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Making our

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Napier City Council

Independent assessment report | July 2017*

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NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri



A measure
for better
community value.

* Period of assessment: February 2017

Assessment Summary

AT A GLANCE



Napier enjoys a reputation as being a desirable place to live because of its excellent climate, high quality local food and wine production and unique Art Deco architecture.



The current situation

Napier enjoys a reputation as being a desirable place to live because of its excellent climate, proximity to some of New Zealand’s best vineyards and beaches and unique Art Deco architecture. It is experiencing increased visitor numbers (a growing proportion of whom are from overseas) and steady growth in population and employment.

In September 2015, voters in Hawke’s Bay rejected amalgamation of its five councils by a majority of approximately two to one. Subsequently, Napier City Council embarked on structural and other changes to its internal organisation which, in the words of the Mayor, were aimed at “lifting standards, improving capability and teamwork, and ensuring that Napier City Council had the internal resources needed to deliver the Council’s vision for Napier”. Many of these changes, including the appointment of new staff, were only just being completed at the time of this assessment.

Period of assessment

The assessment took place on 21 and 22 February 2017.



\$2,100m
GROSS DOMESTIC
PRODUCT¹

SERVES

59,150

PEOPLE², A MIX OF
83.2% EUROPEAN/PAKEHA
19.2% MĀORI
3.5% ASIAN
3.1% PASIFIKA



POPULATION TREND
GROWTH

MAKES UP

0.039%

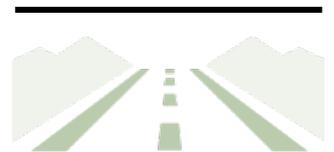
OF NEW ZEALAND'S TOTAL LAND AREA³
REPRESENTING NAPIER CITY,
INCLUDING AHURIRI AND BLUFF HILL
THROUGH TO TARADALE, AN AREA OF

106 km²

RESPONSIBLE FOR

356km

ROADS⁴



Key learnings

The Council is doing many things well. Some sections of the community see this, but others do not. Similarly, some within the community (notably Māori/Iwi but also residents' groups) consider the Council is listening to them, while others believe that they are being spoken to. For the Council to make further progress, its communication and engagement activities need to be shared across all areas of the Council and each area needs to ensure that it has appropriate expertise advising it.

Good public accountability requires the community vision and goals to be clearly and directly linked to a well-balanced performance framework. The Council's reports are clear and concise, but they could do more to ensure that both the Council and the community are "on the same page" regarding the value for money the community receives from rates, and how that value should be measured.

The Council has diverse operations and complex assets, and is seeking to deliver several large scale projects. Continued success relies on lifting internal capability through improvements to its human resources (HR) systems, and engaging external expertise in appropriate circumstances.

1 MBIE 2016

2 Stats NZ Census 2013

3 DIA 2013

4 Ministry of Transport 2013/14

Assessment Summary

continued...

OVERVIEW

Napier City Council is nearing the end of a significant period of transition, which has seen amalgamation rejected and the organisation restructured to better align with the goals set in its Long Term Plan. It is in a strong financial position which, coupled with a motivated and capable workforce, leaves it well-placed to carry out its proposed additional investment in the future of its city.

RATING



Findings

THE COUNCIL HAS AMBITIOUS GOALS FOR THE CITY AND ITS COMMUNITY. ITS STRATEGIC DOCUMENTS ARE WELL-ARTICULATED. HOWEVER, THERE REMAINS SCOPE FOR BETTER INTEGRATION THAT WOULD GIVE BOTH THE COUNCIL AND THE COMMUNITY A CLEAR AND CONSISTENT UNDERSTANDING OF THE COUNCIL'S SHORT AND LONG-TERM PRIORITIES.



The Council has reached a very sound financial position, which bodes well for its desire to invest more heavily in the future of its city. It has balanced its revenue sources with a strong desire to keep rates affordable, and to minimise Council dependency on rates as the primary source of revenue.



The operational services are generally well-delivered with an increasing focus on customer service. This approach needs to be complemented by stronger measures that are focused on value for money, efficiency and effectiveness. In setting these standards, the Council needs to better understand the expectations of its community.



