
Christchurch City Council
PUBLIC EXCLUDED ATTACHMENTS UNDER SEPARATE
COVER
ITEM 15. EXTERNAL ADVISORY GROUP
Confidential



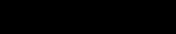

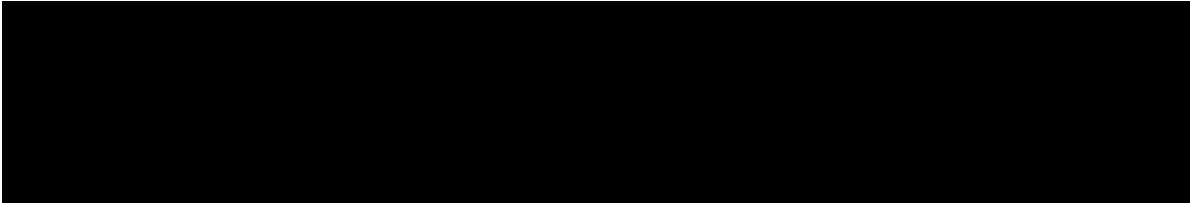
Date: Thursday 3 June 2021
Time: 9.30am
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

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Response to the Report of Independent LTP External Advisory Group

May 2021

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EXECUTIVE SUMMARY

The External Advisory Group (EAG) was established by Council in early 2020 to provide independent, objective and evidence-based advice to the Mayor and Councillors to assist in the development of the Long Term Plan 2021 (LTP).

The EAG had a particular focus on reviewing costs drivers and identifying potential cost saving options.

I was committed to ensuring that the organisation took a different approach to the EAG in 2020 than it had in previous years. I wanted this to be a collaborative, open and timely process, and for the EAG to have every opportunity to provide the best possible advice to the Mayor and Councillors.

I was determined that the EAG would have access to any information requested. Additional information was posted on the Big Tin Can to ensure the EAG members had access to other documents they may find useful. I attended most EAG meetings, along with the Chair and Deputy Chair of the Finance and Performance Committee and several other Councillors. A variety of senior Council managers also attended meetings to help inform the EAG findings.

This report examines the findings of the EAG and outlines my proposed response to the recommendations.

There are a number of the changes that Council implemented prior to the report which are consistent with the EAG recommendations. A number of recommendations are consistent with the proposals included in my Proposal to Change the Council's Second-tier Structure which I released 4th November 2020 and announced the final decision 2 December 2020. There are further changes that I intend to implement in the near future. Some of the EAG recommendations warrant further consideration and examination prior to a decision regarding their adoption or implementation.

Tough decisions have been proposed to reduce our expenditure including reducing our lower-priority projects and services, constraining salaries and discretionary expenditure [REDACTED]

The 2021 second Annual Plan Opex savings programme identified and achieved savings of \$18.0m which were agreed to be taken by Mayor and Councillors. In addition, the first year of the LTP (2022) identified a further \$34.2m of savings which included the on-going permanent savings initially taken as part of the 2021 Annual Plan savings programme. My Executive Leadership Team change decision announced on 2 December 2020 which has realised a \$719,989k of savings. [REDACTED]

Another approach to reducing ongoing opex cost (and releasing capital revenue) is through the disposal of land that is no longer required for its original purpose. Councillors were briefed on a change to the property disposal process. A report seeking approval for the criteria to be used in this revised process was presented to the December Council meeting. The properties that will be listed for potential disposal are predominately drawn from the Corporate Real Estate Portfolio. I propose that Council continues to sell surplus properties in order to reinvest the proceeds in critical infrastructure.

The pressures that the Council has faced due to COVID-19 are considerable. I am proud of how the organisation responded to the initial crisis. Without a doubt the Council was well prepared to respond to the COVID-19 pandemic event. Bringing key operational and corporate support units together early meant that the planning, systems and processes for our response to the coronavirus 2019 (COVID-19) were well established and had been tested when the Government announced its alert level system on the 21 March 2020.

I am equally impressed with how we are responding to the impact of loss of revenue and the need to develop responses to the economic outfall from COVID-19. However, the pressures we face today are not simply related to Covid. Over the last decade Christchurch has faced series of crisis and shocks, including earthquakes, floods and wild fires. We also have to face ongoing and longer-term challenges, including adapting to the climate change impacts on our city. How we respond to the competing priorities needs a carefully balanced approach. We need to know we are providing value for money and we are using the right combination of debt, rates and asset recycling.

I am committed to ensuring that organisation is:

- Focusing our resources in the right places
- Breaking down internal silos to realign our teams in a way that supports our strategic priorities
- Improving productivity and efficiencies where those are possible as a matter of course
- Providing our city with leadership as we continue our recovery and repositioning
- Rebuilding public confidence in Council through a greater focus on delivering community outcomes and levels of service
- Exploring and embedding opportunities and ways of partnering with communities and within our organisation

RESPONSE TO EXTERNAL ADVISORY GROUP FINDINGS

This section explores the recommendations of the External Advisory Group and provides my response to each of these.

1. Responsiveness to Resident Feedback

The EAG recommended:

- a) *That particular attention is paid to the Residents Survey Results 2019-2020 which clearly outline resident and customer service sentiment;*
- b) *That priority is given to activities that are core to local government operations (roading, water etc.), as well as those community infrastructure and capital projects that will stimulate the local economy while reducing longer term OPEX.*

CE Response

As identified in the EAG report, I have a strong focus on residents and communities. Over the last year, I have strived to reinforce the organisation's focus on the views, needs and preferences of our residents. I have ensured the organisation carefully considers the results of Residents Survey in our current work as well as our future plans.

The Resident Survey is made up of two parts.

1. The General Service Satisfaction survey seeks feedback on services used by the majority of residents – roads for example.
2. The Point of Contact survey seeks feedback on specific services that not everybody in the community might use – for example libraries, or consents – so it obtains that feedback directly from users.

Both surveys have been run for many years and provide extensive information on trends over time. They provide data to measure achievement of Long Term Plan (LTP) many levels of service targets.

The results on the 2020 survey were reported to Council in May 2020. Staff were provided with the data to consider in the development of the final Annual Plan 2020/21, Activity Plans and Level of Services. The May 2021 Performance Report to the Finance and Performance Committee meeting included a number of the key 2021 survey results. Council has received a detailed briefing on the full results in May 2021.

The Mayor, Deputy Mayor, Elected members and my team have worked together to ensure residents' feedback is at the forefront of LTP decision making. Our Activity Plans and the budget bids and savings took community views in to consideration.

The understanding of residents' views is however not just seen through the Resident Survey. With my new Executive Team, we will be building a stronger understanding of residents views including utilising our data from across a range of surveys, our customer service centre data and better utilising the knowledge of our elected members to drive a stronger focus on service delivery which will focus on getting the basics right.

2. Delivering Services - Levels of Service (LoS)

The EAG recommended:

- a) *That Councillors invest time in the activity plan review process to drive the right type and volume of LTP performance measures and targets, reviewing in particular the draft LoS measures developed by activity managers*
- b) *The volume of the LTP LOS be reduced by approximately 100 measures without compromising transparency or accountability be implemented.*
- c) *That aggregated activities be broken down to enable Councillors to decide whether CCC is delivering what is needed by ratepayers, with a particular focus on activities such as 'Parks' and 'Transport'.*

CE Response

The 2021 LTP process began in 2019; far earlier than usual and ahead of other councils.

Elected Members explicitly requested that a co-development process was undertaken for the LTP 2021-2031, and that they were engaged early and throughout the development of LTP components. The programme was revised to reflect this request and included a co-development process throughout 2020 and into 2021.

A programme of Annual Plan briefings were planned for earlier in 2020. These Activity Plan briefings were delayed until August 2020 due to the need to produce a second Annual Plan 2020-21 which was completed in July 2020.

The revised schedule of briefings was approved by Finance & Performance Committee in July 2020 and some Activity Plans were presented to Council Briefings in August 2020. These presentation by the activity managers were part of the co-development process.

The Activity Plan briefings were paused in September 2020 to allow discussions around 'global' LTP financial parameters, a series of workshops to identify opex and capex savings and a workshop on Levels of Service which took into account the issues raised by the EAG.

A second round of Activity Plan workshop was initiated in late November 2020. The early briefings and subsequent opex and capex workshops meant that Councillors have a good understanding of the content of the Activity Plans and were confident to sign off on these. As part of the Annual Plan process there has been a review of Levels of Service. There has been a reduction of 55 of external-facing levels of service without loss of transparency.

The Mayor and Councillors have been provided with detailed information to support each process step. They have dedicated many hours to the process and have been actively involved in each step. The Deputy Mayor has chaired the meetings and has co-designed the process with me and the LTP team.

3. Contract Management

The EAG recommended:

- a) *That the Executive conducts a review of contract management practices at Council. This should include review of both capability, capacity, process and alignment to the LTP budgets and LoS.*

CE Response

I have worked closely with the Head of Procurement and Contracts to identify process improvements and savings that can be found via our procurement and contract management process. To date

- There is a total of \$7,885,546 Cost Reduction and Cost Avoidance for FY21 across 296 projects and through the realisation of contract efficiencies. Letters have been distributed to suppliers in regards to helping the Council with cost reductions and efficiencies.
- We are constantly working with our largest providers (essential and critical suppliers) to achieve cost savings and efficiencies through our significant contracts and this work will continue as a matter of course.

The Procurement Unit is monitoring all our Significant Operational Expenditure Contracts and have a high priority contract watch list. In some cases, the Procurement Unit and Business Units are working with the preferred tenderers to de-scope and re-submit pricing based on reduced service levels.

