housing supply. From a local board perspective, this is a local planning exercise with key place-making implications for the local community. In addition, a specific aspect of the proposed development involves a reserve land swap, where the governing body has the decision-making role despite the reserve in question being a local park. This case led to the local board referring the matter to the LGC. Obviously this is less than ideal and establishing an agreed understanding of roles at the outset of such processes is critical.

Where both arms of governance have roles in a process or decision, where there are decisions by both arms at different points in a process, or where there is the potential for confusion about who is the legal decision-maker, there needs to be a robust process established at the outset to bring the two arms of governance together and clarify respective roles.

Where disputes over decision-making responsibility arise, Auckland Council should have a resolution process rather than needing to resort to external advice.

Impacts of council’s regulatory role on decisions allocated to local boards

In certain situations, the decision-making allocation table does not adequately contemplate council’s regulatory role in relation to decisions. Specifically, where a decision is a regulatory one, it is the responsibility of the governing body, unless it is delegated to local boards.

What is a regulatory decision?

Section 15 of the LGACA states that the governing body is responsible for: *“the decision making of the Auckland Council in relation to any regulatory responsibility, duty, or power conferred on, or applying to, the Council under this Act or any other enactment...”*²⁷

Regulatory decisions are generally rule-making functions i.e. those functions *“under which a local authority controls, governs or directs activity (whether by individuals or by businesses) in its district”*.²⁸ Relevant examples of regulatory

²⁷ LGACA section 15(1)(a)

²⁸ See, for example, <http://www.oag.govt.nz/1999/contracting-out/docs/colarf.pdf>

decisions include: decisions relating to bylaws, decisions under the RMA, licencing decisions, and certain decisions under the Reserves Act (such as changes to reserve classification).

The governing body can decide to delegate regulatory decisions to local boards, but generally the role of local boards is limited to providing input. In some cases, particularly decisions in relation to resource consent applications, the governing body has delegated its decision-making to staff and/or independent commissioners and/or a hearings committee. (The role of local board input in the resource consent process is discussed in more detail on page 60.)

“Non-regulatory” decisions include decisions related to the use of council assets, activities on council land and general policy-making.

These distinctions can have implications for local board decision-making; most notably in relation to local parks.

RMA impacts

Open space can be acquired under the RMA as part of a resource consent process meaning the acquisition is a regulatory decision, and hence a governing body responsibility (which in practice is generally delegated to a hearings committee, independent commissioners or staff).

In these instances the local board role is limited to communicating views and preferences to the RMA decision-maker. It does not have the ability to exercise its allocated decision-making responsibility to determine “the specific location of new local parks”.

Specific situations where land is acquired via an RMA process include the vesting of esplanade reserves and land acquired as part of sub-division consent.

Esplanade reserves are required to be vested with council where an applicant is seeking consent to subdivide on a coastal property. Land is acquired by council at no cost. Once the land has been vested with council, the local board will be responsible for the non-regulatory decisions related to the reserve as a local park.

Land can also be acquired as part of a subdivision consent process (for non-coastal land) where conditions of consent require land to vest as reserve. Where a condition of consent requires land to vest as reserve, council is committed to either accept the land in lieu of development contributions or to charge development contributions due and compensate the developer for the value of the land. This approach to open space acquisition was routinely undertaken in a number of legacy councils, but is not a process currently in use.

If this process were used, the local board role would be limited to communicating views and preferences to the RMA decision-maker. It would not have the ability to determine “the specific location of new local parks” as suggested by the current allocation table.

For clarity it may be sensible to note (in the allocation table) that for acquisitions made under the RMA, the local board role will be limited to communicating views and preferences to the RMA decision-maker.

Reserves Act impacts

Where a local park has reserve status under the Reserves Act, it can impact or limit the decision-making authority of local boards in relation to that park.

- Reserves Act regulatory decisions:

Certain decisions in relation to reserves are rule-making in nature, and hence a regulatory responsibility. This means that for some local open space decisions, the responsible decision-maker will be different if the open space is a reserve rather than a park.

A specific example includes decisions relating to the (re)classification of a reserve. This is a rule making power as it sets rules around the activities that can take place in the reserve.

The implications of the different types of decisions made under the Reserves Act are not addressed within the decision-making allocation table. There is a case for local boards having consistent decision-making rights across all local parks.

A practical solution would be for council to delegate its regulatory decision-making responsibilities in relation to local reserves to local boards²⁹, so that local boards had equivalent responsibilities for all local open space, regardless of whether it is a reserve or a park. It is recommended that this option be further investigated.

- Delegation of the minister's supervisory role:

There are two important roles in relation to the Reserves Act, the role of the administering body, and the supervisory role. The administering body role has been allocated to local boards or the governing body, broadly consistent with whether the reserve in question is local or regional (though, as just noted above, some of the local roles are regulatory, in which case decision-making currently sits with the governing body).

The supervisory role is carried out under a June 2013 delegation instrument from the Minister of Conservation, which delegates the responsibility to supervise many administering body decisions to local authorities (responsibility for supervising some decisions has been retained by the Minister of Conservation).

The administering body role is the primary decision-making element, and considers the underlying merits of a proposal related to the purpose, use and activities on the reserve. The administering body oversees the management and maintenance of the reserve; develops reserve management plans; grants leases, licences and easements; grants consents for the use of the reserve (e.g. for events), and carries out consultation processes in respect of these decisions.

The supervisory role ratifies the administering body decision, and ensures it is lawful and has followed the appropriate Reserves Act processes. The Minister of Conservation delegation requires that councils clearly distinguish the two roles when making a decision.

Where the supervisory role has been delegated to councils, the practice over the last term was for their decisions to be undertaken by the Parks, Sport and Recreation Committee, or

²⁹ Under s36(c)(3) of the LGA 2002, "in deciding whether to make a delegation, the governing body must weigh the benefits of reflecting local circumstances and preferences (through a delegation) against the importance and benefits of using a single approach in the district"

delegated to staff. This has meant that for local board administering body decisions, they are ratified either by staff or a governing body committee when they undertake the supervisory role. Local boards do not carry out the supervisory role.

It is recommended that alternative approaches to carrying out the supervisory role are investigated and that the approach adopted is consistent for both local boards and the governing body.

However, it is acknowledged that any delegation of the minister's supervisory role would need to be consistent with the legislation and to be supported by the minister. Legal services are continuing to assess the viability of different approaches.

A more detailed summary of the respective roles and an analysis of options for carrying out each role are provided in Appendix G. Specific options recommended for further consideration include:

- The supervisory role being delegated to staff for all administering body decisions so that there is a clear separation of the two roles. This also reflects the process nature of the supervisory role, and the need for a standardised approach regardless of who is the administering body decision-maker. Under this approach:
 - local boards would be delegating the responsibility for local reserves, and the governing body would be delegating the responsibility for regional reserves
 - decision-making would be straightforward and efficient.
- The administering body decision-maker also being delegated responsibility for carrying out the supervisory role. If this were to proceed it is recommended that staff provide separate advice in relation to each decision (or two reports at the same meeting) which clearly separate the roles, and that where there is concern about a conflict between the roles, staff could recommend that the supervisory function is referred to another body (e.g. a governing body committee, and/or independent commissioner). While this approach would involve both decisions being considered by the same body, it would also:
 - clearly distinguish the two decision-making roles
 - be straightforward and efficient (decisions can be made at one committee)
 - provide for escalation if the decision is controversial or needs clear independence
 - allow the analysis to be completed by staff, but governors to make the actual decisions.

As noted earlier and in Appendix G, any approach that involves sub-delegation of the minister's supervisory role needs to be consistent with the legislation and to be supported by the Minister of Conservation.

Local boards don't have the tools to fulfil their place-making role

Local boards have a place-making role but activities that drive place-making outcomes span local boards, the governing body and CCOs' areas of responsibility.

For example, Auckland Transport has responsibility for bus stop locations and street furniture, while Panuku Development Auckland has responsibility for development of certain priority town centres etc. As a consequence, local boards are trying to give effect to a responsibility, for which they sometimes have only limited direct control.

This puts pressure on the boards to operate in an integration role, but this in turn relies on the governing body or CCOs to work effectively with the board.

There is no obvious solution to this other than to recognise the respective roles of the different parties, and focus on work practices that bring them together as appropriate. While this is a key role for local boards it relies on collaboration rather than a particular mandate.

Specific allocations and delegations that aren't working

As a general point, most commentators felt that the decision-making allocation was reasonably well understood and sensible. However there were several areas where the allocation (and/or delegation) of responsibilities was challenged.

More generally, while it was accepted that there would always be some overlapping of responsibilities or subjectivity in terms of role clarity, there was opportunities to make allocations more explicit. This is discussed further in the section on “opportunities for improvement”.

Determining the specific location of local parks

Local boards have responsibilities for determining the specific location of new local parks within budget parameters agreed with the governing body.

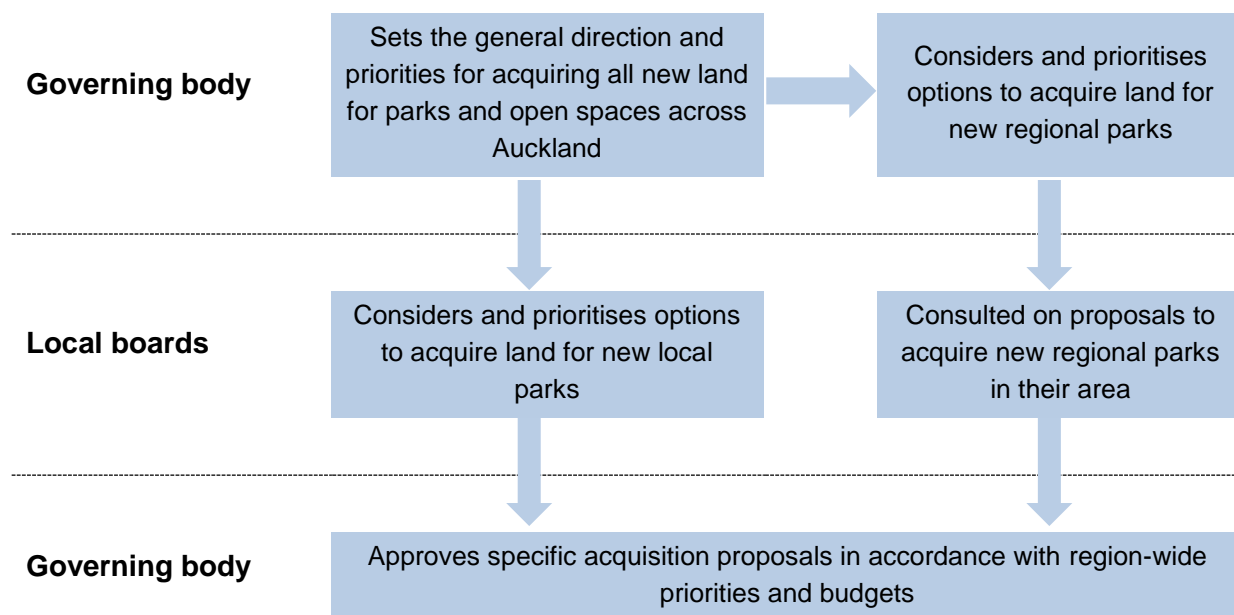
Under the allocation, in theory:

- the governing body determines the general location of new open space according to regional priorities
- once it is determined that a local board area needs new open space, it provides a budget allocation for the local board to determine a specific acquisition, for final approval by the governing body.

Figure 5 below is taken from the October 2013 review of the allocation process and issues³⁰, and provides guidance on operational issues in respect of open space allocations.

³⁰ Auckland Council, Allocation of non-regulatory decision-making, Review of process and issues to October 2013

FIGURE 5: OPEN SPACE ALLOCATIONS



The above process suggests the local board will have something of a free hand in determining options for acquisitions within its area.

Practically however, properties tend to become available as a consequence of development (where open space within the area being developed is sold), or the sale of surplus land by government (e.g. Ministry of Education, NZTA) or private parties, particularly given council's current open space acquisition policy is that open space should only be acquired for growth.

In terms of the decision-making process, local boards are presented with a proposed acquisition within their local board area, and asked to support the acquisition. This local board support is then incorporated into a governing body committee report, where the acquisition is approved.

The current process is reflective of the general requirements described in Section 15(2)(d) of the LGACA, that the governing body consider any views and preferences expressed by a local board for decisions that may affect the well-being of communities within its local board area. However, the local board is not in reality provided with the opportunity to determine the specific location of new open space – essentially because this is not a realistic or practical expectation. To get around this issue (and ensure the decision reflects local board's allocated decision-making role) acquisition reports to local boards have sought a staff delegation to determine the precise location of the acquisition.

A more appropriate solution would be to qualify the local board role with respect to determining the specific location of local parks, to better reflect current practice and the practicalities of park acquisitions.

Swimming pool fence exemptions

Local boards have (delegated) responsibility for exemptions under the Fencing of Swimming Pools Act³¹. This gives local boards the authority to:

“by resolution, grant an exemption from some or all of the requirements of this (Fencing of Swimming Pools) Act in the case of any particular pool where the territorial authority is satisfied, having regard to the particular characteristics of the property and the pool, any other relevant circumstances, and any conditions it imposes..., that such an exemption would not significantly increase danger to young children³²”

The exemption process involves officers preparing an assessment of exemption applications for presentation to elected members to make a decision.

Under section 12 of the legislation, exemptions cannot be delegated to staff. This means local boards and local board members are making what are effectively operational decisions on technical, safety issues. Several local boards have established specific committees to make these decisions and in some instances local board members are visiting pools to inform their decisions.

In this instance the delegation to local boards is not the issue *per se*, but the legislation which proscribes these decisions from being delegated to specialist staff. While it is understandable that the legislation is trying to ensure elected members remain accountable for pool safety, this is inconsistent with the treatment elsewhere, e.g. for building consents which also have significant safety implications.

However, the local board delegation arguably exacerbates issues. There does not appear to be any justification for decision-making being enhanced through local boards having better local knowledge, or being closer to the underlying issues. This is a safety issue, where a robust, standardised regional approach is more appropriate. The current delegation:

- may lead to inconsistent application of exemptions, which would:
 - not be appropriate for an important safety issue
 - result in different treatment for different pool owners depending on where they reside
- means staff are preparing reports on exemption applications and presenting these reports to a number of local board committees across the region depending on the location of the pool, rather than developing one report that can cover all of the current applications with one committee.

Since this section of the report was drafted, the Building (Pools) Amendment Act has been passed. This Act amends the Building Act 2004 and repeals the Fencing of Swimming Pools Act 1987. This new legislation will come into effect from 1 January 2017 and means that swimming pool safety requirements will stand alongside the other safety and building regulation powers contained in the Act.

³¹ It is noted that there is currently a bill before parliament (the Building (Pools) Amendment Bill) which would amend the Building Act 2004 and repeal the Fencing of Swimming Pools Act 1987. This may have consequential impacts for Auckland Council's approach to fencing exemptions

³² Fencing of Swimming Pools Act 1987, Section 6(1)

While the implications are still being investigated, it is likely that the local board role in decision-making will change or end.

Local dog policies

Local boards have the delegated responsibility for determining dog access rules in local parks, beaches and foreshore areas. This includes responsibility for determining access times across different periods of the year and the nature of access for each area (i.e. off leash, on leash or prohibited).

This process is an outcome of the 2012 bylaw review programme, where the (governing body) hearings panel for the new dog control policy and bylaw made recommendations to the governing body. These recommendations were informed by local board input.

In this case:

- The hearings panel agreed with the feedback from local boards that it should be the governing body's responsibility to establish region-wide rules for things like, working dogs, dog faeces, female dogs in season and temporary changes to dog access rules. In addition the policy created common definitions for key public areas like children's playgrounds, public space and cemeteries.
- Staff recommended that the governing body be responsible for setting region-wide time and season rules. A number of local boards (as well as a significant number of public submissions) argued that they should be able to set their own time and season rules as their communities were content with legacy council time and season rules, and the hearings panel recommended they have this flexibility, provided the local board could demonstrate there is good reason to depart from the regional standards.

The governing body reasoned and was supported by the submissions to the draft policy, local communities were in the best position to understand and balance out the needs of their communities in the competing use of public space. The policy adopted by governing body provided the mechanism for each local board to carry out that specific community consultation processes and take responsibility for the decisions they make. As a result each local board has designed access and time and season rules to suit their community preferences. The foreseen consequence of this local decision-making is (from a regional view) inconsistent time and season rules. The application of dog access (on leash/off leash etc.) was always going to be different because each public place has different circumstances. The application of the policy by both governing body and the boards does make it difficult for both dog owners and the general public to understand the rules outside of their respective local board areas.

There has subsequently been general consensus (from local boards and the governing body) that a preferable model would be for the governing body to make the decisions (with local board input) in relation to the time of day and seasons where access is permitted, and the local board to determine the nature of the access for specific parks and beaches etc.

This is a good example of learning through experience with the model, a key feature of Auckland Council's story to date.

It has been agreed that the current process will be reviewed as part of the bylaw review process in the next term, and this approach is supported.

It is also recommended that more generally, for future delegations of bylaws or other regulatory decisions, that the impacts of balancing regional consistency with local tailoring are carefully considered.

Resource consent decisions and notification

As a regulatory process, local boards have no allocated decision-making responsibilities in relation to resource consenting.

Furthermore, even for notified consents, local boards have no authority to submit or be heard on these decisions, as they have no separate legal status (i.e. local boards are part of Auckland Council).

To enable local boards to have some input in relation to resource consent decisions (consistent with the LGACA requirements) local boards:

- have delegated responsibility to input into notification decisions for resource consent applications
- can provide input to the duty planner in relation to the resource consent application itself (consistent with its rights under section 13(2) of the LGACA). From a process point of view, this input is attached verbatim.

A number of issues were raised in relation to the current process, including how local board views are reflected, timeliness, efficiency, effectiveness and fairness of the process. Of particular note were concerns that:

- triggers for resource consent applications to be sent to local boards needed reconsidering as only around 10%-15% were resulting in comments from local boards
- local board input on notification processes were not always relevant to the notification decision, or technically or legally robust
- local boards had no right to speak to their views as part of the hearings process.

These issues were recently assessed via a joint political working party consisting of local board members and governing body members from the Hearings Committee. The committee adopted a number of changes which will be in place for the next term. These include:

- reviewing and refining existing triggers for the provision of full details of resource consent applications for the purpose of making comment on notification
- enhanced training is provided to local board members about the Resource Management Act process and their role within it (in the first instance as part of the induction process)
- a standard practice is developed and endorsed to enable local boards to speak to their local views and preferences when a hearing occurs in relation to a resource consent application.

Contesting council advice

Local boards have a role to provide input into regional policies, plans, strategies and by-laws, and articulate (either directly or via their local board Plans) local priorities that may require additional governing body investment.

This can lead to situations where local boards are seeking advice to support their position, while the governing body is also drawing on advice to form their view. By extension, staff need to consider issues and deliver advice that contemplates both perspectives.

Providing advice from two perspectives can be a challenge, particularly when it requires officers to form a view on the relative regional and local merits of a particular issue, and can lead to local boards challenging the advice, either on the basis of concerns about its quality, or concerns about its independence.

In addition, due to the principle-based nature of the decision-making allocation table, there are times when there is a degree of debate over who (governing body or local board) has the decision-making role for a certain decision. There have been situations where local boards have not accepted the organisational view on where decision-making responsibility lies.

As a consequence some local boards have sought to commission contesting advice.

While local boards do have discretionary funding and may feel advice from officers is incorrect or biased, a preferable process would be for their concerns to be escalated within the organisation. The council should also consider developing a clear process for addressing needs / requests for contestable advice.

As part of these processes, the council could also establish an internal conflict resolution process that includes a mediation process to help settle disputes.

Engaging independent advice

A related issue is where local boards have sought external advice, due to a lack of organisational capacity to support the boards. This could occur for example because

- efficiency savings targets meaning there is simply a lack of resource
- reducing services to local boards in planning and policy, partly as a consequence of the Unitary Plan process
- the focus of the community and social policy team on region-wide policies
- in the case of developing plans or feasibility studies, that there is no underlying funding to support any consequent projects, so developing the plan or study is also not a priority.

This has led to the development of plans or strategies which are inconsistent with regional plans, strategies and policies or which have no funding to drive implementation.

While the use of external expertise is not necessarily an issue, it would be preferable for this advice to come through the organisation, which can then determine whether external support is required, e.g. due to a lack of expertise or capacity.

For example, the organisation was unable to provide support for local boards to provide input into the Unitary Plan process, so local boards engaged consultants approved and briefed by the Unitary Plan team. This would help ensure money is not wasted on advice that is inconsistent with the relevant regional context, or to support plans with no funding or prospect of funding for delivery.

Complementary decision-making, but key aspects of overlap – Summary

| Issues | Options |
|---|--|
| <p>While the governing body and local boards have distinct roles, there are areas of overlap which can lead to role confusion. In addition, some of the processes and conventions adopted by Auckland Council can reinforce these issues.</p> | <p>Clear statement of core purpose of governing body and local boards.</p> <p>It is recommended that the performance of the new committee structure is considered in the context of Auckland’s shared governance model, and specifically with the aim of ensuring overlap in regional and local decision-making is minimised.</p> <p>Confirm and reinforce the current practice for naming conventions or have it changed for example, to the terms regional and local councillors or regional and local members. This would reinforce and clarify the complementary and specific nature of the roles, making it easier for staff and the public to understand.</p> <p>Where both arms of governance have roles in a process or decision or where there are decisions by both arms at different points in a process, there needs to be a robust process established to bring the two arms of governance together and at the outset clarify respective roles.</p> <p>In recognition of the input role of local boards to regional policies and plans, ensure that organisational briefings and workshops look to bring the two arms of governance together so they get the same information where possible.</p> <p>A number of minor changes to the allocation table are recommended to help increase clarity between the governance roles.</p> |
| <p>Reserves Act regulatory decisions.</p> | <p>Further investigate the delegation of Reserves Act regulatory decisions to local boards. This would primarily involve classification decisions on reserves.</p> |
| <p>Delegated responsibilities for granting swimming pool fence exemptions. There does not appear to be any justification for decision-making being enhanced through local boards having better local knowledge, or being closer to the underlying issues.</p> | <p>The Building (Pools) Amendment Act was recently passed. This Act amends the Building Act 2004 and repeals the Fencing of Swimming Pools Act 1987. This new legislation will come into effect from 1 January 2017 and means that swimming pool safety requirements will stand alongside the other safety and building regulation powers contained in the Act.</p> <p>While the implications are still being investigated, it is likely that the local board role in decision-</p> |

| Issues | Options |
|--|---|
| | making will change or end. |
| <p>Local boards have delegated responsibilities for setting time and season rules for dog access. This makes it difficult for both dog-owners and the general public to understand the rules outside of their respective local board areas.</p> | <p>Move responsibility for determining time and season rules for dog access to the governing body.</p> <p>It is also recommended that more generally, for future delegations of bylaws or other regulatory decisions, that the impacts of balancing regional consistency with local tailoring are carefully considered.</p> |
| <p>Role of local boards with respect to parks acquisitions is practically more limited than suggested by the allocation table.</p> | <p>Note that for RMA parks acquisitions, the role of the local board is limited, as the acquisition is on a regulatory basis.</p> <p>Qualify the local board role with respect to determining the specific location of local parks, to better reflect the practicalities of park acquisitions. For example change the wording from determining “<i>the specific location of new local parks...</i>” to determining “<i>the specific location of new local parks to the extent that there are options to do so...</i>”, or words to that effect.</p> |
| <p>Under the Reserves Act, for most reserves decisions there are two roles: the administering body role and the supervisory role. The administering body role involves the substantive decision on the relevant matter. The supervisory role involves a different “hat” and is focused on ensuring the process for following the administering body role is consistent with the Reserves Act.</p> <p>The supervisory role is a function delegated to local authorities by the minister of Conservation through the 12 June 2013 “instrument of delegation for territorial authorities”.</p> <p>There is a question in relation to who should carry out the supervisory role for Auckland Council reserves.</p> | <p>Further investigate the most appropriate approach to carrying out the supervisory role for both locally and regionally governed reserves.</p> <p>It is recommended that the approach adopted is consistent for both local boards and the governing body, noting that options may be limited by DoC imposed restrictions in relation to the instrument of delegation. Legal services are continuing to assess the viability of different approaches.</p> |
| <p>Contesting advice and engaging external expertise.</p> | <p>Advice should come from the organisation. When there are concerns with quality or independence this should be escalated internally in the first instance.</p> <p>The council should consider developing a clear process for addressing needs / requests for contestable advice. This could include the</p> |

| Issues | Options |
|--------|---|
| | <p>establishment of an internal conflict resolution process.</p> <p>Where there is a lack of organisational resource to support advice, any engagements should still come via the organisation.</p> |

6.3 Lack of alignment of accountabilities with responsibilities

Councillors are elected locally to act regionally

Councillors are elected from one of 13 wards. Six of these wards are the same geographically as their corresponding local board area, six incorporate two local board areas and one incorporates three:

| Ward | Local board areas |
|---------------------|-------------------------------------|
| Albert-Eden-Roskill | Albert-Eden & Puketāpapa |
| Rodney | Rodney |
| Franklin | Franklin |
| Whau | Whau |
| Ōrākei | Ōrākei |
| Albany | Hibiscus and Bays & Upper Harbour |
| North Shore | Kaipātiki & Devonport-Takapuna |
| Waitākere | Henderson-Massey & Waitākere Ranges |
| Waitematā and Gulf | GBI & Waiheke Island & Waitematā |
| Maungakiekie-Tāmaki | Maungakiekie-Tāmaki |
| Howick | Howick |
| Manukau | Māngere-Ōtāhuhu & Ōtara-Papatoetoe |
| Manurewa-Papakura | Manurewa & Papakura |

Under the LGA³³, councillors are required to declare that they will act in the best interests of the region. Accordingly, there is a misalignment between the responsibilities of councillors (regional) and their accountability (to voters in local wards) and councillors are placed in a difficult position in trying to reconcile this. As a consequence there are instances where:

- governing body members are reaching into the local board role, at times leading to conflict
- governing body members want to be locally responsive, and to represent the communities they are elected from - their role with respect to their wards is unclear
- governing body members can find it difficult to act in the interests of the region as they are locally accountable
- community members contact their ward councillor and expect them to address local issues
- community members see and use governing body members as a point of escalation on local issues
- local boards expect their ward councillor to support their views and recommendations on regional issues.

To address the issues with councillors being elected locally to act regionally, there are a number of options that could be explored, including:

- Retaining status quo, but in conjunction with earlier recommendations to better clarify the respective roles of governing body and local board members

³³ Schedule 7 Part 1 14(3)

- Electing all councillors at large (though this option is not supported, due to concerns about access and representation which are discussed further in Appendix F).
- Electing some councillors at large.
- Reducing the number of wards so that councillors are elected from larger catchments which are less aligned with local board boundaries.
- Deploying a parliamentary style MMP system where councillors are elected from a combination of wards and at large, but the at-large councillors are selected based off party lists. Parliamentary style local government systems are used in other jurisdictions, notably including Australia and the UK.
- Having a mixture of at-large and locally elected councillors, but with the locally elected councillors also being local board members. Variations of this model are used in the UK and Canada, where elected representatives sit on both tiers of the governance structure.

It is recommended that the new council considers the issue of ward size and boundaries, and forms a clear position on this matter. If this involves changes, this position can be the basis of advocacy to central government and/or the LGC.

These issues and other options are discussed further in Appendix F.

Of note, several local board members pointed out that this conflict is not unique to governing body members. A number of local board areas are split into subdivisions. In these cases members are asked to make decisions on the basis of the whole local board area, but are only accountable to voters within their subdivision. This is a valid point, however one important distinction is that for local board members there is no other tier of governance also representing this subdivision. For governing body members the issue is magnified as both they and the local board members are accountable to much the same group of voters.

Local board input on regional matters does not align with accountabilities

Local boards are able to advocate to the governing body on behalf of their local areas, and have an important role in providing input on regional strategies, policies, plans and bylaws. It is generally recognised that this role is a key part of representing local views on regional matters.

However, particularly in respect of advocacy for investment, local boards do not have to balance the trade-offs of decisions in the same way that the governing body needs to. For example, it is perfectly tenable (and logical) for local boards to advocate for additional investment in their areas while at the same time seeking lower rates. In effect local board advocacy to the governing body is unconstrained by broader regional needs as they are not accountable for the consequences of regional decisions.

An option to help manage these issues would be to establish clear protocols that focus on ensuring advocacy is finite and regional decisions are accepted.

It should be noted that local boards feel there are instances where this issue is reversed. In particular where their local visibility means they bear the brunt of complaints about decisions that were in fact made regionally, or by a CCO and over which they had little or no control.

A structural mechanism to address this would be for local boards to set rates for their local board areas to meet the costs associated with the activities allocated to them. For example,

each local board would rate its community for the costs associated with the delivery of local parks, libraries, events, recreational facilities, community development activities etc. It would have clear responsibility and accountability to its electorate for these activities, and would need to balance the trade-offs between higher service levels and higher costs. This would also make it clearer to the community who has responsibility for what.

In the Auckland context however, there are significant issues with this approach. Different local board areas have vastly different rating bases, and the separate establishment of a local rate may impact the distribution of rates or pose challenges for some communities to fund an acceptable level of service. In addition the lack of distinct communities of interest and the sub-regional nature of many assets may make it more difficult to link ratepayers with the beneficiaries of the assets.

Options for how local boards are funded are discussed in more detail on page 75 and Appendix I.

Use of targeted rates³⁴

Extending the discussion on local rating, a number of people commented on the lack of take up of targeted rates across local boards. It was noted that this was a key intent of the legislation, wherein:

- minimum standards for local facilities and services would be guaranteed across the region (to ensure a good baseline of standards, regardless of location and an areas' ability to fund initiatives)
- specific communities could then opt to increase service levels or fund new facilities or services via a targeted rate mechanism.

A number of reasons for a lack of take-up were cited. These included:

- lack of maturity of the model
- fear of political repercussions from their communities (particularly in the context of the major upheaval in the rating system undertaken since Auckland Council was established)
- concern that targeted rates would entrench greater inequality across communities, with wealthier areas opting for higher levels of services
- perception that it was (politically) easier for local boards to lobby the governing body for funded increases in base service levels rather than seek community funding solutions.

As noted in the previous discussion on local rates, a complication with levying targeted rates to provide increased service levels is that it does not necessarily follow that those paying the targeted rate are the same as those benefitting from it. This is because, for many assets, their catchment may extend into different local board areas, and/or the provision of higher service levels may mean people choose to access these facilities at the expense of their local facilities (with lower standards). This is more of an issue for more densely populated areas where it is relatively easy for people to move between local board areas to use

³⁴ In this context the term "local rates" is being used to describe a general funding tool for local boards to support their activities, whereas a local "targeted rate" is a narrower tool for a specific activity

facilities. As the model matures, it may be that some local boards collaborate and levy a targeted rate to support, say, a new facility for the benefit of each of their local board areas.

Incentives to act locally despite regional benefits

The current model provides limited incentive for local boards to consider local assets in a regional context, or contemplate divestment or re-prioritisation of assets or facilities in their local board areas. This leads to situations where conflict between local decision-making and regional decision-making arises.

For example:

- There is a region-wide policy to grow sports-field capacity by increasing the usage of existing assets, instead of acquiring new assets, e.g. converting an existing field to a sand base and introducing lighting is significantly more cost-effective than acquiring additional fields. Local boards may have legitimate concerns about the impact of this policy, as it may lead to significant changes to the amount of use, type of use, and times of use for a particular park. For example a local park may become a sub-regional sports facility, with evening noise and light pollution, and traffic and parking issues for neighbours etc., leading to local community discontent.
- Where a local asset is identified as having capacity to be re-used to support a regional priority, there may not be an incentive for the local board to support this re-use and/or the local board may see itself as having a position of leverage with respect to securing additional investment from the governing body.

Currently, where such a conflict has occurred, the process and outcomes have not been collaborative. There is a perception amongst local boards, that the governing body has found a way to undermine their decision-making in these instances. Whether this is true or not is less important than the fact that the perception exists, and it serves to profile several of the issues discussed in this paper including:

- role overlap
- misaligned incentives
- disempowerment
- an us-and-them mentality.

While some tension between local and regional priorities is natural and inevitable, it would be preferable to have a clear and consistent process where these issues can be worked through.

There may be merit in developing a mechanism that enables the governing body to call in local assets where there is an important regional priority. This would need to be carefully developed and include appropriate compensation for the local board. Most importantly it should encourage a collaborative rather than combative process.

Service property

Some commentators noted a lack of incentive for local boards to reconfigure or dispose of underperforming service property within their local board areas. Service property is property used to deliver council services such as:

- council offices

- parks and reserves
- libraries
- community centres
- swimming pools
- recreation centres
- etc.

From a policy perspective, this issue has to some extent recently been addressed by Panuku Development Auckland with the development of the Service Property Optimisation policy, where:

- the goal of the policy is to release value from underperforming service assets to fund local services while facilitating housing or urban regeneration.
- funds generated are ring-fenced for the service component of the property or other local board projects
- the approach is designed to incentivise local boards to deal constructively with service assets which would not usually be released for sale, but are not fit-for-purpose or lack adequate funding to maintain or upgrade.³⁵

Notwithstanding this policy framework, there have been issues with a lack of resources to deliver specific projects, at least partly as a consequence of the merger of Auckland Council Property Limited and Waterfront Auckland. It is understood that Panuku are in the process of addressing this resource shortfall.

This process is also limited to projects that can generate sufficient returns to meet the costs associated with the service component of the project. Not all projects will be commercially viable.

Notwithstanding these limitations, this process is strongly supported and it is recommended that local boards and staff continue to seek service property optimisation opportunities.

