

Title: Participation in CouncilMARK

Section: Internal Partnerships

Prepared by: Katie Kay (Risk Partner)

Meeting Date: 25 October 2018

Legal Financial Significance = low

Report to COUNCIL for decision

SUMMARY

The purpose of this report is to seek Council's decision on whether to participate in the CouncilMARK assessment in April 2019.

Council resolved in June 2016 to participate in the inaugural Local Government Excellence Programme. An assessment was scheduled for April 2017, but Council withdrew from the assessment, with an intention to reschedule the assessment at a later date.

The report outlines the commitment required to complete the assessment, and provides a cost/benefit analysis that outlines relative tangible and intangible outcomes.

Council is already committed to a full work programme in 2018/2019 (Year 1 of the Long Term Plan). The timing for the assessment also coincides with delivering projects of national significance for Tuia250 and meeting obligations as outlined in various Provincial Growth Fund grants recently announced.

Feedback sought from participant councils who have completed their first assessment indicated there is value in completing the assessment. However, overall the assessments did not identify anything new, but rather ensured that improvement areas (already identified in most cases) were prioritised and expedited.

The decisions or matters in this report are considered to be of **low** significance in accordance with the Council's Significance and Engagement Policy.

RECOMMENDATIONS

That the Council:

- 1. Notes the contents of this report.**
- 2. Defers our CouncilMARK assessment until April 2020.**

Authorised by:



James Baty
Director Internal Partnerships

Keywords: CouncilMARK, performance assessment, excellence, benchmarking, local government

BACKGROUND

What is CouncilMARK?

1. The Local Government New Zealand Excellence Programme, CouncilMARK, is best described as a measure of performance assessment and continuous improvement that assists councils to deliver top service and value to their communities. The Programme on a Page is included in Appendix 1.
2. The programme incorporates an independent assessment system that looks at how councils are performing and the value they're delivering to their communities.
3. The [performance assessment framework](#) is based on four priority areas:
 - i. Governance, leadership and strategy ("leading locally")
 - ii. Financial decision-making and transparency ("investing money well")
 - iii. Service delivery and asset management ("delivering what's important")
 - iv. Communicating and engaging with the public and business ("listening and responding").
4. Following the assessment, councils receive an overall performance rating from the Independent Assessment Board which outlines performance against each of the priority areas, and then an overall aggregated grade. The independent assessment board moderates the assessments according to a nine-point grading scale from CCC to AAA.
5. The Independent Assessment Board oversees the CouncilMARK programme and its assessment system. They are responsible for:
 - refining and confirming the performance indicators
 - overseeing the independent assessors that undertake the council assessments
 - awarding the assessment ratings and reports given to councils.

Council's involvement with CouncilMARK framework to date

6. Council resolved to participate in the CouncilMARK assessment as a foundation member (Chief Executive's Activity Report 16–286). Subsequent reports (16–415 and 17–025) updated the Performance, Audit & Risk Committee and Council respectively on the details of the programme and the assessment that was due to be held mid-April 2017.
7. On 3 April 2017, Council withdrew from the CouncilMARK assessment, with the intention of deferring our assessment to a later date. In late March 2018, Council was advised by LGNZ that our assessment was scheduled for April 2019.
8. Gisborne District Council's assessment has been indicatively scheduled for April 2019 and staff are waiting for the newly revised performance framework to be released. We've been informed by LGNZ that some changes have been made to:
 - clarify regional council functions
 - improve indicators for iwi/Maori engagement
 - remove any duplication of questions.

How many councils are participating?

9. CouncilMARK was launched in August 2016 with 18 councils signing up in the inaugural year. Since then, 21 councils have been assessed and have received their overall grading and final report. A further nine councils are in the programme to either be assessed, or are waiting for their assessments to be officially released.

Feedback from participant councils

10. We sought independent feedback from some participating councils on key learnings from their participation and the value gained from participating in the programme. These summarised comments are tabled in Appendix 2.
11. Overall, participant councils said that there was overall value in the assessment. However, all commented that the assessment highlighted improvements that they were already aware of and, if anything, the assessment reinforced the commitment to making or expediting those changes.
12. Also, all mentioned their commitment to be reassessed against the framework following a sufficient period of time to allow for changes to be implemented and managed.