The community is being kept well-informed through core Council documents and informal meetings, and sections of the community are well-engaged. However, there is further scope for progress with the business community and media.



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

STRENGTHS

The Council's vision for the city is strong and clear.

The Council's finances are sound.

The City Strategy department has an all-of-council strategic focus.

There is a strategic plan for asset management.

AREAS OF IMPROVEMENT

The current service delivery models need to be justified through robust reviews under s.17A of the Local Government Act.

There should be public accountability for all major projects, including reported details on timeliness, cost and scope.

There should be greater focus on risk management and reporting.

Council should ensure management aligns each project delivery programme with its Long Term Plan and vision to ensure objectives are attained.

Commonly used terms

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

Leading locally

Governance, leadership and strategy

The Council has undertaken an ambitious programme of work to achieve its vision for Napier as “the best city in New Zealand”. Recent changes to the Council’s structure will help support the delivery of this vision. The relationships amongst councillors and staff are generally strong. The immediate challenge is to quickly improve systems and processes, while staff morale is high, so that the Long Term Plan can be supported.

Priority grading

Performing well

< The Council’s stated mission is aspirational: “to become the best city in New Zealand in which to live, work, raise a family and enjoy a safe and satisfying life.” >

The Council has embarked on a programme to pursue this aspiration, focused on four areas: community and facilities, development and planning, events and tourism and infrastructure. These areas of focus are well documented in the Long Term Plan and supporting documents, with explicit linkages between outcomes and activities and projects.

Setting the direction for the community

In 2015, the Council created a vision casting publication, *Napier City Vision*, to augment its Long Term Plan. This graphically-rich document lays out a comprehensive vision for the Central Business District, the waterfront and the Ahuriri area. It is viewed by councillors as being an overarching vision document for the city.

However, it does not yet extend to provide coverage of the entire city, nor are there explicit linkages between *Napier City Vision* and the Long Term Plan. Councillors and staff acknowledge that the essence of *Napier City Vision* should be incorporated into the Long Term Plan.

The Council recently completed a major organisational realignment. The Council aims to ensure that its organisational structure and leadership capability are able to deliver the priorities identified in the Long Term Plan. More specifically, a move towards a high performance culture and a customer service ethos. The realignment project was intentionally deferred until the issue of amalgamation was resolved. A consequence of the realignment is that a majority of those who report directly to the Chief Executive have occupied their roles for less than 12 months. The next tier of management has also undergone considerable change.

Creating confident councillors

Councillors believe that they undertook a considerable amount of training. They said they did not feel constrained by a budget and said “we’ll spend what we need [on training]”. They also noted that they “need to take more opportunity to share knowledge with each other through presentations.”

Councillors assess their collective performance, both informally and through an annual self-assessment. There is no formal, independent evaluation of councillors (either individually or as a council). However, the councillors acknowledge that a formal evaluation may reveal additional insights and opportunities for development, and that ultimately this could lead to improved performance both individually and collectively.

Effective working relationships

The Mayor and the Chief Executive have a strong working relationship. Their offices are adjacent, and they maintain an open door policy with each other, and with all staff.

The Mayor and the Chief Executive are publicly united in their presentation of the city's vision and its Long Term Plan, and both will often attend stakeholder meetings together.

Councillors feel that they are a cohesive group. Relationships between elected members and staff are generally constructive, with growing trust and respect.

Improving risk management

The Finance, Audit and Risk Committee has two independent members, one of whom is the chair. The Council is working through a process of improving the level of reporting provided to the Committee following requests for more information and more explicit linkages to the Long Term Plan, the Committee's charter and associated documentation.

Focusing on health and safety

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

The health and safety framework (and associated documentation) is reviewed once every two years against the requirements for workplace safety management practices. The external audit, in 2015, met all tertiary level requirements.

Training in workplace health and safety is an explicit component of the induction programme for councillors, and all new staff have an induction into health and safety. Ongoing briefings are provided by way of quarterly newsletter updates.

Formal reports on health and safety, including pre and post activity indicators, are presented to the Council quarterly; the most recent was for the October-December 2016 quarter (). Progress against objectives are reported, including incomplete items and failure to meet targets.

Although incidents and accidents are reported, staff acknowledge that further improvements could be made; for example, making it easier for staff to report incidents electronically (eg on a mobile device).