We also closely monitoring any Operational Expenditure over \$100k and Capital Expenditure over \$500k going forward that has not gone to market. We are regularly now seeing on a monthly basis no or minimal instances of operational expenditure over \$100k that did not go to market and no or minimal instances of capital expenditure over \$500k that did not go to market. The Procurement and Contracts Unit is continuing to support units to reduce off contract spend.

The procurement departure process paper went to Council on 12 November 2020 and a new updated process being rolled out. The briefing to Elected Members on the Procurement Policy and Framework along with the current market condition was done in January 2021.

The Procurement and Contracts Unit has engaged with the Canterbury Finance Managers Group to discuss opportunities around collaborative working with a view to achieve efficiencies through procurement activity and I intend to see if there are further opportunities across other sectors.

During Covid lockdown we reviewed and revised our supplier financial due-diligence process, established a process to quickly identify our critical and essential suppliers and contracts and revised our tender and contract management processes to ensure a key focus on resilience and business continuity.

This is within a year where there has been significant additional procurement activity due to shovel ready projects and Tranche 1 Water Reform projects to be delivered. It is also worth noting that Audit NZ has commented on Councils Procurement Framework which underpins the procurement policy in relation to contract management practices. Their comments referred to our Contract Management rules, tools, templates and guidance as a **centre of excellence**. We are always reviewing how we are progressing to ensure continuous improvement. We have just completed a full review of our Procurement Framework and we have significant projects in progress such as the creation of sophisticated BI tools for forward planning and real time information to assist with strategic and operational contract management.

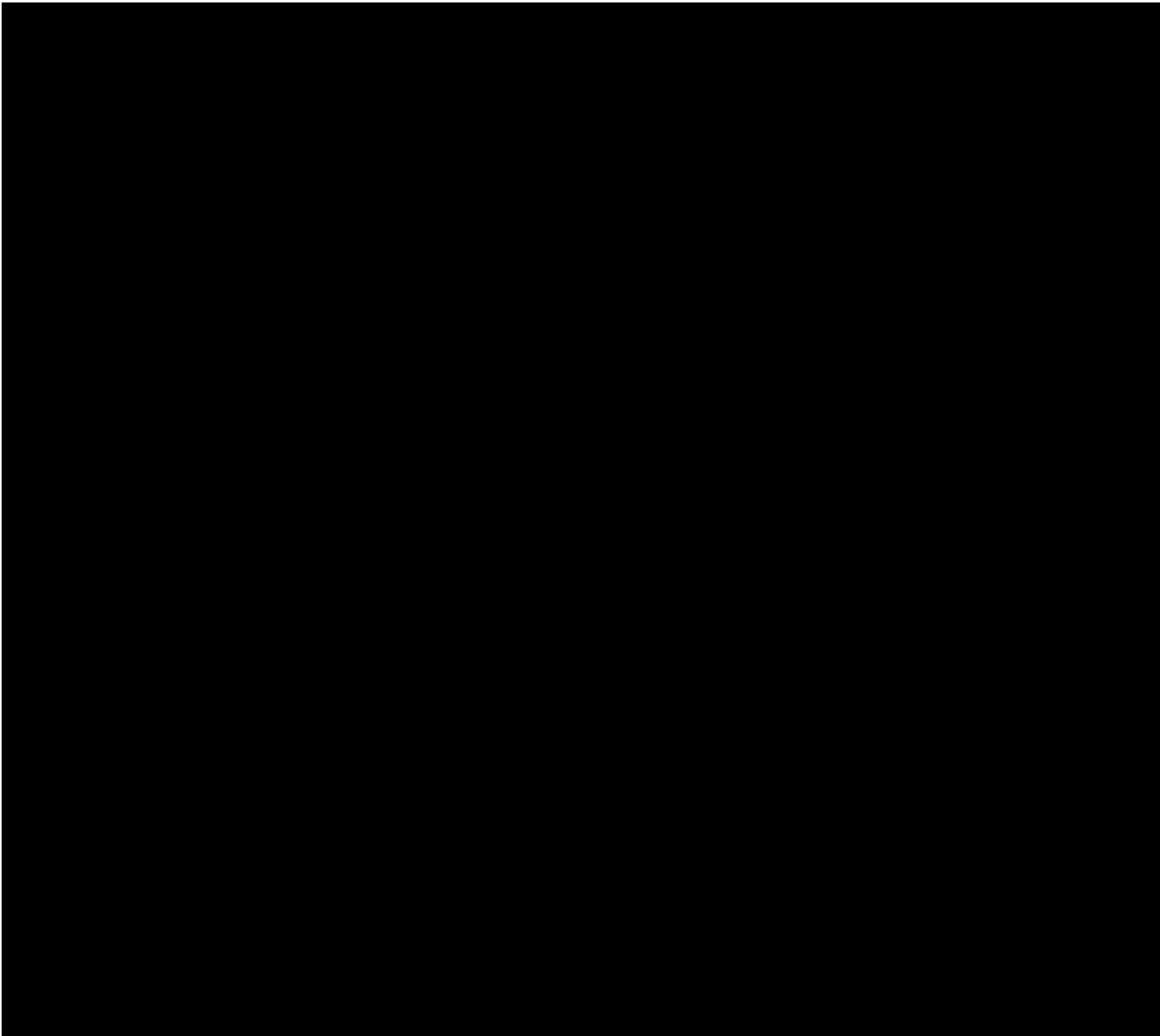
4. Activity Plans

The EAG recommended:

- a) The LTP 2021 process reflects the Council's Letter of Expectations and Society of Local Government Managers (SOLGM) best practice – it is transformational and well executed so far. A transformational process does not however guarantee transformational content.*
- b) That can only come from methodically reviewing activity plans and generating a strong co-development debate between Councillors and activity managers. This is an opportunity to both make difficult decisions and support the CEO.*

CE Response

The Council set the direction for the LTP 2021 process through a Letter of Expectation. Elected Members requested that a co-development process was undertaken for the LTP 2021-2031, and that they were engaged early and throughout the development of LTP components. As identified in Section 2 the coproduction process started in March 2020. In the building of the Activity Plans, the EAG recommendations were discussed by Elected Members.



6. Capital Prioritisation Process

The EAG recommended:

- a) The complex and ultimately unproductive project scoring model should be abandoned.*
- b) CCC should focus on an accurate picture of its core capital obligations – which appears to exist already - and then structure a political discussion on the best use of the narrow range of discretionary spend against resilience and climate change initiatives (noting the Auditor-General has signalled a close focus on climate change for this round of NZ LTPs).*
- c) That governance closely reviews programmes (and staff delegations) to make changes to the capital programme, not just capital projects.*

CE Response

The Mayor and Councillors were provided with a significant amount of information regarding the capital programme, including details of programmes and projects. They were actively involved in prioritising the capital programme through a series of workshops.

I agree that the scoring model was complex. This will be refined prior to the next LTP with continued focus on streamlining the process and ensuring timely deliverability.

Council workshops are planned to clarify the Council processes for capital programmes and projects and discuss where decisions and delegations rest and my new ELT will continue to focus on timely and efficient delivery.

7. Service Delivery Reviews: Section 17A of the Local Government Act

The EAG recommended:

- a) That every CCC activity should be subject to Section 17A reviews every five years, on a rolling basis, unless a legitimate exemption applies;*
- b) That the process and terms of reference for all Section 17A reviews must be approved by the Council, and undertaken by an independent team;*
- c) That the full programme of Section 17A reviews be reconsidered by the Council;*
- d) That regular reporting to the Council be established for these service delivery reviews;*
- e) That Section 17A potential areas for significant change be approved by Council.*

CE Response

ELT will develop a five year rolling programme for Section 17A reviews. I believe that those most informed about the service should be involved in the review. For this reason, reviews be undertaken by a multi-disciplinary team comprising service leaders and independent members.

8. Financial Strategy

The EAG recommended:

- a) The Financial Strategy requires clear delivery milestones as soon as possible to recover time lost to the Annual Plan and Covid-19 impacts;*
- b) That all savings options recommended by the Zero-Based Budget initiative should have been tabled to Councillors already.*

CE Response

The Financial Strategy could not be completed until the work on the capital programme was confirmed and delayed due to undertaking the work for the second Annual Plan process.


Through the development of the LTP, the Finance Team provided the Mayor and Councillors with financial updates and indicative options at the start of each workshop. These updates have included a financial matrix highlighting the rate, Opex and Capex options and the implications on headroom.

The zero-based budgeting initiative informed the Opex and Capex savings programmes. The opex programme included options to increase our revenue and reduce our expenditure, including a reduction in staffing, constraints on salaries and reducing out lower-priority projects and services. These opex savings options were workshopped with Councillors in September and October 2020.

The 2021 second Annual Plan Opex savings programme identified and achieved savings of \$18.0m which were agreed to be taken by Mayor and Councillors. In addition, the first year of the LTP (2022) identified a further \$34.2m of savings which included the on-going permanent savings initially taken as part of the 2021 Annual Plan savings programme.

A further approach to reducing ongoing costs (and releasing capital revenue) is through the disposal of land that is no longer required for its original purpose. Councillors were briefed on a change to the property disposal process. A report seeking approval for the criteria to be used in this revised process was presented in December 2020. The properties that have been listed for potential disposal are predominately drawn from the Corporate Real Estate Portfolio.

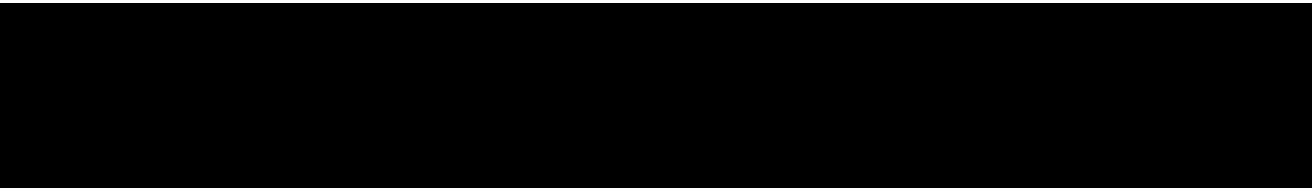
The Financial Strategy was published as part of final LTP deliberations.



