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Horowhenua District Council

Independent assessment report | August 2021*

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

Horowhenua
DISTRICT COUNCIL



A measure
for better
community value.

* Period of assessment: March 2021

Assessment Summary

AT A GLANCE



The Horowhenua District has entered a period of rapid population growth and infrastructure development which is unlikely to slow in the short to medium term.



LARGE METRO

SMALL METRO
AND LARGE
PROVINCIAL



SMALL PROVINCIAL AND RURAL

REGIONAL

The current situation

Horowhenua District Council underwent a CouncilMARK™ assessment in 2016 at which time it was noted that the construction of the Wellington Northern Corridor expressway was likely to lead to population growth, increased housing demand and economic growth. That growth has since occurred at unprecedented levels and, coupled with a period of relative inactivity during the 2016-2019 triennium, has created several substantial challenges for Council, including:

- Planned replacement and new infrastructure has had to be accelerated.
- The level of housing demand is challenging Council's thinking about future spatial planning.
- The need for increased capital expenditure is highlighting the need for more diversified revenue sources.

Council is now responding positively to address these problems. The new Long Term Plan (LTP) will determine whether Council have struck an effective balance between the timing and volume of infrastructure investment, meeting the expectations of a growing and more diverse community, and the proposed quantum and sources of funding.

Period of assessment

The assessment was conducted on 3 to 4 March 2021.



\$1,048m
GROSS DOMESTIC
PRODUCT¹

SERVES

36,100

PEOPLE², A MIX OF
81.0% EUROPEAN/PAKEHA
24.5% MĀORI
5.7% PASIFIKA
4.1% ASIAN



POPULATION TREND
STRONG GROWTH

MAKES UP
0.4%

OF NEW ZEALAND'S TOTAL LAND AREA⁴
REPRESENTING HOROWHENUA
DISTRICT, AN AREA OF:

1,064 km²

RESPONSIBLE FOR

583km

ROADS⁵

853km

THREE WATERS PIPES⁶



Key learnings

Council has emerged from a period of relative economic stagnation to face interrelated challenges from population growth, major infrastructure demands and rapidly changing urban and rural environments. The Council's strategic plan at the time of the first assessment, *Horowhenua 2030*, was not successfully implemented. Council must now ensure that their new plan, *Horowhenua 2040*, is accorded the commitment and resources needed to keep pace with change. This includes:

- > Ensuring that elected members continue to develop a working environment of mutual respect and collaboration, after the challenges of the previous triennium;
- > Preserving the financial sustainability of current infrastructure development through careful management of costs and the development of new revenue sources;
- > Ensuring that there is rigorous tracking of, and accountability for, the operational commitments made to the community; and
- > Continuing to engage effectively with its diverse communities, particularly through its Community Plans, which have attracted commendable levels of localised participation.

¹ MBIE - Modelled Territorial Authority GDP 2019 Release

² Stats NZ - Horowhenua District Council subnational population estimate

³ Census respondents can select multiple ethnicities, resulting in higher than 100% calculation on ethnicity

⁴ DIA - Horowhenua District Profile, Land Area (2014)

⁵ Ministry of Transport - Length of sealed and unsealed roads by territory local authority (km) - 2019/20

⁶ Horowhenua District Council - 3 Waters snapshot summary of activities and assets

Assessment Summary

continued...

OVERVIEW

Council has made good, albeit belated, progress since its assessment in 2016. The delay in progress is due in part to the challenges of the 2016-19 triennium which distracted from pressing growth issues. Council is now more united and better focused on addressing key issues. The positive momentum now being generated must be maintained to solidify recent achievements.

RATING



Findings



LONG-OVERDUE IMPROVEMENTS TO INFRASTRUCTURE APPEAR TO BE WELL ON TRACK. HOWEVER, COUNCIL HAS A LARGE VOLUME OF WORK FACING IT.

Council will need to increase the capacity and capability of its internal resources, while also ensuring they better prioritise work to ensure it is completed.



COUNCIL'S FINANCIAL PLANNING IS MUCH MORE IMPROVED, BUT THE SUSTAINABILITY OF MODEST RATE INCREASES AND DEBT LEVELS NEEDS TO BE TESTED.

Options such as higher development contributions, increased user charges and other funding mechanisms need to be considered.