Management

The Council has completed a major restructuring to better align delivery with stated priorities. In the past, councillors felt they had been stuck in the 1960s, that there was a lack of overarching strategy, that decisions were driven by staff, and there was poor customer service.

Middle management believe that they are now better resourced than in the past, and that they have new intent and energy to implement change and improvement. They agreed that momentum needs to be maintained by improvements in process and systems, better prioritisation of work, and stronger links between the Council's goals and individual performance plans.

Strengths

The Council has a strong and clear vision for the city which appears to be well supported by the community.

The Council's new organisational structure is well-aligned with the goals in the Long Term Plan.

The Mayor and the Chief Executive, while leading from the front, are strongly committed to teamwork and collective responsibility.

Areas for improvement

Clearer delegations and permissions to act for third-tier management will enable them to more effectively contribute to Council goals.

A formal, externally facilitated, annual evaluation would assist the effectiveness of elected members.

It is important that the Council integrate its vision (as expressed in the *Napier City Vision*) into its Long Term Plan.

Investing money well

Financial decision-making and transparency

The Council balances prudent cost control with sound investment in infrastructure and other opportunities with the intent to make Napier a better place to live. Its finances are in a healthy state, and the demonstrated level of the Council's long-term thinking gives confidence that it can continue to manage its finances in a sustainable manner.

Priority grading

Performing well

< The Mayor and Chief Executive lead a very business-like approach to managing the Council's finances.>

The Council has a balanced approach to prudent cost control, investment in infrastructure and provides opportunities for additional investment. It has a clear and simple process enabling the community to comment. Napier is in a healthy financial state, and while it has to be acknowledged that it has some inherent advantages (eg a compact city and infrastructure in generally good condition), the Council demonstrates a level of long-term thinking that suggests it can manage its finances in a sustainable way for some time to come.

Planning and evaluating financial goals

There are some distinct positive aspects to the Council's financial strategy. These include no external debt, a significant reliance on income from corporate investments and commercial activities, and a low proportion of total revenue (approximately 53 per cent) from rates. The Annual Report makes a clear statement that rates are intended to be kept low through gains realised from residential property development, investment income from commercial leases and a relatively high level of user charges.

Controls on rate increases are set by using the Local Government Cost Index plus three per cent. Given its debts levels, and other cost controls identified in its documents, the Council could consider whether this upper limit is sufficiently ambitious – especially when compared to the lower targeted levels of some other councils. As a minimum, one would expect that the Council's financial strategy would expressly state why and how the three percent figure was determined, and demonstrate how this will support the Long Term Plan's priorities and outcomes.

Overall, the financial strategy is clearly articulated and well presented. It recognises that rates are uppermost in the minds of many residents, and identifies where Napier sits relative to the rest of New Zealand (its average rates are amongst the lowest). It also demonstrates how the Council intends to maintain its rates levels.

Assessing the financial data

The financial reporting in the Annual Report is compliant for legislative purposes. However, from the community's perspective it lacks clear explanations on actual performance compared to budget. For example, the Annual Report notes a \$1.3 million overspend (approximately four per cent) on Other Expenses, which is not explained in any detail. The financial statements would benefit from a more user-friendly summary of significant variances between budgeted and actual expenditure and revenue, and the reasons for them.

The internal financial reports provided to councillors are clearly presented and easier to follow than those in the Annual Report. There is effective use of graphs and colour coding for different expenditures. But the basis for explaining variances is unclear here as well. For example, some very small variances (eg \$6,000) are explained, while some larger sums (eg a \$35,000 overspend on sports fields) are not.

Another area for improvement is the lack of detail on what the costs relate to. The monthly reports present a summary of expenditure and revenue relating to particular activities (eg transport and community services) but does not present these costs in terms of what they relate to (eg personnel costs, consultants and travel).

Addressing financial risk

The Finance, Audit and Risk Committee has two independent members. It is established under a charter which is generally sound, although the provisions relating to conflicts of interest could be strengthened. For example, by providing more specific and more robust guidance on how conflicts should be dealt with.