As identified above, I announced my decision on the Change the Council's Second-tier Structure on 2 December 2020. The new structure:

- Draws together our external services into two groups: Citizens and Community Group and City Infrastructure, Planning and Regulatory Services Group.
- Combines the internal enabling and resourcing services into a single group: Resources Group.
- Creates a new Directorate comprising strategic policy and performance functions.

The new structure halves the number of General Managers in the Executive Leadership Team from six to three and reduces the number of groups. The restructure disestablishes 13 positions and creates eight new roles. It has saved \$719,989k per annum.



Any proposed changes which impact on roles they will be subject to consultation.

10. Economic Development

The EAG recommended:

- e) *That the Development Christchurch Ltd (DCL) budget be removed with savings of \$1m per annum.*

CE Response

As Mayor and Councillors will be aware, I play an active role in economic development strategy for the city and the greater Christchurch area. I have a key leadership role on Greater Christchurch2050 vision and strategy for Greater Christchurch. This project is one of my key priorities for enabling the Council to drive sustainable economic and ultimately wellbeing outcomes for our residents. The strategy enables us to not only be ambitious about the future prosperity of Greater Christchurch but will also create a clear road map and plan for how to achieve this. Critical to delivery is partnership with our neighbouring districts, iwi, health and Central Government and the private sector. We are taking a collective approach to developing this strategy as we know that delivery relies on strong partnerships and buy in.

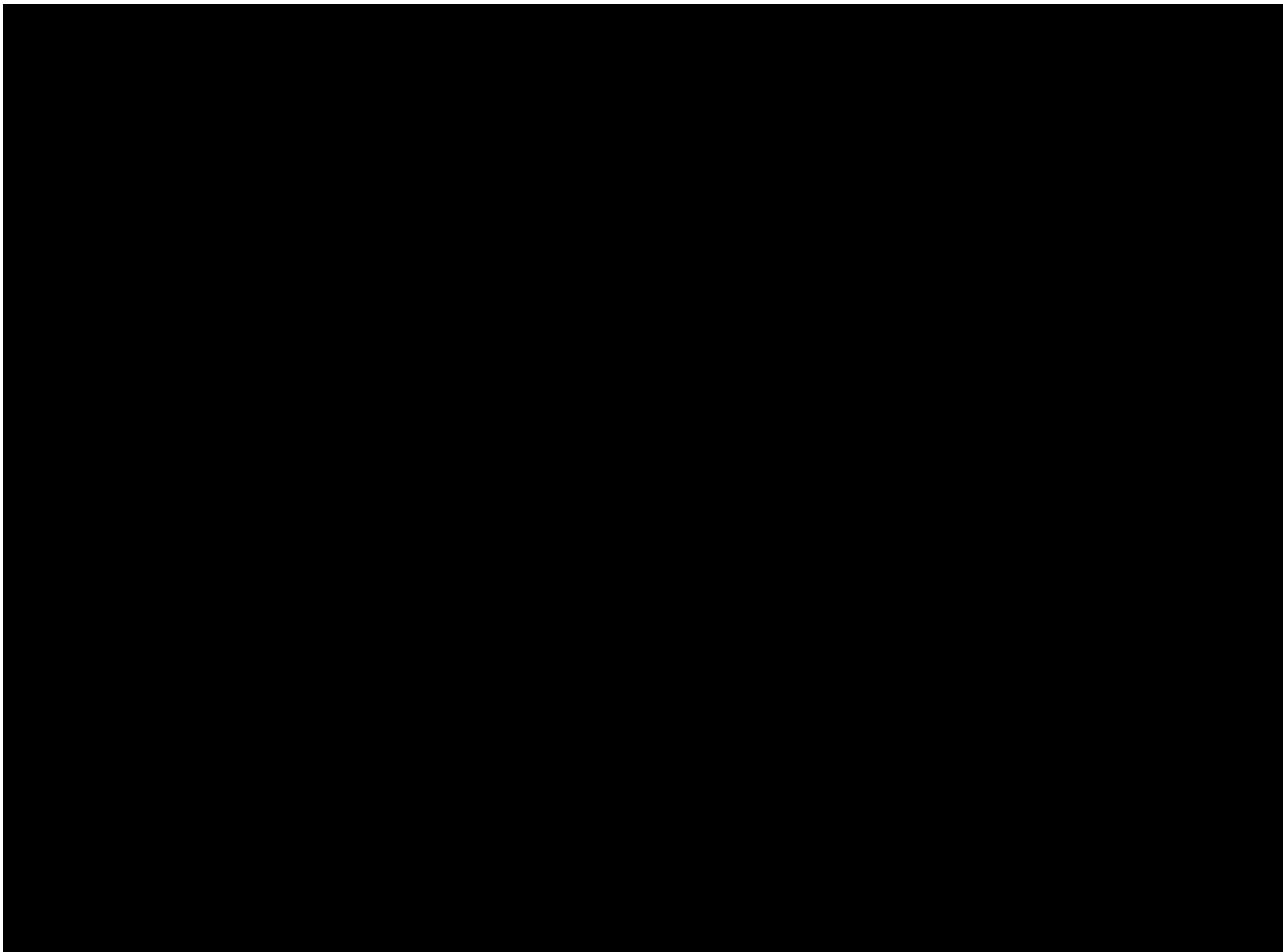
I have been working with ChristchurchNZ to reposition the agency to have a greater influence on regional economic development and employment creation.

Council is a key contributor to economic development and recovery in its own right. Our investment in the delivery of infrastructure programmes and projects contributes significantly to local jobs and businesses. We are taking advantage of the Government's accelerated capital investment programmes by progressing 'shovel ready' projects. We have also secured from Government funding to help fund repairs and renewals of water supply and wastewater infrastructure and services, as part of supporting water reforms. We are committed to ensuring that the city's physical and built environment is conducive to economic development. We also want to ensure we maintain a quality regulatory service to make it easier for businesses to grow, invest and create jobs.

Transitioning to a sustainable eco-economy: creating jobs and economic growth while reducing environmental impacts and costs will be a key challenge. We will need to enable, lead, and involve other key stakeholders from across the public, private and community sectors.

The LTP process has responded to the challenges and proposes increased the funding to ChristchurchNZ.

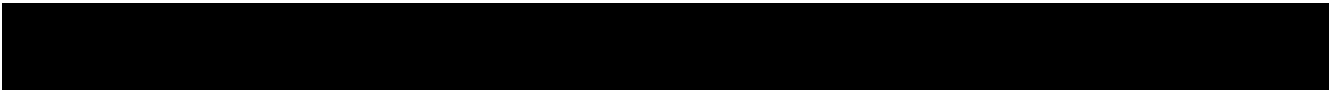
11. [REDACTED] Delivering the Capital Programme





12. Internal Audit and Risk Unit

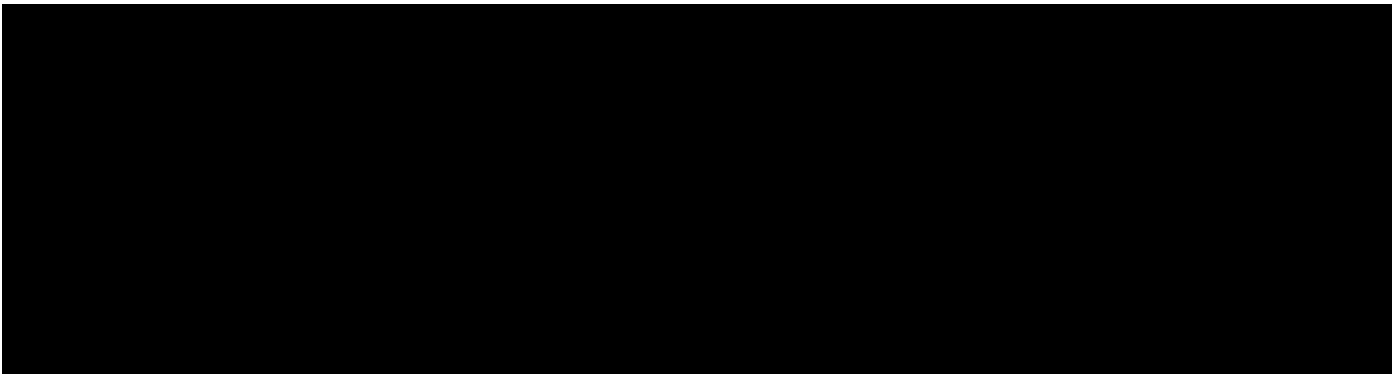
The EAG recommended:

- a) That this unit be moved to report directly to the CEO;*
 - b) That risk champions are established in the Council who facilitate Risk Workshops across council business units to assist in the application of a consistent risk methodology;*
- 

CE Response

My final decision on Change the Council's Second-tier Structure announced on 2 December 2020 confirmed that the Internal Audit and Risk Unit report directly to the CE.

We are undertaking risk audits across the Council and ELT is taking an active role in managing and mitigating risk.



14. Three Waters

The EAG recommended:

- a) That Council utilise the funding opportunity available from central government and participate to shape the next phase of the national water reform programme;*
- b) That strong engagement occurs with Canterbury Councils and Upper South Island councils to explore the benefits of a larger Canterbury-Nelson/Marlborough/Tasman authority;*

- c) *Ascertain from central government what incentives will be available in Tranche 2 and 3 of the reform process for Christchurch and Canterbury by fully committing to such reforms.*

CE Response

This is a complex national policy driver that Council has been significantly engaged with nationally and regionally.