MORE VISIBLE PROGRESS NEEDS TO BE MADE IN DEMONSTRATING COST EFFICIENCY AND IMPROVED VALUE FOR MONEY OF OPERATIONAL SERVICES.

This includes developing Key Performance Indicators (KPIs) that provide evidence of increased cost efficiency.

Commonly used terms

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



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

STRENGTHS

Elected members are generally experienced, motivated and engaged, and are effectively led by a consensus-seeking Mayor.

Improved financial planning has provided a clearer picture of the challenges ahead and the areas for improvement.

Overdue progress on infrastructure has been made through improved management capability and a clear infrastructure strategy.

There is effective alignment between infrastructure developments and spatial planning.

Community plans appear to be an effective engagement method and are highly participatory and localised.

AREAS OF IMPROVEMENT

The broad suite of strategic documents in place should be rationalised. "Horowhenua 2040" should be explicitly referenced as the primary strategic document and should be accompanied by a clear and achievable implementation plan to ensure accountability to ratepayers.

Elected members and executive management need to take more direct responsibility for ensuring risk is actively managed across the organisation to develop a stronger culture of risk awareness.

A strategy for diversifying revenue sources is needed.

Accountability reporting is needed for day-to-day operations and capital projects.

Plans for developing organisational culture and capability need rejuvenation.

Changes are needed to performance measures for community engagement to ensure Council activities are more meaningful to the community and encourage continual improvement.

Leading locally

Governance, leadership and strategy

Council is improving in terms of its governance, leadership and strategy. Elected members are effectively led by a consensus-seeking Mayor, and a high level of trust and mutual respect is evident amongst the governance group despite different backgrounds and risk appetites.

Priority grading

Competent

< The Senior Management Team is headed by a long-serving Chief Executive. Recent senior appointments add private sector experience and delivery capability, enhancing Council's focus on growth.>

Council has produced a large number of strategies over the triennium. The challenge now will be to prioritise, finance and implement stated actions to achieve its strategic goals. If not, Council runs the risk of inertia, leaving it ill-equipped to accommodate projected growth and unable to maintain desired levels of service for its current and future communities.

Setting the direction for the community

Council has a significant focus on growth, given its high population projections and location between the Greater Wellington and Manawātū regions. This focus on growth is accompanied by numerous strategic documents that currently lack clear implementation plans and reporting mechanisms (although it is understood this is expected to be addressed through an upcoming "Blueprint" document). Council needs to be mindful of balancing its focus on preparation for growth with the immediate need to discharge its business-as-usual responsibilities consistently and effectively.

Governing in partnership

Relationships with iwi were reported to have improved in recent years, with one iwi representative referring to the previous two triennium as a 'six-year interview' in terms of building relationships and trust with Council. To this end, Council currently has Memorandum of Understandings (MoUs) with four iwi authorities. Some MoUs date back as far as 2001 and appear not to include consistent terms of engagement. While some MoUs do reference capacity-building, it is unclear what Council's specific responsibilities are in this regard.

Although staff acknowledged that iwi relationships are complex and at times challenging, Council should consider ways in which iwi could more effectively contribute to local government decision-making. The inclusion of appointed representatives from the Muaūpoko Tribal Authority and Ngāti Raukawa on the Community Wellbeing Committee, an official committee of Council, appears to be a good initiative. It would be useful to monitor the effectiveness and impact of this arrangement over time.

Council's elected members indicated that they had insufficient visibility over commitments to iwi capacity building and that there was a need for transparency regarding iwi interactions. For example, there is currently no reporting to elected members on iwi issues, engagement or partnerships.

Continuous learning opportunities

Council has a formal induction process in place and elected members are surveyed to understand the effectiveness of the induction to enable programme improvement.

Elected members do not, however, currently have a structured professional development programme in place. Nor does Council currently track professional development completed by elected members. Instead, elected members are encouraged to identify knowledge gaps and to undertake training. A more formal and systematic approach to professional development would be beneficial to monitor the effectiveness of training completed.

Performance assessment of elected members is intended to be undertaken this year (2021). Elected members are inclined to consider the election to be the best indicator of their performance. Although of some validity, feedback from peers and others will also identify opportunities for improvement.