Tension between local boards, the governing body and the organisation

Experiences between governing body and local board members at an individual level are naturally varied, with a number of strong relationships and others which are more strained. It is important to note that tension in itself is not an issue. This is to be expected when we have different sets of perspectives from different governors. Some tension can actually be a strength of the model when it drives robust debate and improves the quality of decisions.

However, there is a view that the relationship between local boards and the governing body can be combative, and that an us-and-them mentality exists.

This is largely a manifestation of a number of the issues described earlier, in particular:

- Councillors being elected locally to act regionally, meaning they feel the need to be across local issues and can reach into local board roles.
- The governing body having responsibility for balancing local interests when making regional decisions, and for setting budget priorities. These responsibilities will inevitably frustrate local boards when they go against their advocacy positions.

³⁵ Taken from Panuku Development Auckland Local Board Services briefing, 23 October 2015

- The local board advocacy for additional investment and services is unconstrained by costs or regional implications, meaning they can criticise these regional decisions with (relative) impunity.

The wide remit for local boards in terms of providing input can also lead to the organisation developing different views on issues based on the local and regional perspectives.

This tension can also exist between local boards and the organisation more generally. As a consequence of their frustration with a number of the issues described in this report, some local board members can act as if they are outside of, or in opposition to, the organisation.

This is evident in public comments made by local board members where they refer to actions or decisions by the council in the third person, or where they discuss how the local board is advocating for you (the community) against the council. In reality both local boards and the governing body make up “the council”.

At the more extreme end, this opposition can result in views, comments and approaches that are perceived as confrontational rather than constructive, and is likely leading to staff avoiding providing advice, or providing advice that is guarded or less candid, ultimately perpetuating the issues.

The elected member development programme is a comprehensive three-year programme, tailored to Auckland Council’s unique governance model, and is aimed at more effectively supporting members in their complex roles.

The programme includes a specific focus on the development of relationships and engagement, including building respectful collaborative relationships and partnerships with colleagues, staff and the community.

The ongoing roll-out of this programme should support better relationships.

Other areas of improvement could include a better recognition that ward councillors feel they need to be informed of local issues and priorities, through establishing a role for local board advisors to do this in a structured way.

Tensions between elected members and the organisation should also be addressed by a number of other changes advocated, including better clarity in relation to decision-making responsibilities, changes to incentives and accountabilities, better closing the loop on decisions and better empowerment for local boards.

Lack of alignment of accountabilities with responsibilities - Summary

| Issues | Options |
|--|---|
| <p>Councillors are elected from wards to represent the region. This means that their responsibilities and accountabilities are not aligned. It also means that they are approached about local issues including constituent queries or complaints that relate to local board activities. This in turn can lead to them being:</p> <ul style="list-style-type: none"> • drawn in to responding, or trying to address local issues that are local board | <p>It is recommended that the new council considers the issue of ward size and boundaries, and forms a clear position on this matter. If this involves changes, this position can be the basis of advocacy to central government and/or the LGC.</p> <p>Likely options would include:</p> <ul style="list-style-type: none"> • retaining status quo (in conjunction with earlier recommendations to better clarify the |

| Issues | Options |
|---|--|
| <p>responsibilities</p> <ul style="list-style-type: none"> distracted from the core strategic roles they were elected to fulfil. <p>In addition, it makes it harder for the public to understand the respective roles of their ward councillors and local board members.</p> | <p>respective roles of governing body and local board members)</p> <ul style="list-style-type: none"> electing a mix of councillors at large and from wards reducing the number of wards from which councillors are elected (for reference the Auckland Regional Council were elected from six wards). (Noting that a full at-large system is not supported.) <p>See Appendix F for further detail.</p> |
| <p>There are incentives to act locally despite regional benefits.</p> | <p>Establish clear protocols that focus on ensuring advocacy is finite and regional decisions are accepted.</p> <p>Establish a call-in right that enables the governing body to “call-in” local assets where there is an important regional priority.</p> <p>Continuing to progress the service property optimisation process with Panuku Development Auckland.</p> |
| <p>Tensions between local boards, the governing body and the organisation.</p> | <p>Continued roll-out of the elected member development programme.</p> <p>Consider establishing a role for local board advisors to keep ward councillors informed on local issues and priorities in a structured way.</p> |

6.4 Local boards are not sufficiently empowered

In this section we cover:

- the impact of inflexible funding policies
- procurement
- local board input into regional strategies, policies, plans and bylaws
- transport delegations
- subsidiarity.

Funding

The issues associated with the funding of local boards and options for changing this approach are considered in detail in Appendix I. The discussion below summarises this analysis.

The funding of local boards involves three discrete (but interrelated) components. These are outlined in Table 3 below:

TABLE 3: THREE ELEMENTS TO THE FUNDING OF LOCAL BOARDS

| Funding consideration | Description |
|-------------------------------------|---|
| 1. Determining and allocating funds | The total quantum of funding to be made available to local boards, and the mechanism by which funding is allocated to each board. |
| 2. Spending rules | This involves the establishment of rules and controls around how budgets are spent. This shapes the flexibility to shift budgets between activities or priorities, and specifies processes when budgets are under- or over-spent. |
| 3. Raising the funds | This involves determining how funds for local activities are actually collected from the community. This includes a range of options such as general rates, targeted rates, fees and charges, leases etc. |

Determining and allocating funding

Operating expenditure

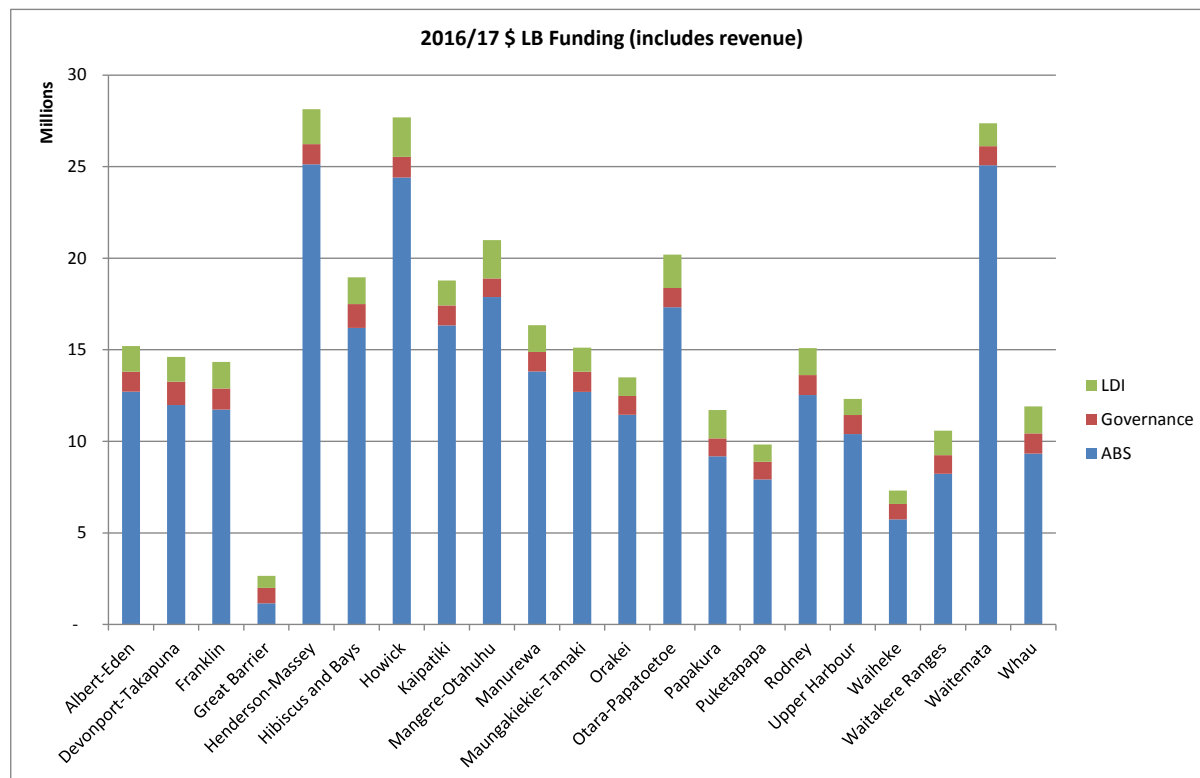
In terms of *determining and allocating funds*, in total \$348m (including revenue from local asset fees and charges) of operating funding has been allocated to local boards for 2016/17 which includes:

- Administration or governance funding of \$22m. This includes member honorariums, expenses and development costs as well as the costs for the Local Board Services department.
- LDI funding of \$29m. This is a discretionary funding and is allocated to local boards based on population, size of the local board area and the level of deprivation. The governing body sets the total envelope for LDI funding.
- ABS funding of \$297m, which primarily supports financing, renting, and maintaining of assets, as well as the staff costs associated with delivering services from those assets

(i.e. library, pool, community and leisure centre staff). Budgets are provided to meet a base service level, reflecting the allocation of responsibilities.

Figure 6 below shows governance, LDI and ABS funding by local board area.

FIGURE 6: LOCAL BOARD FUNDING BY AREA



Capital expenditure

Capex is allocated on a similar basis to LDI opex. There is currently a \$10m annual fund provided for LDI capex, which is allocated to local boards on the basis of population, deprivation and size³⁶.

ABS funding for capital expenditure is essentially driven by:

- Renewal programmes which are identified and driven through asset management plans.
- Regional prioritisation of policies and strategies which are given effect through the LTP or Annual Plan. These policies identify the priorities for investment in local activities based on a range of factors, such as service level gaps, community demographics, identified growth areas etc.

Importantly, capital expenditure translates into additional operating expenditure, through debt servicing costs and the costs associated with managing and maintaining assets.

Spending rules

Operating expenditure

While the concept of ABS and LDI was developed to support the *allocation* of funding to local boards, these concepts are extended to additionally *set rules around how funding is spent*.

³⁶ Waiheke and GBI are allocated \$200,000 and \$100,000 respectively.

The funding envelope for local boards is set by the governing body, and this means (despite their complementary decision-making roles) the funding relationship is a parent-child one.

While Auckland Council has a complementary decision-making structure, funding is on a parent-child basis.

The rules around how funding can be used by local boards entrenches this relationship. The governing body not only sets the allowance, it also directs where the majority of spending must occur through the inflexibility of ABS funding. If local boards wish to spend more in these areas they need to fund this either through their discretionary (LDI) funding, or consider targeted rates. But if they wish to spend less, funding is returned to the governing body and cannot be redeployed on other local priorities.

As a consequence, local boards feel they have limited capacity to truly influence outcomes in their local board areas. The vast majority of their funding is effectively committed via asset management planning processes which can impose region-wide standards and service levels upon local boards.

In effect, council's funding policy is undermining the ability of local boards to exercise their allocated decision-making authority.

Capital expenditure

Renewals

The current funding rules may not provide local boards with the necessary incentives to shift priorities and make trade-offs with respect to their programmes. For example, if a local board identifies that an asset scheduled for renewal could be delayed, and another more urgent renewal brought forward, they may choose not to delay the renewal if the funding is used for a project in another local board area.

However, while local boards are frustrated by an inability to give proper effect to their roles, this appears to be a consequence of a lack of good quality information and processes rather than a lack of funding. With good quality, timely information on proposed renewal programmes, local boards should have an ability to influence timing, quality and coordination of the programme. Getting the organisational support right, and enabling mature discussions about renewal needs appears to be the key priority with respect to renewal capital expenditure.

New capital expenditure

The current rules mean that in their oversight capacity, decisions made by the local board that lead to lower costs will not directly benefit the local board (though there is an indirect benefit from council wide cost savings) as overspends and underspends are managed centrally.

The issue with establishing alternative rules that enable local boards to benefit from decisions relating to capital works include:

- That in many cases, projects will be under or over budget as a consequence of their original scope being wrong rather than any particular action or inaction on the part of the local board.
- The need, for balance, to also penalise local boards where there are cost overruns. Boards may not be in the position to manage the cost implications of this.

If local boards had responsibility for raising funds for capital projects for the activities allocated to them, there would be greater opportunity to provide them with full budgetary control over capital works projects. Alternative approaches to raising funds are discussed next.

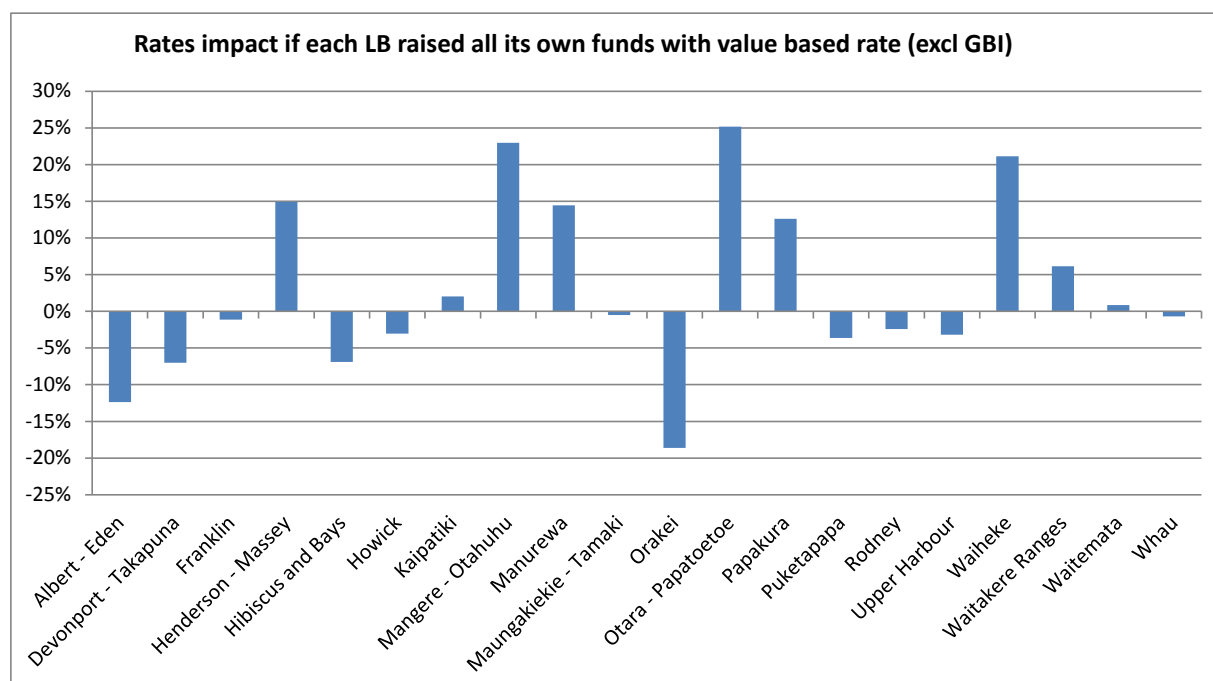
Raising funds

A more fully devolved decision-making model would see local boards set rates for their local board areas to meet the costs associated with the activities allocated to them. For example, each local board would rate its community for the costs associated with the delivery of local parks, libraries, events, recreational facilities, community development activities etc. It would have clear responsibility and accountability to its electorate for these activities, and would need to balance the trade-offs between higher service levels and higher costs.

In the Auckland context however, there are significant issues with this approach. Different local board areas have vastly different rating bases, and the separate establishment of a local rate may impact the distribution of rates or pose challenges for some communities to fund an acceptable level of service. In addition the lack of distinct communities of interest and the sub-regional nature of many assets may make it more difficult to link ratepayers with the beneficiaries of the assets.

This impact is shown in Figure 7 below. This shows the change in rates for each local board area if it were required to fund all local activities through a local rate. The changes are dramatic for many boards. Māngere-Ōtāhuhu and Ōtara-Papatoetoe board areas would face rates increases of over 20%, while Ōrākei and Albert-Eden would see large falls.

FIGURE 7: RATES IMPACT IF ALL LOCAL ACTIVITIES WERE FUNDED THROUGH A LOCAL RATE (BASED ON PROPERTY VALUE)



Rather than fully funding local activities through a local rate, there is also the opportunity to partially fund these activities.

Two potential options are discussed below:

TABLE 4: TWO OPTIONS FOR PARTIALLY FUNDING LOCAL ACTIVITIES THROUGH LOCAL RATES

| Option | Pros | Cons |
|--|--|--|
| <p>Standardised fixed local rate</p> <p>Every local board levies a fixed local rate that is set at the same level initially to meet a portion of the costs of local activities. The balance of local board spending would be funded out of general rates.</p> <p>The fixed local rate would offset the existing UAGC which is currently about \$390. This means that there would be no impacts on the distribution of rates across different areas, as long as the local fixed rate is less than the current UAGC.</p> <p>While local board areas would set the same level of local rate initially, over time, boards could choose to increase their local rates as they see fit.</p> | <p>There are no distribution impacts.</p> <p>Can also accommodate the fact that some local boards have higher spend because of the nature of the assets inherited in their areas.</p> <p>Governing body would still make major regional prioritisation decisions.</p> <p>Would provide some autonomy for local boards and address some of the incentive issues.</p> | <p>This would only be a partial solution to the issues associated with local activities being funded by the governing body. Specifically it would not give local boards full autonomy, and as funding will still be received from the governing body, it does not fully address the parent-child issues or concerns around incentives and accountability.</p> <p>Given the variability in costs of local activities across different local boards, setting an identical local rate would be somewhat arbitrary, in that it would not be linked to specific activities. Over time it may get complicated to understand who is funding what.</p> <p>There will be transaction costs associated with changing the approach, and in setting and administering 21 separate local rates.</p> |
| <p>Local rate funded LDI</p> <p>Use governing body funding to support all asset based service costs, and local rate funding for locally driven initiatives (via a fixed charge not a property value based charge).</p> <p>This would mean that each local board would set different local rates as the LDI in each area is different.</p> | <p>Each of the governing body and local board funded portions of local activities would be linked to a specific type of spend, i.e. the split would not be arbitrary.</p> <p>Distribution impacts are far less than if all local activities were funded locally.</p> <p>Governing body would still make major regional prioritisation decisions.</p> <p>Would provide some autonomy for local boards and address some of the incentive issues.</p> | <p>Given the small scale of the LDI funding, it is unlikely that this option would have a material impact on the issues associated with local activities being funded by the governing body.</p> <p>There will be transaction costs associated with changing the approach, and in setting and administering 21 separate local rates.</p> <p>There are still distribution impacts. Four local boards would have rates increases in excess of 2% (in addition to GBI local board).</p> |

A more detailed discussion of these options is provided in Appendix I.

Next steps

On the basis of the above, and the more detailed discussion in Appendix I, it is recommended that Auckland Council:

- Continue to allocate funding on the current basis.
- Remove restrictive rules around how funding is used. Local boards could instead be bulk funded for all their costs, or for the majority of costs other than a baseline of costs that are inherently inflexible which includes governance costs, finance costs, asset depreciation, internal property rentals and facility overheads. Local boards would need to meet core costs, including personnel costs and maintenance contracts out of this bulk funding.
- Limit local boards' flexibility to make changes to key elements such as major service levels to particular points in time. Specifically this should be no more frequent than annually as part of the local board agreement process.
- Ensuring organisational flexibility to adapt to local board decisions that have operational implications.
- Continue to investigate the viability of introducing local rates to fund local activities. This should include investigating the merits of options such as a transition path or explicit subsidies to support moving to fully funding local activities through local rates. A key priority should be a better understanding of the reasons for some of the large differences in spend per rating unit on local activities, and the extent to which this spend relates to higher standards or more extensive local services.

The use of targeted rates to increase service levels should continue to be an option.

Procurement policies

Procuring for outcomes

Local boards have expressed frustration with the lack of flexibility and nimbleness of the council procurement processes. Specifically, they felt that there were instances where the requirements for large scale procurement:

- had excluded smaller, local providers from opportunities meaning:
 - lost economic development opportunities for local areas, local providers and contractors, and opportunities for people to work close to where they live
 - less pride and ownership in the work and consequently lower standards
- had precluded more creative solutions and opportunities to build community empowerment, often at higher cost
- was unresponsive and often more expensive due to a lack of competitive tension
- resulted in generic outcomes that failed to reflect local character etc.

It is not clear how consistently or regularly these problems are occurring. However, the key point is that local boards perceive that the current model is not always delivering the best outcomes for the local activities for which they have governance responsibility.

The procurement team have been looking at options to be more responsive to local boards. This includes supporting the local board to define what it is looking for from a procurement process, which can include broader considerations such as community empowerment. This

is consistent with the procurement strategy which contemplates procuring for social outcomes.

In addition, new maintenance contracts are intended to be more outcome-focused and incorporate flexibility for local boards to set different service levels.

The procurement team also note that it is important to leverage the scale efficiencies of the council. In 2015, 47 toilets were procured through independent contracts, each with their own design. A more efficient process that enables some differentiation is to establish and contract for one central base design, and then a menu of options for various sub-elements of the design, which local boards can choose from.

Setting service levels

There are also concerns that large-scale maintenance contracts do not provide local boards with the flexibility to set their own service levels.

Local boards have responsibilities for setting service standards for major service delivery contracts procured by the governing body (subject to regionally set minimum standards). While the discretion to set these service delivery standards is constrained to points in time (when the contracts are being procured or renewed) it still requires a significant decision to be made on the quality and extent of services that will be provided for local facilities over the contract period and has a major impact on the local facilities and consequently the local community.

Table 5 below summarises options for enhancing procurement, which are all areas of improvement focus for the procurement team.

TABLE 5: ENHANCING PROCUREMENT

| Description | Rationale |
|--|---|
| The concept of controlled flexibility in relation to decisions, e.g. establishment of a base design with a limited number of variations that local boards can choose from. | Issues associated with establishing multiple unique procurement processes for assets which have a high degree of functional similarity. Aims to achieve greater consistency and efficiency but also to enable choice and tailoring for local boards. |
| Enhancing support around procuring for outcomes and value rather than just lowest cost. This is consistent with the council's procurement strategy, and is an area of focus for the procurement team. | Supports the delivery of broader outcomes from procurement, which may include aspects related to community outcomes such as community ownership, empowerment and local employment as well as competitive pricing. |
| Service contracts that establish clear community baselines and enable local variation. | To establish good quality regional baselines for all local board areas, but enable individual local boards to enhance service levels in their areas to support different local interests etc. |

The main challenge with delivering responsive procurement with local variations is balancing the desire to effectively leverage the council's scale. This should be able to be achieved through a commitment to contractors to regional baselines and base designs.

There are also challenges with securing broader community outcomes. For example, a desire by a local board to use local contractors may add costs to contracts that may or may not be justified by enhanced community outcomes. Developing a process that considers the relative trade-offs of these broader outcomes should be a focus.

The maintenance of a range of the council's community facilities are covered by a number of contracts scheduled to expire June 2017. This includes contracts for the planned, preventative and reactive maintenance of the facilities listed below:

- commercial and administrative buildings
- community facilities: libraries, community halls, recreational centres, pools etc.
- public toilets and changing sheds (on parkland and streetscape)
- sports parks and local parks
- cemeteries
- specialist parks (such as the Botanical Gardens and regional parks)
- baches, lodges and other rented accommodation.

The council is taking this opportunity to review how physical services to community assets are managed and delivered in order to achieve better community outcomes. The intent is that future contracts will leverage the purchasing power of Auckland Council to provide best value for ratepayers' money. A key focus will be the establishment of full facilities contracts, which bundle responsibilities across the range of facilities that fall within a certain geographic area. This is intended to build better contractor ownership within these areas.

In undertaking this project the organisation is taking a more robust engagement approach with local boards than has been done on this topic previously. This is appropriate given the local boards' role as governors of many of these assets and decision-makers of the service specifications for the contracts (subject to any minimum set by the governing body on a region-wide basis). This engagement includes working with local boards to identify baseline levels of service for community assets from which local boards could then decide to enhance by allocating LDI budget. This project will also seek to build in requirements and flexibility to the contracts that encourages social and environmental outcomes in addition to delivering the service, e.g. apprenticeships, employing local supplier as subcontractors. This addresses some of the issues and frustrations local boards have experienced with these contracts in the past.

Another innovation is exploring whether the local market on Waiheke Island and GBI are able to deliver some or all of the services the council requires, so that off-shore suppliers are not required.

These new contracts are an important opportunity for local boards to be positioned to have more governance responsibility over the maintenance of local assets, to tailor service standards in their communities, and are also a test of the flexibility of major contracts to respond to local needs.

Major service delivery contracts

The governing body has allocated responsibility for the “procurement of major service delivery contracts (such as maintenance, security and cleaning contracts) for Auckland-wide local assets and facilities on a coordinated basis”.

As there is no specific definition of service delivery contracts, there have been instances where there was no clarity as to whether a specific procurement was “major” or not. For example a recent procurement of management contracts for recreation centres was carried out by the governing body, and there was no debate about whether those should have been procured as a major service delivery contract, or whether they could be procured locally.

There is also no contemplation of a middle-ground, for example where a group of local boards come together in a sub-regional contract, and where the procurement is undertaken by that group of boards supported by staff.

The council should develop clearer guidelines as to which local activity service delivery contracts are considered “major”. It should also ensure local boards are able to provide input into both the merits of procuring contracts on this basis, and the contracts themselves.

The council should also consider establishing mechanisms that support procurement on behalf of a group of local boards (without reverting to the governing body for decisions).

Operational flexibility to enable more tailored local decision-making

In tandem with changes to funding and procurement, the organisation will need to be able to adapt to local board decisions that have operational implications. This may have implications for staffing levels and consequently may need to include some restrictions, e.g. that changes can only be made annually or even three-yearly.

Engagement with key operations teams is needed to progress this.

Local board input into regional strategies, policies, plans and bylaws

The governing body has a legislative role to consider local board views in any regional decision-making. Complementing this role is the legislative role of local boards to communicate the interests and preferences of their communities in the development of regional strategies, policies and plans.

Over the course of Auckland Council’s existence, the organisation has set-up and fine-tuned processes that enable the local boards to provide input into regional decision-making, to enable the legislative roles of both the governing body and local boards. However, there is significant scope to be more efficient and effective in these processes.

A detailed discussion of the issues and options of the local board input role in regional decision-making is provided as Appendix H, a summary of the key points is below.

Current process recommended by Local Board Services

Currently, there are a suite of approaches available for seeking local board input on regional decision-making, but there is no agreed strategic framework that links the approach to the issue at hand. A number of factors may be pertinent to the approach chosen including:

- the likely extent of the impact on local board decision-making, local board budgets and local communities

- whether the topic is identified by a number of boards in their local board plans
- the timeframe for the project
- the capacity of the policy team.

The recommended engagement process generally involves five stages, each of which has different options for engaging with local boards. The approach is flexible however, and may involve fewer steps for less significant decisions, or that steps be repeated as more complex decisions are progressed. Table 6 below summarises the process.

TABLE 6: CURRENT RECOMMENDED APPROACH TO LOCAL BOARD INPUT ON REGIONAL STRATEGY, POLICY PLAN AND BYLAW DEVELOPMENT

| Stage | Options for local board engagement |
|---|--|
| <p>1) Planning and briefing</p> <p>Outlining the scope, purpose and timetable of the work. Identifying processes for local board and community engagement. Clarifying governance roles.</p> | <ul style="list-style-type: none"> • presenting at local board chairs' forum • sending a memo to local board members • briefing local board chairs or holding cluster meetings for chairs and/or portfolio holders. |
| <p>2) Engagement and direction setting</p> <p>An opportunity to focus on the details and have a robust discussion with local boards.</p> | <ul style="list-style-type: none"> • attending local board workshops • holding joint local board/governing body workshops • establishing political working parties (local board, local board/governing body). |
| <p>3) Local board formal feedback</p> <p>This is the boards' formal feedback (input) on the matter and should be reported as local board views.</p> | <ul style="list-style-type: none"> • local board business meetings are the only tool for obtaining formal local board views. |
| <p>4) Governing body decision</p> <p>Where the governing body considers the local board views in making their decision. It should incorporate comment on how local board views have influenced the final recommendations.</p> | <ul style="list-style-type: none"> • summary of local board feedback included as part of the report, along with a complete set of local board resolutions attached verbatim • local board members can speak at the meeting (subject to permission of chair) • local boards can speak at hearings if applicable. |
| <p>5) Closing the loop</p> <p>Ensuring local board members understand the outcome of the decision and how their input was considered.</p> | <ul style="list-style-type: none"> • a memo to local boards • holding a briefing or workshop where there has been significant involvement. |

Issues with the current practice

There are a number of issues identified with the current processes. These are outlined below:

- The legislative responsibilities of the local boards to provide input on strategies, policies, plans and bylaws coupled with the governing body's legislative responsibility to consider the views of local boards on regional decisions with local impact means the local board input role is broad. This places considerable demand on the time of staff seeking local board views and on the local boards. Local boards and staff need to be able to determine when local board input is required on a regional decision and then prioritise the extent of local board input accordingly.
- Timing of regional decision-making is not always well-planned across the organisation. While some improvements have been developed to address this, there are limitations from a local board perspective. The governing body and local boards need to have an overview of all regional decisions that are coming up and when they are to be made.
- The local board role is not effectively built into regional decision-making processes. This is exemplified in a number of ways:
 - local boards are not given sufficient opportunity to provide input early in the decision-making process, compromising the ability of their input to influence outcomes
 - the governing body needs to be better supported in considering local board views in their regional decision-making role
 - rarely is the loop closed with local boards on the outcome of a regional decision.
- Local boards do not receive quality advice to inform their input. At times they receive incomplete advice as staff have not undertaken all the analysis at the point in which they engage with local boards. The advice both governing body and local boards receive on regional decisions is often lacking an analysis of the impacts of the options, in particular at a local level. The governing body and local boards need to receive quality advice to support their decision-making and input roles (respectively).
- It takes a considerable time and resource commitment to seek local board input on regional decisions. Having to undertake this affects the council's ability to be nimble in its decision-making. It also means that staff are less inclined to seek local board input early and in a meaningful way. Regional decision-making processes need to be effective and efficient.

Options to improve processes

Specific recommendations include:

- A work programme that captures strategy, policy and planning work as well as other key regional decisions is agreed by the governing body near the start of the term. Local boards provide input to this to help ensure the programme reflects needs across the region and to build a shared understanding of governing body priorities. This is then revised annually.
- Establish criteria that determine the local impact of regional decisions, for example high, medium and low. Once this is established, tailor the approach for seeking local board input accordingly.
- Have a suite of tools available for local board input to regional decision-making that can be deployed depending on the local impact of the decisions.
- Make greater use of local board clusters (groupings) to improve both the efficiency and effectiveness of local board input in regional decision-making.

- Ensure local board members are given genuine opportunities to influence regional decisions by being engaged in the process early, not towards the end of the process when the outcome is largely determined.
- Better support the governing body in hearing the views of the local boards. This can occur through more joint engagement throughout the decision-making process, e.g. joint local board/governing body workshops. Also by improving the reporting to the governing body of local board views.
- Inform local boards of the outcome of the final decision, including how their views were taken into consideration.
- Improve the quality of advice given to both local boards and the governing body in the regional decision-making process. Focus areas for improving the quality of advice are on the implications of the decision, particularly at the local level for local boards to consider, and implementation and monitoring.

Lack of (transport) delegations

There is frustration among local board members with respect to decision-making in relation to transport. Common concerns include a view that:

- there is a lack of timely, high-quality information about local transport activity
- the community holds them accountable for local transport decisions, but they have very little influence over them
- Auckland Transport could be delegating some transport responsibilities to boards, particularly in relation to local transport and place-making in town centres.

Some of these concerns are also relevant to the governing body, and reflect a more general concern from elected members about the scope of Auckland Transport as a CCO which is outside of the scope of this report.

Auckland Transport has, to date, resisted any delegation of transport powers to local boards. They are concerned that this would undermine their ability to manage transport as a network, compromise consistency and safety, and the ability to meet funding challenges.

Their preferred approach has been to:

- improve the way they work with local boards, which has been a focus behind the establishment of their local board relationship management support model
- provide some local funding flexibility through the provision of the local board discretionary transport fund
- make targeted changes such as those recently made to berm planting guidelines that are much more flexible, and provide options without compromising control of the road space
- establish tailored approaches in different areas through design guidelines, which can incorporate specific requirements for different local board areas as agreed and appropriate.

They are also focusing on improving their work programming and reporting practices to local boards, recognising that local boards generally get all of the information, but that reporting needs to be better structured, more concise and more user friendly.

A recent report³⁷ explored the relationship and roles of local boards and Auckland Transport with respect to local place-making.

The report includes a high-level assessment of the potential implications of a number of specific delegations aimed at improving place-making outcomes, and notes that:

“Overall, it is easy to see why Auckland Transport has not been willing to consider delegations. While Auckland Transport’s powers and functions have a significant impact on place, they are almost without exception still related to managing the transport system. Delegations are tricky to get right and difficult to get back. Delegations for planting in berms and street art may be useful. But otherwise, delegations could represent a lot of work and risk, for little benefit to Auckland Transport. There may be better ways of improving local place making.”³⁸

While decisions in relation to delegations ultimately rest with Auckland Transport, one option that could be promoted with Auckland Transport is to trial some area specific transport delegations. Waiheke Island may be a sensible in the first instance given it is standalone rather than connected to the rest of the transport network. An alternative would be to work with Auckland Transport and the local board to develop some specific, tailored approaches to working on Waiheke through design guidelines.

A key challenge to any delegations will of course be funding constraints, which would not be resolved by delegating decision-making.

The report³⁹ also considers options for improving the relationship between local boards and Auckland Transport and suggests several potential options, two of which respond directly to a number of issues raised through this governance review, namely:

- reducing the detail and technicality of reports to local boards, and make them more relevant in terms of the local board role in strategy and community concerns
- more actively demonstrate it has considered local views, e.g. by incorporating a section on local board views into Auckland Transport Board reports.