Government has signalled that its starting intention is to form multi-regional models for water service delivery. Final decisions on a delivery model is being informed by discussion with the local government sector and the work of the Steering Committee. The Crown is undertaking further work to consider and address Treaty-related rights and interests and a plan for working with Treaty partners throughout this programme.

Council is actively involved in the Three Waters Reform programme. I am on the National Water Reform Steering Group which has been convened to ensure that the perspectives, interests and expertise of both central and local government, and of communities throughout New Zealand, are accommodated as the potential reform progresses.

Significant work has been undertaken by Canterbury Forum in the last six months and there has been detailed dialogue across South Island and within Ngāi Tahu regarding the takiwā.

As identified in Section 10 we are taking advantage of the Government's accelerated capital investment programmes by progressing 'shovel ready' projects. We have also secured from Government funding to help fund repairs and renewals of water supply and wastewater infrastructure and services, as part of supporting water reforms.

15. Transport

The EAG recommended:

- a) *That the Council is presented with options around investment to improve ratepayer satisfaction with the roading network so that investment can be weighed off against ratepayer demands/LoS;*
- b) *LoS should be critically reviewed and simplified in this activity;*
- c) *The activity budget should provide more definition around the spend in the roading space such that Council can be more informed on where OPEX funds are being used;*
- d) *Community consultation and community board delegated levels of authority around road renewals and maintenance should be reviewed to allow the right balance between timely (and thus cost efficient) delivery of maintenance and capital works on the roading network.*

CE Response

A key contributor to the poor level of ratepayer satisfaction has been the lack of investment in the road re-surfacing programme and legacy earthquake issues. To address this, the Council has increased funding of the road re-surfacing programme this financial year and in the draft LTP capital programme. Additionally, the Crown and Council have approved \$40M of Capital Regeneration Acceleration Facility (CRAF) funding be allocated to transport, \$30m of which will be spent on five geographic locations throughout the city improving the quality of the transport asset.

This level of investment would bring Christchurch back to a comparable level of service to other metropolitan road controlling authorities in 10 years, rather than the 20 years that is currently forecast. We will also work to maximise revenue from Waka Kotahi (the NZ Transport Agency).

The draft Transport Activity Plan differs from previous years as it is framed around three transport pillars of Access, Environment and Safety – and an overarching principle of Affordability. These pillars, each of which fully align with Council’s community outcomes and wider strategic priorities, will guide both our day to day activities and Council’s future investments in the transport network. To measure that we are achieving these, staff have recommended significantly reducing and simplifying the Levels of Service.

If Council agrees with the draft Activity Plan approach, then the financial section of the Activity Plan will be simplified so it aligns with the ‘pillars’ and Levels of Service.

Transport staff have prepared a memo on making the public transport and safety programmes ‘projects of metropolitan significance’ for the Executive Leadership Team consideration. This is being reported to the community boards and then to Council. If approved, and delegations are changed by Council, this would mean that Council (or the relevant Council Committee) would make decisions on these programmes, expediting approval of key capital projects.

16. Parks (including the Ōtākaro-Avon River Corridor)

The EAG recommended:

- a) *That the KPIs in this activity be simplified and duplicates removed;*
- b) *Where activities are delivered in-house, the business unit should have the same performance assessment platform that CCC uses for external contracted Park services;*
- c) *Capital delivery mechanisms for the large number of small projects in this activity needs a programme delivery approach to ensure delivery is completed in the year funding is granted;*
- d) *That risks and mitigation measures should be reviewed and more succinctly stated;*
- e) *That CCC commits to efficient engagement with the private sector in reforestation projects (including ongoing maintenance) which could provide quick wins and mutually beneficial solutions in offsetting Christchurch City carbon emissions as well as enhancing other outcomes around healthy waterways and biodiversity;*
- f) *That a separate Activity Plan be developed for the Ōtākaro-Avon River Corridor (OARC) area to enable funding streams to be clearly identified;*

- g) *That governance arrangements be put in place as a matter of priority to enable effective implementation of the OARC Regeneration Plan, with the recommendation of an independent charitable trust to administer the Plan.*

CE Response

Partnership Projects

I concur with the EAG's suggestions regarding partnerships to support reforestation, healthy waterways and biodiversity. The Parks Units has a variety of partnerships in place, including:

- Conservation Volunteers NZ – ongoing partnership finding places they can take their volunteers and cadets for restoration work (predominantly in the Red Zone).
- EcoNursery – growing trees for high schools to plant by building and stocking micro-nurseries at the schools and teaching the kids how to propagate.
- Summit Rd Society – numerous projects. At present working with them on an urban pest trapping trial.
- Opawaho River Network – work closely on community led projects along the Heathcote.
- Networking for the Environment – Community parks team are an active player in this network, assisting with capacity and skills building workshops for the environmental and parks sector.
- Port Hills Geopark – we are assisting this group to engage with its stakeholders on plans for a large scale Geopark in the Port Hills
- Avon Otakaro Network – we partner with this large group in various ways, from planting projects, to assisting them to navigate Council systems for development of the Avon River Corridor. We have also assisted the group to increase capacity for fundraising.
- He Waka Tapu – development of Rongoa gardens
- Working Waters Trust – riparian planting
- Girl Guides – various planting activities over the year
- Trees for Canterbury – numerous projects
- Drayton Reserve volunteers – planting and maintenance
- Friends of Laura Kent Reserve – planting and maintenance
- North New Brighton Residents Association – planting and maintenance
- Dallington Residents Association – planting and maintenance
- Various Kindergartens – planting and maintenance
- Alpha Omega Philipino Community – planting and maintenance. Regular commitment to Halswell quarry
- Cashmere Port Hills and Community Business Association – planting and maintenance
- Mt Vernon Trust – planting and maintenance alongside restoration work
- Papanui Rotary- Papanui reserve – developing relationship with Papanui High
- Guardians of Rawhiti – planting and maintenance
- Estuary Ihutai Trust – restoration work – planting and maintenance
- Drinkable rivers riparian planting and maintenance
- Sumner Environment Group – planting and maintenance
- EOS Ecology collaboration on schools planting and ecological restoration events
- Working Waterways Trust collaboration on planting and ecological restoration events
- Various sports clubs planting and maintenance
- Diamond Harbour Reserve Committee - planting and maintenance
- Friends of Purau planting and maintenance
- Friends of Farnley planting and maintenance
- Heart Kids planting and maintenance

- Graeme Dingle Foundation – developing relationship providing places for their participating schools to take action in the environment
- Thistledown Reserve Volunteers – planting and maintenance
- Avonhead Rotary – Victoria Park planting and maintenance
- Port Hills East Enders – planting and maintenance
- Spencerville Residents Association – river clean ups
- Sumner ‘Adopt a Patch’ Group – maintenance
- Canterbury Mountain bike Club – various track maintenance activities in the Port Hills
- Over 40’s Trampers – track maintenance
- Meridian Energy – hold ‘give back’ days for their staff
- Gravity Canterbury – bike track maintenance
- Styx Living Laboratory Trust – Close working relationship with this trust for development and maintenance of the Reserve
- Forest and Bird Society – various projects
- IDEA (IHC) – permanent group at Bottle Lake Forest who work there five days a week
- Students Strike for Climate Change – Annual large scale events at the Styx Living Laboratory sites
- Friends of Coronation – planting and maintenance
- Cashmere Roots and Shoots – planting and maintenance
- Ashgrove Community Group – Ashgrove reserve planting and maintenance
- Christchurch Single Track Club – mountain bike track maintenance

The team also partners with schools to do projects from planting, to maintenance to building ‘eel hotels’. This has led to many schools adopting their local parks and waterways and making substantial commitments to their care. Schools include:

- | | |
|------------------------------|-----------------------------|
| - Aidenfield Kindercare | - Marshland School |
| - Ara International Students | - Middleton Grange |
| - Beckenham Primary | - Opawa Kindy |
| - Beckenham Te Kura o Puroto | - Opawa School |
| - Burnside High School | - Our Lady of Assumption |
| - Casebrook Intermediate | - Ouruhia School |
| - Cashmere High School | - Papanui High School |
| - ChCh East School | - Paparoa School |
| - Cherry’s Kindercare | - Rawhiti School |
| - Christs College | - Redcliffs School |
| - Elmwood School | - Rudolf Steiner School |
| - Emmanuel Christian School | - Russley School |
| - Hagley College | - South New Brighton School |
| - Heathcote School | - St Margarets College |
| - Heathcote School | - Sumner Primary School |
| - Hillmorton High School | - Te Ao Tawhiti |
| - Hornby High School | - Villa Maria |
| - KidsFirst Belfast | |

Capital Programme

The Parks Unit has worked with the Capital Delivery Teams to develop and implement a capital delivery approach to improve the delivery on the capital projects in this activity. This will be an ongoing focus over the next year.

RRZ land

The RRZ land is in the process of transferring to Council. Council has agreed to commence the process for defining and implementing a co-governance entity with mana whenua to enable community led decision making for the future use of the land consistent with the regeneration plan.

A transitional governance entity, Te Tira Kāhikuhiku, made up of representatives of associated Community Boards, mana whenua, and members of the community, currently receives reports from Council staff on applications for the use of the RRZ. All proposals will go through Te Tira Kāhikuhiku, so that it can make a recommendation. Staff across all the relevant units of the Council and Land Information New Zealand (LINZ) (where LINZ continues to hold land owner status) provide advice to this entity. This process will be amended when a permanent co-governance entity is established.

The Mayor is initiating discussions between the Council and Ngāi Tahu regarding co-governance.

Activity Plan developed for the Ōtākaro-Avon River Corridor

Parks Unit is working with other Units to give a view of the OARC programme

The General Manager for Community and Governance has been delegated as the project sponsor to ensure a simple approach to OARC.