Similarly, clearer direction could be provided to the Chief Executive through the use of KPIs. The Chief Executive's current KPIs do not have a high degree of alignment with Council's vision, strategies or goals. Elected members acknowledged that their priorities were not adequately reflected in the Chief Executive's KPIs. It is unknown when the Chief Executive Review Committee last met, and this should be actioned to ensure that the Chief Executive has clear guidance regarding priorities and organisational improvement.

Informing council decisions

A level of frustration was evident from some elected members regarding the level of information provided to them for decision-making purposes. It would be beneficial for the Chief Executive to investigate this further to determine the level of information and the type of reporting that would be most effective in meeting elected member needs.

A monitoring report is provided which tracks progress made on delivering against substantive resolutions of Council. However, it is unclear how the raft of actions from Council's various strategies are monitored and reported on. Council would benefit from reviewing its reporting practices, in conjunction with elected members, to ensure that a sufficient level of information is provided to inform decision-making.

Council meetings are generally live-streamed and recordings made available on Council's website. This provides full transparency of Council meetings and allows the tracking of video 'views' as an indicator of engagement.

Focusing on health and safety

Council advised that the core principles of Health and Safety (H&S) are embedded in the organisation. H&S information is available on Council's intranet and H&S features at all staff meetings. A H&S award is given to a person or team within Council on a monthly basis, to recognise and promote good H&S practices. Training is also readily available.

A H&S Committee meets monthly and Council has a full time Health and Safety Advisor to ensure that its H&S framework is compliant with legislation and is a "living part" of the organisation. H&S is also reported to Council's Senior Management Team and the Finance, Audit and Risk Committee on a monthly basis.

Strengths

Elected members are generally experienced, motivated and engaged.

The inclusion of appointed representatives from iwi authorities on the Community Wellbeing Committee appears to be a good initiative that could be extended to other governance groups.

Recent additions to the Senior Management Team have broadened its capability.

The development of Horowhenua 2040 provides a clear strategic focus on the District's growth.

Areas for improvement

The Council's strategic documents need to be rationalised to ensure consistency and coherence, and complemented with a clear and achievable implementation plan.

MoUs with iwi should be reviewed and updated regularly to ensure effectiveness and consistency in a rapidly evolving growth environment. Approaches to capacity building for iwi could be incorporated to ensure transparency.

Reports and other information provided to elected members should be clearer and more complete to ensure that elected members have the information that they need to make sound decisions.

More structured professional development for elected members is desirable, as is a formal method of performance assessment.

The Chief Executive's KPI's should be updated to better reflect Council's priorities.

Investing money well

Financial decision-making and transparency

Council has strengthened its financial management capability and is very ably lead in this area. The Finance Team has a strong grasp of the issues facing the District and how they can be addressed.

Priority grading

Competent

< Past political reluctance to make some potentially hard and unpopular financial decisions is acknowledged by Council. It has recognised the flaw in not fully funding the depreciation of core infrastructure assets. However, it must now move quickly to address the tension between adequately funding growth while maintaining rates affordability to ensure both are satisfactorily delivered.>

Planning and evaluating financial goals

Council has improved its financial planning since its previous assessment, and its Financial Strategy clearly sets out the three financial goals for the district: affordable rates; minimising debt; and making the best use of capital spending. After years of acknowledging but failing to act on the issue of fully funding the depreciation of asset renewals, Council is taking steps to address this. There remains an understandably high level of political sensitivity about rates and debt levels. However, the need to take into account inter-generational equity demands that rates are set at a level that can sustainably fund asset depreciation. Taking on additional debt should be considered for funding the creation of long-term infrastructure assets.

The Financial Strategy recognises that Council is “conscious of the impacts that rates have on affordability for our community” and notes that the new LTP will consider “the potential for external funding opportunities to reduce rates as well as opportunities for reducing our spending.” However, the plan for addressing rates affordability and finding alternative funding sources is not clear.

The district faces some relatively significant rates increases over the period of the next LTP (up to 7% per annum). There is, however, a legitimate question to be answered as to whether even higher rates (or alternative sources of funding) might be needed to fully fund the scale of investment needed in infrastructure.

With rates comprising approximately two-thirds of all Council revenue, alternative sources of revenue will help mitigate further rates rises. The Council has expressed no desire to increase user charges, particularly with the economic impacts of COVID-19 on communities in the district. In addition, although proposing to re-introduce development contributions, the proposed levels (approximately \$10 to 12k/section) will only make a modest contribution (approximately \$4m, or, 5% of total revenue), and may not fully allocate all the infrastructure costs fairly attributable to development. A review of the Revenue and Financing Policy is currently underway which will need to consider these challenges.