DISCUSSION and OPTIONS

13. Council's participation in CouncilMARK must be considered alongside the commitments already made for the 2018/19 financial year. This includes:
 - a full work programme across activities
 - the delivery of eight major projects, as approved in Year One of the 2018–2028 Long Term Plan
 - projects that have resulted from the recent announcement of Provincial Growth funding to address significant issues across the roading network.
14. Some projects have a deadline to support the Ministry for Culture & Heritage's Tier 1 event Tuia 250, which is scheduled for October 2019.

What commitment is needed to make this happen?

15. By all accounts, including our experience preparing for the April 2017 assessment, there is a significant effort required by many people to go through the assessment. This includes contributions by elected members, key stakeholders, senior management and other council staff in both the self-assessment process and the interviews held over a three-day period.
16. If Council participates in CouncilMARK, it is expected that we will commit to a reassessment every three years.

Cost/Benefit analysis

17. To assess these relative inputs to the assessment, a cost/benefit analysis of three options was undertaken.
18. There are no tangible benefits to Council whether participating or not.
19. Some of the intangible costs and benefits relate to how the community will perceive the Council's participation.
20. Staff see intangible benefit in participation leading to better informed discussion and decisions at both a management and governance level.

CouncilMARK Participation Option – Cost/Benefit Analysis

Option 1: Competing the assessment in April 2019		
	Cost	Benefit
Tangible	<p>\$45,000 approximate (inclusive of the membership fee of \$25,000).</p> <p>360 staff hours to prepare and go through the assessment.</p>	None
Intangible	<p>Loss of productivity as staff are engaging in the assessment (and lead up activities), which is not part of their BAU.</p> <p>Opportunity cost that staff could be otherwise employed delivering value in line with the committed work programme.</p> <p>The perception of spending money on non-essential activity. Recent resident satisfaction survey feedback has suggested our community want delivery on approved work.</p> <ul style="list-style-type: none"> 51% of residents were not satisfied with the Mayor and Councillors' performance and 57% were not satisfied with the overall value for money. Some comments received included: <p>“they need to be a bit more transparent and upfront with the community and listen to what people want in regard to spending money”</p> <p>“they should get back to core services, and they do seem to waste a lot of money.”</p> 	<p>An independent assessment provides management with relevant information to, in turn, promote better decision-making.</p> <p>The results of the report will give Council an independent rating of our service provision and effectiveness (comparatively to other local authorities).</p> <p>Provides information to management and elected members that can be used as a starting point for strategic discussions on spatial plan, reviewing our rating system, the Tairāwhiti Resource Management Plan (which might otherwise come from ad hoc and/or anecdotal evidence, rather than evidence-based information).</p>

Option 2: Postpone the assessment until April 2020 – recommended		
	Cost	Benefit
Tangible	Same as above \$45,000.	None
Intangible	<p>Council is unable to make changes to Annual Plan until late 2020/early 2021.</p> <p>Lack of independent information means senior management miss opportunities to support community needs and elected members are not clearly informed to make effective decisions.</p> <p>Community lacks independent view of how Council is performing, relative to others in the sector.</p> <p>Missed opportunities for making necessary and important changes sooner, rather than later.</p> <p>The perception of spending money on non-essential activity.</p>	<p>Staff are able to focus on delivering work as scheduled in the work programme.</p> <p>Cost of assessment is budgeted in Year 2 of LTP (2019/2020 financial year).</p> <p>Budget is committed to delivering core services and improving infrastructure.</p> <p>Work progressed in Spatial Plan and Tairāwhiti Resource Management Plan will guide improved policies and processes that will be further progressed in time for 2020 assessment.</p>
<p>Option 2 is recommended due to there being more relative benefits to postponing our assessment until 2020. With Council facing significant resource constraints over the coming year, projects of significance to our community should be prioritised over this assessment.</p>		

Option 3: Withdraw from CouncilMARK		
	Cost	Benefit
Tangible	\$4,300 (sunk) costs already paid. This amount covered Council's contribution to the development of the CouncilMARK program (in 2016) and costs incurred prior to our April 2017 assessment.	None
Intangible	<p>Lack of commitment to organisational performance excellence assessments gives community no sense of value (as assessed independently).</p> <p>Withdrawing from the program signals to the sector that we are not committed to playing 'our part' in sector benchmarking.</p> <p>Organisation decision-making lacks a degree of independent advice, although still has external audit and other audits as per the agreed audit program.</p>	<p>Avoidance of intangible costs of options 1 & 2 such as:</p> <ul style="list-style-type: none"> • Staff focussed on delivery of core services. • Council seen to be spending money on essential services only.