17. Resource Consents, Building Consents and Regulatory Compliance

The EAG recommended:

- a) That a close link is established between the CCC units and the relevant CCOs (ChristchurchNZ, with support from CCHL) to ensure potential economic development opportunities are supported by a streamlined approval process;*
- b) That the current funding of Building Services and Resource Consenting be reviewed, including a mix of funding between rates and fees/charges;*
- c) That Consultant budgets be reduced and processing of approvals is handled in-house as far as possible.*

CE Response

A S17A review of the Consenting and Compliance functions has been conducted and the findings were presented to Council with the relevant activity plan in December 2020.

18. Heritage Management

The EAG recommended:

- a) That the number of strategic outcome links (primary and secondary) be critically reviewed and reduced to the key outcomes the activity contributes to;*
- b) That the opportunity to earn external revenue from heritage sites be more fully explored. Additional revenue could help accelerate restoration of remaining earthquake damaged sites;*

- c) *That a coherent strategy and associated funding stream is put in place to support the restoration and ongoing operational requirements of the key Central City heritage anchors, including the Arts Centre.*

CE Response

There is a need to improve the financial sustainability of heritage buildings in the city. Council has proposed, as part of the LTP, to fund key heritage buildings through a targeted rate. Staff are also exploring options for partnerships models or collective stewardship. There may be opportunities for asset transfer where the ownership of an asset is transferred from council to another entity or a joint venture trust.

19. Community Facilities

The EAG recommended:

- a) *We recommend that priority is given to Community Facilities that can be delivered efficiently while reducing longer term OPEX. This requires some clear choices to be made.*

CE Response

We have developed a Community Facilities Network Plan. The Plan will provide a framework to inform and guide the Council's decision making processes over the provision of community facilities. It will allow us to take a strategic approach to how Council invests in community facilities over the life of the LTP.

As the Plan identifies the development of community facilities in Christchurch and Banks Peninsula has been sporadic. Facilities have been developed by a range of community groups for a wide range of purposes over the past 100 years, meeting community needs of the day. As a result, the quality and distribution of these facilities, and the needs they meet, vary widely. Following the 2010 and 2011 earthquakes the Council prioritised the major repair and replacement of 25 community facilities, altering the nature of the network considerably. However, a portion of the existing portfolio of community facilities are old, in poor condition, underutilised and deteriorating

Making better use of existing community facilities may mean disposing of poorly utilised or non-performing facilities in order to reinvest in new assets and reduce on-going costs.

We are also exploring and trialling options for:

- Community led-design or co-production where communities are involved in the facility planning and design process from inception to completion.
- Standardised design options to reduce the cost of construction
- Community governance
- Asset transfer where the ownership of an asset is transferred from council to a community organisation
- Opportunities to partner with community or private providers in the development of community facilities.

Of the 80 Council owned community facilities, 17 are currently Council operated primarily as venues for hire; one is under construction and 63 are operated through partnerships with community organisations. The Council aims to have a greater number of facilities community operated, ideally through partnership agreements. This approach often provides community organisations with more financial security and means of generating income, while potentially securing savings for the Council.

20. Infrastructure Strategy

The EAG recommended:

- a) *That more use is made of graphics to explain data and make the document easier to read and more powerful*

CE Response

The draft Infrastructure Strategy has been presented to Council, and was also provided to the EAG.

The document is a more strategic document and considered to be better quality than Council previous documents. Further data and more graphics were included.

21. Information Technology

The EAG recommended:

- a) *That critical Council wide software systems are evaluated to ensure these fundamental elements that support the organisation get the investment required. Including a drive by the IT Governance Board to deliver across the Council \$10M in savings over two years through simplification and rationalisation of IT systems in order to deliver efficiencies and reduce cost;*
- b) *That an IT strategy is developed to drive digitalisation for both the Council and city;*

- d) *That a closer alignment is developed between the IT team and other areas within the Council.*

CE Response

There has been a historical lack of technology vision and strategy, which is currently being remediated. I



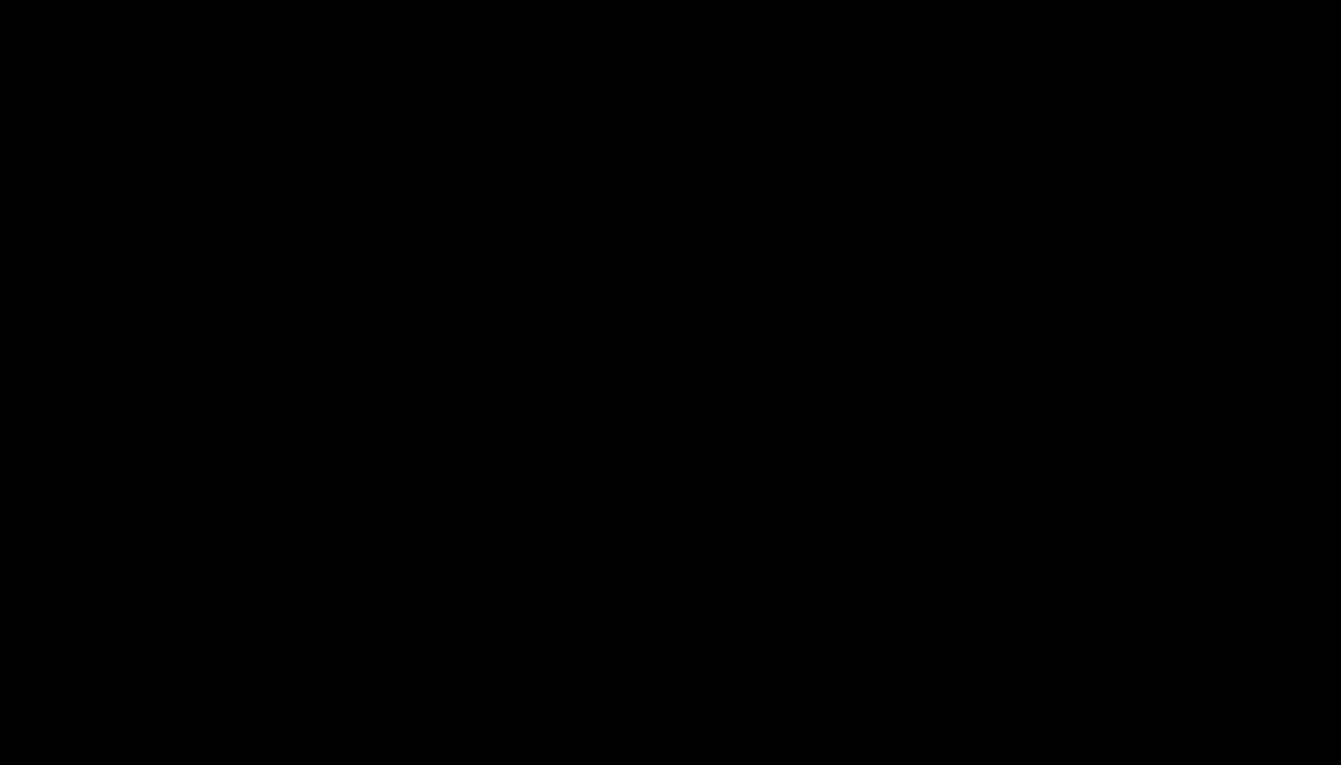
23. Civic and International Relations

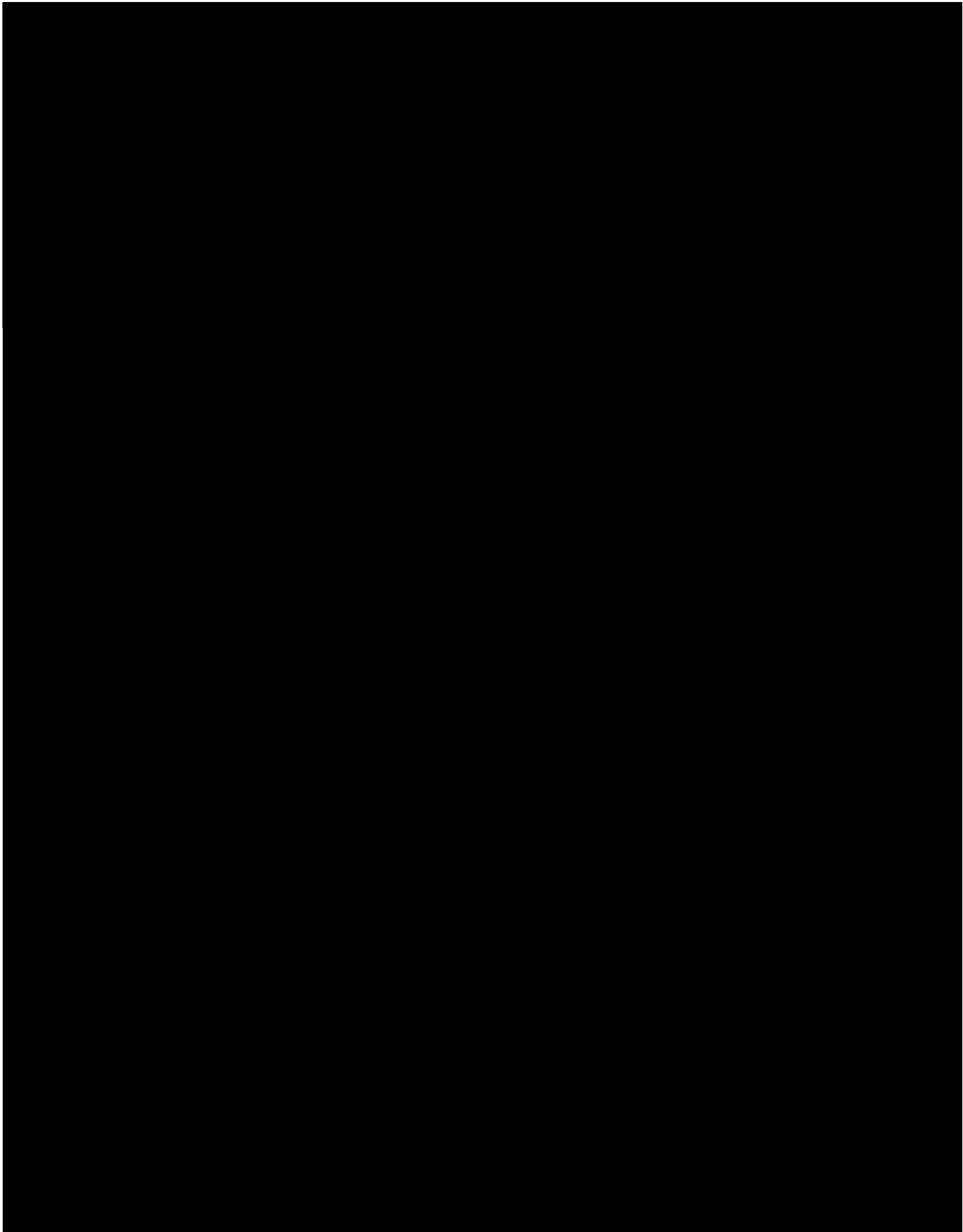
The EAG recommended:

- a) *That all international travel is put on hold for the next two years and that all future proposed international trips are subjected to rigorous cost/benefit analysis to ensure spending is in line with Council policy and gives good return to ratepayers.*

CE Response

Travel budgets across the organisation (including for elected members) have been reduced by 49% (\$268k) for FY22 and 28% (\$156k) for FY23. It is noted that international travel has no separate budget and any international travel requires my approval prior to booking, the expectation is that international travel will be by exception only for FY22 and FY23.





28. Community Hubs/Service Centres

The EAG recommended:

- a) *An analysis of the usage, visitation and cost of the 12 Community Hubs is undertaken to ensure the optimal number of facilities.*

CE Response

The organisation presented information on the presentation the usage, visitation and cost of the Community Hubs across the city to the Opex Savings workshop. LTP Consultation document has proposed that the 12 Service Centres/community Hubs are reduced to 10 locations.

29. Council Systems and Processes

The EAG recommended:

- a) *CCC structures and processes are unnecessarily complicated and “box ticky”*

CE Response

I am committed to breaking down internal silos and making our structures and processes effective, efficient, flexible, responsive and transparent. This will involve incremental as well as breakthrough improvements. When processes are unnecessarily complicated, it is frustrating for staff, elected members and our residents.

30. Changes at the Council Table – Governance and Decision Making

The EAG recommended:

- a) *It could be time to look at the existing committee structures, frequency of meetings and content.*
- b) *A review of the delegations and training of community board members*

CE Response

The organisation presented information to the Opex Savings workshop on the costs associated with the current governance arrangements. Council has agreed to some initial changes to the committee structure.

The Council has initiated a Representation Review for the 2022 elections. The preferred proposal will involve a reduction in the number of Community Boards in the district.

The Mayor has indicated a review of the Governance structure post June 2021.

31. Consultation Document and LTP Engagement Strategy

The EAG recommended:

- a) The importance of engaging the community in a debate that focuses on the balance between the community's needs and aspirations, realistic levels of service and the community's willingness to pay.*
- b) That Councillors invest time in the activity plan review process to drive the right type and volume of LTP performance measures and targets, reviewing in particular the draft LoS measures developed by activity managers and that they all be considered before the completion of the LTP*

CE Response

The Elected Member Expectations Long Term Plan 2021 Letter of Expectation (LOE) included the expectations that the residents of Christchurch are able to have a real say about the direction and the focus of the LTP. It identified that in many respects, the LTP forms the basis of our contract with the community.

The LOE articulate that Mayor and Councillors intent that that our LTP be accessible to the community. It identified that the current LTP "is too long, too complex and too dense". The LOE identified the Consultation Document should be written in plain language rather than technical jargon and make use of better graphics to ensure it is easier for our communities to comprehend.

The Public Information and Participation Unit holds accountability for the Consultation Document (CD). The Unit have a strong focus on ensuring it conveys the information people need in an accessible format. The Unit have also used a variety of approaches and collateral to convey key information rather than simply relying on a document.

We have developed an online accessible tool which has received positive feedback from the community (approximately 16,000 hits) and we will continue to develop the tool going forward.

Mayor and Councillors

Independent LTP External Advisory Group

Report - September 2020

Garry Moore (Chair) and Chartered Accountant (FCA)

Louise Edwards – Professional Director and Chartered Accountant (FCA)

Mark Christison – National Water Manager, Fulton Hogan

Jen Crawford – Professional Director and Resource Management Lawyer

Michelle Sharp – Head of IoT and South Island, Vodafone

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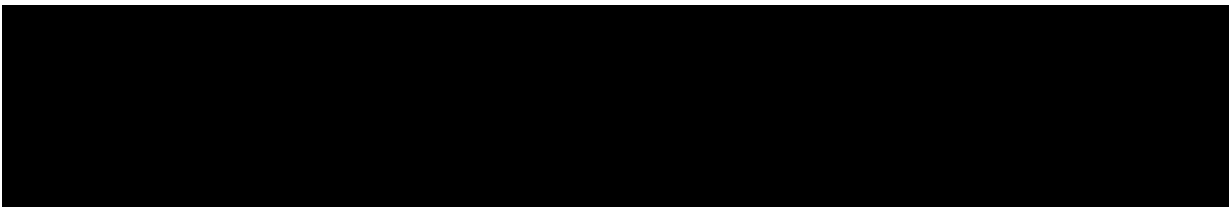
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Acknowledgements

Appendix 1: Strategy and Transformation Work Programme

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Executive Summary

The External Advisory Group (EAG) was formed by the Christchurch City Council (CCC) to provide independent, objective and evidence-based advice, drawing on our personal expertise to assist the Mayor and Councillors in the development of the CCC Long Term Plan 2021 (LTP).

We have had numerous meetings and interviews with senior staff and representatives of council-controlled organisations (CCOs). As well as the Chair and Deputy Chair of the Finance Committee we have had a couple of other Councillors attending our meetings as observers. We welcome this openness. Our group has the mandate to review what is driving costs and what needs to be changed, as well as concerns Councillors may have but which they lack the time to follow up on.

It has only been possible for our group to undertake our job properly because we have had support from the CEO, Dawn Baxendale, who attends all of our meetings and who has given us complete access to any information requested. We see our task as being to support the CEO with both the restructuring and transformation which are absolutely necessary at CCC. We also welcomed the informal dialogue with Councillors as we go along.

There are some themes we are seeing throughout the organisation. These include duplication of activities, lack of automation, fragmentation, excessive manual processing and poor use of technology which all lead to reduced efficiency throughout the organisation as well as reduced service delivery. The overall structure of the organisation does not drive efficiency. It is acknowledged CCC is facing a time of unprecedented fiscal challenges. But this also represents an opportunity to lift organisational performance and improve efficiencies in a way that responds directly to community concerns.

Below we have summarised our Recommendations. A more detailed rationale behind each of these Recommendations follows in the supporting pages.

Barriers to LTP Implementation

1. Responsiveness to Resident Feedback

The CE is bringing a strong ethos of customer focus to CCC but will need support in keeping resident feedback at the forefront of LTP decision making. We recommend:

- a. That particular attention is paid to the Residents Survey Results 2019-2020 which clearly outline resident and customer service sentiment;
- b. That priority is given to activities that are core to local government operations (roading, water etc), as well as those community infrastructure and capital projects that will stimulate the local economy while reducing longer term OPEX.

2. Delivering Services - Levels of Service (LoS)

- a. That Councillors invest time in the activity plan review process to drive the right type and volume of LTP performance measures and targets, reviewing in particular the draft LoS measures developed by activity managers and that they all be considered before the completion of the LTP, with a view that:
 - (i) They will deliver what is actually needed, and
 - (ii) less is more.

- b. The recommendation of the Performance Management Unit that the volume of the LTP LOS be reduced by approximately 100 measures without compromising transparency or accountability be implemented.
- c. That aggregated activities be broken down to enable Councillors to decide on whether CCC is delivering what is needed by ratepayers, with a particular focus on activities such as 'Parks' and 'Transport'.

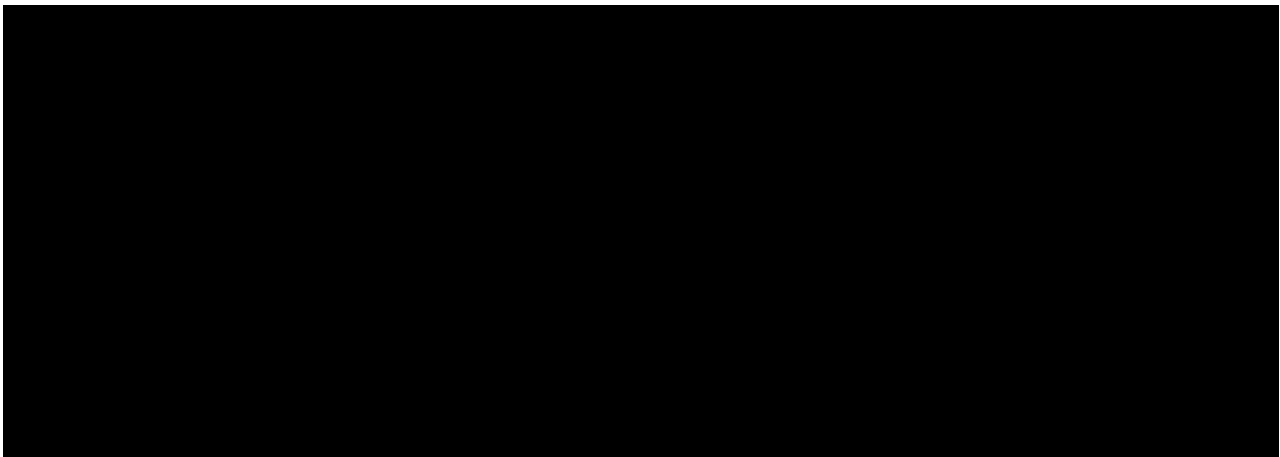
3. Contract Management

That the Executive conducts a review of contract management practices at CCC. This should include review of both capability, capacity, process and alignment to the LTP budgets and LoS.