It is recommended that these ideas are followed up with Auckland Transport.

Delegation of acquisition and disposal responsibilities for open space

As noted earlier there is considerable role cross-over with respect to open space. Currently:

- The governing body sets the general direction and priorities for acquiring all new land for parks and open spaces across Auckland though the Open Space Acquisition and Divestment Policy, and the setting of budget parameters for acquisitions.
- Local boards then determine the specific location and the acquisition priorities of new parks within their local board area, subject to governing body budget parameters.
- The governing body formally approves specific acquisition proposals in accordance with region-wide priorities and budgets. This function is delegated to:

³⁷ “Auckland Transport, Local Boards and Place making - issues and options paper for Auckland Council”, Tanya Perrott, May 2015

³⁸ IBID

³⁹ IBID

- officers for acquisitions less than \$50,000
- Parks, Recreation and Sport Committee for acquisitions between \$50,000 and \$5m
- Regional Strategy and Policy Committee for acquisitions above \$5m.
- Once acquired the local board then has decision-making responsibility unless there is a regulatory role relating to the Reserves Act.

The multiple reporting steps in this process are unwieldy and unresponsive (in the context of a commercial negotiation with a developer to acquire land they can even mean the opportunity to acquire the land is missed).

In addition, the steps unnecessarily undermine the autonomy of the local board as the eventual governor of the land, and reinforce the perception that local boards operate under the governing body. (In discussions with Park's staff they were unaware of any situations where staff and the local board had supported an acquisition which was consistent with strategy and budgets, which the governing body had not progressed.)

Given (and provided) that all acquisitions are made in accordance with the open space acquisition strategy (as approved by the governing body), and clear budget parameters, it would be preferable, clearer, and considerably more efficient if the formal acquisition were delegated to local boards (potentially up to a certain dollar value).

This would mean that reporting officers could get approval for the acquisition, and local board input through one report at one (local board) meeting.

A complication with introducing this approach in the current environment is that there is very limited funding for additional parks acquisitions over the life of the LTP. Nearly all funding is already committed for identified purchases. As such this change may have little practical effect, as decisions would need to be referred to the governing body for budget approval anyway.

Given current funding constraints, this change is not recommended at this point. However, if and as policy or funding priorities are reviewed it is recommended that this option be reconsidered.

Subsidiarity

Some local boards have queried whether the current allocations appropriately reflect the principles of subsidiarity and argue that more decisions should be devolved to local boards. This raises three questions:

1. When should the subsidiarity principle be applied?
2. What level should decisions be devolved to?
3. Is the current allocation of decision-making consistent with the LGACA?

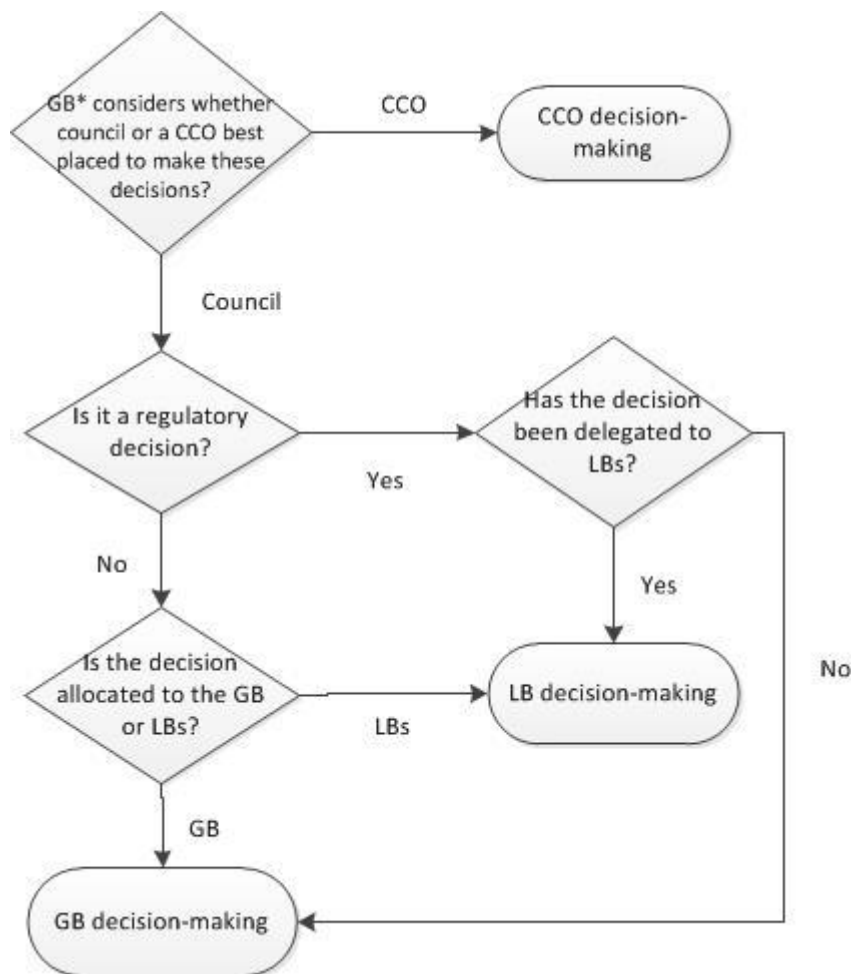
Where does subsidiarity apply?

It is important to note that the application of the principle of subsidiarity in the LGA and the LGACA is limited to the *non-regulatory* decision-making of *Auckland Council*. There is no legislative requirement to consider subsidiarity:

- in relation to the delegation of council's regulatory responsibilities
- for activities undertaken by CCOs.

Notwithstanding this lack of obligation, it is evident from the decisions to delegate certain regulatory decision-making responsibilities to local boards, that there has been a desire to give effect to the subsidiarity principle across the broader set of regulatory decisions.

FIGURE 8: AUCKLAND COUNCIL DECISION-MAKING ROLES

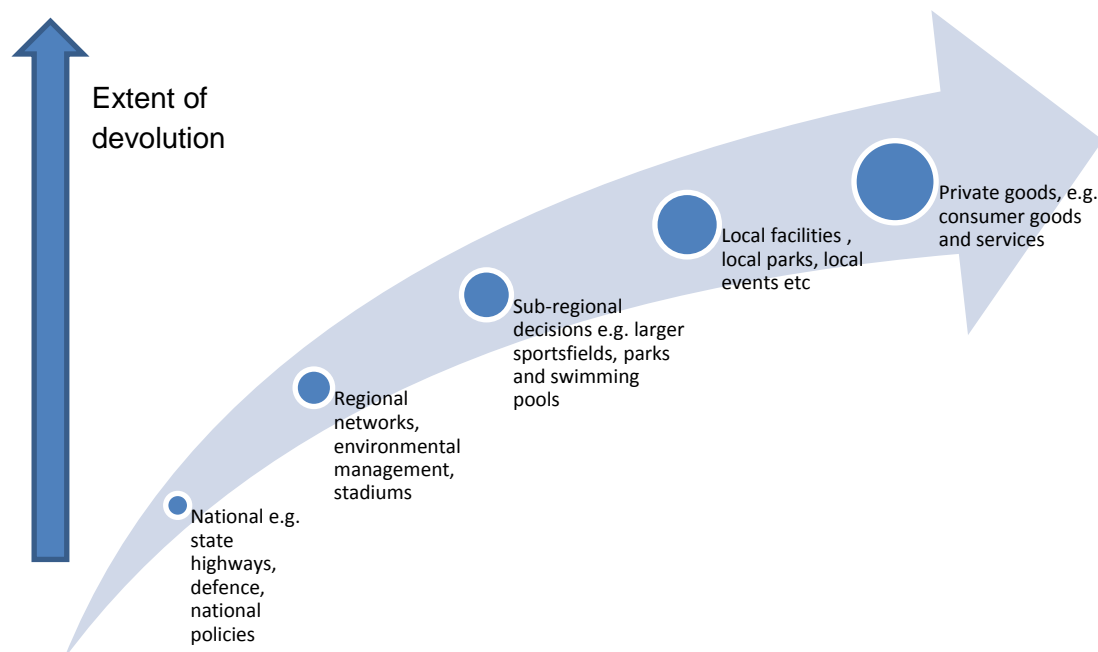


*Noting that in the case of Auckland Transport, this decision is a legislative one

What level should decisions be devolved to?

Depending on the nature of an activity the appropriate level of devolution will be different. Most day-to-day decision-making is carried out by individuals themselves, whereas large-scale decisions with national implications cannot or should not be devolved. Finding the appropriate scale of decision-making is not necessarily straightforward. At one (theoretical) extreme council could completely exit the provision of services, and leave individuals to make all of the decisions for themselves.

FIGURE 9: DEVOLUTION AND THE SCALE OF THE DECISION



In addition, it can be difficult to define a local community within a city context.

While the establishment of the boundaries of Auckland's 21 local boards factored in communities of interest as a core principle, as lines on a map in a contiguous urban setting they are somewhat arbitrary⁴⁰. This distinction is far more meaningful in places where there are a series of physically separated townships, rather than an urban conurbation like (most of) Auckland.

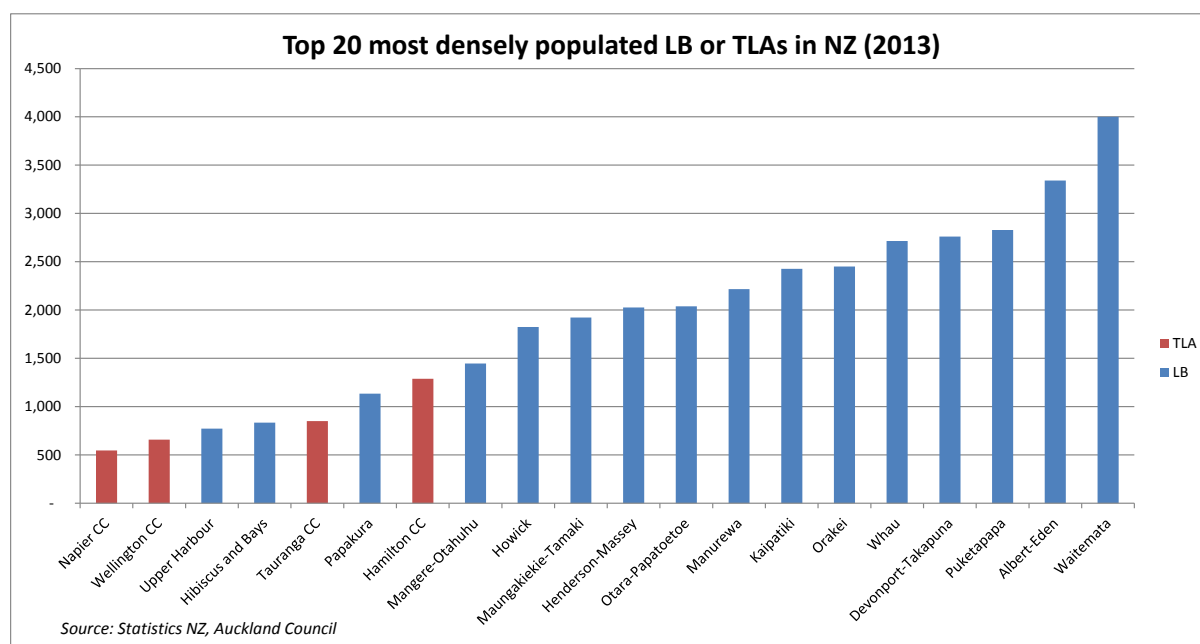
This is readily seen in the example of devolved decision-making in Coromandel (see Appendix C). The Coromandel district is made up of a series of small townships, that operate as natural communities with local schools, sports clubs, shops, parks and recreation facilities all servicing the community. Whether you live in the centre or the edge of these towns, it is likely that you will identify yourself with that township and avail yourself of the services and facilities within it.

In population terms Auckland's local boards are very large, with an average population of 70,000 - similar to the populations of Rotorua, New Plymouth and Hastings districts. Howick, with a population of about 125,000 is more populous than Dunedin city. It is difficult to relate these populations with the concept of local community – at least in the New Zealand local governance context.

Despite their populations, in most cases the local board areas are small in terms of total area. This is reflected in local board areas making up 16 of the top 20 most densely populated urban areas in NZ (in terms of Territorial Local Authorities (TLAs) and local board areas).

⁴⁰ GBI and Waiheke Island are obvious exceptions

FIGURE 10: POPULATION DENSITY OF NZ LOCAL BOARD AND TLA AREAS



Most local boards are part of contiguous urban areas⁴¹. Other than their coastlines, there are no natural boundaries between board areas, and communities span across the borders. Depending on where you live within a particular local board area, you may in fact use, identify with and be geographically more proximate to facilities within a neighbouring local board area.

In addition, cities provide economies of scale, enabling access to a wide range of services, facilities and experiences not available elsewhere due to a lack of population concentration. These facilities will each have their own natural catchment. This will range from the small catchments associated with parks, local shops and schools, to broader catchments perhaps related to recreational facilities or large shopping centres, to the very large catchments for specialist facilities (which could be natural or built) such as universities, airports and stadiums.

In effect this means that the city operates at different scales for different activities. There is not a set of well-defined communities of interest. This makes the argument for self-determination weaker as:

- the lowest level of practical authority is different for different activities
- it involves decisions being made by authorities that do not represent many of the users and funders of the assets.

Does the current allocation of decision-making reflect the LGA and the LGACA?

As noted earlier, the LGA and the LGACA provide the framework for determining the decision-making responsibilities of the governing body and local boards. Specifically:

- certain decision-making responsibilities are conferred by statute and must be retained by the governance arm that has that responsibility

⁴¹ Again, with the exception of Waiheke and GBI

- regulatory decisions are the responsibility of the governing body, except where it chooses to delegate them to local boards
- non-regulatory decisions should be allocated to local boards except where the nature of the activity is such that decision-making on an Auckland-wide basis will better promote the well-being of the communities across Auckland.

In respect of this last point, the LGACA describes three possible justifications for allocating non-regulatory decisions to the governing body. This reasoning and the treatment within the allocation table are described below:

TABLE 7: JUSTIFICATION FOR ALLOCATING NON-REGULATORY DECISIONS TO THE GOVERNING BODY

| LGACA justification for non-regulatory decision-making being retained by the governing body | Decision-making allocation table implications |
|--|---|
| Decision-making on an Auckland-wide basis will better promote the well-being of the communities across Auckland because the impact of the decision will extend beyond a single local board area | <p>Could be used as a justification for allocating very little decision-making to local boards, as local assets and services are used by people from all over the region.</p> <p>However, the allocation table generally presumes that (non-regulatory) decision-making that is <i>not regional</i> should be made by local boards. Activities that are regional or have regional components are defined specifically and the balance of responsibility is allocated to local boards.</p> <p>The Auckland Council interpretation is always taken in the spirit that even though an activity may span more than one local board, it is not necessarily regional.</p> |
| Decision-making on an Auckland-wide basis will better promote the well-being of the communities across Auckland because to be effective, the decision requires alignment or integration with other governing body decisions. | <p>This is captured in the allocation table across a range of activities where the decisions allocated to local boards must fit within regional parameters. This helps ensure local board decisions are integrated and aligned with governing body decisions.</p> <p>Also reflected in the allocation of network assets to the governing body.</p> |
| Decision-making on an Auckland-wide basis will better promote the well-being of the communities across Auckland because the benefits of a consistent or co-ordinated approach across Auckland will outweigh the benefits of reflecting the diverse needs and preferences of the communities within each local board area | Captured for example in the allocation of procurement responsibility. Local boards have responsibilities for local board activities excluding those procured by the governing body as major service contracts. |

From a general perspective, the Auckland Council decision-making allocation appears to reflect the legislative requirements of the LGA and the LGACA, and the principles of subsidiarity therein.

Waiheke and GBI are different...

Notwithstanding the preceding discussion, it is apparent that the Waiheke and GBI communities are quite different from the remainder of Auckland Council local board areas.

As islands, their communities of interest are easier to describe and define. Their assets and facilities are mostly local by definition, and they are generally not connected to the rest of the region in a network sense. This does provide an argument for differential allocations or delegations of decision-making responsibility.

GBI already has some specific delegations relating to cemetery operations and destruction of wandering stock. Given the limited range of other council-owned assets and facilities on the island, there is no particular appetite for additional delegations or allocations.

In the case of Waiheke however, the local board has consistently sought greater decision-making autonomy, arguing that this would deliver better outcomes for the community, and better reflect the principles of subsidiarity and the LGACA legislation.

Options

Differential allocations and delegations could be introduced for different local board areas. This could also involve more autonomy over setting and spending rates within these areas.

This discussion focuses on changes for Waiheke local board. This should be viewed as a case study only, and some of these changes may be appropriate elsewhere too.

In the case of Waiheke, a differential approach would reflect:

- the more clearly defined community of interest on the island (relative to most other local board areas)
- the desires of the local board for greater decision-making autonomy, and a feeling that the regionalisation of services across Auckland has failed to reflect the unique nature of the island.

In terms of specific activities and responsibilities, the following non-regulatory responsibilities could potentially be allocated to the Waiheke local board *subject to regional budget parameters*:

- development of area plans for the island
- community development and safety programmes
- social housing
- stormwater network, including catchment and management plans.

A clear limitation of any of these changes is that decisions would continue to be constrained by regionally set budgets.

Other areas are either regulatory in nature, or fall within the governance and operations of CCOs. As per the earlier discussion, these activities are not subject to the subsidiarity principles as prescribed in section 17(2) of the LGACA. However:

- some further regulatory decision-making could be delegated consistent with the general recommendations elsewhere in this report
- for CCO decision-making, delegations could be negotiated with the relevant party, including:

- Auckland Transport, potentially as a trial consistent with recommendations outlined in the preceding discussion on transport delegations
- Panuku Development Auckland for the Matiatia wharf development, consistent with the relevant regional budget.

A clear limitation of any of these changes is that decisions would continue to be constrained by regionally set budgets.

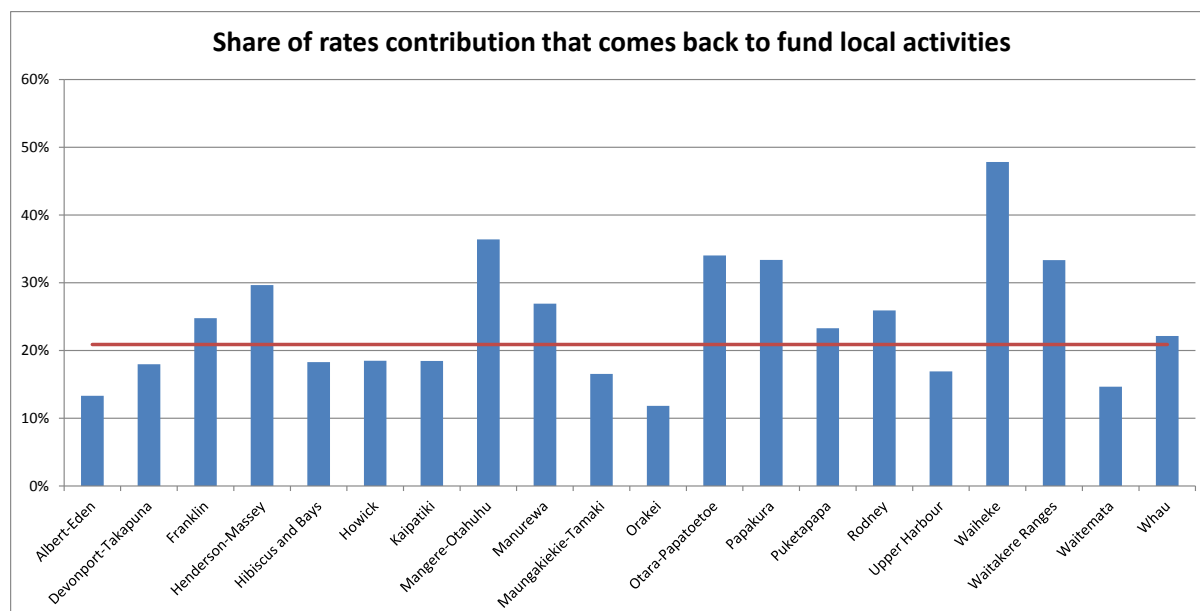
A more meaningful approach might be to provide greater budgetary independence for the island, i.e. where it sets the rates needed to meet the costs of both local activities, and any additional responsibilities.

This introduces complications however as:

- a significant share of rates collected from Waiheke would be tied up in local activities on the island (see Figure 11 below), suggesting that to fund additional responsibilities would likely lead to higher rates
- the impact of visitors on the island, means that:
 - while Waiheke is physically separated, it plays an important role in the Auckland (visitor) economy into which it is tightly integrated
 - infrastructure and service requirements are heavily influenced by peak demand during the summer period, not just the needs of the local community.

Before moving to a model where the island has more direct control over rating, a better understanding of the drivers of growth and associated cost pressures is needed. This could include investigation of funding mechanisms tied to visitor growth. This is outside of the scope of this report.

FIGURE 11: EXTENT TO WHICH RATES FROM AN AREA FUND LOCAL ACTIVITIES IN THAT AREA (EXCLUDING GBI)



Local boards are not sufficiently empowered - Summary

| Issues | Options |
|---|--|
| <p>Inflexibility of the current funding policies to empower local board decision-making.</p> <p>The terminology of ABS and LDI has also produced a misunderstanding on the part of staff regarding the local board governance role over both elements with staff seeing no role for local boards in ABS.</p> | <p>Remove restrictive rules around how funding is used. Local boards could instead be bulk funded for all their costs, or for the majority of costs other than a baseline of costs that are inherently inflexible which includes governance costs, finance costs, asset depreciation, internal property rentals and facility overheads.</p> <p>Local boards would need to meet core costs, including personnel costs and maintenance contracts out of this bulk funding.</p> <p>In addition, local boards' flexibility to make changes should be limited to particular points in time, and no more frequently than annually.</p> <p>Potentially introduce local rates⁴² to fund local activities, though this needs further investigation and a key priority should be a better understanding of the reasons for some of the large differences in spend per rating unit on local activities.</p> <p>The use of targeted rates to increase service levels should continue to be an option.</p> |
| <p>Lack of flexibility and nimbleness of current procurement processes.</p> <p>Procurement of major contracts sits with the governing body. However, there is no definition of "major contract" and contracts don't envisage collective procurement from groups of local boards, which may be appropriate for certain sub-regional contracts.</p> | <p>Continuation of recent changes in emphasis for more outcome based procurement.</p> <p>New facilities contract tender next year is an opportunity for local boards to play an important role in setting differential service levels, and providing local boards with more flexibility in terms of supplier choice.</p> <p>Potentially develop some guidelines in relation to what constitutes a "major contract".</p> <p>Needs to be a clear decision upfront about whether a specific contract is considered major or not, and local boards need to be part of this process.</p> <p>Consider establishing mechanisms that support procurement on behalf of a group of local boards (without reverting to the governing body for decisions).</p> |
| <p>Organisational (operational) flexibility to enable</p> | <p>In tandem with changes to funding and</p> |

⁴² The term local rates is used here to mean rates set by the local boards to fund some or all (full local rating) of their spending on local activities.

| Issues | Options |
|--|---|
| <p>more tailored local decision-making.</p> | <p>procurement, the organisation will need to have the ability to adapt to local board decisions that have operational implications. It may also need to include some restrictions, e.g. that changes can only be made annually or even three-yearly.</p> |
| <p>For local board input into regional decision-making there:</p> <ul style="list-style-type: none"> • is a lack of sufficient lead time for local boards to: <ul style="list-style-type: none"> ○ influence decisions ○ draw on organisational advice to inform their position ○ appropriately canvass community views. • is a perception that there is a lack of genuine desire to incorporate local board input to improve the quality of decision-making. • are concerns about the lack of quality feedback in response to their input. • are logistical challenge associated with programming comprehensive local board input. This can add significant time and cost to decision-making processes, and impacts the organisation's ability to be responsive and flexible. | <p>The governing body agrees at the start of the term, with local board input, a programme of work for the electoral term for strategy, policy, plan development and key regional decisions which is revised annually.</p> <p>Agree criteria that can be used to categorise regional decisions as having high, medium or low local impact and tailor local board input on regional decision-making accordingly.</p> <p>The organisation supports the regional decision-making process by:</p> <ul style="list-style-type: none"> • where appropriate, bringing both arms of governance together early in the process • giving local boards the opportunity to provide early input into the decision • ensuring the governing body is supported in hearing and understanding local board views on the decision • closing-the-loop with local boards on regional decisions. <p>Identify a suite of tools that can be used for gathering local board input in regional decision-making, including better utilisation of local board clusters.</p> <p>Develop and agree a matrix of local board input on regional decision-making that identifies which engagement tool is best suited to the type of decision being made (high, medium, low local impact) and the stage of the decision-making process.</p> <p>Governors need to receive quality advice in the regional decision-making process. In particular:</p> <ul style="list-style-type: none"> • an analysis of the issues and options, including implications locally and regionally • local boards need advice on the final recommendation/s before providing their own feedback by way of resolutions • the governing body needs advice on the local board views before making the final |

| Issues | Options |
|---|---|
| | <p>decision</p> <ul style="list-style-type: none"> local boards need information on the outcome of the decision and how their views were taken into account. |
| <p>There is frustration among local board members with respect to decision-making in relation to transport. Common concerns include a view that:</p> <ul style="list-style-type: none"> there is a lack of timely, high-quality information about local transport activity the community holds them accountable for local transport decisions, but they have very little influence over them Auckland Transport could be delegating some transport responsibilities to boards, particularly in relation to local transport and place-making in town centres. | <p>Promote recommendations⁴³ on improving Auckland Transport reporting to local boards:</p> <ul style="list-style-type: none"> reduce the detail and technicality of reports to local boards, and make them more relevant in terms of the local board role in strategy and community concerns more actively demonstrate consideration of local views in reporting. <p>Initiate discussions with Auckland Transport to trial some area-based transport delegations. Suggest that these be considered for Waiheke in the first instance given it is standalone rather than connected to the rest of the transport network.</p> <p>A key challenge to any delegations will of course be funding constraints, which would not be resolved by delegating decision-making.</p> |
| <p>Challenge that Auckland Council decision-making is inconsistent with subsidiarity principles as per the Local Government Act.</p> | <p>Current arrangements do reflect principles of subsidiarity as defined in the Act.</p> <p>Changes above in relation to role clarity and empowerment should give better effect to the current structures.</p> <p>Consider trialling some extended decision-making allocations or delegations for Waiheke Island.</p> |

⁴³ Taken from: "Auckland Transport, Local Boards and Place making - issues and options paper for Auckland Council", Tanya Perrott, May 2015

7 Community engagement

7.1 Concerns relating to poor community engagement

The Royal Commission on Auckland Governance found two systemic problems with Auckland governance:

- regional governance is weak and fragmented
- community engagement is poor.

They proposed a model where four urban councils, two rural councils and three community boards would form the second tier of Auckland Council. The primary objective of these local councils was:

“to achieve better engagement with communities, using new ways to connect with people, simplifying consultation and making it more purposeful. It is also expected that there will be improved community access to councils, including better online information using self-service and information technologies.”⁴⁴

The government’s decision to implement the local board model was at least in part a response to the latter of these two findings, with local boards specifically designed to improve community engagement.

While there are a number of examples where local boards have been instrumental in delivering specific projects or advocating to the governing body on behalf of communities – evidence of systemic improvement in community engagement is not apparent. This was a concern raised by the AUT Policy Observatory in its recent report “The Governance of Auckland: 5 years on”⁴⁵ as discussed in section 5.3.

This is an issue evident in local government throughout NZ, and democratic political systems worldwide, where low voter turnout (one indicator of engagement) is common, and there is a degree of general apathy in relation to the decisions of elected governors. In most cases these issues are more pronounced in certain demographics, especially youth⁴⁶.

Given this, identifying community engagement as a specific systemic problem of the legacy Auckland governance arrangements seems disputable. And by extension, establishing a structural remedy was likely to have a limited impact as a stand-alone solution.

Rather, poor community engagement and participation is a systemic problem of democratic governance, and solutions are likely to require a combination of cultural change in society and innovation. This in turn will require a much better understanding of the underlying drivers of low engagement. It is also important to get a better fundamental understanding of:

- what is being sought, for example is the end goal:

⁴⁴ Royal Commission on Auckland Governance, March 2009

⁴⁵ http://www.committeeforauckland.co.nz/images/pdfs/The_Governance_of_Auckland_5_Years_On_-_Full_Report.pdf

⁴⁶ For example, in the 2010 US mid-term elections 42% of registered voters cast votes. The turnout of people aged 18 to 24 was just 21%. (“Why young people don’t vote” The Economist, 29 October 2014)

- engagement for engagement's sake, i.e. as an indicator of healthy debate and democracy
- to build trust and inclusiveness
- to improve decision-making.
- and what the community is actually looking for, e.g. is it:
 - more participation in decisions
 - leadership and strong decision-making from elected governors, and someone to hold to account.

7.2 The role of local boards

Notwithstanding the comments above, there is a clearly mandated role for local boards to be at the forefront of engagement, and there was an expectation that local boards would pioneer new methods and approaches to engagement.

While community views are still generally gathered in traditional ways, such as through the networks of elected members or formal consultation processes, there have been some innovations in approaches to engagement. For example, engagement on the development of the 2014 local board plans focused on reaching parts of the community that do not typically engage in council consultation processes. Approaches were tailored for different local boards and different communities, effectively enabling a range of different tools to be tested. Over 200 engagement events were held, with participation from 13,600 people from right across Auckland.

Examples of the innovative ideas and methods used by boards and staff to involve their communities as part of the development of the 2014 local board plans were:

- **Casper the consulting camper** went to over seventeen events in all and was used as a discussion venue. Attending these events allowed the board to target young people, young families, and ethnic and migrant communities. (Kaipātiki local board).
- **The wishing tree** (a decorative visual way to provide open feedback) was used to provide a visual representation of people's ideas, and a more-inviting alternative to feedback forms. (Māngere-Ōtāhuhu local board)
- **Senior housing unit sessions** were used to enable in-depth conversations for older people, particularly those with mobility challenges. (Kaipātiki local board).
- **Pecha Kucha** (20 slides shown for 20 seconds each) Town Hall Special Edition was used to generate discussion among more than 200 attendees. (Waitematā local board).
- **The retro couch** was taken to public spaces and shopping areas allowing people to get comfortable when they stopped to chat. Discussions were recorded on video (Waitākere Ranges local board).
- **Café chats** were advertised as discussion sessions with Board members at local cafés. They allowed for busy people to meet board members and have discussions during their work days. (Whau local board)
- **A lucky dip** was organised at the Toddlers Day Out event in Henderson to encourage parents to complete a questionnaire. 160 questionnaires were completed on the day. (Henderson-Massey local board).

Improved engagement is also a key focus for the organisation. Outcome number one of the organisational strategy is that “our citizens have a strong voice and are key to shaping Auckland”. This outcome involves three “big shifts”:

- community-centred thinking and decision-making
- increased transparency, access to information and greater participation
- focus on two-way relationships and collaboration with communities to empower them.

This organisational commitment is crucial. For local boards to be successful in their roles in leading community engagement, they will require high-quality advice and support. It is recommended that this element of the strategy actively contemplates the leadership role of local boards, and how they can be better supported in this role.

Appendix A Non-regulatory decision-making

| Activity/function | Governing body responsibility | Local board responsibility |
|---------------------------------------|--|---|
| Governance | <ul style="list-style-type: none"> submissions on legislation regional civic duties etc. | <ul style="list-style-type: none"> submissions on legislation where it relates to the local board area local civic duties |
| Strategy, policy and plan development | <ul style="list-style-type: none"> Auckland Plan, area plans, regional spatial priority areas regional strategies, policies and plans across all council activities | <ul style="list-style-type: none"> local strategy, policy-making and planning within regional parameters |
| Programmes and initiatives | <p>Region-wide programmes, including for:</p> <ul style="list-style-type: none"> transformation for growth priorities economic development arts and culture events and event coordination community development and safety recreation and sports Social housing Auckland-wide place-shaping activities | <p>Local programmes and initiatives within regional parameters, including:</p> <ul style="list-style-type: none"> BID programmes place-shaping activities maintenance/improvements of town centres and street environments arts and culture projects and programmes local events community development projects facilitating community-led place-making and development initiatives recreation and sports programmes <p>Tailoring regional programmes and events to local needs</p> |
| Sponsorship, funding, grants | For regional arts and culture; events; community development; and recreation and sports | For local arts and culture; events; community development; and recreation and sports |
| Facilities and parks | <ul style="list-style-type: none"> facilities and parks with region-wide use or functions (including new facilities) the number and general location of all new facilities and parks the prioritisation of major upgrades to all facilities coordination of use of regional facilities | <ul style="list-style-type: none"> specific location, design, build and fit out of new local facilities within governing body parameters use of local facilities and parks, initiatives such as leasing and changes of use local parks improvements and place shaping |
| Environmental services | <ul style="list-style-type: none"> waste management landfill management environmental research and monitoring the stormwater networks, including catchment management plans | <ul style="list-style-type: none"> local initiatives and projects local stormwater projects within regional frameworks local waste management plans and projects within regional parameters |
| Renewals | <ul style="list-style-type: none"> maintaining service capacity and integrity of regional assets setting parameters and standards for all asset management | <ul style="list-style-type: none"> maintaining service capacity and integrity of local assets, consistent with regional parameters |
| Fees and charges | <ul style="list-style-type: none"> for governing body activities for libraries for local activities set on a region-wide basis by regional policy | <ul style="list-style-type: none"> for local board activities excluding libraries and those set on a region-wide basis under regional policy |
| Service specifications | <ul style="list-style-type: none"> setting for governing body activities setting minimums for local activities as required | <ul style="list-style-type: none"> setting for local activities, subject to any minimum standards set by the governing body |
| Procurement | <ul style="list-style-type: none"> for governing body activities for major service contracts for local assets procurement policy | <ul style="list-style-type: none"> for local board activities, excluding those procured by the governing body as major service contracts |

Appendix B Other jurisdictions

Set out below is a summary of examples of regional level governance and reform in the UK, Canada, Australia and New Zealand that highlight both common issues and different solutions. This is not intended to be a comprehensive review.