Assessing the financial data

The financial reports provided to elected members are generally good, and a significant improvement on past reports. The reports are concise and written in plain English. Elected members have positively commented on the improvements. The financial reporting of capital projects, however, needs further work. In particular, the reporting needs to clearly identify any variations to budget or scope and the approval process for such variations.

Addressing risk

Council has comprehensive risk documentation, including a risk policy, a risk management framework and a risk register, that is consistent with industry standards. However, a strong risk culture and clear ownership of risk management responsibilities was not evident in discussions with staff. There is no obvious collective overview of risk being provided by the Senior Management Team, with the risk culture being ad hoc and very devolved to other staff. Given the complexity of council operations, and the range of challenges facing them, it is surprising that there are no

documented “red” risks (ie the highest risk rating). The Finance, Audit and Risk Committee would benefit from taking more detailed scrutiny of the current risk register and giving clearer directions to management as to their areas of concern or interest. Clearer reporting of risk treatment, and in particular whether it is being managed in a timely manner, is also needed.

Balancing the budget

Budgeting is generally sound, with good processes for assessing current and future expenditure. The introduction of “State of Play” documents provides elected members with updates of the operational services within the context of long-term financial planning. While there is clear acknowledgement of the need to zero-base spending considerations, there is relatively little evidence in Council documents of genuine consideration being given to offsetting new expenditure against opportunities for cost reductions in other areas. With the district facing large rates increases and growing expenditure in the coming years, financial sustainability is an emerging issue. Council needs to better demonstrate that they have an appetite for also reducing costs (or at least testing the validity of current spending) in areas that are lower priorities.

Meeting financial targets

While the majority of financial benchmarks have been met, it is significant to note that Council has failed to achieve the balanced budget benchmark for five successive years. This is the result of not fully funding depreciation of core infrastructure assets, despite previous LTPs saying this would be addressed.

With a strong credit rating and low interest rates, Council should be considering whether to be more aggressive on debt levels. Council has, however, reasonably taken the view that some headroom is required in the event of an unforeseen disaster that would demand urgent and unplanned funding.

Being clear and transparent

Council sets and publishes rates in an online portal on their website at the draft and final Annual Plan stages. Council provides detailed explanations and analysis including clarifications of the district revaluation on rates increases/decreases.

Fees and charges are also on the website, and there has been an increased focus on ensuring rates and user charges information are accessible and easy for residents and customers to understand – something for which Council has received recognition at the 2020 Association of Local Government Information Management (ALGIM) Website Awards.

While the explanations of the reasons for different cost expenditure are generally sound, more needs to be done to explain to the community the past problem of under-funding asset

replacement. Without this historical context, it is difficult for ratepayers to understand the future difficult financial decisions that need to be made. Examples include the need for significant capital expenditure on the growth and renewal of infrastructure assets, and the potential challenge in maintaining levels of service.

The allocation of public versus private benefits in user charges, although clearly set out, lacks rationale and evidence to support the positions that the Council has taken. In the absence of this information, a reader of the User Charges Policy might conclude that political expediency is the reason behind inconsistent allocation decisions.

Reporting on capital projects is relatively basic. Improvement is needed on providing greater detail on adherence to programme, budget and scope.

Strengths

Council has developed a very competent and well-led Finance Team.

The Financial Strategy clearly articulates the Council’s financial challenges and the path to be taken to address them.

Elected members and staff are working together very constructively and effectively on financial management issues.

Fully funding renewal of key infrastructure assets has mitigated the risk of infrastructure failure.

Areas for improvement

The Senior Management Team and elected members need to establish a stronger culture of risk awareness and more active management and reporting of risk.

Council must make good on its aspiration to develop additional revenue sources to mitigate further rates increases.

Greater financial reporting detail is needed for capital projects.

Council must demonstrate an appetite to cut unnecessary costs to offset proposed additional expenditure.

Delivering what's important

Service delivery and asset management

The scale of growth in the Horowhenua, coupled with past inaction in addressing critical operational issues, presents the district with significant service delivery challenges. Council has begun to respond effectively and energetically to these problems. Council's infrastructure services are showing a particularly well-considered and comprehensive response to the numerous roading and three waters issues.