The Council adopted a comprehensive risk management framework in 2015 and describes itself as being in “phase 1 of the stepped implementation process”. Further progress on the framework has been delayed while the Council implements an online risk management system.

The framework’s overall content is very good. It includes defining the Council’s risk appetite as well as the roles and structure for managing risk. It does not, however, address all risk appetite issues (eg the high level of revenue being generated from commercial activities, which is essential for the continuation of low rates).

The risk register has not been updated since February 2016. One reason given for this is “progress has been halted while Council implements the CAMMS risk-management system”. Good risk-management requires active and regular monitoring of current risks, and assessment of new risks, regardless of the underlying system in use.

While strategic risks are reported quarterly to the Finance, Audit and Risk Committee, the report used for this provides little perspective on whether the right risks are on the register and whether all risks have been well evaluated. Some independent review, and possibly some additional risk management training to staff, could give the Committee greater assurance. It could also help the Council to make faster progress on maturing its risk reporting.

Balancing the budget

The Council is in a very sound financial position. It has low rates, diversified income sources (with a consequentially lower dependence on rates revenue), no external debt, and a balanced and financially sustainable programme for capital expenditure on infrastructure assets.

All fiscal-prudence benchmarks (rates affordability, debt levels, a balanced budget, etc) are being met and have been met, with minor exceptions, for several years. The Council has had no

adverse or qualified audit reports. While the management reports from Audit NZ raise a modest number of issues, most relate to operational management, rather than financial reporting, and most of those have been addressed.

Being clear and transparent

There have been obvious efforts to present financial information to the community in a way that is succinct, visually appealing and easy to understand. For example, information in the Long Term Plan’s consultation draft was not presented in lengthy tables with detailed figures, but was presented as headline numbers rounded to the nearest million and summarised as a percentage of total spending. Specific projects were well summarised in terms of the capital expenditure required, ongoing operational costs and any improvements to service levels. Similarly, the Annual Report 20-page summary is succinct and easy to read.

These summaries would have even greater credibility with the community if they explicitly noted where there was scope for improved financial performance (either in improving the Council’s control over expenditure, or in generating additional revenue). Nevertheless, the overall content and presentation of the Council’s documents in terms of informing the public is amongst the best seen in the Local Government Excellence Programme.

Strengths

The Council’s financial strategy is clearly articulated and balanced.

There is prudent management of a diverse revenue stream, which helps keep the rates low.

The capital expenditure programme is balanced and financially sustainable.

Quarterly financial reporting to the Council is clear and succinct.

The summaries of financial performance provided to the community are easy to understand.

Areas for improvement

The Council should provide better empirical evidence of its cost controls.

There needs to be better appreciation of the risks related to the revenue gained from the Council's commercial activities, and a plan to mitigate those risks should the revenue not be forthcoming.

The Council's annual reports require a more comprehensive explanations of material variances.

Management reporting with more detail about where expenditure by type (eg personnel, consultants, travel) would be desirable.

The risk registers need more regular updating, and the Council would benefit from more complete reporting of risks (and mitigations) to both the Finance, Audit and Risk Committee and the full Council.

Delivering what's important

Service delivery and asset management

The Council's staff have a good understanding of their operational responsibilities. They also understand the challenges which face them and the areas for improvement. Their operational competence needs to be balanced with greater attention to issues of cost analysis, performance measurement and operational efficiency.

Priority grading

Better than competent

< The prospect of amalgamation hampered development of an effective operational structure and progress on options for improving service delivery. However, with the amalgamation issue settled, the Council has started making good progress in both areas.>

Assessing service quality

The Council uses Local Authority Shared Services for many back-office functions (eg HR, insurance and procurement) as well as for a number of operational services (eg the library and strategic planning).

Partly because of the uncertainty surrounding possible amalgamation, the Council has not made any progress with s.17A of the Local Government Act reviews. However, there is obvious scope for the Council to conduct some reviews of service delivery, especially as it has chosen to keep using internal resources to

deliver a number of services that have been outsourced in many New Zealand councils (eg parks maintenance and infrastructure design). The Council has expressed confidence that its current model is both cost effective and consistent with community expectations. Conducting s.17A reviews would provide an opportunity to test this assumption, and to present the community with empirical evidence on the value for money that can be offered by each service delivery model.