ASSESSMENT of SIGNIFICANCE

Criteria	This Report	The Process Overall
The effects on all or a large part of the Gisborne district	Low	Low
The effects on individuals or specific communities	Low	Low
The level or history of public interest in the matter or issue	Low	Low
Inconsistency with Council's current strategy and policy	Low	Low
Impacts on Council's delivery of its Financial Strategy and Long Term Plan.	Low	Low

21. The decisions or matters in this report are considered to be of **low** significance in accordance with Council's Significance and Engagement Policy.

COMMUNITY ENGAGEMENT

22. The four priority areas of CouncilMARK were derived from significant research commissioned by LGNZ, including the survey of over 3,000 citizens and businesses in 2015.
23. LGNZ then worked with Cameron Partners to develop indicators for each priority area in the framework.

CONSIDERATIONS

Financial/Budget

24. The cost of undertaking the survey is unbudgeted expenditure. If we continue with the assessment the cost will come from existing budgets.

Legal

25. There are no legal implications to consider.

POLICY and PLANNING IMPLICATIONS

26. There are no policy or planning implications to consider.

RISKS

27. Council currently has existing capacity issues to deliver this work. Some areas of the organisation are under-staffed and we are recruiting to fill several key vacancies (including the Performance Manager, responsible for the delivery of the CouncilMARK assessment).
28. The region will host Tuia 250, a Ministry of Culture & Heritage Tier 1 event, in October 2019. A number of significant projects attached to this event have been awarded Provincial Growth Funding to be completed by specified timeframes. Council and Tairāwhiti Roads have also received a considerable boost in funding to complete capital works across the roading network, and our infrastructure team has a commitment to deliver a full work programme within the next 18 months.
29. The timing of the assessment may impact on the pre-election process. It is likely the final report would be delivered by early June 2019. Communications on this work would be scheduled for the two to three week period following the announcement.

30. There is an opportunity that if Council commits to and completes the assessment we can show our community how our performance compares with our local government peers. The report will be a public document to be shared with our community. If our report finds variable performance, or areas needing significant improvement, we will be able to actively respond to these recommendations and prioritise our work programme to address these findings accordingly.

NEXT STEPS

Date	Action/Milestone	Comments
October 2018	Decision on participation in CouncilMARK	Next steps dependent on outcome of Council decision.

APPENDICES

- Appendix 1: Local Government Excellence Programme: Plan on Page
- Appendix 2: Feedback from participating councils on the CouncilMARK assessments

Appendix 1: CouncilMARK programme on a page

Local Government Excellence Programme.
We are. LGNZ.



A measure for better community value.

The Local Government Excellence Programme has been established to help councils demonstrate and lift the value and services they provide to their local communities.

The Programme is driven by councils, with the aim of providing residents, businesses and communities with clear and independent information on how councils are performing.

21 councils have signed up as Foundation Members for the first year of the Programme, which commenced on 1 July 2016.

LGNZ envisages all councils will join the Programme over the next two to three years, and will be calling for a second intake of councils from February 2017.



SCENARIO



The Issues

- > Residents, ratepayers, businesses and central government all expect the best services and value from councils, but most of these customers don't believe this happens.
- > Most customers don't fully understand or value what we do for them every day.
- > However well some councils perform, there are strongly negative perceptions of local government performance, which affects us all.

The Solution

- A continuous cycle of performance assessment & improvement ensures a lift in service and value from councils and the sector.
- LGNZ will provide tools, services and share best practice to help councils lift performance.
- Igniting a responsive culture improves engagement & accountability for results, taking our customers and communities with us.
- A new era of transparency will lift performance and reputation.