Priority grading

Better than competent

<The 2016 assessment identified challenges in district planning and infrastructure that Council would face in the next 5 to 10 years. These challenges have now materialized. Not all services have had the urgency of response needed. While significant progress has been made in infrastructure and spatial planning, it needs to be replicated elsewhere, along with improved accountability reporting.>

Evaluating asset effectiveness

An overarching perspective of Council's service delivery documents is that they have an over-abundance of strategies (several of which are out of date). These strategies are lacking in specific and time-bound actions and are without clear accountability for completion. The Infrastructure Strategy acknowledges that conflicting strategies is making it difficult to map a clear path for the delivery of operational services.

However, the latest Infrastructure Strategy is a positive improvement. Not only is the Infrastructure Strategy much better aligned to the Finance Strategy, it clearly identifies the high-level problems to be addressed and sets a complementary course for resolving Council's immediate challenges. This is succinctly summarised as delivering sustainable budgets and an infrastructure network that can reliably service future (and current) growth.

Council's activity management plans are generally good. Although the introductory summaries are excessively wordy and do not concisely represent the district's challenges and objectives, the main body of the plans clearly define their challenges, key issues and proposed responses.

There is a difference between the knowledge of asset condition expressed in some documents¹ and the knowledge communicated by staff through the assessment that needs to be clarified. The Three Waters Activity Management Plan, for example, identifies the majority of assets as being average to poor for asset condition and asset confidence. However, the Infrastructure Management Team expressed a high level of confidence in critical assets. The team contains several new staff and the team is doing considerable work to catch up on past inaction. However, as well as doing the rectification work, it is important that Council reconcile and re-document the current state of district assets so

¹ The latest Annual Report rates asset knowledge as a "significant" risk.

that informed and consistent investment decisions are made. In particular, there needs to be a clearer expression of where the asset knowledge is strong and where it isn't, the implications of each, as well as specific plans are needed for addressing each, including identifying priorities for action.

In a district with significant growth, it will be important that Council establishes KPIs for the rate at which they will be completing renewal of key assets (and installation of growth assets) so that forecast progress can be effectively monitored and rectification action prioritised.

With large population growth that includes an increasing number of younger persons, it will be important that Council development of community facility assets reflect the changing demographic. Staff recognise that there will be increased demand for facilities such as swimming pools. Service level expectations are also likely to increase for parks, libraries and other community buildings. Council will need to manage expectations relative to its financial capacity.

Addressing regulation

The lack of a compliance or regulatory strategy is a noticeable omission that affects the ability of Council to allocate the appropriate resources to regulatory work, and to determine relative priorities across different regulatory activities. The current team is well-resourced, but does not appear to have clear goals or priorities. Costs and value for money of Council regulatory services is not well-understood or documented in Council reports. The value of these services needs to be measured against the quantum (\$5m) of annual expenditure in this area.

The Council has a KPI that all resource conditions are to be monitored for compliance in some form, although staffing vacancies mean that this monitoring is not currently being carried out. Nonetheless, the efficacy of this KPI is not obvious and the Council should consider whether a more selectively targeted approach would achieve a more cost-effective result.

Complaints about dog control appear to be a safety issue, with staff noting that uncontested destruction of stray or dangerous dogs has become an almost weekly occurrence. This, coupled with historically higher than national average menacing dog classifications, suggests that a district-wide education plan could be a valuable part of a compliance strategy.

The performance measures reflect a lack of clear vision as to the purpose of Council's regulatory work. Measures are simply based on response time to complaints. There is no link between the measures and the achievement of the relevant Community Outcome (A Safe Community). An appropriate measure is needed to drive behaviour changes in all areas of regulatory activity.

There has been good work undertaken to develop masterplans for the Council's communities prior to drafting the detailed rules for changes to the District Plan. Council teams have also collaborated effectively to ensure that infrastructure is well-linked to spatial planning. Council's process for identifying areas for urban growth

remains an ongoing challenge. Delays with Waka Kotahi NZTA finalising the route for the Ōtaki to North Levin (O2NL) extension of the State Highway 1 (SH1) expressway have resulted in the highway bisecting Taraika – the new development on the outskirts of Levin. This highlights the need to have, in addition to available land and willing developers, a development proposal that is well-aligned to community needs and regional/national plans to ensure coherent urban developments.