Combined authorities in the United Kingdom

In the UK, combined authorities have been created in areas where they are considered likely to improve transport, economic development and regeneration. Combined authorities are created voluntarily by their constituent local councils. They allow a group of local authorities to pool appropriate responsibility and receive certain delegated functions from central government in order to deliver transport and economic policy more effectively over a wider area. Examples include the Greater Manchester Combined Authority, the North East Combined Authority, the Sheffield City Region Combined Authority, the Liverpool City Region Combined Authority, and the West Yorkshire Combined Authority.

The Greater Manchester Combined Authority (GMCA) was established in 2011 as the UK's first combined authority. It is a strategic authority with powers over public transport, skills, housing, regeneration, waste management, carbon neutrality and planning permission⁴⁷. Functional executive bodies (somewhat like CCOs) such as Transport for Greater Manchester are responsible for delivery of services in these areas.

GMCA consists of eleven indirectly elected members, each a directly elected councillor from one of the ten constituent local councils, and an Interim Mayor appointed by the GMCA and who, from 2017, will be a region-wide elected mayor.

The Greater London Authority

London also has regional authority: the Greater London Authority (GLA). However, this model is fundamentally different from the combined authority model. It involves a single, directly elected Mayor, together with an elected Assembly⁴⁸ watching over the Mayor. This model is based on that used in American cities. The GLA shares governance responsibilities for greater London with 32 local borough councils. Each of these borough councils has its own mayor, councillors and staff structure.

The GLA does not directly provide services. Its work is carried out by functional bodies (akin to CCOs) including Transport for London, or under the auspices of the local borough councils. For example, the GLA is responsible for co-ordinating land use planning in Greater London. The mayor produces a strategic plan, the "London Plan". The individual London borough councils are legally bound to comply with the plan. The mayor has the power to over-ride planning decisions made by the London boroughs if they are believed to be against the interests of London as a whole.⁴⁹

There are opponents to the GLA model including those who would like to see the powers of the borough councils reduced and those who argue for greater decentralisation.

⁴⁷ https://en.wikipedia.org/wiki/Greater_Manchester_Combined_Authority

⁴⁸ The 25-member London Assembly is elected from 14 constituencies, with a further 11 members elected via party lists

⁴⁹ https://en.wikipedia.org/wiki/Greater_London_Authority

Polly Toynbee, writing in the Guardian describes (stridently) her concerns about the inability of the model to adequately address key strategic issues, in this case (perhaps relevantly to Auckland) housing shortages:

“...This is the kind of arbitrary nonsense that happens right across London as tin-pot dictators in the 32 boroughs run economies the size of small African countries with virtually no accountability. In this empty democracy, few people vote and no one knows the name of their council leader, council member or even which party has control. But the one person voters do know is the mayor of London. Give him the power and make him accountable if he gets it wrong. Let them blame him for London's woes - and praise him for improvements. Leave councils to basic delivery, while the mayor stitches together this patchwork into coherent Londonwide strategic planning. Planning for grand projects or social housing should not be subject to councils' whims. Nimbyism is rife and London's severe housing shortage needs a bigger, bolder vision.”

(<http://www.theguardian.com/politics/2005/dec/09/society.london>)

Australia

The City of Brisbane is governed by the Brisbane City Council, the largest local council in Australia. The Brisbane City Council has its power divided between a Lord Mayor, a parliamentary-style council of twenty-six councillors representing single-member wards of approximately 23,000 voters (roughly equivalent in size to state electorates), and a Civic Cabinet comprising the Lord Mayor, the Deputy Mayor (drawn from the majority on council) and the chairpersons of the seven standing committees drawn from the membership of council.⁵⁰

Brisbane does not have a second tier of more local governance.

Toronto

The municipal government of Toronto represents around 2.5 million people as a single regional authority, the Toronto City Council. It is represented by 44 councillors elected via wards, and a mayor elected at large.

As well as being members of the City Council, councillors sit on committees and one of four “Community Councils”, each of which is made up of 10-12 wards. Community councils’ responsibilities include “making recommendations and decisions on local planning and development, as well as neighbourhood matters including traffic plans and parking regulations. Community Councils report to the City Council but they also have final decision-making power on certain items, such as fence by-law exemptions and appointments to local boards and Business Improvement Areas”⁵¹.

While the Community Councils must report most decisions to the City Council for ratification, these are typically endorsed as a matter of course reflecting recognition that the Community Council is far closer to the issues.

Montreal

The Montreal City Council is a 65 member council representing about 1.7m people.

⁵⁰ https://en.wikipedia.org/wiki/City_of_Brisbane#Governance

⁵¹ www1.toronto.ca

Reporting directly to the council, the 14-member executive committee exercises decision-making powers similar to those of the cabinet in a parliamentary system and is responsible for preparing various documents including budgets and by-laws, submitted to the council for approval⁵².

In addition there are 19 borough councils, responsible for:

- fire prevention
- removal of household waste and residual materials
- funding of community needs
- social and local economic development agencies
- planning and management of parks and recreational areas
- cultural and sports facilities, organization of recreational sports and sociocultural activities
- maintaining local roads
- issuing permits
- public consultations for amendments to city planning bylaws
- public consultations and dissemination of information to the public
- land use planning and borough development.

City councillors come from borough councils which are broken into districts. Depending on their populations boroughs have at least one, and in some cases all, of their members on the city council.

⁵² https://en.wikipedia.org/wiki/Montreal_City_Council

Appendix C Case Study - Thames-Coromandel District Council

The following case study has been prepared by David Hammond of Hammond Robertson. David is the former chief executive of Thames-Coromandel District Council.

Introduction

The following case study of the Thames-Coromandel District Council (TCDC) is considered the most devolved council model of operations and governance in New Zealand or Australia. Called 'Community Empowerment' by TCDC, its relevance to the Auckland Council Governance Framework Review is that it represents the most contemporary example of devolving decisions, funding, and service delivery under a Board structure.

The Model was developed and implemented in 2012 by the council team led by new Chief Executive David Hammond. It came to attention a year later when the Taxpayers Union noted TCDC as having the lowest operating costs per property in the Waikato Region, following two consecutive years of rates decreases. These financial results were in an era of high debt and rates for the council following the construction of three new environmentally world-leading sewerage plants in 2009 at a cost of \$93 million. The Peninsula's rates were running at some 14% above the national average at the time this Model change occurred in 2012.

The Political Mandate

The journey Coromandel took began with the 2010 elections. The council had a well-established Community Board systems which was one of the most effective systems in New Zealand at that time. However the public was dissatisfied at what it saw was a 'head office' dominated council and voted for change. Only one existing elected member was returned at that election. Incoming Mayor Glenn Leach had a strong mandate for a community empowerment-led change and a vision for the Community Boards. His election manifesto included the following:

- Bring back community leadership
- Give your community board more autonomy to make decisions⁵³

Mayor Leach says,

"I was on council from 1989-95 and at that time we had a very devolved system of Boards, like Southland. The council moved away from these roots of democracy and inclusiveness. Power had to be returned to the people. But to get this through after the election meant hard decisions had to be taken about who could lead this process. It would be massive. We had to stay tough at the top because it was a fight to bring this change. I take my hat off to our elected members who stayed united and strong through some very lonely times."

⁵³ Glen Leach For Mayor election card 2010

The issues that the 2010 council saw that needed to be changed were:

- Slow decision-making from council particularly with those things affecting local areas.
- Communities feeling that the decisions, budgets and policy development of the council had become too centralised and distant from their communities, aspirations, and were in fact stymying the pace of local development.
- Access to council staff was felt to be 'managed' and not open and accessible, no one knew what staff member to speak to, and this made the sense of partnership with communities a one-way process defined by council willingness to engage. This was not true partnership with them.
- Costs were not under the level of control that the newly elected council was seeking.
- The new council opposed the notion that centralised leadership and service delivery is the best and most efficient way to grow Coromandel.

The council worked with the existing management team from 2010 to 2012 but were not able to effect the council's direction. TCDC recruited a new Chief Executive as a change manager in 2012 and the Community Empowerment Model was developed and implemented in that same year.

Community Empowerment Model Development

The Community Empowerment Model drew its inspirations from British devolved models, and in New Zealand from Auckland, Wanaka and Southland. The following extract from TCDC's March 2012 Report⁵⁴ highlights the inspiration that the Auckland Model provided to Coromandel's change (p.18):

"The governing body (Mayor and councillors) and local boards share the decision-making responsibilities of Auckland Council jointly with:

- *The governing body focusing on the big picture and on region-wide strategic decisions.*
- *The local boards represent their local communities and make decisions on local issues, activities and facilities.*

"The Auckland model has the former Auckland Regional Council incorporated within the greater Auckland Council, whereas the Waikato currently has the regional function stand-alone. However, this does not preclude TCDC adopting the principles of shared responsibility within the Auckland model and applying it at a district level in an enhanced partnership between council and the community boards.

"The four key functions of Auckland local boards in leading, advocating, funding and facilitating appear to provide a sound basis for the future of community boards within an enhanced community governance function for the Thames-Coromandel District.

⁵⁴ TCDC (March 2012) Thames-Coromandel District Council Community Governance

“One key area within the 'leading' function of local boards is the ability to make decisions on a wide range of local services. This is an area that is further developed in the TCDC approach.”

The change goals set for the project were:

1. Local people making decisions over local issues and services that effect their lives
2. Faster decision-making
3. To stop the 'one size fits all' culture of central silos
4. Cost savings through local innovation
5. Faster local economic development
6. To grow local leadership
7. Better community planning
8. Bring empathy and 'the local' back into staff culture across all of council

Governance in the Model

With the strength of mandate for Community Empowerment, TCDC elected members were looking for a model which allowed decision-making to return to local areas as well as being confident in their elected District decision-making roles. The Model managed this seamlessly. In a process of workshopping the changes required, elected council and Board Chairs jointly agreed to some principles:

- The council as a strong community leader
- Providing services at the appropriate level that are personalized and community-based (localism)
- Citizens and communities empowered to design and deliver services and play an active role in their communities
- Elected accountability as a test of Community Board engagement with their communities
- Local accountability and responsibility for local decisions
- Citizen engagement and partnership to guide operations
- One Team of governance – councilors and Board members
- Efficiency – the system has to drive better cost savings

The council decided on a similar structure to the Auckland Model and included both elected council and Boards in a single Governance Body with simply different roles as the following diagram represents:



Based on an agreed document between council and Boards, elected council resolved in its April 2012 meeting a list of 25 recommendations which formalised the relationship and established the Community Empowerment model. The tenet was that 'Local manages local services, District manages district services', and District also retained a monitoring role over all in an agreed way.

With elected councillors sitting on Boards, and Board chairs an integral part of council meetings and workshops, this relationship easily worked as one of mutual respect. The council had several measures in place to assist Boards with priorities. An overall financial envelope is established at the council level with Board agreement annually, to assist Boards to understand how much funding is available for local projects. If in the eventuality there was a serious rift between Board and council over any particular project, a last resort 'call-in' provision was included where the Mayor and Chief Executive could override and take a project back under District Leadership.

The new Board powers under the Model are as follows. Boards can:

- Choose methods of rating for their services, with council agreement
- Set new fees and charges for services and ringfence funding raised in that area
- Set local levels of services in each area, e.g library hours are set locally according to local preference
- Manage local services' policies and asset planning
- Determine the provision of and funding for facilities (such as sports centres) which were devolved
- Set a different rate rise locally to the council's overall rate
- Enter into service contracts
- Buy and sell property with council agreement
- Board Chairs sit on every council meeting including confidential ones

Operationalising the Model

The TCDC model returned 14 council services deemed 'local' back under Community Boards with the powers listed earlier. To administer the Boards the council already had 'Area Offices' of multiple staff located in the Board areas to administer services and build community engagement. In most cases the Area Office administers more than one Community Board area. With the Community Empowerment Model, a range of new powers came to the Area Offices which required changes of job descriptions, and new roles being established. Community Development Officer functions were devolved from the head office into Area Offices so that local community partnerships could be developed and supported by staff who lived in those communities. One of the most significant changes was the recruitment of Area Managers to very senior second-tier positions to be able to make the decisions required to assist the Board in their new powers.

Staff in Area Offices reported to the Area Managers and Area Managers reported directly to the Chief Executive. The Area Offices were staffed at an agreed permanently located level to manage the community engagement in these areas, local services, and capital projects. Staff levels are agreed by both the Chief Executive (who the area Managers report to) and by the Community Boards as it is local rates which will fund for additional staff.

Support function such as finance, information technology, human resources, communications, District Planning, consenting, regulation remained central. However all support functions were expected to operate in the community empowerment way, meaning that head office teams had dedicated individuals to Board areas for support, and Boards were expected to be well-consulted on central services, planning or strategy issues well before decisions were made.

To achieve the Model meant the need for a fit-for-purpose restructure of the staffing. With so many staff devolved to Area Offices, and lesser workloads centrally in areas such as Policy Planning, restructure is inevitable.

The 14 services returned to Boards were:

- Toilets
- Parks and reserves
- Airfields
- Local economic development
- I-Sites
- Cemeteries
- Halls and properties
- Harbours
- Local social development
- Local transportation: footpaths, street lighting, foliage trimming, kerb and channel, seawall protection
- Libraries
- Pools
- Local strategic planning
- Community grants

A number of services have both a district and a local function and were managed with a head office 'Centre of Excellence' and staff under Area Managers as in the following examples:

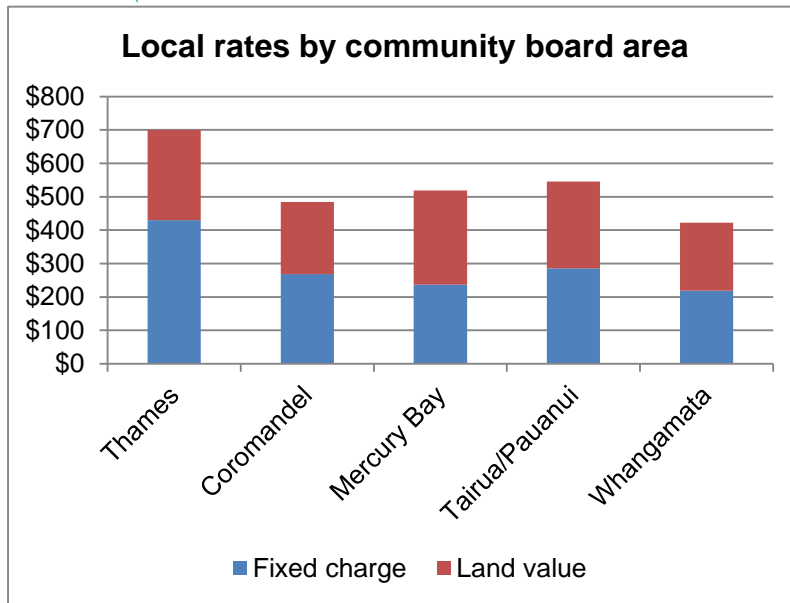
| Service | Central Functions | Local Functions |
|-----------|---|---|
| Parks | <ul style="list-style-type: none"> • Contract management and negotiation • Taking the lead on coordinating strategy and asset management planning • Development of central policy in coordination with boards • Central training and quality management of local parks staff | <ul style="list-style-type: none"> • Contract performance locally • Building levels of service into the contract • Local asset management and updating asset management • Local Reserves Management Planning • Responding to local community needs and issues • Local development of reserves and play facilities • Local funding and partnerships |
| Libraries | <ul style="list-style-type: none"> • Central provision of the library system for all local libraries • Contract negotiation of systems (such as Kotui) with approval of the Boards • Central management of the collection and interloan • Taking the lead on coordinating strategy and asset management planning • Development of central policy in coordination with boards • Central training and quality management of local libraries staff | <ul style="list-style-type: none"> • Local library service delivery including outsourcing library services • Development of local library buildings paid locally and including shared building decisions with other organisation • Deciding on hours of service • Responding to local community needs and issues • Running local programmes and partnerships |

Funding the Model

The devolved model can increase council costs operationally if not combined with a staff restructure. The restructure is triggered by the change of Model because a traditional council structure is not fit-for-purpose for a devolved council Model.

The devolved Model can also trigger increased local community costs. If communities are to have services returned locally to them including local funding as TCDC did, this represents more costs on local rates. The following table⁵⁵ represents TCDCs 2016 local rate levels.

⁵⁵ Stiven G. (2016) Comparative analysis TCDC and Auckland Council



In this Model it appears that Thames is experiencing considerably higher local rates than the rest of the District. The Thames local rates are driven higher than other areas by a higher levels of service in libraries and pools. However, overall rate levels (including District rates) are remarkably similar. In part this is because of property values are relatively similar District-wide, and partly because TCDC chose to equalize its District rates for the fixed-charge components of District-wide services. The council argues for equalizing of District services on the basis that:

- All residents are receiving the same level of service they should pay the same
- The capital costs of District services (such as sewerage and water plants) has risen beyond the means of individual communities to pay for them
- The cross-subsidisation of capital plants provided in one area and funded by other areas is equalised over time as all plants come up for renewal or replacement
- The good of the whole District is enhanced by water and sewerage plants that meet standards

The devolved model can also represent substantial opportunity to Boards by enabling them to find more cost effective local solutions to service provision. In Mercury Bay Board the Area Manager set a goal of offsetting \$250,000 of local rates annually by other revenue sources. In two years, he and the Board achieved \$200,000 of offset.

The local service delivery model requires that all assets and services under Boards are costed back to the Board level. It also leads to the structuring of the financial model to set rates for each Board area. The complexity for financial systems is substantial. However the benefits are the identification of actual costs back to the areas they are generated which improves transparency and enables Boards to find methods of cost control.

The council and Boards agreed that the overall financial direction of the council would be followed by the Boards. However a large degree of autonomy was provided to Boards to achieve local projects. Board rates were different from District rates and if a Board wanted to

fund projects in their area then their rate could be higher than the overall District agreement, subject to consultation with their communities.

As the Boards are responsible for funding their own services and assets there is no need for a financial arrangement with the council. Council resolutions established a level of discretionary fund that each Board area could have, funded by the ratepayers of the Board area, not at-large.

The annual or ten-year planning budgeting process has the Board involved in the budget development process. Boards are not given a budget, but they recommend their budgets back to council in the following way:

| Timing (approximate) | Budget Step |
|-----------------------------|--|
| August | <ul style="list-style-type: none"> • Council and Board chairs meet to discuss and set the overall financial envelope for the council, e.g. a rate rise of no more than 3% • Boards also consult with community organisations about their aspirations and projects as the Board Plans are reviewed |
| August/ September | <ul style="list-style-type: none"> • The Finance Team from head office send out budget allocation templates to Boards with a column for last year's expenditure and a new column with those same costs with an inflation adjustment as appropriate. The new column is in red text for Board review. |
| September | <ul style="list-style-type: none"> • Area Managers and their staff hold workshops with the Board the budgets and any justifiable projects, including projects that have been costed which may come from community organisations that the Board wishes to champion. |
| September/ October | <ul style="list-style-type: none"> • Area Managers meet with the CEO, CFO and a budget review team to go through the suggested Board budgets, look at the overall impact, query the robustness of figures and take issues of cost or projects back to Boards to review. |
| October | <ul style="list-style-type: none"> • Boards with their Area Managers and staff, review the feedback from the Budget Peer Review team and amend or firm up on their original position as they see fit and can justify. • Board Plans are re-drafted with the updated projects and priorities and only contain justifiable and costed spend which has been through business cases. |
| November | <ul style="list-style-type: none"> • Council budget workshops go through all district and local spend. The Board chairs speak to their proposals, take questions and have the draft budgets confirmed. |

Challenges of the Change

The biggest challenge was bringing the Community Empowerment culture all the way through the council organisation, including staff with services delivered by District-wide contracts. TCDC had to provide more staff, reliable systems and robust reporting frameworks to Area Offices who would be required to deliver more services - and all within a mandate to reduce

organisational costs. Some observers pointed out that a handbrake was applied to projects as consistent and reliable project management procedures were rolled out for all Area Offices. However, this view is countered by Whangamata Board Chair, Mr Keith Johnson's experience,

"In my view, more 'local' projects have been completed under the first year of Community Empowerment, with contemporaneous reductions in rates, than had been completed in several prior years of convoluted and expensive bureaucracy."

The change impacted on every staff member's way of working. Some staff welcomed change. Many other staff did not fully understand this unique Model, and some did not agree that it was a better Model and felt that councils should not ever try to operate in this way. Adding to the doubts were vocal critics in the media who claimed it would create mini-councils, that productivity would halt, communities would run riot with unrestrained 'wish lists' of projects, and that the council would be wracked by personal grievances. None of those predictions proved correct.

Results of the Community Empowerment Model

The results of this Model change validate that the council got the Model right for its population. The following outline key results:

- In 2016 public satisfaction in council decision-making improved 15% since the Model was introduced and is now 10% higher than the national average
- In 2016 public satisfaction in council decisions themselves increased by 20%
- Public satisfaction rates spend improved 17% (up to 83%) since the Model was introduced
- Satisfaction in parks (moved under the Boards) increased to 96%
- Satisfaction in libraries (moved under the Boards) increased to 99%
- Council reduced rates in two successive years (-6%)
- Commercial and rural rates will not return back up to higher 2010 levels for over 15 years
- After restructuring council had the lowest operating cost per property of any council in the region
- \$43M was removed from ten-year capital budgets without degrading assets or reducing levels of service
- Staff engagement post-restructure rose to higher levels than before restructure
- Community and council disciplines over approving capital and setting priorities vastly improved.

Appendix D Comparing TCDC and Auckland Council

While the TCDC model provides some interesting and relevant context for the Auckland model, there are a number of important structural differences, the scale being the most profound. In terms of operationalising the model, each community board on TCDC sets a local rate for the activities it has responsibility for. This provides and reinforces a clear separation of responsibilities between the two governance arms, with a strong nexus between accountability and responsibility. As discussed here and elsewhere, this would not be straightforward in the Auckland context, given the wide range in costs for local services in different areas, and the significant variability in rates.

TABLE D-1: COMPARING TCDC AND AUCKLAND COUNCIL

| Area | TCDC | Auckland Council | | | | | | | | | | |
|--|--|--|-------|-------------|-------|--------|--------|----------------|-------|------------|-------|---|
| Broad structure | Traditional TLA with community boards Within Waikato Regional Council boundary | Unitary authority with local boards | | | | | | | | | | |
| Population (2015 estimate) | 27,800 across five community boards with the following populations: <table border="0" style="margin-left: 20px;"> <tr> <td>Coromandel-Colville</td> <td>2,970</td> </tr> <tr> <td>Mercury Bay</td> <td>7,670</td> </tr> <tr> <td>Thames</td> <td>10,600</td> </tr> <tr> <td>Tairua-Pauanui</td> <td>2,430</td> </tr> <tr> <td>Whangamata</td> <td>4,150</td> </tr> </table> | Coromandel-Colville | 2,970 | Mercury Bay | 7,670 | Thames | 10,600 | Tairua-Pauanui | 2,430 | Whangamata | 4,150 | 1,569,900 across 21 community boards ranging in population from 980 to 143,000. Average population is 75,000. |
| Coromandel-Colville | 2,970 | | | | | | | | | | | |
| Mercury Bay | 7,670 | | | | | | | | | | | |
| Thames | 10,600 | | | | | | | | | | | |
| Tairua-Pauanui | 2,430 | | | | | | | | | | | |
| Whangamata | 4,150 | | | | | | | | | | | |
| Number of elected members | 9 councillors, 20 community board members (4 from each community board area) | 149 local board members (5-9 members from each local board based on population) and 21 governing body members | | | | | | | | | | |
| Geography | A number of small, physically separate townships, rural and seaside communities. | Predominantly a single contiguous urban area. Waiheke and GBI separated. Rodney, Franklin and (to a lesser extent) Waitākere Ranges include separated rural or seaside communities. | | | | | | | | | | |
| Functional responsibilities of community boards / local boards | Community boards have functional responsibility for: <ul style="list-style-type: none"> • public toilets • cemeteries • parks and reserves • halls and properties | Local boards have similar responsibilities, though most elements have both a local and regional dimension. Specifically: <ul style="list-style-type: none"> • Local boards are responsible for all local parks, pools, community halls, leisure centres, libraries etc., but the governing body has responsibility for determining the number and general location of these assets, acquisitions and disposals and prioritising major renewals. | | | | | | | | | | |

| Area | TCDC | Auckland Council |
|----------------|---|--|
| | <ul style="list-style-type: none"> • airfields • harbours • local economic development • local social development • I-Sites • local transportation • libraries • pools • local strategic planning • community grants. | <ul style="list-style-type: none"> • All transport activities are the responsibility of Auckland Transport (though local boards do have a small amount of discretionary capital funding). • Local boards are responsible for local planning, but in the context of the relevant regional plan. • Local boards are responsible for local economic development and social (community) development • Local boards administer local community grants. The governing body administers region-wide grants • The governing body is responsible for open (i.e. active) cemeteries. Local boards have responsibility for cemeteries that are no longer in active use. • I-Sites sit with Auckland Tourism, Events and Economic Development • Local boards have responsibility for local arts and culture programmes and local events. |
| Funding | Community boards are responsible for setting targeted rates which fund the local activities. | <p>Funding is determined by the governing body, and allocated to local boards. The allocation has three components:</p> <ul style="list-style-type: none"> • Funding for administration or governance which covers the local board member costs, the cost of local offices and the Local Board Services department (\$22m). • Funding for “asset based services”, which covers the operating costs associated with the local assets, i.e. predominantly supports financing, renting, and maintaining assets, as well as the staff costs associated with delivering services from those assets (i.e. library, pool, community and leisure centre staff) (\$297m). • A discretionary fund is provided to fund "locally driven initiatives". The governing body sets the total funding envelope, and it is allocated based on population, size of the local board area and the level of deprivation (\$30m). |
| Administration | Boards are supported by Area Managers of Area Offices in second tier positions giving them the ability to make decisions with the | <p>Each local board has its own office and a support team which includes:</p> <ul style="list-style-type: none"> • a relationship manager, their personal assistant and an engagement |

| Area | TCDC | Auckland Council |
|-------|--|--|
| | <p>Boards over their services. The Area Offices (three main offices over five Boards) are staffed at an agreed level to manage the community engagement in these areas, local services, and capital projects.</p> <p>The Area Managers report to the Chief Executive, and Area Office staff report to the Area Managers.</p> <p>Support function such as finance, information technology, human resources, communications, District Planning, consenting, regulation all remain central.</p> <p>However, teams have dedicated individuals to support Board areas, and Boards are consulted on central services issues before decisions are made.</p> | <p>advisor (responsible for two or three local boards)</p> <ul style="list-style-type: none"> • a dedicated local board team of (typically four) advisors, democracy advisors and administration support. <p>The relationship manager leads the team that supports the specific local boards. In doing so, the relationship manager:</p> <ul style="list-style-type: none"> • acts as the senior point of contact for local board members • provides integrated strategic, policy and political advice to specific local boards • manages the overall work programme for the local boards • is the senior interface between those specific local boards and the organisation, as well as supporting the engagement between members of the local boards and the governing body. <p>The relationship managers are supported by senior advisors and advisors who provide the day-to-day support to local boards on strategic and policy matters, as well as managing the interaction with other parts of the organisation on issues relevant to local boards.</p> <p>Local boards are also supported by:</p> <ul style="list-style-type: none"> • 107 dedicated staff from across the rest of the organisation. • 21 dedicated staff in CCOs - 11 in transport, six in ATEED, two in Panuku Development Auckland and one each in Watercare and RFA. <p>These dedicated organisational and CCO staff report back into their central teams, and are not typically allocated to individual boards, but geographic areas. There are no operational area managers <i>a la</i> the TCDC model.</p> |
| Rates | <p>Local rates are determined and set by each community board, meaning a tight link between rating for local activities and delivery of these services.</p> <p>Local rates are made up of a fixed component (i.e. a UAGC) and a</p> | <p>Revenue for local services is primarily recovered through the general rate set by the governing body⁵⁶.</p> <p>Charges for local services in Auckland are of a similar scale but also more variable. Excluding the islands, council spend per rating unit ranges from</p> |

⁵⁶ In addition there is some activity based revenue, and two local boards have set small targeted rates to fund free swimming pool entry for adults

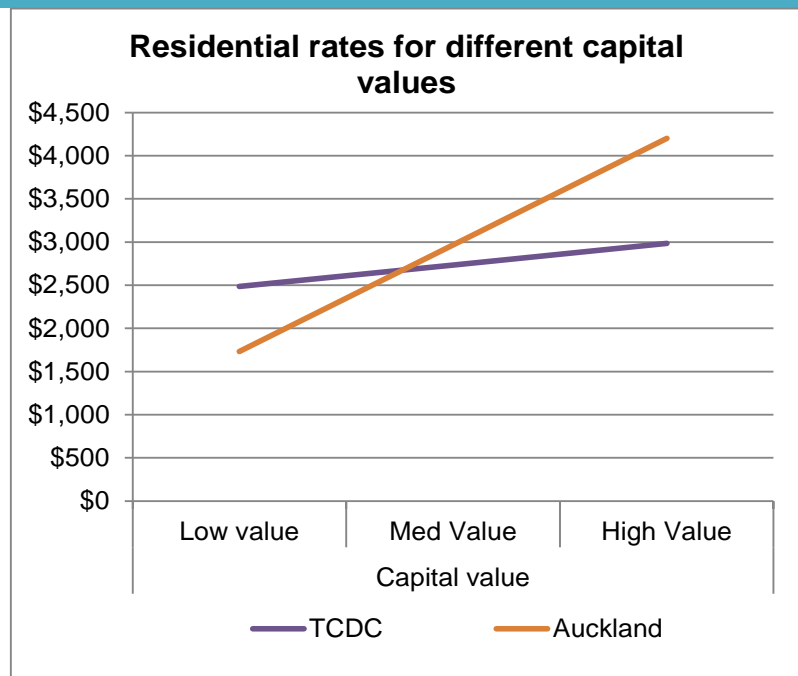
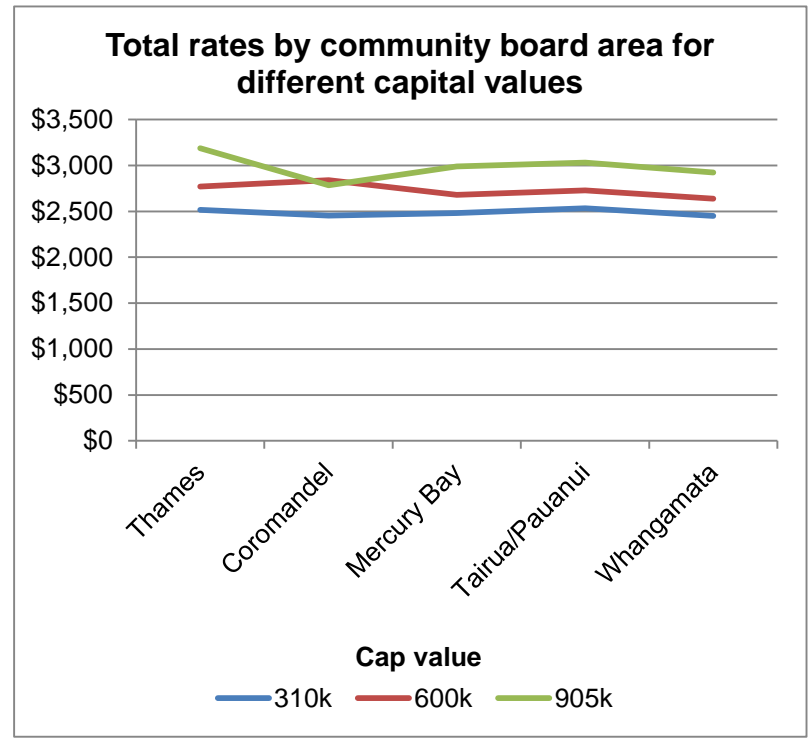
| Area | TCDC | Auckland Council | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------|---|----------------------|--------------|------------|-------|--------|--------|--------|--------|------------|--------|--------|--------|-------------|--------|--------|--------|----------------|--------|--------|--------|------------|--------|--------|--------|---|
| | <p>component linked to property value.</p> <p>Local rates range from an average of \$422 in Whangamata to \$700 in Thames. As shown in the chart below, local rates in Thames are significantly higher than for the other areas, and this is largely a consequence of Thames having swimming pool facilities and also greater spend on libraries.</p> <div data-bbox="392 454 1187 1061"> <table border="1"> <caption>Local rates by community board area</caption> <thead> <tr> <th>Community Board Area</th> <th>Fixed charge</th> <th>Land value</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Thames</td> <td>~\$430</td> <td>~\$270</td> <td>~\$700</td> </tr> <tr> <td>Coromandel</td> <td>~\$280</td> <td>~\$200</td> <td>~\$480</td> </tr> <tr> <td>Mercury Bay</td> <td>~\$250</td> <td>~\$260</td> <td>~\$510</td> </tr> <tr> <td>Tairua/Pauanui</td> <td>~\$290</td> <td>~\$240</td> <td>~\$530</td> </tr> <tr> <td>Whangamata</td> <td>~\$220</td> <td>~\$200</td> <td>~\$420</td> </tr> </tbody> </table> </div> <p>However, this difference in local rate levels is offset by Thames having lower water costs and solid waste costs.</p> <p>For the same value residential property, total rates are very similar. For residential properties with a capital value of \$600,000, rates range from \$2,639 in Whangamata to \$2,840 in Coromandel.</p> | Community Board Area | Fixed charge | Land value | Total | Thames | ~\$430 | ~\$270 | ~\$700 | Coromandel | ~\$280 | ~\$200 | ~\$480 | Mercury Bay | ~\$250 | ~\$260 | ~\$510 | Tairua/Pauanui | ~\$290 | ~\$240 | ~\$530 | Whangamata | ~\$220 | ~\$200 | ~\$420 | <p>\$414 in Ōrākei to \$1041 in Māngere-Ōtāhuhu. Spend is even higher in Waiheke (\$1120) and GBI (\$2029).</p> <p>Variability in overall rates is far more significant in Auckland. This reflects much greater underlying variability in property values between board areas, and lower fixed charges (around 20% of total rates charges in Auckland⁵⁷ or just over \$500⁵⁸ per rating unit). Average residential rates in Ōrākei are about \$3,000, but in Ōtara-Papatoetoe they are \$1,280.</p> <p>These differences make it difficult to establish local rating for local activities on a basis similar to TCDC, as it would mean a significant redistribution of the rates burden, either through increasing fixed charges, or levying higher rates per dollar of capital value in lower value areas. Either of these options would push higher costs into less affluent communities.</p> |
| Community Board Area | Fixed charge | Land value | Total | | | | | | | | | | | | | | | | | | | | | | | |
| Thames | ~\$430 | ~\$270 | ~\$700 | | | | | | | | | | | | | | | | | | | | | | | |
| Coromandel | ~\$280 | ~\$200 | ~\$480 | | | | | | | | | | | | | | | | | | | | | | | |
| Mercury Bay | ~\$250 | ~\$260 | ~\$510 | | | | | | | | | | | | | | | | | | | | | | | |
| Tairua/Pauanui | ~\$290 | ~\$240 | ~\$530 | | | | | | | | | | | | | | | | | | | | | | | |
| Whangamata | ~\$220 | ~\$200 | ~\$420 | | | | | | | | | | | | | | | | | | | | | | | |

⁵⁷ On a like-for-like basis (i.e. excluding water and wastewater charges) TCDC's fixed charges are estimated at around 58%

⁵⁸ This includes a UAGC of \$350 and other fixed charges associated with certain targeted rates and the transport levy

Area TCDC Auckland Council

In addition, a combination of the high use of fixed charges (TCDC charge the maximum permissible level of fixed charges) and relatively similar property values across the district means that total rates are fairly stable district-wide.