4. Activity Plans

The LTP 2021 process reflects the Council's Letter of Expectations and Society of Local Government Managers (SOLGM) best practice – it is transformational and well executed so far.

A transformational process does not however guarantee transformational content. That can only come from methodically reviewing activity plans and generating a strong co-development debate between Councillors and activity managers. This is an opportunity to both make difficult decisions and support the CEO.



6. Capital Prioritisation Process

- a. The complex and ultimately unproductive project scoring model should be abandoned.
- b. CCC should focus on an accurate picture of its core capital obligations – which appears to exist already - and then structure a political discussion on the best use of the narrow range of discretionary spend against resilience and climate change initiatives (noting the Auditor-General has signalled a close focus on climate change for this round of NZ LTPs).
- c. That governance closely reviews programmes (and staff delegations) to make changes to the capital programme, not just capital projects.

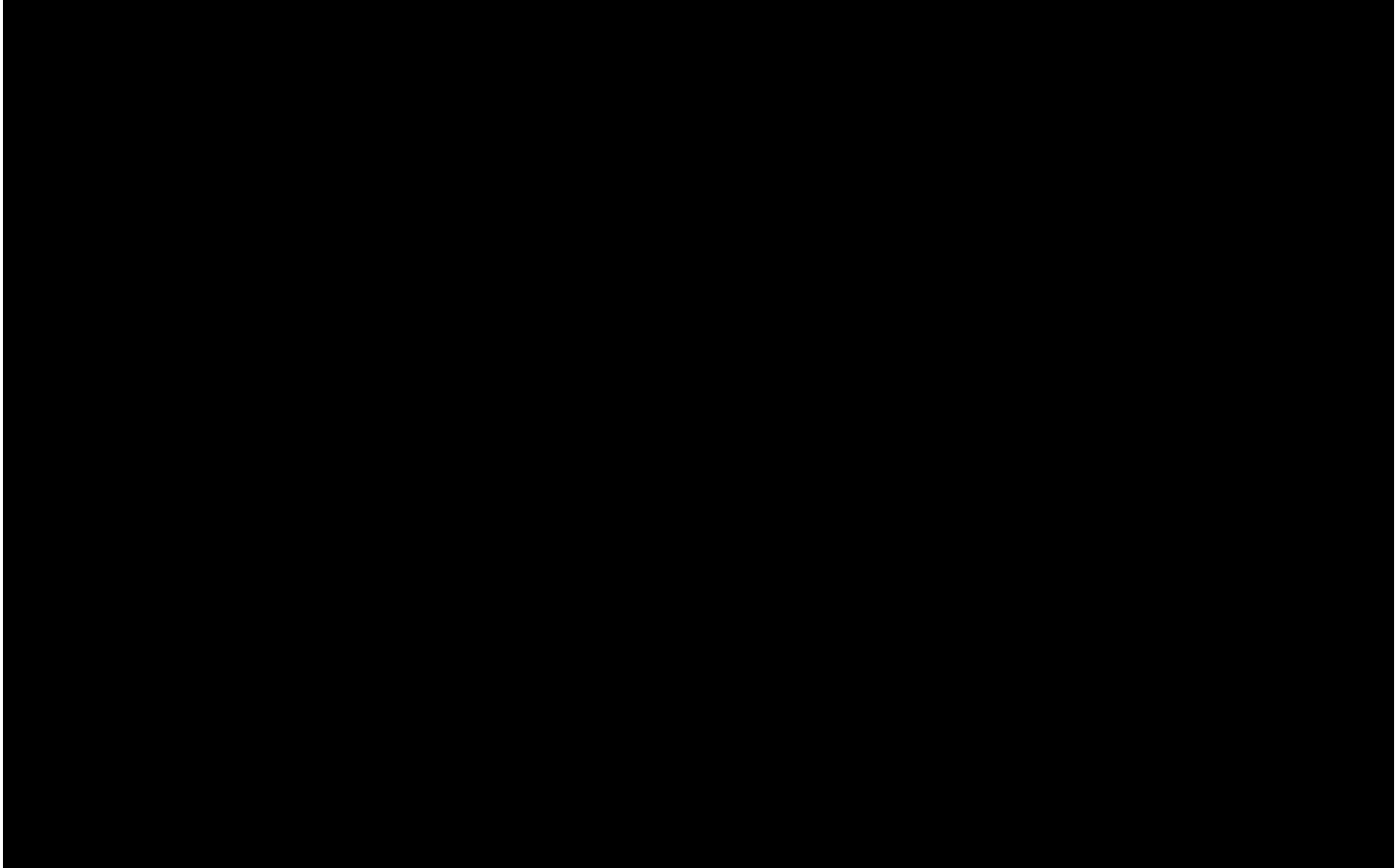
7. Service Delivery Reviews: Section 17A of the Local Government Act

- a. That every CCC activity should be subject to Section 17A reviews every five years, on a rolling basis, unless a legitimate exemption applies;
- b. That the process and terms of reference for all Section 17A reviews must be approved by the Council, and undertaken by an independent team;
- c. That the full programme of Section 17A reviews be reconsidered by the Council;
- d. That regular reporting to the Council be established for these service delivery reviews;
- e. That Section 17A potential areas for significant change be approved by Council.

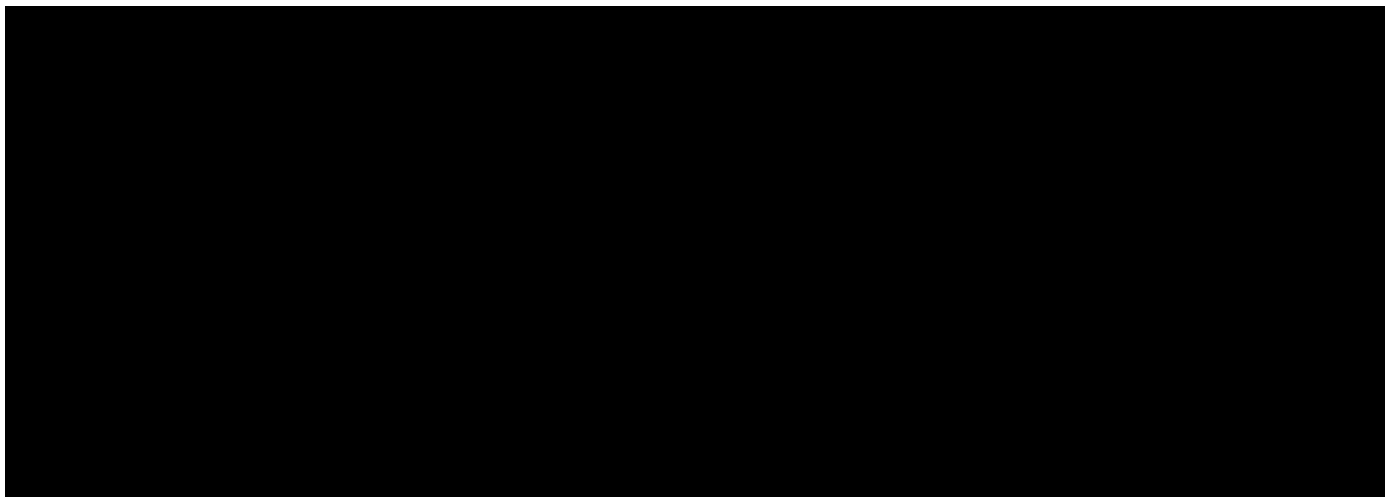
8. Financial Strategy

- a. The Financial Strategy requires clear delivery milestones as soon as possible to recover time lost to the Annual Plan and Covid-19 impacts;
- b. That all savings options recommended by the Zero-Based Budget initiative should have been tabled to Councillors already.

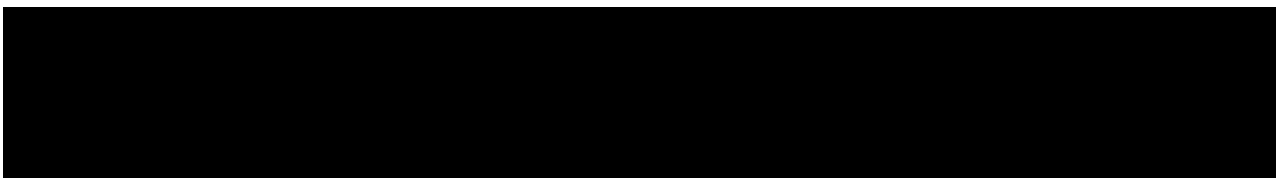
Individual Reviews



10. Economic Development




- e. That the Development Christchurch Ltd (DCL) budget be removed with savings of \$1m per annum.





12. Internal Audit and Risk Unit

- a. That this unit be moved to report directly to the CEO;
 - b. That risk champions are established in the Council who facilitate Risk Workshops across council business units to assist in the application of a consistent risk methodology;
- 

14. 3 Waters

- a. That Council utilise the funding opportunity available from central government and participate to shape the next phase of the national water reform programme. The Government appears to be favouring the formation of four to five multi-regional water authorities across New Zealand but has stated it is open to regional initiatives;
- b. That strong engagement occurs with Canterbury Councils and Upper South Island councils to explore the benefits of a larger Canterbury-Nelson/Marlborough/Tasman authority;
- c. Ascertain from central government what incentives will be available in Tranche 2 and 3 of the reform process for Christchurch and Canterbury by fully committing to such reforms.