The District also faces extensive growth in other areas, particularly the beach towns (eg Foxton Beach and Waitarere Beach). Development in these areas will have further financial implications on the demands for infrastructure development in the district, particularly the delivery of wastewater and water services. Council also needs to carefully consider the interests of local residents with these developments. Residents have provided feedback to Council that there is a balance to be achieved between population growth and retaining the "small village" character of these areas, particularly as development in these areas is likely to lead to a proliferation of "weekends-only" owners.

Assessing service quality

Three Waters

The Horowhenua District faces a multitude of challenges in the three waters including: increased water demand (particularly for Levin); declining capacity from current water sources; ongoing water leakages across the network; a loss of water pressure to meet the needs of fire-fighting services; a lack of reticulated and treated stormwater creating environmental issues; and an increased demand for wastewater treatment that is requiring plant upgrades. These local problems are exacerbated by the national overlay of broader Government goals to lift the standards of three waters management.

Council has made good progress in achieving drinking water standards compliance and in addressing water demand. Greater focus has been brought to leak detection across the network (reducing leakage across the network by approximately 20 to 30%) as well as requiring water metering of new houses. These efforts have helped reduce the demand being placed on its current water sources.

Council is also planning to increase water storage capacity, potentially through the construction of a new water reservoir that will take water from the Ōhau River in high flows. This will provide Levin with greater security of water supply.

Council has made good progress with its environmental treatment of wastewater, with all but one reticulated network now discharging waste to land rather than to water. The Horizons Regional Council has singled out Council as one of the best performing councils in the region for improving the quality of its wastewater management.

With Levin experiencing rapid population growth, a masterplan is being developed for the town's wastewater treatment plant to determine whether it will be upgraded, or a new plant

constructed. Reducing inflow and infiltration to the network is a key task that needs to be addressed as part of that decision process. Reducing volumes of inflow and infiltration will effectively provide increased capacity in the short-term, avoiding the need to deliver new infrastructure earlier than needed. Elected members should be developing this as a key KPI for infrastructure.

Council is working towards more sustainable stormwater management and it features in the planning, design and delivery of its infrastructure. Currently this primarily focuses on mitigating the effects of residential and industrial growth (through detention and increased greywater use) on the stormwater systems and waterways, with no efforts being made to treat stormwater. The new subdivision at Taraika requires on-site soak pits and greywater tanks, but wetlands are also being created for secondary overflows. Similar or alternative stormwater treatments should be progressively extended to other parts of the District network.

Roading

The completion of the initial expressway stages to SH1 has had an enormous impact on the district, and Levin in particular. This impact will increase with the proposed construction of the O2NL section. Aside from the spatial planning impacts already noted, the expressway will have several knock-on effects to many of Levin's local roads. The O2NL will effectively bisect Levin – disrupting east-west flows across the town. There is a strong possibility this will reduce the efficiency of the current local network, which in turn may create safety problems. Consequential changes to current traffic patterns are likely to result in some local roads having increased traffic volumes and being used in a manner that they were not designed for.

Council has undertaken planning to consider solutions to these problems, which are likely to involve significant costs to upgrade some local roads. However, until the exact design details of the expressway are known (eg the location of interchanges), Council cannot complete the redesign of these local roads. It will be important, therefore, that Council continues to work closely with Waka Kotahi NZTA for the earliest possible resolution of these issues.

Council has developed a sound approach to road maintenance. The main provider of road maintenance services has provided a minimum percentage of the capital maintenance budget, but the balance is contestable allowing smaller local firms to bid for work. This procurement model enables the main contractor to sub-contract to local businesses driving greater cost-effectiveness, more flexibility for Council and enhancing the commercial viability of local businesses by ensuring there is a critical mass of resources to do small jobs locally.

Community Services

Community services is an area that is illustrative of Council's over-emphasis on strategies with a relative lack of analysis, action and accountability reporting. An improved understanding of business volumes and service costs is needed. This was acknowledged by

some staff. For example, the library staff recognise that there is a need to better assess the future functions of a modern library and make appropriate responses. Book loans are declining significantly in the district, with borrowing 30% below target. While this is creating a disproportionate increase in book borrowing costs, there is a growing demand for the library to service other community needs. This includes libraries being a place of community engagement and socialising, and providing some essential services (eg free Wi-Fi) that are lacking in some parts of the community.