In addition, the setting of local rates is complicated by a number of the other differences described above. Specifically:

- The administrative challenges associated with coordinating 21 distinct rating areas.
- The nature and location of legacy assets, particularly sub-regional assets and facilities near local board boundaries. For example, some local boards have four libraries and some have one, yet this does not necessarily suggest different service levels or poorer access, as their specific location in the context of Auckland’s urban form matters. Similarly some swimming pools operate on a sub-regional basis. One local board area should not be responsible for funding these facilities alone. As Auckland is predominantly a single urban form, assets and their use do not neatly align to local board boundaries.

Appendix E Reducing the number of local boards

Supporting the governing body and 21 local boards is complex, and involves significant logistical challenges for the organisation. These can range from practical issues like trying to visit all local boards on regional issues in a reasonable time span, to ensuring appropriately skilled staff are available to support the varied needs of different local boards and the governing body in a consistent and equitable way. There are tensions for staff trying to support the local decision-making role of the boards, while also trying to ensure an efficient service that delivers great value for money.

More specifically there are challenges:

- In controlling the consistency and quality of advice and message across a network of advisors from across the organisation. These issues can be exacerbated where peaks in demand for advice coincide across local boards, and because local boards may have different approaches to developing their views and making decisions, making it harder to systemise processes or structure support.
- Providing a support structure that works well at quite different scales. On one hand the organisation needs to efficiently and effectively provide support to the governing body on key decisions relating to a group balance sheet of more than \$45b and operating budget of \$3.7b. This implies the need for good systems, processes and structures, and lends itself to a relatively high-level of delegated management decision-making. On the other hand, being responsive to meeting the needs of 21 local boards does not necessarily require the same approach. In this case support needs to be flexible, locally responsive and governors who are (by design) much closer to the ground, have the capacity and desire to be making decisions directly rather than through delegation to staff.

The number of local boards also contributes to concerns that not enough value is being obtained from local board input on regional decisions. In particular, the value of an individual board's input can be lost or diluted amongst the feedback of 21 boards. In addition, for most issues, there is increasing repetition of feedback from local boards to staff, meaning there is decreasing value in workshop sessions as staff progress around the region.

Considerations

Making local decisions locally

Having fewer boards would obviously require them to cover larger areas, which may undermine the fundamental concept of local and the underlying reason for their existence. Specifically a smaller number of local boards may:

- dilute the concept of individual communities with unique local needs and issues
- undermine the ability of local boards to meaningfully connect with their communities
- reinforce a sense that the council is remote and removed from its constituents
- result in decisions that do not effectively meet local needs and preferences.

These considerations were fundamental in the government's decisions to move away from the Royal Commission's recommendations regarding local councils. Specifically the government felt that the (Royal Commission) model did *"not adequately deliver on local preferences and local democracy"*⁵⁹.

In addition, these issues may become more pronounced as the region continues to grow.

⁵⁹ "Local Government (Auckland Council) Bill: roles and functions of local boards and relationship with Auckland Council", page 3

Communities of Interest

Communities of interest are recognised as a core principle when determining appropriate boundaries for local authorities and the Royal Commission recommended they be made the primary organising principle of local decision-making structures (Royal Commission, 2009).

The Royal Commission used the following definition of community of interest:

“a group of people in the residential locality and having one or more of the following three dimensions:

- i) Perceptual: a sense of belonging to an area or locality which can be clearly defined.
- ii) Functional: the ability to meet with reasonable economy the community’s requirements for comprehensive physical and human services.
- iii) Political: the ability of the elected body to represent the interests and reconcile the conflicts of all its members.”⁶⁰

The Royal Commission used these principles for its proposals which involved nine local decision-making entities to work in tandem with the unitary Auckland Council. The LGC similarly used communities of interest as a key principle when setting the 21 local board boundaries⁶¹. The table below shows the boundaries identified by the Royal Commission against the (approximately⁶²) equivalent LGC decision in respect of local boards.

TABLE E-1: ROYAL COMMISSION AND LGC BOUNDARIES

| Royal commission | LGC |
|--|---|
| Waiheke community board | Waiheke local board |
| GBI community board | GBI local board |
| Hunua local council | Franklin local board |
| Rodney local council | Rodney local board |
| City centre and waterfront community board | Waitematā local board |
| Tāmaki-makau-rau local council | Albert-Eden, Ōrākei, Puketāpapa, Maungakiekie-Tāmaki local boards |
| Waitematā local council | Devonport-Takapuna, Kaipātiki, Upper Harbour and Hibiscus and Bays local boards |
| Waitākere local council | Whau, Henderson-Massey and Waitākere Ranges local boards |
| Manukau local council | Howick, Māngere-Ōtāhuhu, Manurewa, Ōtara-Papatoetoe, Papakura local boards |

Interestingly, this suggests that “communities of interest” as an organising principle does not preclude a different number of local board areas, with the Royal Commission satisfied that much larger areas were

⁶⁰ Fulcher, Helen, “The Concept Of Community Of Interest”, discussion paper prepared for the South Australia Department of Local Government, 1989. (Cited in “Royal Commission on Auckland Governance”, Volume 1 page 394)

⁶¹ They were also a key factor in determining the 13 ward boundaries, however for these boundaries the LGC also needed to ensure broadly similar levels of representation per capita.

⁶² Other than for Waiheke and GBI, boundaries do not overlap precisely

appropriate in most cases. Conversely it would be relatively easy to make a communities-of-interest argument for more local board areas, say based around town centres or the traditional Auckland suburbs⁶³.

In the case of an urban conurbation such as Auckland, this simply reflects that geographic communities of interest are relatively subjective and hard to define. They are also different for different activities, and in some cases the “swimming community” or “arts community” may be a more relevant distinction. Ultimately this is a form of geographic stereotyping (in that we are linking people to one another based on where they live) and can only be a guiding principle. Generally (areas such as the islands being the exception) it is a useful principle when setting boundaries, rather than as a means to determine the number of local areas.

Ratio of politicians to residents

Reducing the number of boards would likely increase the ratio of residents to elected members (though this could be mitigated somewhat by increasing the size of each board up to its legislated maximum which is currently 12, and increasing the remuneration of board members⁶⁴ so that members can operate full-time). While there are no specific rules in respect to the right ratio, there are views that the current ratios are already very high.

For example, in their recent report⁶⁵, the AUT queried whether the ratio of residents to politicians in Auckland was too high, in particular noting that the ratio of residents to politicians was 8980:1 in Auckland compared with a New Zealand average of 4847:1⁶⁶. They also found that New Zealand had high ratios relative to a number of other jurisdictions, drawing on analysis by Local Government New Zealand and the LGC which reported ratios ranging from 120:1 in France to 4229:1 in Scotland.

There are a number of reasons for these differences however, and it is problematic to draw conclusions directly from these ratios. For instance:

- Different jurisdictions offer substantially different services at different levels of government. In particular, a number of other jurisdictions provide services such as health, education and law enforcement at a local level. A more accurate picture would need to control for these factors. For example, the New Zealand numbers do not reflect elected representation on health boards, district licencing boards or school trustee boards.
- Metropolitan areas, at least in Australasia, typically have much higher ratios of residents to elected members. Table E-2 below shows the ratios for the most populous local government areas in Australia and compares these with Auckland. These densely populated metropolitan or city centres all have less politicians per head than Auckland. This suggests economies of scale are available in governing more populous centres and that physical proximity is also an important factor in determining the number of elected members needed to service a given population. In other words, bigger more dispersed areas tend to have more elected members per head of population, presumably as it gets logistically more difficult to provide local insight as one gets more remote from the local area in question.
- As noted by the AUT, the public generally favours fewer politicians not more, despite the fact that this may be seen as reducing the level of representation on offer. This perhaps suggests that the public values being able to hold its elected members accountable, and that this is better enabled with fewer politicians.

⁶³ 2012 research found that more people associated the term “local” with their suburb than any other geography. “Auckland Local Board Evaluation, Research into performance and communications”, Ipsos, October 2012

⁶⁴ Which is determined by the Remuneration Authority

⁶⁵ “The Governance of Auckland: 5 years on”, 2016, Policy Observatory of Auckland University of Technology

⁶⁶ AUT (2016) page 31, table 3

TABLE E-2: RATIO OF RESIDENTS PER ELECTED MEMBER IN THE FIVE MOST POPULOUS LOCAL GOVERNMENT AREAS IN AUSTRALIA COMPARED WITH AUCKLAND

| Jurisdiction | Local government area | 2011 population | Number of representatives | Residents per elected member |
|--------------------|---------------------------------|------------------|---------------------------|------------------------------|
| Queensland | Brisbane City Council | 1,041,839 | 27 | 38,587 |
| Queensland | City of Gold Coast | 494,501 | 15 | 32,967 |
| Queensland | Moreton Bay Regional Council | 378,045 | 13 | 29,080 |
| Queensland | Sunshine Coast Regional Council | 306,909 | 11 | 27,901 |
| New South Wales | City of Blacktown | 301,099 | 15 | 20,073 |
| New Zealand | Auckland Council | 1,415,550 | 170 | 8,327 |

Table E-2 is also interesting in that it shows that while Auckland is the largest local authority area in Australasia, its most stark feature is the sheer number of elected members, with more than double all of the other areas combined⁶⁷. This in itself is complicating, as it makes it very difficult to bring politicians together to discuss issues in a meaningful way.

Engagement with local government

A key objective and rationale for the establishment of local boards was to address perceived systemic issues relating to community engagement in Auckland. Therefore debate about the number of local boards needs to consider how changes might impact community engagement.

Poor engagement appears to be a broad societal issue, with a number of democracies struggling with understanding and addressing it. Consequently it is difficult to get a firm view on whether reductions in the number of local boards would detrimentally impact engagement. As noted in the body of this report, a better understanding of the underlying issues is required, in particular:

- what is being sought from better engagement, for example is the end goal:
 - engagement for engagement’s sake, i.e. as an indicator of healthy debate and democracy?
 - to build trust and inclusiveness?
 - to improve decision-making?
- what is the community actually looking for, e.g. is it:
 - more participation in decisions?
 - leadership and strong decision-making from elected governors, and someone to hold to account?

While clearly related to engagement, voter turnout in the context of the number of local boards is also an important consideration.

Research by Local Government New Zealand, indicates that the larger the population governed by a local authority, the lower the voting turnout⁶⁸. Reducing the number of local boards may make this issue worse. However there are several mitigating considerations:

⁶⁷ Noting Auckland Council is larger geographically than the five comparator cities

⁶⁸ Local Government New Zealand, 20 December 2013. “The 2013 elections – What are the lessons?” pp. 13-14

- Even with the current number of local boards, individual board areas are so large that the impact of size and remoteness of candidates is clearly evident in all areas except Waiheke and GBI. Increasing the size of local boards is unlikely to have a material additional impact.
- Public knowledge of candidates tends to be higher for governing body members than for local board members and higher still for the mayor and central government politicians. Similarly participation in voting is higher. This suggests that fewer local boards may mean a higher profile for each board and support better knowledge of individual candidates.
- Less is sometimes more. While the public may be further removed from the elected members, fewer boards are likely to mean that each board is better resourced and supported. Their voices are less likely to be diluted and therefore views are likely to be more impactful. This may in turn mean that engagement is improved, as constituents may perceive that their views are not just heard, but acted upon.
- Structures that better support knowledge of the candidates (or the candidates' views) may have more impact than changes to the number of local boards. For example, a shift to a party-based electoral system would enable electors to make their choices based on the policies of a few parties rather than long lists of individual candidates. This option is discussed further in Appendix F, "Options for changing ward representation".

Process to implement possible changes

Current process

Under current legislation, any change would need to be confirmed via a Local Government Reorganisation process (similar to the recent processes undertaken for example in Northland⁶⁹ and the Hawke's Bay⁷⁰).

This is a complex change requiring the following steps:

- an application for reorganisation is submitted to the LGC
- the commission decides whether there is enough information to assess the proposal, and whether there is evidence of community support
- if satisfied there is community support, the application is publicly notified and alternative applications are called for
- the Commission considers the options and develops a draft proposal for a preferred option
- the draft proposal is publicly notified, and submissions are called for and considered
- if the Commission decides to proceed it issues a final proposal
- if 10% of affected electors sign a petition, a poll is held on the proposal
- if more than 50% of voters support the proposal, the reorganisation scheme is prepared and implemented by Order in Council.

It is likely that the LGC will see "local voice and choice" as a key criteria for assessing options, so any proposals would need to demonstrate that local voice and choice was not unduly undermined. If it was to be undermined, there would need to be strong case and supporting evidence that this would be outweighed by efficiency gains.

⁶⁹ See <http://www.lgc.govt.nz/the-reorganisation-process/reorganisation-current-applications/view/northland-reorganisation/?step=main>

⁷⁰ See <http://www.lgc.govt.nz/the-reorganisation-process/reorganisation-current-applications/view/hawkes-bay-reorganisation/?step=main>

Better local service reforms

As part of a package of reforms focused on better local service, the Local Government Act 2002 Amendment Bill (No 2) was introduced in June 2016, and may be enacted in early 2017. This bill includes provisions that would change the reorganisation process. Specifically it provides for council-led reorganisations.

However, the process by which applications and options are assessed would still require demonstrable community support, consideration of “local voice and choice” and/or provable efficiency gains that outweigh any loss in local voice and choice.

Options

Due to the complexity in supporting 21 local boards, reducing the number of local boards offers significant potential to increase efficiencies, decrease operational costs and have a model more easily understood by the public and council staff servicing local boards.

There are many possibilities as to how the local boards can be rearranged to reduce their total number, and as indicated by the previous discussion there is no magic number. There will always be an element of arbitrariness to any particular arrangement. Consequently, rather than considering specific options, the key focus here is on considering the merits or otherwise of three broad approaches relative to the status quo:

- 1 reducing the number of local boards
- 2 reducing the number of local boards and establishing community boards to provide a different mechanism for certain unique areas (whose population does not justify the formality and administrative complexity of a local board)
- 3 the status quo with a fundamental change in the support model, that involves a cluster based model with greater decentralisation of staff and more dedicated support for the boards within each cluster.

Fewer local boards

Pros

- Individual boards would have larger budgets and correspondingly larger influence.
- Fewer boards would open the door to other possible changes, such as increased budget autonomy and potentially local rating. This in turn would potentially enable a more substantial role in planning and delivery of new facilities in their local areas, and procurement of services to support the maintenance of those assets.
- Would reduce the incidence of “sub-regional” assets, as these assets would be more likely to be within their more natural catchment. For example, Westwave in Massey operates as a sub-regional asset for people in west Auckland yet is governed by the Henderson-Massey local board. With one western board its governance would more accurately reflect its users.
- It would reduce the administrative burden associated with (for example) developing 21 local board plans including consultation on those plans, 21 local board agreements, 21 work programmes, 21 budgets and ongoing financial monitoring etc.
- Improved efficiency for local input on regional matters with fewer sets of governors to consult. This reduces the time required for local board engagement as it is faster to visit all local boards and process their feedback.
- Local boards’ feedback can carry more weight. Rather than potentially getting lost among 21 sets of feedback, feedback from a smaller number of local boards can stand out more and have more impact.
- Operational cost savings can be made because reporting officers have fewer boards to visit which saves them preparation, presenting, travelling and analysis time. (Noting that increasing use of technology such as video conferencing is helping to address some of these issues already.)

- Further operational savings can also be made as support staff have fewer relationships to manage which can be time consuming work. With fewer actors involved, efficiency and savings gains can be made.
- Potential savings from the closure of local board offices, though this may be offset by larger offices in some locations.
- With fewer local boards, the governance model of Auckland may be easier to understand which can in turn increase the engagement level of residents with council. Research indicates that the public are very unfamiliar with the role of local boards and how they work for their communities.

Cons

- Reorganisations are expensive including the potential reputational risk. There would also need to be organisational changes to reflect the new number of local boards, and a whole new set of budgets, policies, strategies and plans would need to be developed. As such any possible savings must be weighed against the cost of the transition.
- Several local board offices may need to become larger to accommodate more members at meetings and increased numbers of support staff.
- The strong local voice could be lost through reducing the number of local boards. One success of the current model is the accessibility of local board members. Some of this may be diluted with fewer boards.
- Engagement in local government in Auckland and participation in voting may worsen as people become more removed from candidates.
- The more local that a local board is, the more likely that the members will identify with or be impacted by local issues. This may in turn mean that they are better advocates on behalf of affected constituents.
- The method of ensuring representation for all communities of a local board will need to be reviewed. It is possible some communities of a local board may be disproportionately represented through either too few or many elected members. Local board subdivisions for voting could be utilised to manage this risk.
- The process to change the number of local boards and boundaries of local boards is long, difficult and uncertain through the LGC.

Re-introduce community boards

Fewer local boards would naturally lead to each board having larger physical catchments and populations. From a community of interest perspective, this may be reasonably seamless for a number of contiguous urban local board areas where the boundaries can be somewhat arbitrary. However, it would be less appropriate for more discrete areas such as the gulf islands.

While an option may be simply to retain the current boundaries for these areas, another approach would be to re-introduce the community board model for some specific areas in Auckland.

The Royal Commission suggested having three community boards as well as six local councils⁷¹. The purpose of community boards for these areas was to reflect both their unique communities of interest and their unique roles in Auckland, but also that their scale did not justify them being formally established alone as one of the six councils.

While GBI and Waiheke Island are obvious areas that may better suit a more flexible community board model, this could also be a viable option in northern Rodney.

⁷¹ Of note, the Royal Commission envisaged community boards for the GBI and Waiheke, in addition to the gulf islands being represented as part of the Tāmaki-makau-rau local council. It conceived that the central city and waterfront community board would not be part of the local council.

Of note, Auckland Council is currently the only TLA in New Zealand that cannot choose to establish community boards. As such, this option would require legislative change. If other TLAs were to operate a local board model, they would not be legislatively prohibited from additionally retaining community boards.

Pros

This model may be more appropriate for these less populated and discrete areas as their scale may not justify the additional administrative burden associated with being a local board; for example:

- unlike local boards a community board wouldn't need to develop a formal local board plan or local board agreement and funding policies
- arrangements could be readily tailored to the needs of the community rather than reflecting a general approach, for example trialling specific decision-making delegations within those areas
- its role in terms of input on regional decisions could be more selective reflecting that region-wide issues are often less relevant to these areas.

In essence, the community board model provides a more flexible construct where community board responsibilities could be readily tailored to the specific needs of the community in question. It would also be well suited to trialling different approaches in terms of decision-making delegations.

Cons

Potential concerns with this approach include:

- that introducing this model could be seen as an attempt to diminish the powers and responsibilities currently enjoyed by these areas' local boards
- it may actually be more administratively complex to run and support a third approach to governance
- the role and powers of community boards are more at the discretion of the council than they are for local boards, and may be subject to changes over time.

Overhaul the approach to operational support

Rather than making changes to the governance structure, an alternative approach would be to establish a more decentralised operational support model, which focuses on geographic clusters of local boards.

This could involve for example an Area Manager with the seniority to make service decisions, and who would have local staff reporting to them across the key local activity areas including community services, parks, sport and recreation, and local events. They would also be the senior local contact point for centralised staff to liaise with, and be the key relationship contact for the boards, with responsibility for servicing their governance needs, (in effect an enhanced relationship manager role).

This could have the effect of organising the local boards around larger clusters, and could be particularly effective at managing the interface between local and regional issues in a more efficient way. However, it would still enable each board to have its own unique community facing role.

This option is also discussed in the body of the report in relation to operational support, and is not discussed further in the recommendations as it is not specifically focused on governance.

Recommendations

It is recommended that the new council considers the issue of the number of local boards and forms a clear position on this matter. If this involves changes, this position can be the basis of advocacy to central government and/or the LGC.

Specific approaches that could be considered to reduce the number of local boards include:

| Approach | Features | Other comments |
|---|---|--|
| <ul style="list-style-type: none"> Mixed community board and local board model, based on the boundaries proposed by the Royal Commission based | <p>3 community boards representing Waiheke, GBI and the CBD/Waterfront area.</p> <p>6 local board areas representing Franklin, South Auckland, Central Auckland, West Auckland, the North Shore and Rodney. These are broadly similar to the legacy TLA boundaries but with some notable differences.</p> | <p>Consideration should be given to changing the maximum number of members on each board. Currently a maximum of 12 members can serve on a local board. The Royal Commission recommended a range from 7-22 members under its structure.</p> <p>Remuneration for members should be reviewed. So that while there may be fewer board members, they are sufficiently remunerated to operate on a full-time basis.</p> |
| <ul style="list-style-type: none"> Nine local board model | <p>As above but with no community boards, i.e. each board would be a local board under the LGA.</p> | <p>Legislative change would be necessary to allow Auckland to have community boards. (Auckland is currently the only TLA in New Zealand without this ability.)</p> <p>Variations of this structure could be considered. In particular, an option with two local boards for central Auckland and two for South Auckland would be sensible given the scale of these areas.</p> |

Appendix F Options for changing ward representation

Overview

Issues

Governing body members represent their local ward constituents, but their primary responsibility as a governing body member is to make regional decisions. This responsibility is outlined in schedule 14 of the LGA, which includes a declaration that each local authority elected member must make before they can act as a member. For the governing body this declaration requires that members act “...*in the best interests of the region...*”.

As a consequence, there is an in-built tension in the governing body roles and there will be times where it is a challenge to vote against local interests in the interests of the region.

Governing body members are also inevitably approached about local issues including constituent queries or complaints that relate to local board activities. This in turn can lead to them being drawn in to, or trying to address local issues that are local board responsibilities and potentially distracted from the core strategic roles they were elected to fulfil.

In addition, it makes it harder for the public to understand the respective roles of their ward councillors and local board members.

Current alignment of wards and local boards

Councillors are elected from one of 13 wards. Six of these wards are the same as their corresponding local board area (including Howick which has two councillors for one local board area), six incorporate two local board areas and one incorporates three.

The existing ward boundaries were determined by the LGC. In arriving at their decisions, the LGC considered a range of factors, including:

- The need to ensure fair representation, i.e. a similar number of elected members per capita within each ward. The LGC has a guideline of +/-10% population per governing body member.
- A desire that wards reflect communities of interest.
- Concerns that large wards may mean that:
 - elected members become too remote from their local communities
 - the cost of campaigning over such a large area can become prohibitive.

In addition, wards can help support more balanced representation, e.g. rural areas are guaranteed representation, and minority groups that are geographically clustered are more able to be represented.

Interestingly, in the context of trying to ensure better regional decision-making, the LGC focused its decisions on ensuring there was a reasonably strong nexus between the ward councillors and the communities of that ward. In other words their decisions actually imply an expectation that governing body members will and should act on behalf of their wards. This reinforces the sometimes confusing expectations for governing body members in terms of their role with respect to their wards.

Options to better align responsibilities and accountabilities

One approach to improve the alignment of governing body members' responsibilities and accountabilities would be to change the underlying ward structure from which they are elected. There are various options that could be considered including:

- electing governing body members at-large

- having fewer wards with more members elected per ward
- having some members elected at large and some elected from local wards.

Table F-1 below summarises the pros on cons of five different options.

TABLE F-1: POSSIBLE NEW APPROACHES TO ELECTING GOVERNING BODY MEMBERS

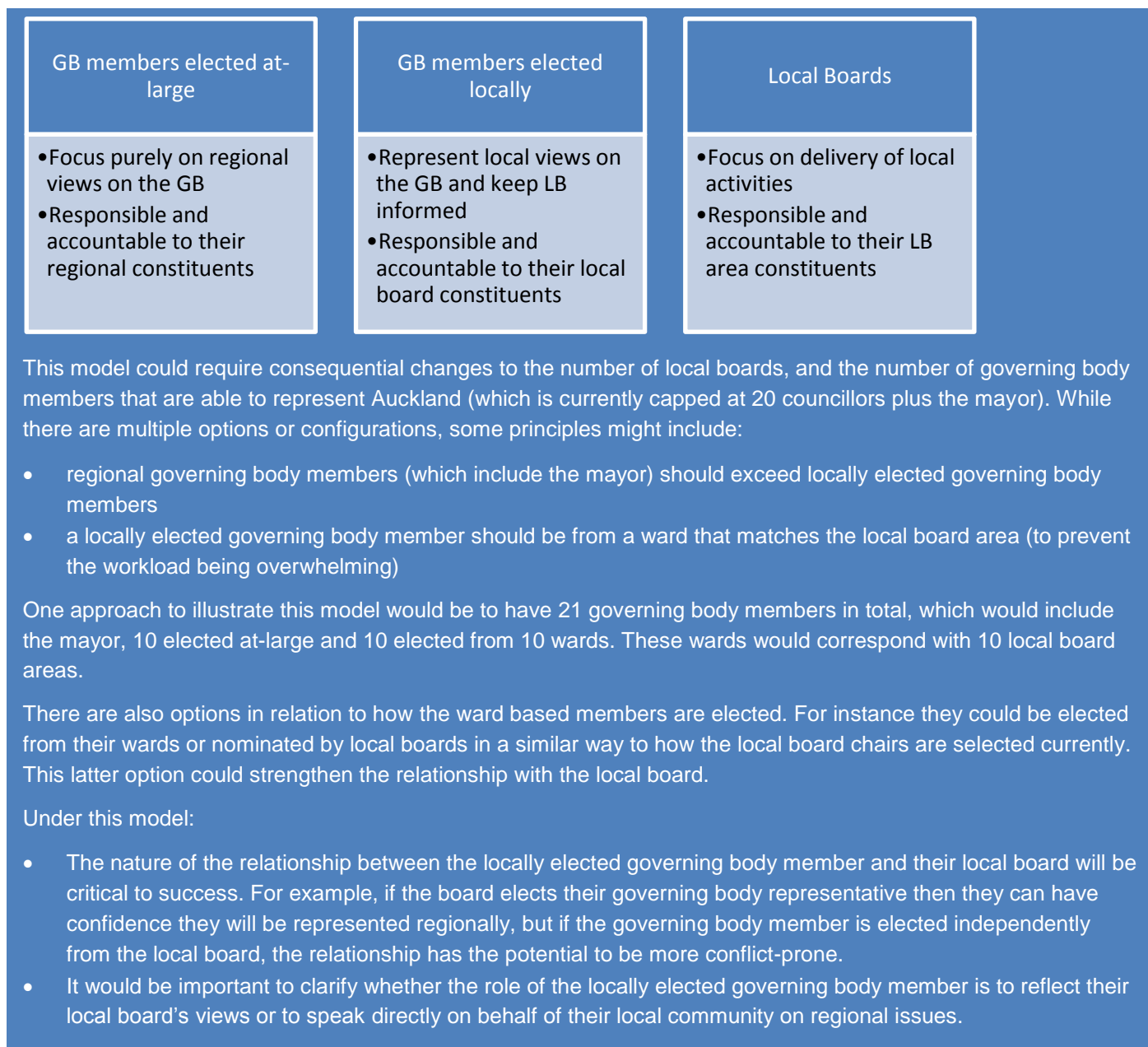
| Option | Pros | Cons |
|--|--|---|
| <p>1 At-large</p> <p>Electing at-large is the process of electing representatives from the entire region rather than smaller wards. The Mayor of Auckland is currently elected on an at-large basis. This system could be extended to elect all 21 governing body members at-large.</p> | <p>Electing governing body members at-large incentivises them to act regionally since they are elected from the whole region and their responsibilities and accountabilities therefore align.</p> | <p>An at-large system is less accessible than a ward based system, as</p> <ul style="list-style-type: none"> • it can favour those with regional name recognition • campaigning across the whole region can be prohibitively expensive and discourage candidates from running. <p>This system can also make it more difficult for minority groups to be elected, and can therefore reduce the representativeness of the governing body.</p> |
| <p>2 Fewer wards</p> <p>Reducing the number of wards with multiple governing body members representing each ward.</p> <p>For example, the legacy Auckland Regional Council had 13 elected members from just six wards: Central (four councillors), Manukau (three), Rodney (one), Waitākere (two), North Shore (two) and Franklin/Papakura (one).</p> | <p>Less direct matching with local board boundaries should reduce some of the overlap issues.</p> <p>Relative to the at-large model, accessibility and representation issues are likely to be less pronounced.</p> <p>Larger wards would provide a better alignment with the governing body members' regional responsibilities.</p> | <p>Accountabilities and responsibilities are still mis-aligned, but to a smaller extent.</p> <p>Many of the issues related to at-large systems would still be present, though they would be less significant.</p> |
| <p>3 Combination of at-large members and members from (larger) wards</p> <p>This option essentially combines the previous two, with a mix of councillors elected from across the region, and others elected from wards. This is the approach advocated by the Royal Commission.⁷²</p> <p>Under Auckland Council's 21-member governing body the logical split would be:</p> | <p>In addition to the pros of option 2, governing body members elected from wards could be enabled to consider regional issues, speak and vote as representatives of their wards. These more local voices would be balanced by the regional views brought by the majority of members. This would provide a more formal avenue for local views to be represented in regional decision-making, and support the development of stronger relationships between locally elected governing</p> | <p>Many of the issues related to at-large systems would still be present, though they would be less significant.</p> |

⁷² Royal Commission on Auckland Governance, 2010, Volume 1, page 341

| Option | Pros | Cons |
|--|--|---|
| <p>The mayor and:</p> <ul style="list-style-type: none"> ten councillors elected at large ten councillors elected from ten wards. | <p>body members and local boards.</p> | |
| <p>4 Mixed member model</p> <p>This approach builds on option 3, but the locally elected governing body members would also be local board members.</p> <p>Governing body members elected locally, would be responsible for providing the local input on regional decisions, leaving local boards to focus on their local delivery roles.</p> <p>Locally elected members could be directly elected or appointed by the local board.</p> <p>(This option is described further in the boxed text in Figure F-1 below.)</p> | <p>Responsibility and accountability for each elected member is clear and unambiguous</p> <p>This model encourages the governing body members and local boards to work more closely together.</p> <p>The local board perspective is more likely to get voice at the governing body table.</p> <p>Local boards have more time to focus on the delivery of local activities. Their governing body member would be responsible for providing the views of the local board area on regional decision-making.</p> | <p>Depending on the number of governing body members elected locally versus regionally, the local bias may be validated and become too large a component of regional decision-making (though this would be mitigated by ensuring there are more regionally elected members).</p> <p>The relationship between the local board and their ward representative becomes even more important because it connects the local and regional arms of the governance model.</p> <p>It may be difficult to accommodate smaller communities under this model, as it would be difficult for them justify having their own governing body representatives. (This could be managed through additionally re-introducing community boards, or by having some locally elected governing body members on more than one local board.)</p> |
| <p>5 Party system</p> <p>A parliamentary style system with proportional representation.</p> <p>In this model, parties would get allocated the proportion of seats on the governing body corresponding to the proportion of votes received.</p> <p>Residents would vote for the party they support rather than the person.</p> <p>Variations to this model would be to have a mix elected regionally on a proportional basis, with other candidates elected from wards (similar to the New Zealand central government MMP system).</p> | <p>As the need for name recognition is replaced by voters selecting the party that best represents their views (rather than voting for a specific person) this could be a way of making an at-large system function.</p> <p>The political landscape can become more issues focused rather than personality focused since the vote is for a party rather than a person.</p> <p>Potential to increase participation in elections as people are voting for familiar political parties rather than a long list of unfamiliar candidates.</p> | <p>A party-based system is very difficult for minor parties and independent candidates to be elected because such a system favours large political parties. It is expensive to run an election campaign and more expensive to run a campaign over the whole region compared to a campaign within one ward.</p> <p>However, a combination of party votes and individuals by wards similar to central government's MMP based system could potentially balance this.</p> <p>Transparency and open debate can be sacrificed as debates can take place behind closed doors with a party caucus before a unified front is presented at official meetings. However, this can also be a positive as decision-making</p> |

| Option | Pros | Cons |
|--|------|---|
| Parliamentary based systems are commonly used in the United Kingdom and Australia (albeit more commonly on a first-past-the-post basis). | | becomes more decisive and there is a method for parties to deal with bad behaviour. |

FIGURE F-1: DESCRIBING THE MIXED GOVERNANCE MODEL



Change process

For most of the options outlined above, implementation is not straightforward. The processes outlined below are therefore indicative only, and would require more detailed analysis and supporting legal opinions.

| Option | Process to change |
|----------------|---|
| At-large based | All councils are required at least once every six years to conduct a representation review. |

| Option | Process to change |
|---|--|
| elections | This representation review can change the way members are elected. Changing to an at-large model is within the scope of a representation review. |
| Less local wards with more elected from each ward | <p>This process can be initiated by the local authority, which would recommend changes and then invite submissions on those proposed changes.</p> <p>If the local authority receives an objection, they must refer the whole representation review to the LGC. Auckland Council needs to carry out its first representation review by September 2018.</p> |
| Mixed model: Ward members on local boards | <p>If implementing this model, likely changes might include:</p> <ul style="list-style-type: none"> • different ward boundaries and numbers of members per ward, including potentially a mix of at-large and ward based elected members • a review of the governing body and local board functions under the LGA or the LGACA • the number of local boards and the number of members per board. <p>Since there are so many changes involved, this will likely involve a reorganisation and representation process (both through the LGC) and probably changes to LGA legislation.</p> |
| Party system | <p>Political parties are allowed in the current system but are not as visible as in central government elections. There are no barriers to having candidates having a political party on their advertising or ballot paper and many candidates already do this.</p> <p>However, there is no precedent for voting for a political party rather than an individual and current legislation does not contemplate such a model. Therefore this option is likely to require legislative change, and potentially a LGC representation review to accommodate less wards.</p> |

Summary and recommendations

This paper describes different options for how governing body members are elected. It focuses on approaches that will improve the alignment of the responsibilities and accountabilities of governing body members and that will support a sharper delineation between the regional role of governing body members and the local role of local boards.