PERFORMANCE ASSESSMENT SYSTEM

A robust assessment system has been developed covering the four priority areas that were identified from the 2015 New Zealand Local Government Survey.

The system will give communities a clear and independent picture of how well their council is performing in serving the community, and provides councils information on where they can improve.



An Independent Assessment Board will oversee the Programme. The Board members are Toby Stevenson (Chair), Debbie Birch and Albert Brantley.

Participating councils will be assessed by independent experts every three years, given an overall rating on a nine point scale from AAA to C, and the results publicised. Councils will discuss results with their community and use the assessments to plan improvements.

ACHIEVING CONTINUOUS IMPROVEMENT

The Foundation Members

- | | | |
|-------------------------------------|-----------------------------------|--------------------------------|
| Far North District Council | Napier City Council | South Waikato District Council |
| Gisborne District Council | Nelson City Council | Taupo District Council |
| Greater Wellington Regional Council | Porirua City Council | Upper Hutt City Council |
| Hastings District Council | Queenstown Lakes District Council | Waikato Regional Council |
| Horowhenua District Council | Rangitikei District Council | Waimakariri District Council |
| Masterton District Council | Ruapehu District Council | Wairoa District Council |
| Matamata-Piako District Council | South Taranaki District Council | Whakatane District Council |

- LIFTING PERFORMANCE** means fostering a culture of assessment, actions and accountability to deliver results.
- BEST PRACTICE** will also be shared so our people can be responsive to customer and community needs, and learn from each other.
- EACH FOUNDATION COUNCIL** will develop an action plan based on their individual assessment report, and engage with their community on the issues that matter locally.

TIMELINE



Appendix 2: Feedback from participating councils on the CouncilMARK assessment

	Waikato Regional Council	South Taranaki District Council	Whakatane District Council
Key learnings	It was a bit challenging from a regional perspective with initial framework being a bit light on the regional context. (*Note that the assessment framework has been modified to clarify regional council functions and improved indicators for iwi/Maori engagement).	Considerable amount of time required to prepare for the assessment. Commitment to the assessment is needed from staff and elected members.	There is a significant amount of work to prepare and go through the assessment. The assessors receive comprehensive information (strategies, policies,) but significant weight is attached to the interviews they hold with elected member, senior staff and key stakeholders.
Value from assessment	Collating information about Council progress in one place. Value in telling the story and the amount of work that staff are doing. Measuring performance over time to seeing change as a result in business improvements.	The assessment findings in the finance and assets areas. It reinforced existing issues and ensured that these were expedited. Has prompted internal improvements to formalise elected member training and development plans. Has helped with continued improvements with iwi relationships.	The assessment in itself is a useful exercise to complete. It brings an opportunity to look at internal processes, alongside the delivery of service provision and value to the community. Irrespective of the outcome, the assessment is valuable.
Recognition of assessment by community/external stakeholders?	Not really. Pitched as an internal assessment/benchmarking exercise with sector peers. Assessment is a tool to support continuous business improvement.	The community was not overly interested. The council spokesperson wondered if there would be more interest once other regional councils were also assessed and they would be benchmarked against their regional peers. The value from the assessment was seen internally.	Unfortunately Whakatane's report was released around the time of Cyclone Debbie and the Edgecumbe flood event (early April 2017). The council was then focused for over six months on the recovery of these events. So some of the work communicating outcomes from the assessment with the community was not completed as initially planned (full benefits were not fully realised).
Economic/social outcomes or benefits of participating	None specifically.	This is part of their long-term vision for participating. That the action/implementation plans inform future work programmes. They could see their performance against each of the four assessment sections, so they can focus on these.	Two important wider outcomes from the assessment: <ul style="list-style-type: none"> • Audit & Risk Committee was restructured and as a result includes two external independent members. • Engagement with iwi groups have been improved.
Was the assessment worthwhile?	Yes, two main benefits – telling a story about the work that staff are doing. And, measuring performance over time to see results as changes are implemented.	Yes	Yes, there are benefits in preparing and going through the assessment. It is akin to an audit and important to go through the assessment, regardless of the outcome.