Evaluating asset effectiveness

There have been a number of staff changes in the infrastructure management area, resulting in a fresh perspective on managing the Council's infrastructure assets. Staff have acknowledged that past projects were not always well-scoped or well-delivered, and that relationships with stakeholders have been variable.

The 30-year Infrastructure Strategy is well laid out, with clear cross references to the elements of the Long Term Plan which must be addressed as a legislative requirement. A full summary of the key issues facing Napier is also included. However, the strategy has a strong business as usual flavour (eg the strategy quotes "we do not propose any big changes to the way the assets are managed.") This position does not readily equate to the range of actual issues identified in the strategy, which include consideration of volumetric charging for water use in order to reduce demand, improved stormwater treatment to reduce environmental impacts, the possibility of reducing expectations about service levels for roads and consideration of whether to upgrade and increase the capacity of the wastewater outfall.

Because Napier's drinking water is not chlorinated, the Council is carrying out regular testing beyond the frequency required by New Zealand standards. Staff observe that the reasons for not treating the water supply are now largely historical and arguably not justified, given the risks highlighted recently in Havelock North.

Water loss is an issue. As an initial step, zonal metering will be introduced to provide a better understanding of where the losses are occurring. In the longer-term, volumetric charging, at least for high levels of use, may need to be introduced as a means of better managing water demand.

Stormwater management is becoming a major issue for Napier as a result of the environmental impact of storms and higher environmental standards. Staff acknowledge that the environmental performance of the stormwater network has not been ideal, as approximately 75 per cent of urban runoff drains into the Ahuriri estuary, and this is an issue for local Māori/Iwi. A working group is being formed to consider the matter.

For wastewater management, the failure of the marine outfall in less than 50 years (when its expected service life was 80 years) highlights the need for a good understanding of the condition of the asset and for the development of several planning and budgeting scenarios. The estimated cost of replacement is \$18 million to \$30 million, and this will have a major impact on rates.

The Council is in a process of transition to the One Network Road Classification set by the NZ Transport Agency (NZTA). Staff acknowledge that this will require a very different perspective on planning and managing the roading infrastructure. The shift in planning for capital investment, and the consequential development of a capital programme, will be focused on economic drivers (eg journey times and network resilience). The development of a new asset management plan will require significant re-modelling of the infrastructure network, as the current model is out of date.

Although it faces investment costs in new areas of development, the Council recognises that not all planned improvements may be necessary. For example, the asset management plans and the Annual Plan indicate that 10 per cent of Council roads do not meet Council code, but these may not be significant issues, because some examples that are not to code are relatively minor matters (eg having a footpath on only one side of the road).

The Council also recognises that public transport has been an under-prioritised activity. In the Annual Plan and Annual Report, it has changed the “activity descriptor” for roading, and it is now called “Roading & Transport”. There is also a desire to elevate the priority of public transport, along with a need to develop a cycling strategy.

Planning and evaluating service goals

The Council has developed two significant documents for long-term city planning. The first, developed together with Hastings District Council and the Hawke’s Bay Regional Council, is the *Heretaunga Plains Urban Development Strategy*. It is an excellent example of inter-council co-ordination not only on future land use, but also on infrastructure planning.

The vision outlined in *Napier City Vision* relates to Napier’s key urban areas (the CBD, the waterfront, and the Ahuriri estuary). It has six objectives, including a particular focus on economic development. *Napier City Vision* is one of the most forward-looking, strategic and ambitious of the Council’s strategic documents. While it has been adopted by the Council, its lack of any statutory authority has led to some confusion as to its place in the overall hierarchy. Councillors described it as “our reference point for all important decisions” and said that it had “filled a gap, as people did not know what the words in the [Long Term Plan] actually mean or translate to.”

The Council operates a number of quasi-commercial facilities, which include a mini-golf course, a motor camp and an aquarium (the National Aquarium of New Zealand). The Council’s rationale for their continued operation is that they help provide vibrancy to the city, and deliver commercial returns that help keep rates lower than would otherwise be the case. To justify this, the Council needs to demonstrate value for money through performance measures that go beyond simple activity reporting (eg visitor numbers). Financial returns from each of these quasi-commercial facilities should be reported more transparently and the Council should evaluate other options for their delivery (eg a council-controlled organisation or an externally managed contract).