Broadly speaking, it finds that increasing the size of wards would support better alignment, and also help clarify roles. However, as wards get larger in size, there are risks that the hurdles for potential candidates become higher, and an elected body that reflects the diversity of the community becomes more unlikely.

Other options include having a mix of governing body members elected at-large and from wards. The locally elected members could bring a clearly mandated local perspective to regional decisions, which could support or replace the local board's formal input role.

A more dramatic change that would potentially reduce concerns associated with at-large elections would be to introduce a model where voters select a party rather than a candidate, and where the governing body is elected on a proportional basis. This could additionally include some candidates elected from wards.

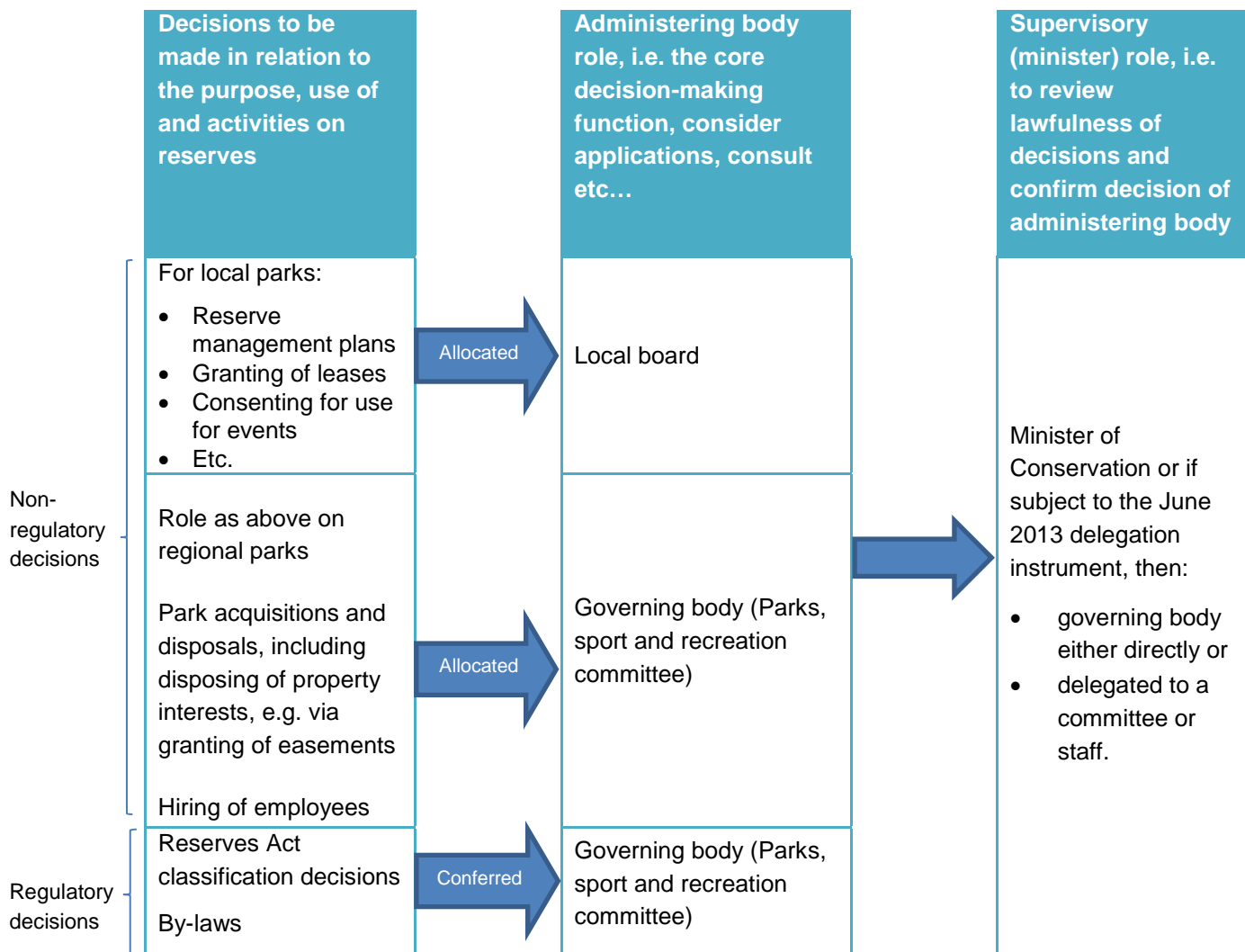
On balance, *a full at-large system is not supported*. However, each of the other options could potentially strike a better balance between representation, role clarity and alignment of incentives and accountabilities.

None of the options would be straightforward to introduce. At this stage it is recommended that the new council considers the issue of the size of wards and the basis by which governing body members are elected, and forms a clear position on this matter. If this involves changes, this position can be the basis of advocacy to central government and/or the LGC.

Appendix G Governance roles and the Reserves Act

The figure below summarises the regulatory and non-regulatory decisions within the Reserves Act, and the administering body and supervisory roles.

FIGURE G-1: GOVERNANCE ROLES IN THE CONTEXT OF THE RESERVES ACT



The supervisory role is carried out under a June 2013 delegation instrument from the Minister of Conservation, which delegates the responsibility to supervise many administering body decisions to local authorities (responsibility for supervising some decisions has been retained by the Minister of Conservation).

The administering body role is the primary decision-making element, and considers the underlying merits of a proposal related to the purpose, use and activities on the reserve. The supervisory role ratifies the administering body decision, and ensures it is lawful and has followed the appropriate Reserves Act processes. The Minister of Conservation delegation requires that councils clearly distinguish the two roles when making a decision.

Currently, where the supervisory role has been delegated to councils, it is being undertaken by the parks sport and recreation committee, or delegated to staff. This means that for local board administering body decisions, these are ratified either by staff or a governing body committee when they undertake the supervisory role. Local boards do not carry out the supervisory role.

Table G-1 below outlines several alternative options for undertaking the supervisory role. In each case options are considered based on: the ability to distinguish the two roles, decision-making efficiency, and the appropriateness of the option at ensuring good process has been followed when making administering body decisions.

Of note, Auckland Council legal services staff are currently in discussions with the department of Conservation to clarify the ability of councils to sub-delegate supervisory role decisions. The outcome of these discussions may impact on the viability of potential options.

TABLE G-1: OPTIONS FOR CARRYING OUT THE MINISTER OF CONSERVATION’S DELEGATED SUPERVISORY ROLE

| Option | Pros | Cons |
|--|--|--|
| A. Governing body committee carries out role | Separation of powers for local board administering body decisions (though both roles are carried out by Auckland Council) | No separation of powers where the governing body also acts as administering body (i.e. for regional parks) Local reserves decisions would require two meetings “Heavy handed” role for what is primarily a process decision Governing body “checking” local board decisions is not the intent of the governance model |
| B. Governing body supervises local boards administering body decisions and local boards supervise governing body decisions | Separation of powers over all administering body decisions (though both roles are carried out by Auckland Council) | Would need to constitute a joint local board committee specifically to make these decisions Reserves decisions would require two meetings “Heavy handed” role for what is primarily a process decision Checking each other’s decisions not envisaged in the model |
| C. Form a joint governing body-local board committee to carry out all supervisory decisions | Full separation of powers over all administering body decisions (though both roles are carried out by Auckland Council) | Would need to constitute a joint governing body-local board committee specifically to make these decisions Reserves decisions would require two meetings “Heavy handed” role for what is primarily a process decision |
| D. Role is carried out by an independent commissioner | Full independence in respect of the supervisory role | Adds a second step to the decision-making process Additional costs of using an independent person Unnecessarily risk averse for determination of a process decision |
| E. Decision maker carries out both roles. However, staff provide separate advice in relation to each decision which clearly separate the roles. Also where there is concern about a conflict, staff could recommend that the supervisory function is | Clearly distinguishes the two decision-making roles Straightforward and efficient (decisions can be made at one committee) Provides for escalation if the decision is controversial or needs | Would involve both decisions being considered by the same body (though it would highlight that there are two types of decision) |

| Option | Pros | Cons |
|--|---|--|
| referred to another body (e.g. a governing body committee, and independent commissioner) | clear independence Analysis is completed by staff, but governors make actual decisions | |
| F. Supervisory role is delegated to staff (could be determined at the same time as the substantive decision). (Local boards would be delegating this responsibility for local reserves, governing body for regional reserves.) | Would provide clear separation of administering body and supervisory roles (though both roles are carried out by Auckland Council) Process nature of the supervisory role is suited to it being carried out by staff, and allows for one standardised process to be followed regardless of administering body decision-maker Straightforward and efficient (decisions can be made at one committee) | Perceptions of the appropriateness of staff supervising the decision-making of governors |

Both options E and F provide for the two roles to be clearly distinguished, but also enable the decisions to be carried out efficiently. Both approaches are also consistent with the process nature of the decision-making. It is recommended that these options are considered further, once the scope of sub-delegation powers is resolved with the Department of Conservation.

Appendix H Local board input on regional decisions

This review has highlighted issues with the existing processes the council uses to seek the input of local boards in the development of regional decisions, policies, strategies, plans and bylaws made by the governing body (this range of decisions will be referred to as “regional decisions” throughout this paper). This paper explores those issues and makes recommendations to address them.

Summary

The governing body has a legislative role to consider local board views in any regional decision-making. Complementing this role is the legislative role of local boards to communicate the interests and preferences of their communities in the development of regional strategies, policies and plans.

Over the course of Auckland Council’s existence, the organisation has set-up and fine-tuned processes that enable the local boards to provide input into regional decision-making, to enable the legislative roles of both the governing body and local boards. However, there is significant scope to be more efficient and effective in these processes.

Key recommendations

A work programme that captures strategy, policy and planning work as well as other key regional decisions is agreed by the governing body near the start of the term. Local boards provide input to this to help ensure the programme reflects needs across the region and to build a shared understanding of governing body priorities.

A more purposeful approach is taken to the local board input role to regional decisions so that the effort put in by the local board members and staff is more commensurate with the value gained. While this approach would focus the local board input role, limiting it in some cases, it would ensure that where local board input is sought it will be better supported and have the opportunity to be more influential. Details for improving the approach to local board input to regional decisions are outlined below.

- Establish criteria that determine the local impact of regional decisions, for example high, medium and low. Once this is established, tailor the approach for seeking local board input accordingly.
- Have a suite of tools available for local board engagement. Approaches could range from extensive engagement for those regional decisions with a high local impact, e.g. a joint local board/governing body workshop, local board cluster workshops and resolutions from local boards to a desk top analysis of local board plans for regional decisions with low local impact.
- Making greater use of local board clusters (groupings) is a recommended approach for improving both the efficiency and effectiveness of local board input in regional decision-making. Although a step-change in how these are used needs to occur in order for the benefits of this approach to be realised. The benefits include:
 - local board members having the opportunity to understand the issues from a different perspective
 - synergies can be identified at a cross-border or sub-regional level
 - local board members hear about good practice and shared challenges their peers on other boards have experienced
 - consensus on issues is able to be identified and developed easier. Where there is consensus this is likely to make the local board input more effective in influencing outcomes.
- Build the local board input role more effectively into the regional decision-making process. This will better support the governing body in their role as regional decision-maker needing to consider the views of the local boards and better engage local boards in the process to then respect the final outcome. Specific recommendations include:

- Ensure local board members are given genuine opportunities to influence regional decisions by being engaged in the process early, not towards the end of the process when the outcome is largely determined.
- Better support the governing body in hearing the views of the local boards. This can occur through more joint engagement throughout the decision-making process, e.g. joint local board/governing body workshops. Also by improving the reporting to the governing body of local board views so it is not simply a set of 21 verbatim resolutions, but an effective summary and analysis.
- Inform local boards of the outcome of the final decision, including how their views were taken into consideration. With this information it is expected that even when a decision is not in the interest of a particular local board, they will be better able to respect the final outcome knowing how their views were considered.
- Improve the quality of advice given to both local boards and the governing body in the regional decision-making process. Focus areas for improving the quality of advice are on the implications of the decision, particularly at the local level for local boards to consider, and implementation and monitoring.

Context

Local boards have a statutory role in *“identifying and communicating the interests and preferences of the people in its local board area in relation to the content of the strategies, policies, plans, and bylaws of the Auckland Council”* (LGACA, section 16 (1) (b)).

The governing body is responsible for regional decision-making and in this role has a statutory responsibility that complements the local board role – *“Before making a decision ... the governing body must— consider any views and preferences expressed by a local board, if the decision affects or may affect the responsibilities or operation of the local board or the well-being of communities within its local board area.”* (LGACA, section 15 (2) (c)).

These legislative roles are a response to one of the two key systemic concerns the Royal Commission identified with Auckland’s governance. That community involvement in decision-making was a *“poor proxy for true connection with communities”*. The government’s response to the Royal Commission, Making Auckland Greater, was clear that the role of local boards would be to represent their communities’ interests in their local decision-making and to provide input into the council’s regional policies, strategies and plans.

While the legislation created a council that had the ability to make stronger regional decisions (with the creation of a single unitary authority with a governing body), it was important to ensure those decisions took into account the diverse local needs and interests of Auckland’s many communities.

The local boards are well placed to provide the perspectives of their communities into regional decisions. They are close to their communities, and with their legislative role in undertaking community engagement are well informed of local views and preferences. If sought appropriately, local boards’ input to regional decisions is able to add value to decisions, policy, and subsequent outcomes.

Over the course of Auckland Council’s existence, the organisation has set-up and fine-tuned processes that enable the local boards to provide input into the governing body’s regional decision-making, to enable their legislative role. However, with 21 local boards the challenge of this should not be underestimated, it requires time, resource and commitment. Over time a number of issues have arisen.

Issues

The local board input role is broad

The local boards' role to provide input into regional decision-making is broad. In addition to local boards communicating the interests and preferences of their communities on strategies, policies, plans and bylaws, they have a role to do so on any regional decision that impacts their area.

This can lead to a large demand on the local boards' time and affect their ability to focus on their local place-making role. It also puts a lot of pressure on staff time to meet this responsibility. While the local board input role can be very valuable, the value of 21 local boards providing input on some regional policy that has been about high level, universally agreed principles is arguable.

The broad nature of the local board input role can also mean staff lack clarity as to which regional decisions should have local board input to them.

Key principle: local boards and staff need to be able to determine when local board input is required on a regional decision and then prioritise the extent of local board input.

Limited planning of regional decision-making

Timing of regional decision-making is not well-planned across the organisation. While some improvements have been developed to address this they have limitations from a local board perspective.

For example, the council's Strategy and Policy Forward Programme is a useful overview of policy and strategy development, implementation and monitoring. However, this is limited to work that will put into effect Auckland Plan objectives. With this objective not all policy and strategy work which requires local boards input is captured, e.g. the Air Quality Bylaw and the review of the Business Improvement District (BID) Policy.

The forward work programmes of the governing body committees are a recent initiative that provide the governing body with greater clarity on the content and timing of the decisions coming to their committees. These assist planning but implications of gaining local board input have not always been factored into these work programmes.

With limited cross-organisational planning for regional decisions, local boards can have considerable peaks in the demands on their time to provide input.

Better planning of regional decisions would assist local board members in building into their regular community engagement activities the canvassing of their communities' views on upcoming decisions. This would improve their ability to provide quality input into the regional decision-making process and can mean that the organisation consults on individual policies rather than using existing engagement mechanisms.

Key principle: the governing body and local boards need to have an overview of all regional decisions that are coming up and when they are to be made.

The local board role is not effectively built into regional decision-making processes

Regional decision-making processes are at times set-up which do not give local boards a genuine opportunity to have any influence. A common scenario is seeking input from local boards late in the process when the outcome has largely been pre-determined.

Currently the Local Board Services Policy and Planning team provides advice on how best to engage with local boards in regional decision-making processes. There is no equivalent team providing advice on the best approach to engaging with the governing body. This void can be challenging for staff unfamiliar with

engaging with the governing body. It also means that advice on engaging the two sets of governors is not always joined up.

The governing body needs to be supported in their role of considering local board views in regional decision-making. The processes currently used to share local board views with the governing body do not effectively support the governing body in this role. Local boards rarely have the opportunity to discuss their input with the governing body. Staff typically report a summary of local board resolutions and the verbatim local board resolutions to the governing body in the final decision-making report. This reporting does not always include an analysis of the local board views and how these have or have not been built into the final recommendation.

Rarely is the loop closed with local boards on the outcome of a regional decision. Because of this local boards are left without the appreciation of how their views were considered and why they were or were not taken on board. This disengages local boards from the process. It can lead to instances where local boards do not support a regional decision or continue to oppose one as they are not satisfied that their views have been considered.

Key principle: there is a need for the organisation to support regional decision-making processes that:

- ensure local boards are able to input at the early direction-setting stage
- support the governing body in their decision-making to effectively consider local board views
- close-the-loop with local boards, letting them know the outcome of the decision and how their views influenced it.

Local boards do not receive quality advice to inform their input

Local boards are not always given quality advice by staff in order to inform their input.

Local boards can at times receive incomplete advice as staff have not undertaken all the analysis at the point in which they engage with local boards.

The advice local boards receive on regional decisions is often lacking an analysis of the local impacts. This means local boards are only able to provide input at a general principles level and not at the level of how their community would feel about the impact of the decision. The latter being the fundamental reason for seeking local board input on regional decisions.

There is a lack of joined up working between policy and operations teams in policy development. This affects the ability to provide quality advice on how a regional decision will be able to be implemented, regionally and locally. There are cases where regional policies have been endorsed and then local boards have been asked to fund the implementation of these through their discretionary funding. There is also inadequate advice on monitoring the implementation of a decision.

Key principle: the governing and local boards need to receive quality advice to support their decision-making and input roles (respectively), in particular on implications, implementation and monitoring. Local boards in particular need to receive quality advice on local implications.

Effective and efficient processes

It is very time and resource intensive to attend 21 local board workshops, particularly for small policy teams. Having to undertake this affects the council's ability to be nimble in its decision-making. It also discourages staff from wanting to work with local boards.

In attempts at efficiency local board cluster workshops have been used. Local board clustering involves bringing a group of local boards together, usually based on geography but also by interest, to discuss the regional decision at hand.

To-date there have been a number of issues from a local board perspective that has led them to disengage from this approach, meaning while it may be efficient, it is not an effective approach. Reasons for this include:

- staff often come to a local board cluster workshop late in the process, leaving the local boards little genuine opportunity to influence the outcome
- cluster workshops support the views of individual local board members being heard, not the view of a local board. Cluster workshops are rarely minuted to identify the key themes from the discussion
- staff treat cluster workshops like a briefing and not an opportunity to have an in-depth discussion on the issue. Again, this leaves the local boards little opportunity to influence the outcome.

Key principle: regional decision-making processes need to be effective and efficient.

Approaches to effecting the key principles

Planning for regional decision-making

To ensure all elected members have an overview of regional decisions that are coming up and when, it is proposed that a calendar of regional decisions is developed at the start of each term and regularly updated. This could be detailed for the first year of the term and indicative for the second and third years.

A suggested first step is to include on the calendar strategy, policy, plan and bylaw development as well as any other key regional decisions the governing body will be making over the term or first year (regardless of which committee is to make the final decision). This could be further developed to include all other regional decisions. This content would likely be more indicative given the breadth of decisions that would need to be included on the calendar. It would need to be updated regularly.

This will enable the organisation to better manage its workload and that of the governors.

It is suggested to have a more formalised process early in the electoral term for the governing body to agree the content for this calendar. While it is a governing body decision to determine the strategy, policy and plan priorities, local board input would be useful at this planning stage to help ensure that the strategy, policy and planning programme reflects needs across the region. Involving the local boards would also build a shared understanding of the governing body priorities from an early stage.

This would likely best be achieved through a joint governing body/local board workshop early in each new term to discuss priorities. In proposing bringing the two arms of governance together, it is envisaged that this would be the governing body and the local board chairs (or delegate) as it is ineffective to have discussions across a broader number of people. This workshop would need to be well supported by staff, providing analysis of the issues for Auckland and Auckland Council and the role the council could play to address them.

The priorities for strategy, policy and plan development should then be revisited throughout the term to determine their appropriateness. This is much in line with the thinking of the Royal Commission that envisaged plenary sessions quarterly to “discuss current issues and to help formulate pan-Auckland strategies”.

Recommendation: the governing body agrees at the start of the term, with local board input, a programme of work for the electoral term for strategy, policy, plan development and key regional decisions.

Prioritisation criteria

The approach to local board engagement for any regional decision is already tailored depending on the issue being discussed. However there is not an agreed strategic framework to determine the extent of local board input and the corresponding approach.

Agreeing such a framework would:

- give staff greater certainty about when and to what degree they need to engage with the local boards
- enable staff to better plan for local board engagement
- in some instances, alleviate the requirements and therefore resource intensity, of local board engagement
- ensure that local boards are not over-burdened with providing input on regional issues of little local significance and can instead focus their efforts when there will be the most local impact.

Taking this approach would focus local board input onto those regional decisions with the greatest local impact. This will limit the local board input role on some regional decisions. However, that trade-off will be balanced by ensuring that where a regional decision has high local impact, local board engagement will be more extensive ensuring local boards are able to provide meaningful input.

One option to prioritising local board input on regional decisions would be to amend their legislative role. This is discussed further in the main report.

Working within the current legislative environment, it is proposed that a number of criteria be agreed that can be used to categorise regional decisions as having either high, medium or low local impact. A different approach for local board engagement could then be used depending on the level of local impact of the regional decision.

To implement this approach, proper consideration will need to be given to what the appropriate criteria are. Some suggested criteria are:

- impact on local board decision-making, which would include how much influence local boards have to implement the outcome
- impact on local board budgets
- impact on local communities
- relevance to local board plan priorities
- level of community interest
- level of political interest
- degree of alignment with existing policies, strategies, plans and bylaws.

Regional decisions would need to be assessed against each criterion as having a high, medium or low impact (see the case study below). This would determine the overall local impact of the regional decision, including those regional decisions that have no local impact and hence do not require local board input.

Case study of assessing local impact of regional decisions

Example: review of the Business Improvement Districts' Policy

A BIDs Policy was first developed in 2011. Following the review of the council's service delivery model for BIDs it was timely to review the policy. In particular to reflect on the roles, responsibilities and accountability required of local boards, governing body and BIDs in delivering the BID Partnership Programme.

While the governing body is responsible for striking the BID targeted rates, local boards are responsible for BID programmes including their strategic direction, establishment of new BIDs and recommending to the governing body to strike the BID targeted rates.

Through their local board plans, most local boards have identified community priorities to enhance their town centres and grow the local economy. BIDs are a key partner in achieving both of these.

With this context, the matrix below shows the extent of the local impact this policy review has.

| Criteria | Assessment of local impact | | |
|---|----------------------------|--------|-----|
| | High | Medium | Low |
| Impact on the ability of local boards to give effect to their decision-making | ✓ | | |
| Impact on local board budgets | | | ✓ |
| Impact on local communities | | ✓ | |
| Relevance to local board plan priorities | ✓ | | |
| Level of community interest | | ✓ | |
| Level of political interest | ✓ | | |
| Degree of alignment with existing policies, strategies, plans. | | | ✓ |
| Overall assessment | | ✓ | |

The outcome of this analysis concludes that the regional decision on the review of the BIDs Policy has a medium local impact.

The outcome of undertaking this analysis will never be black and white; it will still require the use of judgement. However it will provide for a transparent and informed conversation among staff providing advice on how best to engage with governors and the staff responsible for seeking the regional decision. It also builds into the planning phase of a regional decision a structured process for how best to engage with local boards, which should help to ensure that where such engagement is necessary this happens at the start of the process.

This analysis may be able to be undertaken at a 21 local board level, but there will be instances when it requires analysis at the individual board level. The outcome of this could mean that the level of local impact will be different for some boards compared to others or that the decision affects one local board only. This would mean that a variable approach to engagement is taken with the 21 local boards.

For example, reducing harm from gambling is a priority for some southern local boards, but is not for other local boards. Therefore when it comes to reviewing the gambling policy this would have a high local impact for the southern local boards and a low local impact for all the others. Engagement with local boards could then vary. The southern local boards would have a greater level of engagement on the subject, e.g. a cluster workshop and a report, while the other local boards could have a less engagement, e.g. a memo informing them of the work.

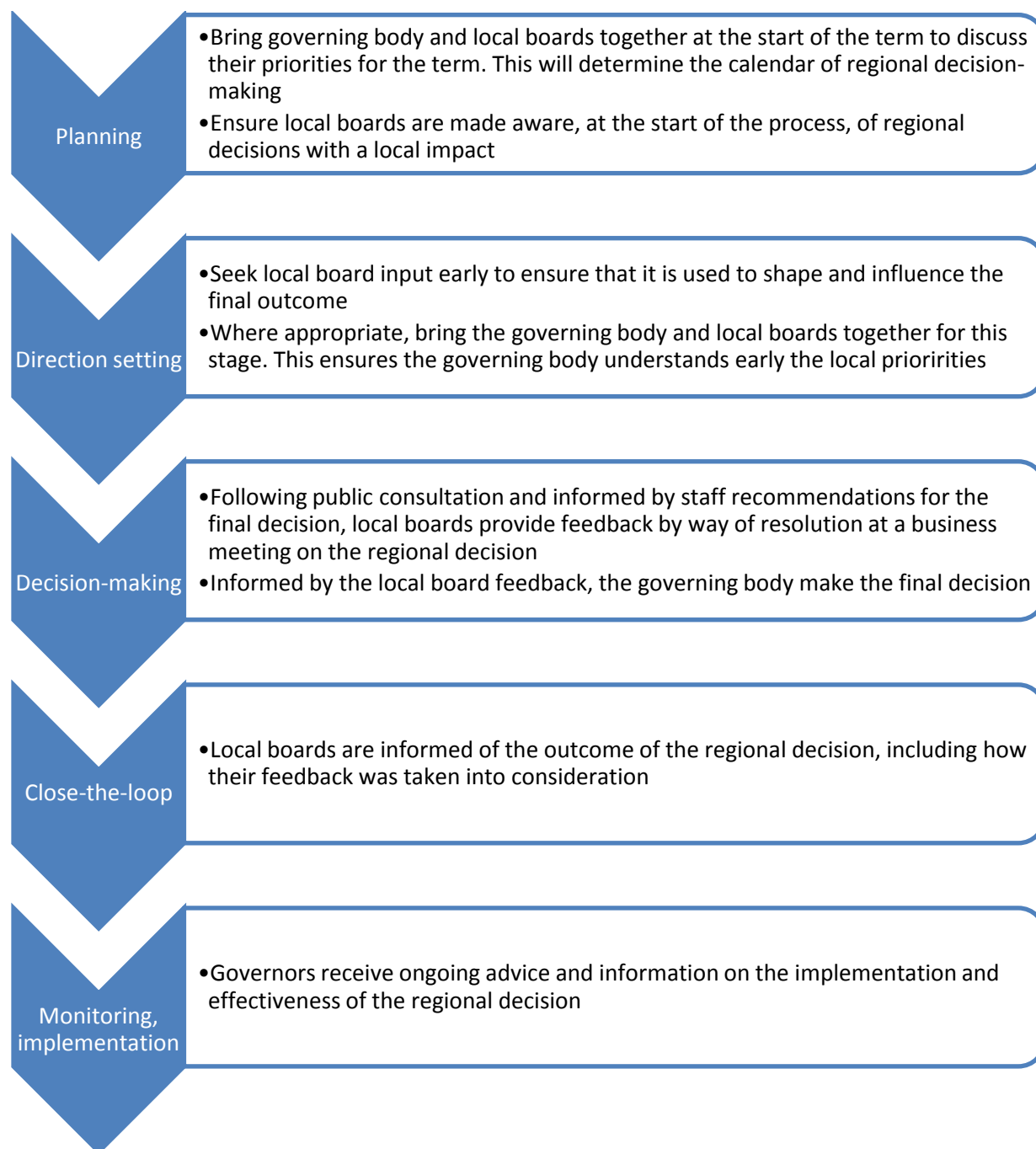
Recommendation: agree criteria that can be used to categorise regional decisions as having either high, medium or low local impact. Tailor local board input on regional decision-making accordingly.

Agree the touch points for local board input into regional decision-making

Below is a diagram outlining the suggested key touch points for local board input into regional decision-making. This builds in the key principles identified earlier, to:

- ensure local boards are able to input at the early direction-setting stage
- support the governing body in their decision-making to effectively consider local board views
- close-the-loop with local boards, letting them know the outcome of the decision and how their views influenced it.

FIGURE H-1: TOUCH POINTS FOR LOCAL BOARD INPUT INTO REGIONAL DECISION-MAKING



Two of the touch points outlined in this diagram (planning and direction-setting) aim to build-in the ability for local boards to provide input at the early direction-setting stage of decision-making, shaping the direction of the decision.

Planning

The first is at the planning stage, where it is suggested that local boards have an input role into a governing body agreed programme of work for the electoral term for strategy, policy, planning and key regional decisions. This was discussed in detail earlier under “planning for regional decision-making”.

Direction-setting

The second touch point for local boards to provide early input relates to each specific regional decision. This is noted in the diagram as the direction-setting stage. The purpose of this touch point is to ensure local boards are able to influence the early thinking of the decision, meaning local views are being better considered in the development of the regional decision rather than after the fact.

Where appropriate this should be done by bringing local boards and the governing body together. This ensures the governing body is supported in being aware of the local views early in the process and that local boards are assured the governing body has heard and understood them.

Decision-making

The intent of the decision-making touch point is another measure to ensure the governing body is supported in considering local board views when making their decision. At this stage it should be undertaken in a more formal manner, by local boards making resolutions at their business meetings, which ensures transparency to the public. These resolutions are then reported to the governing body.

Recommendation: the organisation supports the regional decision-making process by:

- *where appropriate, bringing both arms of governance together early in the process*
- *giving local boards the opportunity to provide early input into the decision*
- *ensuring the governing body is supported in hearing and understanding local board views on the decision*
- *closing-the-loop with local boards on regional decisions.*

Have a suite of tools for gathering local board input

As with now, it is suggested that there is a suite of tools that are able to be used to seek local board input on regional decisions. The table below offers some suggested options for the different local board touch points in the process. There are pros and cons to all of these options. This should inform a discussion among staff as to when each option is best used.

| Touch point for local board input | Options for engagement |
|-----------------------------------|--|
| Planning | <ul style="list-style-type: none"> • Joint governing body/local board briefing • Memo to local board members |
| Direction-setting | <ul style="list-style-type: none"> • Joint political working party • Joint governing body/local board workshop • Local board cluster workshops • Analysis of local board plans |
| Decision-making | <ul style="list-style-type: none"> • Local board resolutions, reported to the governing body • Feedback from clusters • Joint political working party, to then recommend to a governing body committee of the whole |
| Close-the-loop | <ul style="list-style-type: none"> • Briefing for local board members • Memo to local board members |

| Touch point for local board input | Options for engagement |
|-----------------------------------|--|
| Monitoring and implementation | <ul style="list-style-type: none">Reporting to the appropriate governors (depending on the decision) |

The clustering of local boards and joint political working parties (PWPs) are two options in particular that have the potential to work differently to current practice.

Local board cluster workshops

Current practice often involves staff having to attend up to 21 local board workshops to seek input on a regional decision. Greater use of clustering local boards would provide a considerable efficiency from a staff perspective. It also has the potential to make the local board input role more effective in a number of ways.