User charges for community services present a difficult financial problem for Council and are not well understood. Council is currently cross-subsidising some of these services from rates. While there is an understandable desire to keep services affordable for all parts of the community, the financial sustainability of this approach needs to be explicitly addressed.

Assessing capability and capacity

The general feedback through the assessment indicated a very good level of staff engagement and job satisfaction. However, Council has not carried out a detailed engagement survey in several years. Ad hoc well-being surveys, as well as low staff turnover after a period of very high turnover, suggest that the organisational culture has improved following a challenging 2016-19 triennium. However, without a comprehensive survey providing detailed information on the issues driving performance, the Senior Management Team cannot positively influence the organisational culture in a more structured manner.

Ensuring the organisation has the capacity to face the large volume of work being driven by district growth will continue to be a challenge for the foreseeable future. It was apparent through the assessment that there have been some important and successful appointments in key management roles that have lifted organisational capability. However, the demands on the organisation – both in terms of capability (skills and experience) and capacity (staff numbers) – are unlikely to abate in the coming years. Accordingly, Council needs a better plan for managing this issue. This includes developing an organisational skills matrix as to the additional skills and capacity Council will need and how they might best develop internally and recruit externally to achieve this. Developing a staff resources plan will also aid Council's financial planning and provide elected members with an understanding of the likely personnel costs in future years.

With the organisation moving through a period of rapid change, the internal management structure will need to continue to adapt. Further thought should be given to the management structure and, in particular, whether the current roles and responsibilities are clearly understood and represent the most efficient and effective allocation of resources.

Establishing a business case for investments

Aside from meeting Waka Kotahi NZTA business requirements, it is not obvious that Council is making good use of relevant business case methodologies when assessing large capital projects. Elected members observed that they struggle to see the big picture with capital developments because of the constant stream of projects coming at them.

There is obvious merit in Council developing programme business cases for the large volumes of capital work to be undertaken in infrastructure and community facilities. This will enable them to better prioritise competing work demands and make more considered decisions about the strategic, financial and commercial merits of projects.

Complementing the need for better use of business cases at the outset of investment decisions is the need for improved reporting on the progress of capital projects. The project reports viewed were of mixed quality. There was a lack of Gantt or Gantt type charts, which make it difficult to determine whether projects were adhering to project scope, budgets or critical milestone dates. Risk reporting was also very abbreviated for the scale of some projects, and there is a clear need for reporting on project completion and benefits realisation in annual reports.

Strengths

Council has a very capable Infrastructure Management Team.

The Infrastructure Strategy and activity management plans have improved significantly.

High standards for water and wastewater management are evident.

Well-coordinated spatial planning has been undertaken in consideration of future growth.

Improving Human Resources capability, complemented with a strong and positive organisational culture was also noted.

Areas for improvement

Elected members should more closely monitor the delivery of the infrastructure programme to ensure the momentum recently achieved is not lost.

Improving accountability reporting for both the annual delivery or operational services and the completion of capital projects is desirable.

More effective use of business cases for major projects should be considered.

Better control of inflow and infiltration, and treatment of storm water will be required in the future.

A more succinctly articulated and action-oriented plan for Community Services is needed.

Re-initiation of engagement surveys would help identify priorities for addressing organisational culture.

Development of an effective Regulatory Strategy could help determine operational priorities.

A skills matrix should be developed to match organisational needs with current and future staff capabilities.

Listening and responding

Communicating and engaging with the public and businesses

Council is engaging well with its diverse communities. Its community plans have been particularly effective in attracting high levels of localised participation.

Priority grading

Better than competent

<Communication is undertaken through various channels, balancing the use of social media with in-person engagement opportunities. This approach responds to the district's older demographic and to the lessons learned during COVID-19. >

However, the Residents' Opinion Survey 2020 indicated that only 54% of respondents agreed or strongly agreed that they are well-informed about what Council is doing. This presents an opportunity for Council to consider the effectiveness of its communications to better inform ratepayers of its aspirations and activities.

Planning effective engagement

Council has a suite of strategic documents in place to enable effective engagement with ratepayers. This includes a high-level Communications Strategy, supported by internal and external communications strategic action plans (both due to be updated in 2021). The Communications Strategy clearly articulates Council's vision and community outcomes, which provides clarity regarding messaging.