The library is a significant cost to the community. It consumes seven to eight per cent of rates. However, there is little in the way of meaningful measurement to see whether (and how) the community values it. The Council states that its library has evolved into a community centre, providing research facilities, community programmes and internet access for those without it at home. While this may be valid as an objective, it is not reflected in the Long Term Plan’s descriptions of, or measures for, the library.

Overall, the Council has an impressive array of community facilities and services, but there is no sense of who uses them and what they cost to provide.

Assessing capability and capacity

The Council has undertaken significant work to improve both its organisational design and its HR processes. The recently completed structural changes now need to be complemented by significant improvements to the Council’s HR processes, which are acknowledged by management as needing to be upgraded. The task list includes developing meaningful job descriptions, ensuring that proper performance planning and performance review processes are in place and ensuring managers are trained in their responsibilities to manage personnel.

Establishing capital-investment goals

Robust capital investment decisions have not been a strength in the past, and further improvement is still possible. The Council's multi-use sports facility had a substantial business case prepared in accordance with the Better Business Case methodology used by central government. However, other business cases (eg the Napier Aquatics Centre) have fallen short of this level of analytical rigour. Management acknowledges that there is room for improvement, and the recognition that use of business cases is a priority, signals an important step forward.

The Council also acknowledges that, although it has had a project management policy since 2008, compliance with it has been weak. A draft project management framework was developed in 2015 as a corrective action. It has not yet been adopted, but it is a priority, along with the implementation of suitable integrated project management software.

It is not clear that sufficient experience and capability exists within the Council to effectively manage a programme of work of the scale that the Council intends to deliver. Councillors need to be confident that there is sufficient independence and objectivity for determining whether projects are on track or not, and whether the projects are being properly managed and reported. Before accepting that the project management framework will resolve past issues, the councillors may wish to consider seeking external assurance on the efficacy of these additional measures.

Strengths

Napier City Vision is an excellent example of a visionary planning document.

The *Heretaunga Plains Urban Development Strategy* is a good example of effective collaboration in planning a region's future infrastructure and other operational needs.

The Council's infrastructure staff are bringing a strategic focus and sense of priority to the future infrastructure needs of Napier.

Areas for improvement

The Council should develop an improved performance measurement framework that has greater input from its community.

The Council needs to undertake s.17A of the Local Government Act reviews to test the cost effectiveness of some of its internally delivered services.

The Transport Infrastructure Strategy and Asset Management Plan should be better integrated with NZTA's One Network Rooding Classification.

Council should consider the role of public transport in its transport strategy.

The Council should consider infrastructure performance measures that better address asset condition and knowledge, as well as the performance and resilience of those assets.

There must be transparent performance setting for the Council's commercial activities.

The Council should consider strengthening governance, management reporting and quality assurance processes for major capital expenditure projects.

There should be appropriate public reporting on the outcomes of all major projects, including details on timeliness, cost and scope, to ensure public accountability.

Listening and responding

Communicating and engaging with the public and businesses

The Council has some strong relationships within the community, but depends heavily on the reputation and work of the Mayor and the Chief Executive. The Council as a whole needs to develop broader and deeper relationships with its community. The documentation provided to the community for consultation and information is excellent: it is clearly expressed and well-presented.

Priority grading

Better than competent

< Considerable effort has been put into developing the Council's communication resources, and the Council now has nine staff in this area.>

The Significance and Engagement Policy is functionally adequate, and it outlines the matters on which the Council will consult, and its different avenues for consultation. However, the policy provides little insight into the issues the Council needs to address so that it can better engage with the community. This has been recognised, and the Council is developing a community engagement strategy that will integrate the Significance and Engagement Policy with other council processes.

Engaging digitally

The Council is very active in using its website and associated social media to provide additional community engagement options. Significant resources have been committed to developing effective social media channels, with the intention of concentrating on Facebook, Twitter, Instagram and YouTube.

Approximately 20 websites are maintained - as well as the main Council website there are individual websites for the Council's quasi-commercial operations (eg the motor camp, mini golf course and aquarium).