- Understanding the issues from a different perspective can take place at a cluster session in a way that could not at an individual local board workshop.
- Synergies can be identified at a cross-border or sub-regional level that otherwise would not be.
- Local board members hear about good practice and shared challenges their peers on other boards have experienced, and are able to learn from that in their own roles.
- Consensus on issues is able to be identified and developed easier. Where there is consensus the local board input is likely to be more powerful in influencing outcomes.

The last point also has benefits from an efficiency perspective. If a number of local boards are providing similar resolutions, it is more efficient to take these views into consideration when staff make a recommendation to the governing body. There is also the option of moving towards a process where instead of individual local boards providing feedback by way of resolutions, this feedback could be provided at the cluster level.

It seems a case can be made to make greater use of the clustering approach as the mechanism to provide local board input as long as the effectiveness of these workshops steps up including:

- quality advice supports all workshops and feedback is well minuted
- local boards' input is sought early in the process to ensure it has a genuine opportunity to influence the outcome
- local board members recognise the role of cluster workshops and attend.

Joint political working parties

Joint PWPs (with local board and governing body membership) are sometimes used now. However how they operate and their purposes are variable, and there are no criteria for when they should be used. There is an opportunity to formalise the use of joint PWPs to embed the local board input role into regional decision-making. This could be of particular value on those regional policies, strategies and plans that have a high local impact.

A joint PWP could be set-up by a parent governing body committee of the whole and have responsibilities delegated to it by its parent committee. These could include receiving advice and shaping the policy direction, hearing the views of local boards and other key stakeholders, and recommending a draft policy to the parent committee for adoption. This is similar to the model of central government select committees.

Joint PWPs could work in a number of ways. They could be a substitute for individual local board input or they could act as a reference group that hears the views of all local boards and considers this in its recommendation to the parent committee.

If this option is further developed there are a number of considerations to be fleshed out. For example, would membership be comprised of representatives of local boards and the governing body or members elected to act on behalf of their peer groups.

Recommendation: attain agreement from staff and elected members on the suite of tools that can be used for gathering local board input in regional decision-making.

Better utilise local board clusters as a means for local board engagement.

Bringing it all together – agreeing an approach for local board engagement

While there are existing processes in place for engaging with local boards, these have not been signed-up-to by either staff or elected members. This results in challenges to any given process. While some challenge is inevitable with 22 sets of governors and a large organisation like Auckland Council, providing a clear framework for how to engage with local boards on regional decision-making, that is signed-up-to by staff and elected members, will go a long way to help.

It is recommended that a matrix of approaches for local board engagement be developed. This will bring the above recommendations together. The matrix will suggest the most appropriate tool for engaging with local boards depending on the degree of local impact of the regional decision (high, medium or low) and the stage in the process. There could be a number of tools available at any stage of the process, and staff can determine the most appropriate tools to be used in the circumstance. The example matrix in Table H-1 below demonstrates this idea.

If this recommendation is further developed, it is suggested that another matrix is developed specifically for the local board input role for submissions. The timeframe of those processes means different options have to be used than with other regional decision-making.

The next step in implementing this recommendation is for staff to workshop the tools that could be used at each stage of the process for the different types of decisions. The outcome of that then needs to be tested with elected members.

Recommendation: develop and agree a matrix of local board input on regional decision-making that recommends which tool of local board engagement is best suited to the type of decision being made (high, medium, low local impact) and the stage of the decision-making process.

TABLE H-1: EXAMPLES OF POSSIBLE LOCAL BOARD ENGAGEMENT AT DIFFERENT STAGES, FOR DIFFERENT TYPES OF REGIONAL DECISIONS

| Touch points | Extent of local impact of regional decision | | |
|--|--|--|---|
| | High, e.g. the Community Facilities Network Plan | Medium, e.g. BIDs Policy review | Low, e.g. changing the management of the housing for older people portfolio |
| Planning | Joint briefing for governing body and local board chairs or delegate | Memo to all local boards | Memo to all local boards |
| Direction setting To inform draft decision, prior to consultation if occurring | Joint PWP Local board cluster workshops (could be attended by governing body members) | Local board cluster workshops | Staff analyse local board plans |
| Decision-making | Local boards make | Staff report local board views to governing body decision- | Staff report analysis of local board plans to governing |

| Touch points | Extent of local impact of regional decision | | |
|---|---|--|---|
| | High, e.g. the Community Facilities Network Plan | Medium, e.g. BIDs Policy review | Low, e.g. changing the management of the housing for older people portfolio |
| On final recommendations | resolutions Local board's present their views to joint PWP Staff report local board views to governing body decision-making committee | making meeting | body decision-making meeting |
| Close-the-loop Following final decision | Briefing for local board members following the final decision | Memo to local boards following final decision | N/A |
| Monitoring and implementation | Reporting to governing body and local boards | Reporting to governing body and those local boards where the issue is of medium local impact | Report to governing body Update local boards as appropriate |

Improve advice

Improving the quality of advice

All elected members need to receive quality advice in the regional decision-making process. The council has a quality advice programme that aims to improve this advice. It has key principles and provides guidance on the policy development process. Building on these principles and processes, outlined below is the type of advice necessary for the local board input role in regional decision-making to be meaningful.

At the direction-setting stage all governors need advice on:

- an analysis of the issues and options. This should include the implications of the options both regionally and locally. Local implications should consider how the options address local board plan outcomes. Options need to include analysis on how success will be measured and how implementation can be achieved – costs, trade-offs, timeframes etc.
- whether or not a blanket regional approach will have the best outcomes or if local/sub-regional variation would be better.

At the decision-making stage:

- local boards need advice on the outcomes of any public consultation as it pertained to their area and staff recommendations for the final decision
- the governing body needs a summary of the local board resolutions, the resolutions verbatim and staff advice on how the local board views have been taken into consideration in their final recommendation.

At the closing-the-loop stage local board members need advice on:

- what the final outcome of the regional decision was and how their views were taken into consideration in the final decision.

The standard report template currently has a heading “Local board views and implications”. This could be better utilised by staff, consistently used to demonstrate their analysis of any regional decision being sought against the local board input prioritisation criteria.

Improve how we give advice

There is an opportunity for staff in Local Board Services to take a more active role in working with teams seeking a regional decision. Local Board Services staff could provide information and advice on local perspectives, and local implications of options. This could work by having a small number of Local Board Services advisors (e.g. one from each cluster) on the project team.

Recommendation: governors need to receive quality advice in the regional decision-making process. In particular:

- *an analysis of the issues and options, including implications locally and regionally*
- *local boards need advice on the final recommendation/s before providing their own feedback by way of resolutions*
- *the governing body needs advice on the local board views before making the final decision*
- *local boards need information on the outcome of the decision and how their views were taken into account.*

Appendix I Funding local boards

Introduction

This paper summarises Auckland Council’s current approach to funding local boards, and explores alternative options. Where relevant, the paper considers processes and options related to operational expenditure (opex) and capital expenditure (capex) separately.

The funding of local boards involves three discrete (but interrelated) components. These are outlined in Table I-1 below:

TABLE I-1: THREE ELEMENTS TO THE FUNDING OF LOCAL BOARDS

| Funding consideration | Description |
|------------------------------------|---|
| 1 Determining and allocating funds | The total quantum of funding to be made available to local boards, and the mechanism by which funding is allocated to each board. |
| 2 Spending rules | This involves the establishment of rules and controls around how budgets are spent. This shapes the flexibility to shift budgets between activities or priorities, and processes when budgets are under- or over-spent. |
| 3 Raising the funds | This involves determining how funds for local activities are actually collected from the community. This includes a range of options such as general rates, targeted rates, fees and charges, leases etc. |

Determining and allocating funding

Current approach

Operating expenditure

The allocation of funding involves determining both the level and allocation of funding for local boards. This process is carried out by the governing body during the development of its Long Term Plan and then reaffirmed or adjusted via the annual budget setting process.

Importantly, local board budgets are set in the context of council’s total budget. As such, the only way to increase budgets for local boards is to reprioritise funding from other activities, or to increase revenue, e.g. rates.

The determination and setting of budgets is carried out according to the Local Boards Funding Policy (LBFP) on three distinct bases:

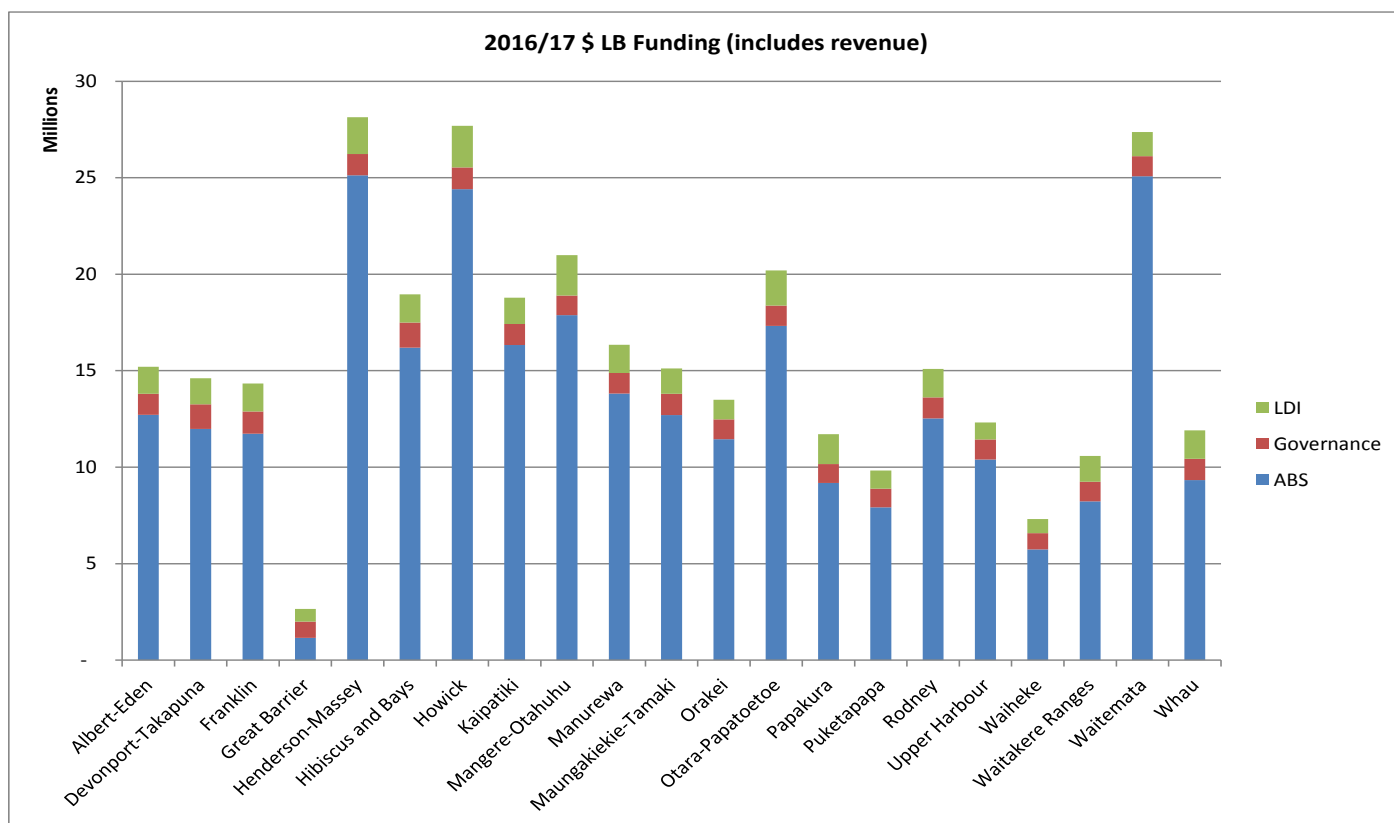
- Funding for administration or governance is for elected member related costs and Local Board Services staff. It is primarily based on the number of members.
- A discretionary fund is provided to fund “locally driven initiatives” (LDI). The governing body determines a total funding envelope, and it is allocated to local boards based on population, size of the local board area and the level of deprivation.
- Funding is provided for “asset based services” (ABS), based on budgeted costs to meet a base service level. This primarily supports financing, renting, and maintaining assets, as well as the staff costs associated with delivering services from those assets (i.e. library, pool, community and leisure centre staff).

In total \$348m (including revenue from local asset fees and charges) has been allocated to local boards for 2016/17 which includes:

- Governance funding of \$22m
- LDI funding of \$29m
- ABS funding of \$297m

Applying the LBFP leads to this funding being allocated to local boards for 2016/17 as shown in Figure I-1.

FIGURE I-1: FUNDING PER LOCAL BOARD (EXCLUDING GST)



On a rating unit basis⁷³, the funding allocation is shown in Figure I-2. Great Barrier local board has the highest funding per SUIP at just under \$2,000, but this is omitted from the figure as it undermines the scale of the graph.

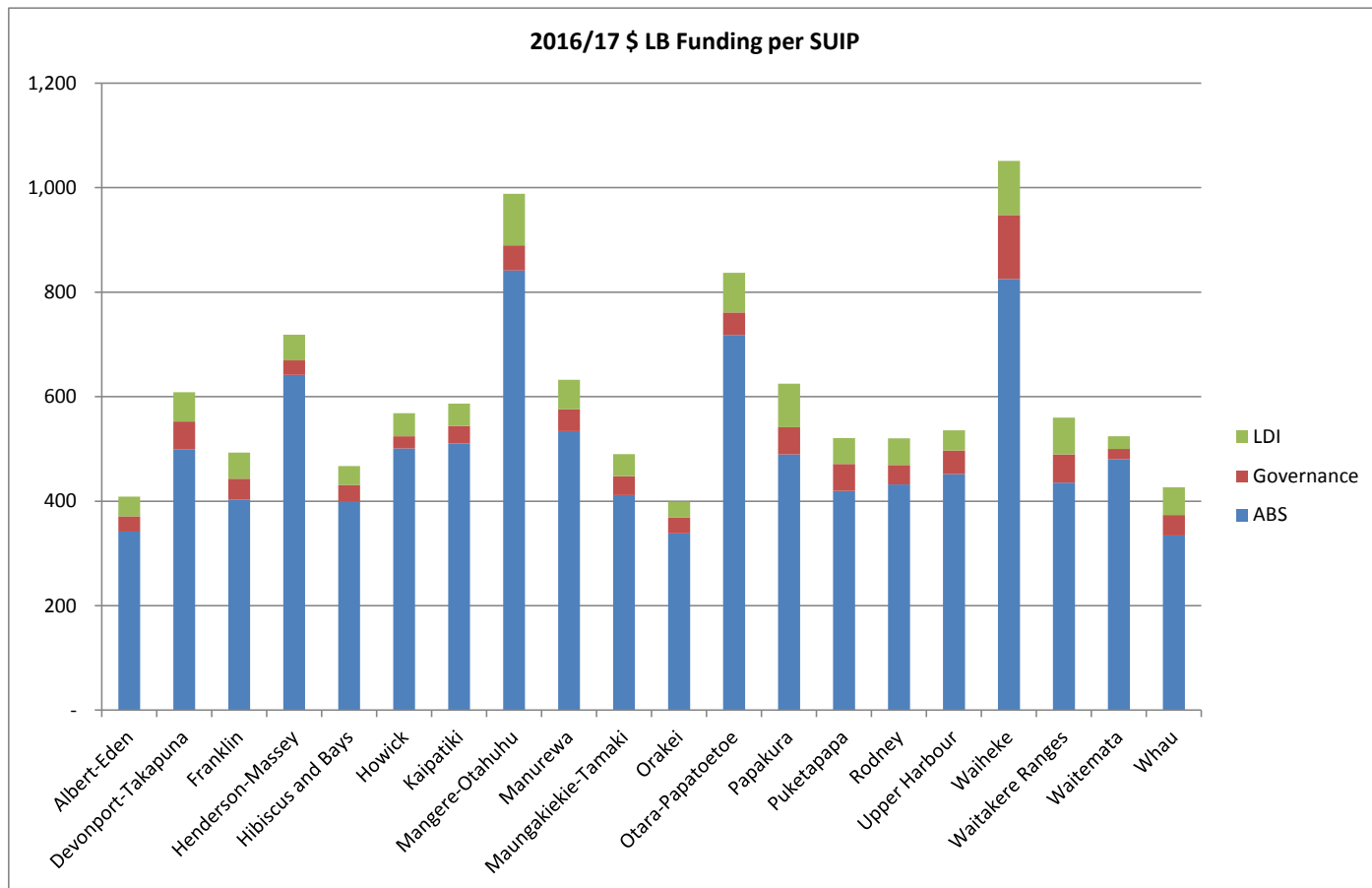
An immediate observation is that the level of funding or expenditure on local activities in each board area is quite variable. Excluding the islands, funding ranges from \$414 per rating unit in Ōrākei to \$1,041 in Māngere-Ōtāhuhu. While some variability is to be expected, the extent of the differences are somewhat surprising. Potential reasons include:

- Population per rating unit is different in different areas, and as services tend to be based on population rather than rating units, this is likely driving some of the differences. (For example Māngere-Ōtāhuhu has about 3.3 people per rating unit, while Ōrākei has about 2.4.)
- Different areas have different numbers of facilities, and different square metres of parks etc., which collectively drive a lot of cost. For example Māngere-Ōtāhuhu has four libraries, Ōrākei has two.
- Costs associated with assets in different areas can be markedly different depending on the operating model being used, and the age and condition of the facilities. This impacts are typically inherited from legacy arrangements.

⁷³ Measured by the number of separately used or inhabited parts (SUIPs) in each LB area

Notwithstanding these comments, it would be useful to have a clearer understanding of the underlying drivers of different expenditure and funding levels across boards.

FIGURE I-2: LOCAL BOARD FUNDING PER RATING UNIT (SUIP) (EXCLUDING GST)



Capital expenditure

Capital spending is allocated on a similar basis to operating expenditure. There is currently a \$10m annual fund provided for LDI capex, which is allocated to local boards on the basis of population, deprivation and size⁷⁴.

ABS funding is essentially driven by:

- Renewal programmes which are identified and driven through asset management plans.
- Regional prioritisation policies and strategies which are given effect through the LTP or Annual Plan. These policies identify the priorities for investment in local activities based on a range of factors, such as service level gaps, community demographics, identified growth areas etc.

Legislation

The LBFP needs to be consistent with legislation which requires that separate formulas be set to allocate funding for administrative support purposes, and for funding local activities. The formula for administrative support must have regard to:

- the number of elected members on each local board; and
- the size of each local board area; and

⁷⁴ Waiheke and GBI are allocated \$200,000 and \$100,000 respectively.

- any other factor identified by Auckland Council as significantly affecting the operational costs of each local board; and
- the funding amount allocated to each local board for local activities.

The funding for local activities must be allocated in a way that provides an equitable capacity for the local boards to enhance the well-being of the communities in each of their local board areas, having regard to:

- the level of dependence on local government services and facilities in each local board area (as informed by the socio-economic, population, age profile, and other demographic characteristics of each local board area); and
- the costs of achieving and maintaining the identified levels of service provision for local activities in each local board area; and
- the rates revenue and any other revenue derived from each local board area in relation to local activities; and
- any other factor identified by Auckland Council as significantly affecting the nature and level of services needed in each local board area (for example, the geographic isolation of a particular local board area).

Comment on current approach

Operating expenditure

Generally speaking the current approach is accepted as a reasonable way to allocate funding. The main areas of concern relate to the equity of funding for ABS. Specifically there is a concern that ABS funding is less about funding to deliver a base service level, and more about rolling over of legacy budgets for those assets. There are on-going concerns that the ABS funding allocation is baking-in inequities, particularly where different legacy councils had both different standards and different delivery models (e.g. outsourcing versus council run). Over time however, regional investment decisions should see patterns move away from these legacy arrangements as council invests/divests according to its strategic priorities.

Capital expenditure

Concerns relating to capital investment primarily relate to the basis of the regional prioritisation decisions and a concern that these don't accurately reflect the needs of a particular community.

The nature of the governance model means that it is inevitable that specific local boards will disagree with governing body prioritisation decisions. While it is important that the prioritisation process is as transparent and coherent as possible, the nature of the model means that these decisions are most appropriately made by the governing body with a regional perspective.

Alternative approaches

This section considers possible alternative approaches to allocating funding to local boards. The analysis is focused on assessing whether the split of local board funding between LDI and ABS is appropriate. Options involving the following have not been considered:

- Changes to the allocation of capex.
- Changes to the total local board funding envelope are not considered, as these involve shifting investment priorities rather than structural changes.
- Changes to the allocation of funding for the governance of local boards, as this is essentially determined by the number of local board members and involves a fairly straightforward application of the legislation.
- Changes to how LDI funding is allocated. The current approach involves funding being allocated based on population (90%) deprivation (5%) and size of the local board area (5%). This approach was agreed relatively recently, after extensive consideration of other options. Given the relatively small share of

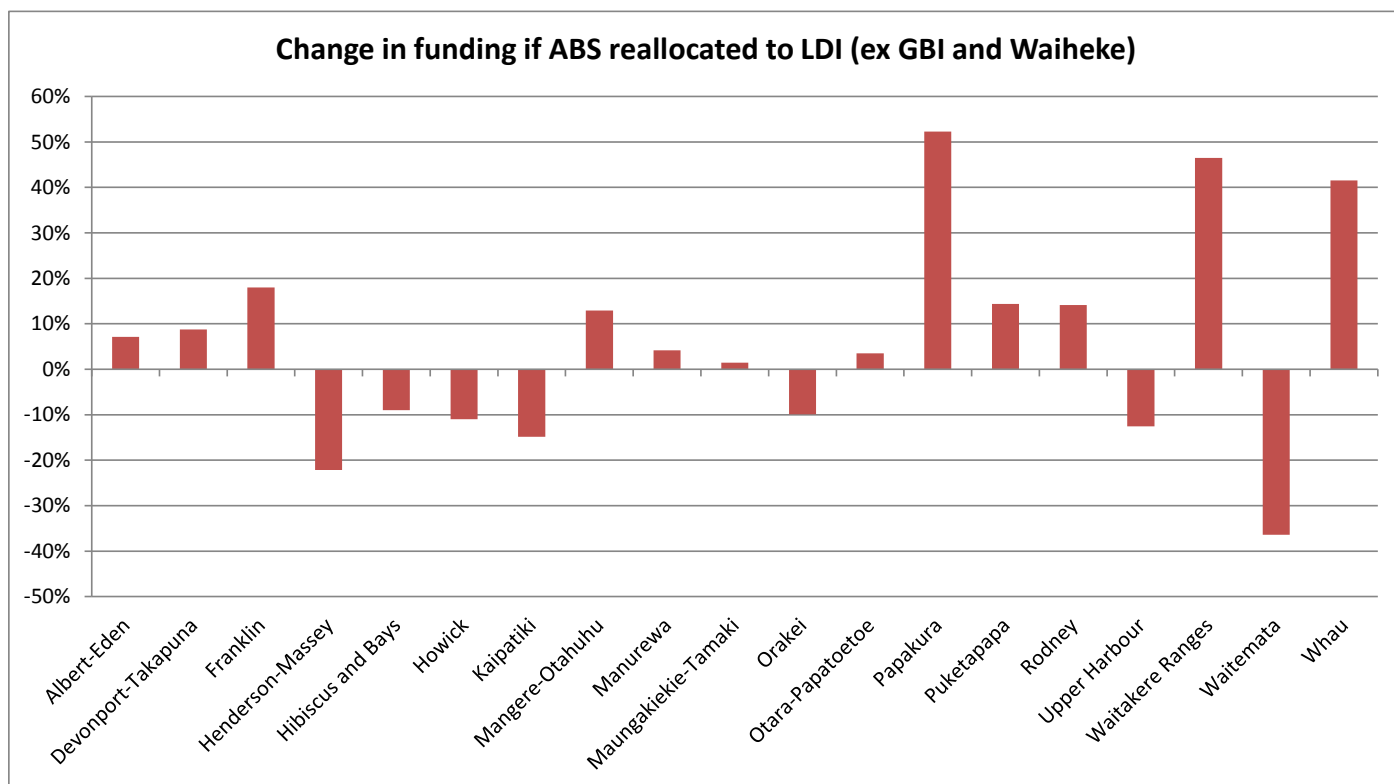
local board funding which is LDI (about 10%) this is likely to have little meaningful structural impact, but may have significant impacts for some local boards.

Options for changing the mix of funding that is allocated between ABS and LDI are described and considered in the table below:

TABLE I-2: OPTIONS FOR CHANGING THE BUDGET ALLOCATION METHOD

| Description | Implications / considerations |
|---|---|
| Identify specific budget elements that are currently incorporated within ABS but are not clearly related to delivering a base level of service from assets, and could be shifted to LDI. | Unlikely to be significant value within these components, so the change not likely to be material. |
| Reduce the allocation of funding to ABS so that funding is focused on supporting a minimum service level (i.e. on “just keeping the lights on”) rather than a base service level. All other funding would be LDI and allocated based on population/deprivation/size. | Not clear that there is enough detailed information to determine a base/minimum service level. Likely therefore that it would need to be based on a funding formula linked to specific asset features (e.g. gross floor area, number of assets, square metres etc.) which is unlikely to reflect the heterogeneous nature of these assets. Would penalise local board areas with responsibilities for sub-regional assets. |
| Simply allocate all funding (excluding governance and funding for BIDs) based on population/deprivation/size (i.e. as LDI). | Would exacerbate issues identified in the previous option. Unlikely to provide equitable funding where different local board areas have different numbers of assets to look after (and where these assets may service wider catchments). For example Papakura local board area has one library, whereas Henderson-Massey has four. Would lead to a dramatic reallocation of funding for some local board areas, for example as shown in Figure I-3, Waitemata’s funding would fall by 37%, as they are currently responsible for a disproportionate share of assets, that reflect use from a much wider community of interest than just their local board area. |

FIGURE I-3: CHANGE IN TOTAL LOCAL BOARD FUNDING IF ALL ABS FUNDING (EXCLUDING BIDS GRANTS) WAS ALLOCATED AS PER LDI



Conclusions and recommendations

Operating expenditure

There does not currently appear to be a sufficient evidence base to justify making changes to the allocation methodology. Before making changes, detailed analysis would need to be undertaken that investigates perceived inequities. This could include for example:

- Determining whether local board areas that provide local services under a different operating basis are being treated fairly. For example, where community halls are provided directly via council versus via third parties, are the levels of funding the same for the same levels of service?
- Comparative assessments of parks maintenance standards across the region. Anecdotally there are concerns that the quality of cleanliness and maintenance is variable across the region. Is this a consequence of inequitable funding? Is it a consequence of funding for inputs rather than outcomes?
- Comparative assessments of library operating costs. Are local boards being funded on a like for like basis? Are certain areas getting more funding due to different legacy programmes within each library?

Capital expenditure

No structural change is recommended, though it is important that the prioritisation processes are well understood and as equitable as possible.

Spending rules

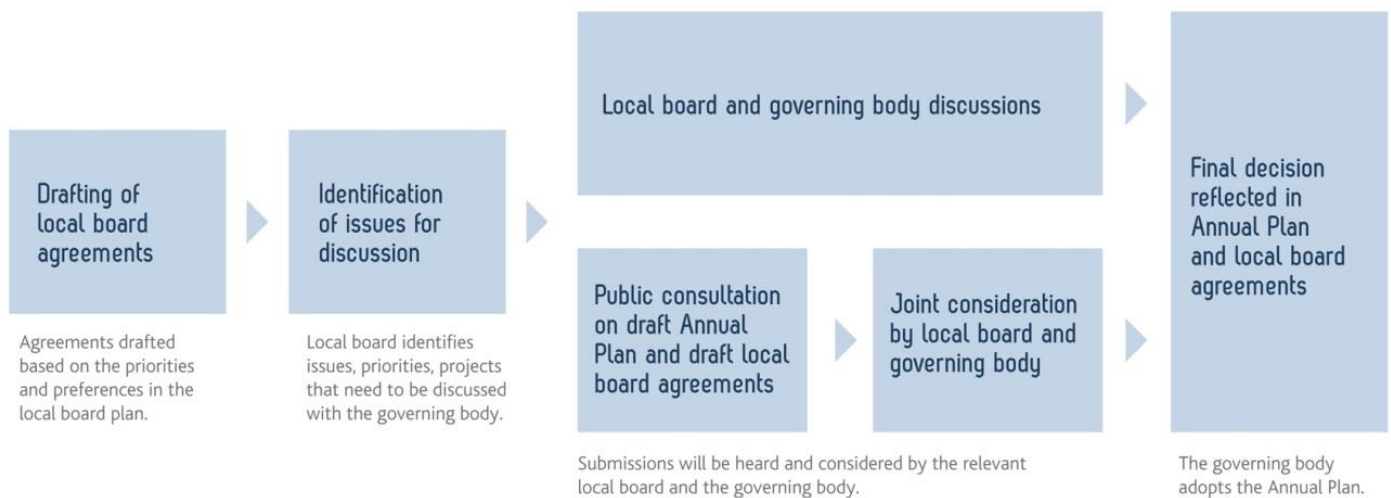
Developing local board plans and agreements

Each year, every local board makes a local board agreement with the governing body for the delivery and funding of services in the local area.

Local board agreements reflect the priorities contained within each board's three-year local board plan.

The agreement must also reflect decisions and trade-offs made by the governing body about Auckland-wide priorities and budget across all council activities.

FIGURE I-4: PROCESS FOR CREATING LOCAL BOARD AGREEMENTS



Source: Auckland Council

Current approach

Operating expenditure

While annual budgets are determined via the local board agreement process, in practical terms local board budgets are constrained by both the total envelope allocated to the board and the nature of the allocation. While the concept of ABS and LDI was developed to support the *allocation* of funding to local boards, these concepts are extended to additionally *set rules around how funding is spent*. Specifically:

- LDI funding can be increased (or decreased) by:
 - fees and charges for local initiatives (e.g. entrance charges for a local event)
 - additional revenue stemming from changes to fees and charges for asset based services (i.e. above or below base fee levels), e.g. increasing/decreasing leisure centre charges, new or increased/decreased lease charges, free swimming pools for adults
 - grants, donations and sponsorships (stemming from LDI activities only, i.e. new grants, donations or sponsorships for ABS would be used to offset the level of governing body funding)
 - targeted rates.
- Funding for ABS is relatively inflexible. While the local boards have governance responsibility over services delivered with ABS funding, the application of the current LBFP does not provide them with flexibility to change priorities or alter service levels in respect of these assets.

In addition, the deferral of unspent opex is generally prohibited, though may be allowed in certain circumstances where there are unexpected timing changes.

Capital expenditure

The LDI discretionary capex fund is designed to enable local boards to instigate small capital works projects, top-up service levels for approved capital projects, or bring forward ABS capital projects. It can be allocated to projects across the three year LTP period, but must be confirmed before the start of the financial year that it's planned to start.

For ABS projects, there is no funding discretion for local boards. While they can top up ABS projects or bring them forward using LDI capex, there is no direct financial incentive to delay projects or reduce service levels. In addition, where projects come in under budget, savings cannot be reallocated or used to increase the scope of the initial project.

Comment on current approach

Decision-making and budget are closely linked. While local boards may have been allocated decision-making responsibility for a wide range of local activities, they often have very little control over how much of their budgets are spent. This however, is reflective of all council budgets, whether decision-making sits with local boards or the governing body. Much of the council's budget is committed to long-term contracts and fixed organisational costs.

However, the constraints for local boards are more pronounced. As noted elsewhere, local boards do not levy their own rates⁷⁵, and this means (despite their complementary decision-making roles) the funding relationship is a parent-child one. The governing body effectively determines an allowance for local boards, based on the level of investment it (the governing body) chooses to make in local activities.

Operational expenditure

The rules around how funding is used by local boards entrenches this relationship. The governing body not only sets the allowance, it also directs where the majority of spending must occur through the inflexibility of ABS funding. If local boards wish to spend more in these areas they need to fund this either through their discretionary (LDI) funding, or consider targeted rates. But if they wish to spend less, funding is returned to the governing body and cannot be redeployed on other local priorities.

There are a number of valid reasons that the current approach is being used. These include:

- ensuring adequate regular and preventative maintenance of assets, so that decisions taken today do not undermine their whole-of-life performance
- the HR complexities of managing an organisation-wide support model that supports flexibility to make changes to staff levels
- a desire for consistent minimum levels of service across the region
- complexities associated with, on one hand leveraging the organisation's purchasing power, while on the other hand, enabling flexible operating standards
- focusing local boards on their governance role, rather than embroiling them in the day-to-day operational aspects of services and facilities.

Local boards have the ability to increase service levels through discretionary funding or using targeted rates. However, if they opt for a lower service standard, cost savings are not currently available to them for investment in other local priorities.