Given the Residents' Opinion Survey results there is a clear opportunity to reassess the effectiveness of Council's current approaches to communications and to identify new ways to engage with wider audiences.

Communicating through the media

Council has a high-level Social Media Strategy and is active on Facebook, Instagram, YouTube and LinkedIn. However, it does not have a formal media strategy in place (for print, television and other non-social media). Similarly, limited media training has been provided to elected members within the current triennium, which Council attributed to COVID-19 disruptions. This may be unwise given the high amount of media attention focused on Council in the past. A lack of a media strategy coupled with a lack of media training represents an unnecessary risk to Council which could be addressed with relative ease.

Reputation

60% of respondents to the Residents' Opinion Survey 2020 agreed or strongly agreed that Council has a good overall reputation. Significantly, its reputation was highest (73%) amongst 18 to 29 year olds. The overall score is likely to have been adversely affected by the turbulent previous triennium, with 25% citing the previous mayor and elected members as a reason for having a negative perception. However, that legacy also presents an opportunity for the new Council to demonstrate improved progress. Its credibility and reputation would be further enhanced by more balanced accountability reporting, that transparently highlights both the successes and failures in achieving stated goals.

Engaging with the wider community

Council engages with the general public and community groups through the development of community plans. To date, Council has adopted four separate community plans and is in the process of developing one more. These plans were developed based on extensive engagement and set out the commonly agreed vision, values, priorities and actions for each community. In addition, success indicators are provided for each action, enabling ongoing monitoring. This collaborative approach to documenting and tracking progress towards achieving the aspirations of each community is likely to attract high levels of buy-in from stakeholders and benefit ongoing community relationships.

It is understood that monitoring of progress against the actions identified in community plans will be undertaken annually. The manner in which Council engages with communities to disseminate and discuss these monitoring results will be an

important further step in enhancing its credibility with communities.

Council advised that it took an “on their turf, in their time” approach to engagement events. This meant that Council attended events that it knew people would already be at, rather than asking the community to come to Council. This appears to be a respectful approach that has yielded positive results to-date for Council and the community.

Prioritising relationships with Māori/iwi

Council is developing an iwi strategy (due to be released in 2021) to promote partnership opportunities and to document current, and future, relationship aspirations. Staff indicated that Council wishes to move from an ‘engagement’ to a ‘partnership’, approach with iwi. To achieve this, the Chief Executive meets regularly with the chief executives of local iwi, and a monthly hui is held with the hapū leaders of Ngāti Raukawa. This face-to-face approach was found to be useful in building relationships and trust.

Council is thinking creatively about how best Council and iwi could work together. For example, in 2018 Council partnered with iwi to obtain funding for the secondment of a Council officer to the Muaūpoko Tribal Authority to assist with capacity building. The secondment was undertaken as a two-way engagement whereby the seconded Council officer facilitated projects and initiatives within both organisations.

Both Council and iwi felt that this secondment was beneficial. It resulted in the seconded officer becoming Council’s new Cultural Outcomes Lead, providing guidance to Council and improving engagement processes and methods with local iwi. This appears to be a commendable initiative, providing good outcomes for iwi and Council.

Building relationships with businesses

An active business community is apparent across the Horowhenua District. However, Council does not appear to have direct relationships with businesses. Rather, it outsources economic development and engagement with the business community to the Horowhenua New Zealand Trust (HNZT). Greater transparency would be beneficial to enable ratepayers to understand expected returns in relation to this activity.

It was noted that Council is currently undertaking a refresh of its Economic Development Strategy and engagement with the business community will be undertaken as part of this process. Specific implementation actions regarding business development and support are assigned to HNZT and will be useful, if completed as intended.

Strengths

Community plans appear to be an effective engagement method, being highly participatory and localised.

Although it was considered that more could be done regarding Council-iwi relationships, stakeholders spoke of ongoing improvement and the building of trust between parties.

Initiatives such as a staff secondment to an iwi authority appear to have worked well in terms of relationship-building, and further similar opportunities could be explored.

Council’s reputation is improving, with a particularly high rating with its youngest demographic surveyed.

Areas for improvement

Establishing a media strategy would better enable elected members to deliver key messages more consistently.

Significant work remains to be done to ensure a greater majority of residents feel well-informed by Council activities.

The effectiveness of community engagement needs to be better measured and accounted for.

Council needs to create more direct relationships with the business community.

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