This emphasis on digital engagement appears to be at odds with the results of the annual satisfaction survey, which shows that 57 per cent of residents receive their information via the newspaper and another 10 per cent from council newsletters. With only 13 per cent using the main website and three per cent using its Facebook page, the Council may be moving too fast for the community.

While communicating electronically may prove to be the right vehicle in the future, it currently lacks a clear strategy and sense of prioritisation. Before trying to meet the growing call to do absolutely everything online, the Council needs to better understand the costs of doing so, the benefits to be achieved, and where online engagement sits relative to other community priorities.

How the community views the Council

The annual satisfaction survey is the one used by many councils around New Zealand. It is independent and statistically robust, and provides good benchmarking comparisons both against all councils nationally and with peer councils.

Comparing satisfaction rates of Napier City Council's services, eight are on par with or similar to the same services provided by the other councils, two rated higher and 13 rated lower than the same services provided by other councils. However, on the two important issues (quality of information provided to the community and overall service to the community), Napier City Council rates more highly than the other councils. .

Communicating through the media

Despite the Mayor and the Chief Executive being highly accessible to the media, there was a distinctly critical slant to a large number of the stories seen during the assessment (eg coverage of the Council's proposed multi-use sports facility). The Council does not have a media strategy, and development of one will help in better managing media-driven perceptions of the Council.

Building relationships with Māori/Iwi

The Council has developed strong relationships with local Māori/Iwi, and these are supported by a number of formal structures including the Māori Consultative Committee (MCC) and a council kaumātua. The MCC meets on a six-weekly basis. It has the authority to make recommendations to the full Council.

One external stakeholder was very complimentary of the improvement in the Council's relationships with Māori/Iwi, which were attributed in a significant part to the leadership of the Mayor and the Chief Executive. While it was not seen as ideal that the MCC was limited to making recommendations, it was acknowledged that the ability to talk directly to what was referred to as "the top of the pyramid" meant that informal influence was high. It was felt that the Council demonstrated a genuine willingness to engage on all Council matters, ranging from planning issues to infrastructure development.

Building relationships with the community

The Council's community consultation documents successfully manage to be both succinct enough to maximise potential community engagement and detailed enough to enable a resident to make an informed decision. Documents such as the consultation draft for the Long Term Plan and the summary of the Annual Report are visually appealing, informative and meaningful.

Recent changes to the Council's structure have also seen the establishment of a Community Strategies team, which was set up to improve engagement with community organisations. It is regularly in touch with more than 170 organisations, through meetings and emails.

Communicating when there's a crisis

Through the region's civil defence emergency management group, the Council maintains a plan for communication and public information in the event of civil defence emergency. The document is adequate, but it focuses more on process than key messages. The Council has begun to develop a crisis communications plan. Completion of this should be a priority, given the extent of the issues not covered by the civil defence plan.

Building relationships with business

The Council engages with businesses on a number of fronts, including through the region's economic development strategy and through the Chamber of Commerce. The Mayor and the Chief Executive lead much of this engagement. Their involvement was described by stakeholders as "a breath of fresh air."

Business experiences of engagement with other parts of the Council varies. Some of these are positive, with others less so. Stakeholders have commented that "people love *Napier City Vision* – but we would like to see it better reflected in what the priorities of Council are." Commercial leaseholders of Council property described their negotiations with the Council as being bogged down in politics, delay (attributed to the amalgamation debate) and risk aversion.

The overall message was that engagement, although much improved, rested too heavily on two individuals (the Mayor and the Chief Executive). Businesses want more of a partnership arrangement, which would allow them to have constructive input into Council priorities, rather than the Council deciding the priorities and then consulting on those priorities.

Strengths

There is excellent leadership from the Mayor and the Chief Executive in terms of engagement with, and accessibility to, the local community.

The Council has developed a meaningful engagement with local Māori/Iwi through a number of channels, and this is maturing into a genuine partnership.

The Council's consultation documents are excellent examples of clear and visually pleasing information.

Areas for improvement

The Council would benefit from a clear digital strategy.

There should be a media strategy which enables the Council to improve its approach to managing adverse or negative media stories.

The Council should complete its crisis communications plan.

Councillors and staff should become more responsive to the perspectives of local business.

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