However, these spending rules are leading to confusion over where responsibility for decision-making rests. For example there is a concern that greater flexibility would allow a local board with decision-making

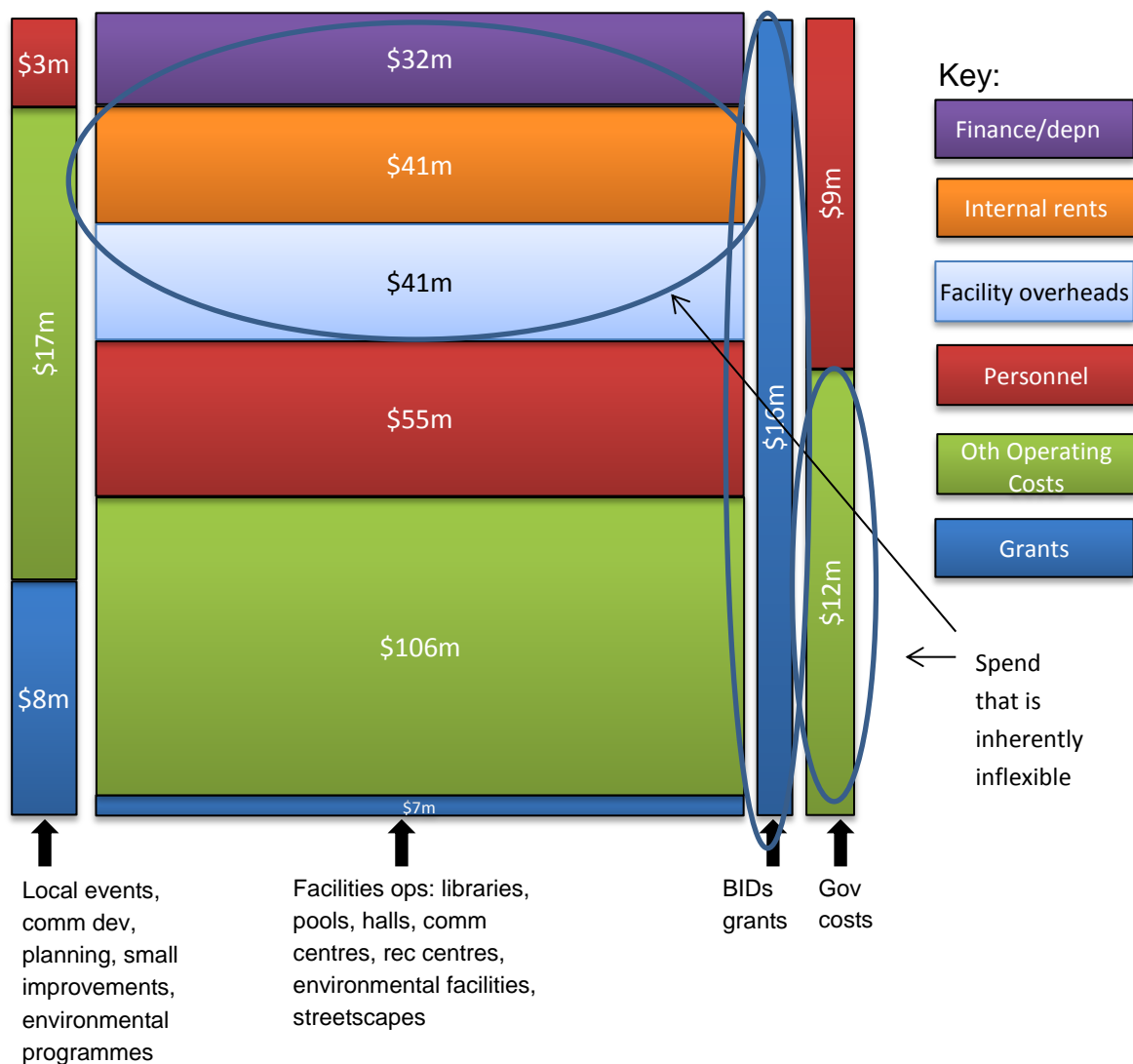
⁷⁵ With the exception of targeted rates currently being used in Ōtara-Papatoetoe and Māngere-Ōtāhuhu to fund universal free swimming pool entry

responsibility (say) for a pool that has a broader sub-regional catchment, to reduce service levels and use the associated savings to prioritise some other local priority. This may be a valid point; but this is actually a debate about the allocation table, not a reason for justifying arbitrary controls around budget flexibility. If these issues become apparent (and it is by no means clear or even likely that that they would) this should be addressed through either a review of the allocation of certain sub-regional assets, or by the governing body setting a minimum service level for the asset in question. In the case of allocation of sub-regional assets, options such as joint local board decision-making may also be an option.

For context, Figure I-5 below shows the breakdown of local board budgets (across all 21 local boards). Specifically it shows that of the \$348m in total spending on local activities:

- \$28m is discretionary spend related to local events, community development, planning and programmes
- \$282m is related to the maintenance, operation, financing, renting etc. of local facilities such as swimming pools, libraries, recreation centres, parks and community centres and halls. This funding includes a number of items that are inherently inflexible unless assets are sold or facilities closed, including:
 - depreciation (\$2m) and finance costs (\$30m) which are dominated by the interest costs associated with local board assets
 - internal rental charges for Auckland Council owned property used to provide services
 - facility overheads (\$41m) which are core operational costs such as utilities, insurance, rates etc.
- \$16m is for business improvement district (BID) spending. This reflects target rates collected from business areas and is passed onto local business associations. Local boards have no control over this spend.
- \$12m is related to the governance costs associated with local board member remuneration and local board offices. Local boards have limited control over costs directly related to the number of members. \$9m is related to Local Board Services personnel costs.

FIGURE I-5: BREAKDOWN OF LOCAL BOARD BUDGETS



Some alternative approaches to the rules relating to how local boards can spend their budgets are discussed in Table I-3 below.

Capital expenditure

Renewals

From a decision-making allocation perspective, local boards are responsible for maintaining the service capacity and integrity of local assets throughout their useful life in accordance with region-wide parameters and standards set by the governing body. While there is limited discretion in the area of asset management planning and renewals, governance decisions can still be made on timing of the renewals programme within the local area, the quality of the renewals work and the coordination of renewals with other capital projects.

The current funding rules may not provide local boards with the necessary incentives to shift priorities and make trade-offs with respect to their programmes. For example, if a local board identifies that an asset scheduled for renewal could be delayed, and another more urgent renewal brought forward, they may not choose to delay the renewal if the funding is used for a project in another local board area.

While local boards are frustrated by an inability to give proper effect to their roles, this appears to be a consequence of a lack of good quality information and processes rather than funding. With good quality,

timely information on proposed renewal programmes, local boards should have an ability to influence timing, quality and coordination of the programme. Getting the organisational support right, and enabling mature discussions about renewal needs appears to be the key priority with respect to renewal capital expenditure.

New capital expenditure

For most new capital works, decisions in respect of timing and budget will be made by the governing body. Local boards will oversee their delivery, and make decisions in respect of smaller projects funded via LDI capex funding.

The current rules mean that in their oversight capacity, decisions made by the local board that lead to lower costs will not directly benefit the local board (though there is an indirect benefit from council wide cost savings). This rule is to prevent local boards being advantaged or disadvantaged from project costs not being accurately scoped. While these rules are understandable, they do limit the incentives for local boards to make these kinds of decisions.

Alternative approaches

Operational funding

The table below describes three alternative approaches which relax some of the rules around spending.

TABLE I-3: ALTERNATIVE SPENDING RULES

| Description | Implications / considerations |
|---|---|
| <p>As per the current approach, but in addition allow locally driven initiative funding to be supplemented by:</p> <ul style="list-style-type: none"> savings associated with local board decisions to depart from the regionally funded base service level. <p>Essentially this is saying that local boards would be able to elect a lower service level for any local activity and use these savings as discretionary (LDI) funds.</p> | <p>Reasonably straightforward change that would allow local boards to adjust service levels up or down across their portfolio of responsibilities to best suit the needs of their communities.</p> <p>Would potentially require more flexible HR approach from operational areas of the organisation, e.g. to accommodate alternative delivery models or changes in service levels. However, this could be managed by only allowing changes periodically (say annually or even three-yearly) and requiring them to be set through the local board agreement process.</p> <p>Would still not provide direct incentives to manage costs, except with respect to altering service levels. However, this may be appropriate as budgets are generally linked to service levels and the specific characteristics of the assets. More direct control may lead to local boards becoming very operational in their oversight.</p> <p>May need to consider whether there should be a regional <i>minimum</i> standard level of service.</p> |
| <p>Develop a new definition of non-discretionary funding (say “base funding”) which reflects costs where there is little realistic flexibility over spend.</p> <p>Figure I-5 above shows the breakdown of local board budgets and identifies these areas (where spend is inherently inflexible) which total about \$140m and (as detailed above) include:</p> <ul style="list-style-type: none"> Depreciation (\$2m) and finance costs (\$30m) | <p>Local boards would not have any funding flexibility over base funding (i.e. no ability to capture savings etc.).</p> <p>Local boards would still be required to utilise major contracts etc. However, they would be able to vary service levels within those contracts (both up and down).</p> <p>There may be additional costs associated with supporting local boards, such as more detailed reporting, and capacity to provide advice on the implications of</p> |

| Description | Implications / considerations |
|---|---|
| <ul style="list-style-type: none"> Facility overheads (\$41m) Internal rents (\$41m) Local board member related costs (\$12m) BIDs grants (\$16m) <p>Bulk fund the balance of funding (about \$210m) as discretionary, i.e. the funding is not tied to specific activities, the governing body does not prescribe it being spent in specific areas, and savings can be reused for other projects.</p> <p>(Note: as discussed, the allocation of the funding to each board would still be on the current basis, i.e. using the LDI / ABS definitions. This change relates to the rules around how the funds each board gets can be spent.)</p> | <p>decisions, e.g. to change service levels or fee structures etc.</p> <p>Would potentially require more flexible HR approach from operational areas of the organisation, e.g. to accommodate alternative delivery models or changes in service levels. However, this could be managed by only allowing changes periodically (say annually or even three-yearly) and requiring them to be set through the local board agreement process.</p> <p>Local boards with more local assets within their boundaries would have more scope to make decisions to alter service levels and effectively more budget flexibility. However, this flexibility will always be constrained by governing body minimum service levels and/or community expectations in terms of service standards.</p> <p>Would probably deliver similar outcomes to the previous model, but with less prescription.</p> |
| <p>Bulk fund all local board budgets.</p> <p>Local boards would have full control over the budgets provided to them. The concept of funding being discretionary or otherwise would be replaced by management advice focused on costs to deliver certain service levels etc., in much the same way as spending is determined by the governing body for activities under its control.</p> | <p>In addition to the impacts described for the previous option:</p> <ul style="list-style-type: none"> staff would need to provide clear advice around the core costs of operating and maintaining services etc. potential risk that local boards start getting into detailed operational management to try and manage costs. |

Capital funding

The issue with establishing alternative rules that enable local boards to benefit from decisions relating to capital works include:

- That in many cases, projects will be under or over budget as a consequence of their original scope being wrong rather than any particular action on the part of the local board
- The need, for balance, to also penalise local boards where there are cost overruns. Boards may not be in the position to manage the cost implications of this.

Probably the only equitable alternative approach would be to explicitly allow local boards to opt to (say) delay a year, or reduce a service level to enable another priority to be pursued. However, these kinds of changes would probably be able to happen under the current structure, through negotiations with the governing body during the annual plan or long-term plan processes.

However, if local boards had responsibility for raising funds for capital projects there would be greater opportunity to provide them with full budgetary control over capital works projects. Alternative approaches to raising funds are discussed further below.

Conclusions and recommendations

Operating expenditure

It is recommended that the restrictive rules around how most funding is used are removed and options 2 and 3 in the table are considered. Under these options local boards would be bulk funded for most or all of

their services. Local boards would need to meet core costs, including personnel costs and maintenance contracts out of this bulk funding.

This would reflect the arrangements for the governing body and other councils more generally, with management providing advice to support the decisions that are being made. Option 2 may be preferable from the perspective of keeping local boards focus away from detailed operational aspects, whereas option 3 may be preferable for simplicity, as it would simply mean that local boards have control over all local board spending.

Under either option, it is recommended that all spending continues to be agreed through the local board agreement process, and that any changes in service levels that have implications for staffing or major contracts can only be changed at most annually.

As noted earlier, the approach to allocating funds between local boards would not change, just how the funding can be used once the local boards get it.

Capital expenditure

No change in approach is recommended, unless local boards additionally have responsibility for raising funds for this expenditure.

Raising funds

Current approach

Local board funds are currently raised by the governing body, predominantly through general rates. There are currently two local boards with local targeted rates to support higher service levels in swimming pools in their areas.

Alternative approaches

An alternative to the current model would be for some or all local activities to be funded by local rates. This would involve local boards determining a funding envelope for these activities and setting the local rate to meet these costs.

Local boards could be responsible for rating for all of their local spend, or a portion of their spending, with the balance continuing to be met via general rates.

There are also options with respect to the rating method. Rates could be levied using property values as per most general rates or via a fixed charge levied against each rating unit, regardless of value.

A local rate would empower local boards, improve accountability and transparency and mean local boards would need to balance trade-offs between changes to services and the impacts on rates. Specifically a local rate could:

- provide greater discretion and decision-making autonomy for local boards
- provide funding certainty for local boards
- improve incentives for local boards to manage the trade-offs between what they choose to do and the cost impacts for the community
- enable them to reap the benefits of good fiscal management (either by redirecting funding or reducing future rates requirements)
- better link local board activities and costs, improving accountability and transparency for ratepayers
- reduce the need for local boards to advocate for additional funding (as they will have their own recourse).

There are a number of potential issues which would need to be considered, and or managed. These include concerns about redistribution impacts, and the risk that certain areas where higher rates can be afforded will continue to pull away from other areas.

Option 1: Full property value based funding for local activities

Under this option, each local board would set property value based rates for its community to fund local activities. The balance of rates would be collected and administered by the governing body (based on property values and/or fixed charges as it deems appropriate).

This approach has the advantage of giving each local board full rating autonomy. They would be fully responsible for determining the level of investment in their communities for local activities, and this would effectively remove the need for the governing body to take a role in determining priorities for new local assets, and service levels for local activities. Consequently the governing body role in local activities could largely be eliminated, as local boards could make their own determinations in relation to the need for new local facilities, setting of service level standards, procurement etc. This is in effect the model used by TCDC in the case study in Appendix C.

However, this approach would lead to significant distribution impacts, and in particular increase the total rates impost on the communities with lower property values.

Figure I-6 below shows the change in rates for each local board area under this approach, assuming that each board raises the funds to meet their current expenditure on local activities.

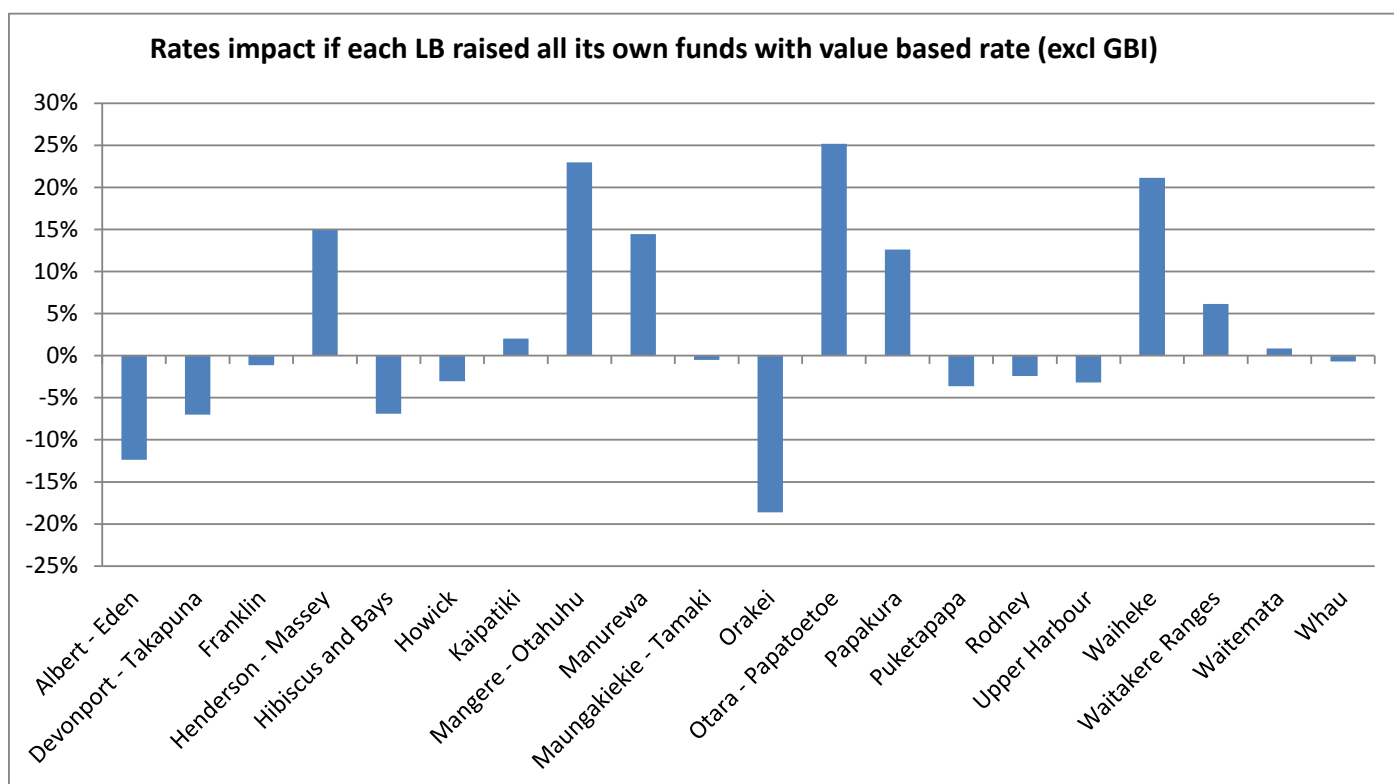
The changes are dramatic for many boards. Māngere-Ōtāhuhu and Ōtara-Papatoetoe board areas would face rates increases of over 20%, while Ōrākei and Albert-Eden would see large falls⁷⁶.

There are other concerns with this approach, including that:

- It may have the effect of creating 21 small councils and a regional council, with decisions which are not coordinated or that are in conflict.
- It may lead to sub-optimal decisions in relation to the location of local assets and sub-regional assets across the region, as each local board may be more encouraged to determine its own needs without reference to investments being made in neighbouring areas.
- More affluent areas may be better placed to afford better service levels reinforcing issues of inequality across the region.

While these are valid concerns, they are likely to be manageable. Each local board would be answerable to their communities for decisions, meaning there is a strong control over investment and service level decisions. Local boards would receive staff advice from one organisation, which would mitigate risks of local board decisions being uncoordinated, and the governing body could retain some sort of final endorsement or veto role to ensure good regional strategic planning was maintained.

FIGURE I-6: RATES IMPACT IF ALL LOCAL ACTIVITIES WERE FUNDED THROUGH A LOCAL RATE (BASED ON PROPERTY VALUE)



There may be options to address these dramatic shifts in rates, while still enabling local boards to have control and autonomy over the local activities in their areas. This could include for example a combination of a transition path, which moved to full local rating over a period of time, and some direct subsidies to manage the impacts on the most affected areas.

⁷⁶ GBI rates would increase almost three-fold. It is likely that if this option were pursued a differential approach to GBI would be required.

However, the first priority would be to get a better understanding of the underlying drivers of different costs per rating unit in different local board areas. If this was well understood, and in particular if the cost differences are unrelated to service standards across the boards, there may be options that address the variations directly. For example, if it transpires that the main reasons for cost differences is that one local board area has higher levels of expensive ageing assets, it may be appropriate that a portion of these costs are met by the governing body.

Option 2: Partial fixed based funding

Under this option, a fixed local rate would be set, initially at the same level for each local board, to meet a portion of the costs of local activities. The balance of local board spending would be funded out of general rates. This means that different local boards would receive different levels of general rate funding reflecting their different costs.

The fixed local rate would offset the existing UAGC which is currently about \$390. This means that there would be no impacts on the distribution of rates, as long as the local fixed rate is less than the current UAGC.

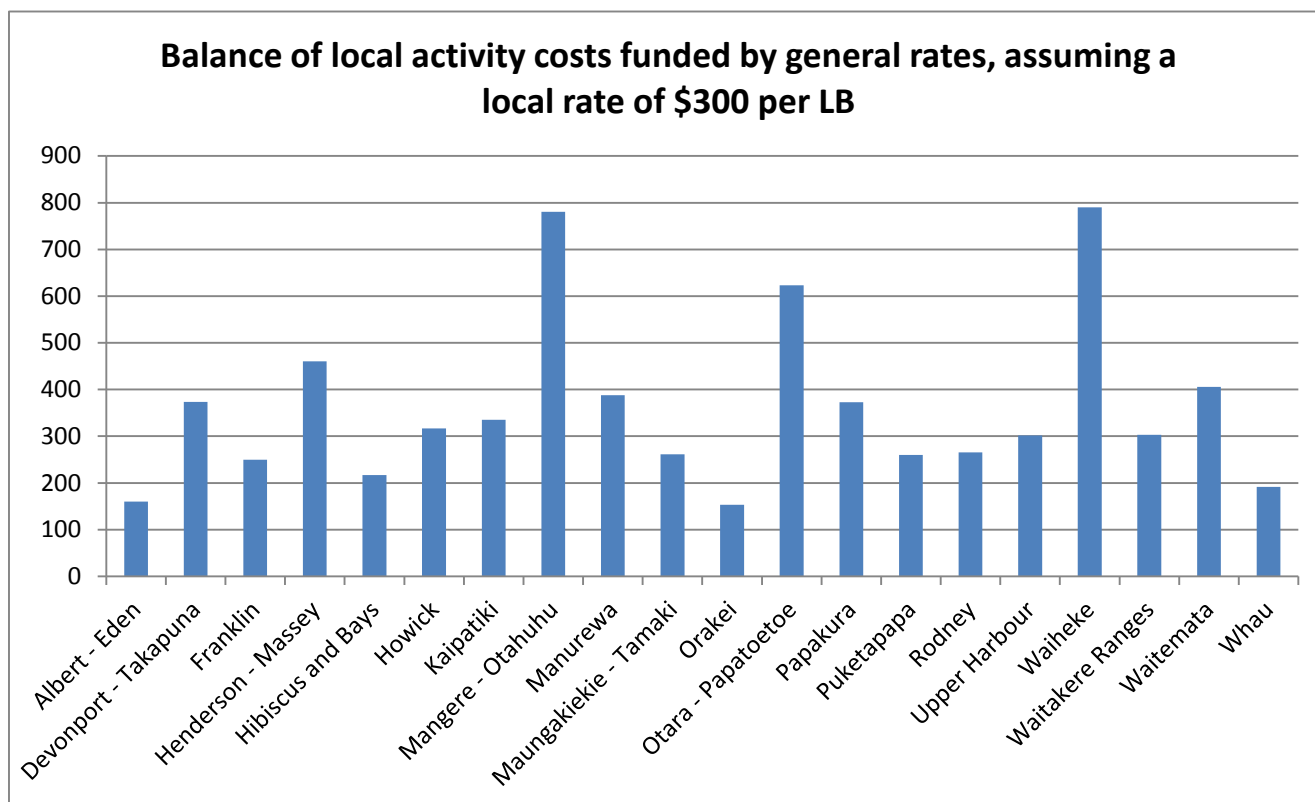
For example, assume a fixed local rate of \$300 is set. Table I-4 below shows the impact for three different local board areas. Amounts are averages of all rates across residential, business and farm & lifestyle.

TABLE I-4: IMPACT OF SETTING A STANDARD FIXED RATE OF \$300 FOR ALL LOCAL BOARDS (BASED ON 2016/17 RATING LEVELS)

| Local board area | Current rates | | | Option 2 | | | |
|------------------|---------------|------|--------------|--------------|------|------------|--------------|
| | General rate | UAGC | TOTAL | General rate | UAGC | Local rate | TOTAL |
| Albert-Eden | 2,860 | 394 | 3,255 | 2,860 | 94 | 300 | 3,255 |
| Waitematā | 3,948 | 394 | 4,342 | 3,948 | 94 | 300 | 4,342 |
| Waitākere Ranges | 1,466 | 394 | 1,861 | 1,466 | 94 | 300 | 1,861 |

As each board has different costs, the level of general rate funding for local activities would be different across local boards. For example, if we continue to assume a fixed local rate of \$300, the figure below shows the level of general rates funding per SUIP required to meet the cost of local activities in each local board area. Again, amounts are averages of all rates across residential, business and farm & lifestyle. GBI local board would require almost \$1700 in general rates funding, and is excluded from the figure.

FIGURE I-7: 2016/17 GENERAL RATES FUNDING OF LOCAL ACTIVITIES, ASSUMING A \$300 LOCAL RATE IN EACH LOCAL BOARD AREAS



While local board areas would set the same level of local rate initially, over time, boards could choose to increase their local rates as they see fit.

This approach has the advantage of not having distribution impacts, and can also accommodate the fact that some local boards have higher spend because of the nature of the assets inherited in their areas, e.g. regional funding can be used to support sub-regional assets. So for very little impact on communities, a greater degree of autonomy, ownership and transparency can be achieved in relation to local board funding.

Relative to option one, the governing body would also continue make major regional prioritisation decisions, in relation to local assets, which should obviate the risks of sub-optimal decisions in relation to the location of local assets across the region.

However there are a number of issues with this approach, including:

- This would only be a partial solution to the issues associated with local activities being funded by the governing body. Specifically it would not give local boards full autonomy, and as (probably the majority of) funding will still be received from the governing body, it does not fully address the parent-child issues or concerns around incentives and accountability.
- The initial level of local rate really should link to a consistent set of activities across local boards. Otherwise it may become unclear what the local rate is funding versus the general rate, and may get very complicated going forward as the costs associated with local boards change, e.g. as a result of inflationary pressures, the acquisition of new local assets or unexpected maintenance or renewal costs.
- Given the variability of costs across boards, linking a standardised charge to the same activities would not be possible. (Though it may be possible to identify a set of activities that have similar costs across all local boards.)

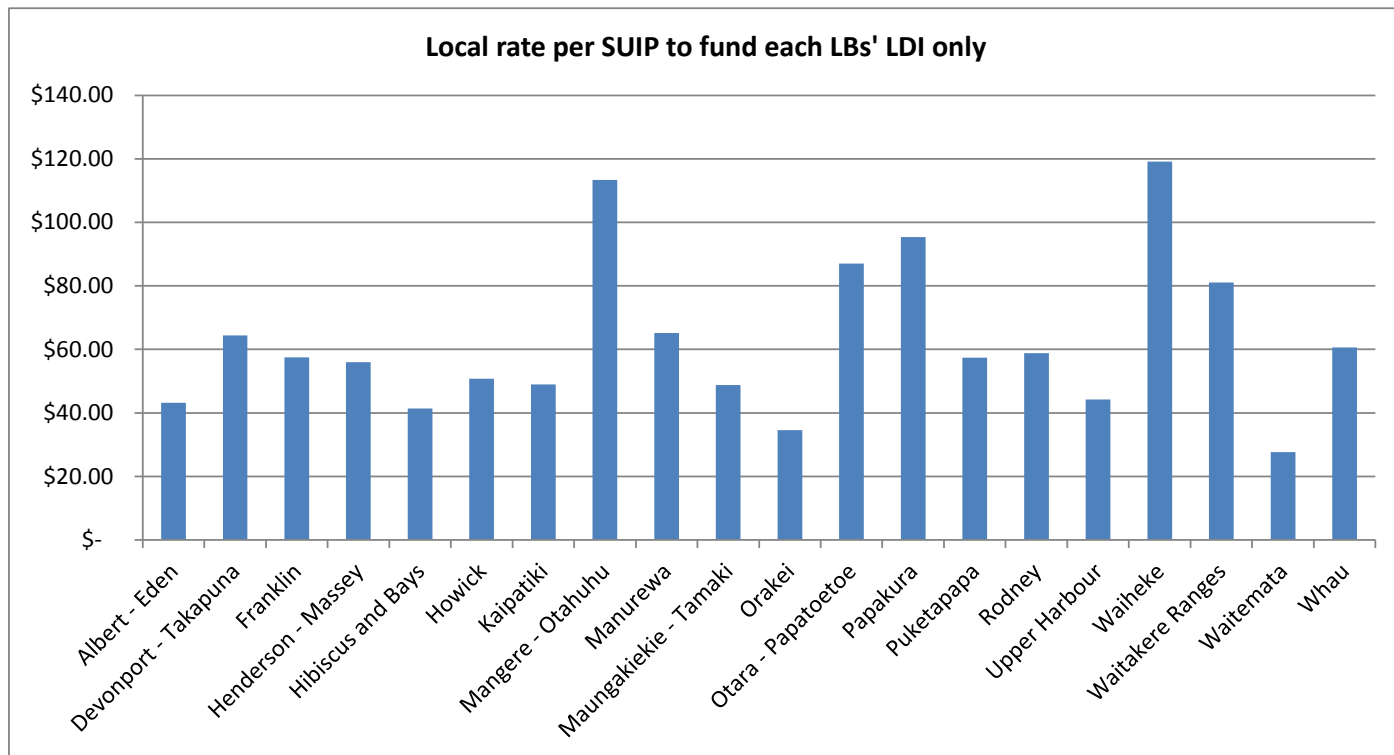
Option 3: LDI funded through a local rate based on a fixed charge

A variation of option 2 would be to use governing body funding to support all asset based service costs, and local rate funding for locally driven initiatives (via a fixed charge not a property value based charge). This would mean that:

- each local board would set different local rates as the LDI in each area is different
- each of the governing body and local board funded portions of local activities would be linked to a specific type of spend, i.e. the split would not be arbitrary as per option 2.

The amount of local rate per SUIP required is shown in Figure I-8 below. The local rate for GBI is \$553.

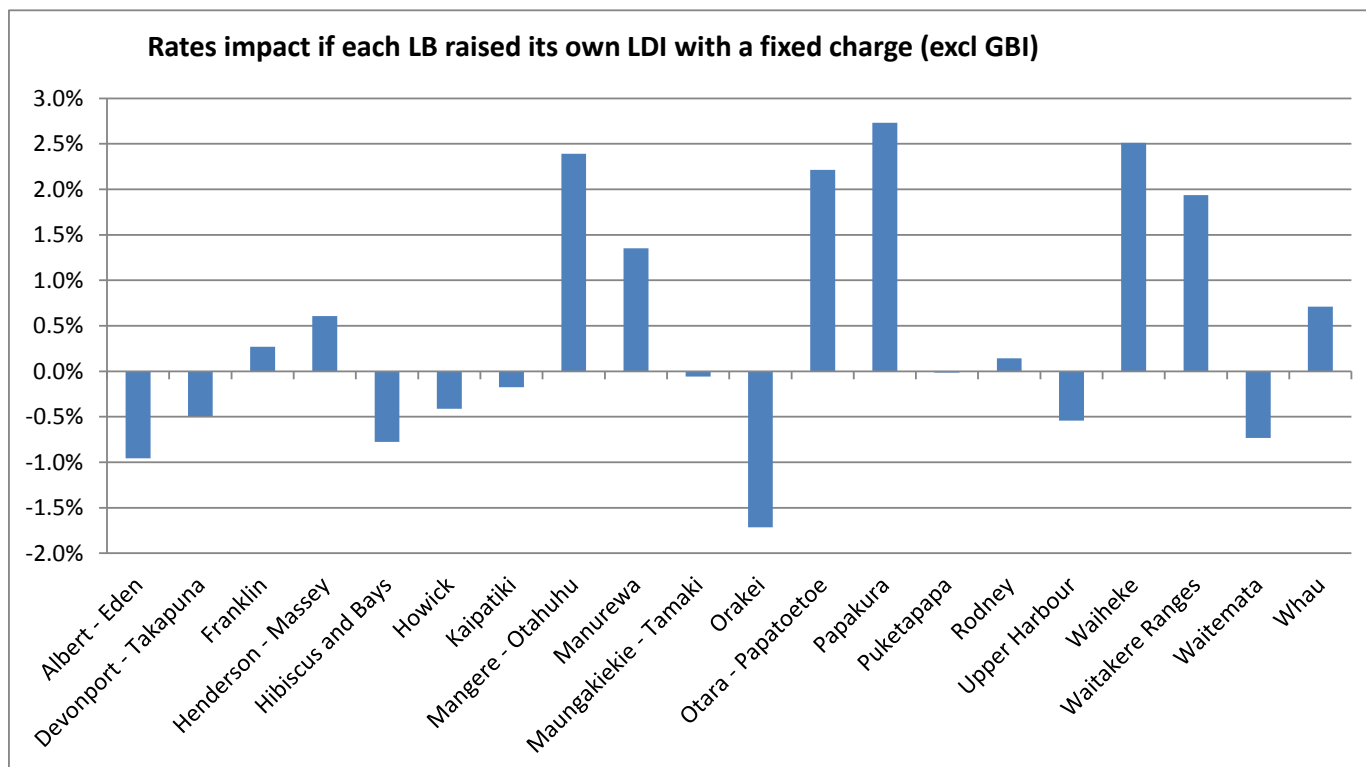
FIGURE I-8: LOCAL RATE PER SUIP REQUIRED TO FUND LOCALLY DRIVEN INITIATIVES IN EACH LOCAL BOARD AREA (EXCL GBI)



Of note is the relatively small amount of funding, particularly for some local board areas. Consequently, in terms of aspirations to improve autonomy, transparency and encourage local boards to manage trade-offs, it is not clear that the changes would be material enough for many local boards.

The impacts on rates for each local board area are shown in Figure I-9 below. Once again there are distribution impacts, but relative to option 1 these are fairly modest.

FIGURE I-9: RATES IMPACT IF LDI WERE FUNDED THROUGH A LOCAL RATE (BASED ON A FIXED CHARGE)



Conclusions and recommendations

On the basis of the above:

- It is recommended that the merits of options such as a transition path or explicit subsidies be investigated further as an option to support moving to fully funding local activities through local rates. As part of this work a key priority should be a better understanding of the reasons for some of the large differences in spend per rating unit on local activities, and the extent to which this spend relates to higher standards or more extensive local services.
- Funding LDI spend only through a fixed local rate is not recommended, as it will incur transactions costs but:
 - Still leads to (relatively modest) distribution impacts
 - Is unlikely to materially address the key identified issues such as improving local board autonomy, incentives etc.
- It is recommended that the viability of introducing some local rates, based on fixed charges which can limit the distributional impacts continue to be investigated. A focus of this work should be on identifying a meaningful link between the fixed charge and the services it supports.

The use of targeted rates to increase service levels, as enabled by current legislation, should continue to be an option.