15. Transport

- a. That the Council is presented with options around investment to improve ratepayer satisfaction with the roading network so that investment can be weighed off against ratepayer demands/LoS;
- b. LoS should be critically reviewed and simplified in this activity;
- c. The activity budget should provide more definition around the spend in the roading space such that Council can be more informed on where OPEX funds are being used;
- d. Community consultation and community board delegated levels of authority around road renewals and maintenance should be reviewed to allow the right balance between timely (and thus cost efficient) delivery of maintenance and capital works on the roading network.

16. Parks (including the Ōtākaro-Avon River Corridor)

- a. That the KPIs in this activity be simplified and duplicates removed;
- b. Where activities are delivered in-house, the business unit should have the same performance assessment platform that CCC uses for external contracted Park services;
- c. Capital delivery mechanisms for the large number of small projects in this activity needs a programme delivery approach to ensure delivery is completed in the year funding is granted;
- d. That risks and mitigation measures should be reviewed and more succinctly stated;
- e. That CCC commits to efficient engagement with the private sector in reforestation projects (including ongoing maintenance) which could provide quick wins and mutually beneficial solutions in offsetting Christchurch City carbon emissions as well as enhancing other outcomes around healthy waterways and biodiversity;
- f. That a separate Activity Plan be developed for the Ōtākaro-Avon River Corridor (OARC) area to enable funding streams to be clearly identified;
- g. That governance arrangements be put in place as a matter of priority to enable effective implementation of the OARC Regeneration Plan, with the recommendation of an independent charitable trust to administer the Plan.

17. Resource Consents, Building Consents and Regulatory Compliance

As noted in Recommendation 10, we recommend:

- a. That a close link is established between the CCC units and the relevant CCOs (ChristchurchNZ, with support from CCHL) to ensure potential economic development opportunities are supported by a streamlined approval process;
- b. That the current funding of Building Services and Resource Consenting be reviewed, including a mix of funding between rates and fees/charges;
- c. That Consultant budgets be reduced and processing of approvals is handled in-house as far as possible.

18. Heritage Management, Libraries, Art Gallery/Museum

- a. That the number of strategic outcome links (primary and secondary) be critically reviewed and reduced to the key outcomes the activity contributes to;
- b. That the opportunity to earn external revenue from heritage sites be more fully explored. Additional revenue could help accelerate restoration of remaining earthquake damaged sites;
- c. That a coherent strategy and associated funding stream is put in place to support the restoration and ongoing operational requirements of the key Central City heritage anchors, including the Arts Centre.

19. Community Facilities

We recommend that priority is given to Community Facilities that can be delivered efficiently while reducing longer term OPEX. This requires some clear choices to be made.

Other Components

20. Infrastructure Strategy

We recommend that more use is made of graphics (less words) to explain data and make the document easier to read and more powerful.

21. Information Technology

Our investigation has identified that this unit has 182 staff members. We have had extremely good support from this unit which is very open to change.


We recommend:

- a. That critical Council wide software systems are evaluated to ensure these fundamental elements that support the organisation get the investment required. Including a drive by the IT Governance Board to deliver across the Council \$10M in savings over two years through simplification and rationalisation of IT systems in order to deliver efficiencies and reduce cost;
- b. That an IT strategy is developed to drive digitalisation for both the Council and city;



- d. That a closer alignment is developed between the IT team and other areas within the Council.

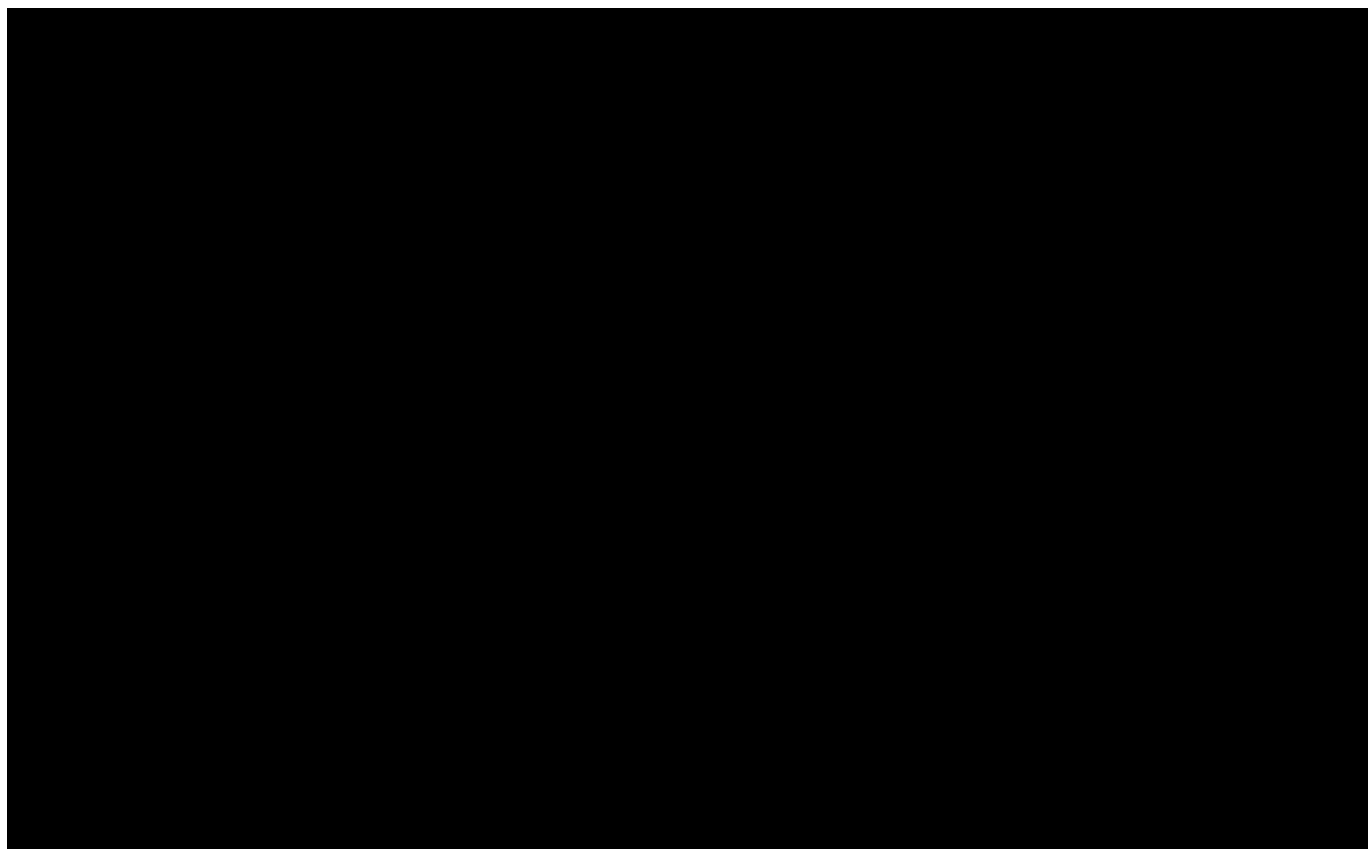
22. Corporate Overheads

Overheads from internal services total \$114.9M, mainly in OPEX. These costs and their LoS have not been supplied to Councillors for five years. We continue to see duplication of activities, lack of automation, fragmentation, excessive manual processing and poor use of technology. 



23. Civic and International Relations

We recommend that all international travel is put on hold for the next two years and that all future proposed international trips are subjected to rigorous cost/benefit analysis to ensure spending is in line with Council policy and gives good return to ratepayers.



28. Community Hubs/Service Centres

We recommend an analysis of the usage, visitation and cost of the 12 Community Hubs is undertaken to ensure the optimal number of facilities.

29. Council Systems and Processes

As we have discussed individual unit processes and structures it has been raised many times that CCC structures and processes are unnecessarily complicated and “box ticky”, described by some as “19th Century Manual systems”. We have made some specific recommendations in [REDACTED] this rationale applies across the organisation.

30. Changes at the Council Table – Governance and Decision Making

At the same time as the Councillors are requiring the CEO to deliver a restructured institution it could be time to look at the existing committee structures, frequency of meetings and content.

The questions worthy of consideration are:

- a. How can Council focus more on strategic goals for the City?
- b. How can Council focus on decisions and remedial actions, not detail?
- c. Is the Council receiving the sorts of reports which allow sensible and useful focus on what needs to be reviewed or changed from a strategic perspective?
- d. How can Council lift the level of its communication with the community and reach people not normally consulted?
- e. Should Council review delegations to both Community Boards and management?

We were specifically asked by Councillors to assess the benefits of a decentralised arrangement with a particular focus on decision making powers. Our findings are included in this Report, including a specific recommendation on community board delegations for Transport (as noted in Recommendation 15). We also recommend a wider review is undertaken by the Legal Services Unit in relation to delegations for decision making and training for community board members to support robust processes under the Local Government Act (LGA) and Resource Management Act (RMA).

31. Consultation Document and LTP Engagement Strategy

As a general comment, the EAG acknowledges the importance of engaging the community in a debate that focuses on the balance between the community’s needs and aspirations, realistic levels of service and the community’s willingness to pay.

A successful LTP process will depend on articulating a vision that is clear about the choices that need to be made – and a strong engagement process will reinforce the commitment as a Council for delivery of services and infrastructure that Ōtautahi Christchurch needs to prosper and thrive.

The Aim of these Recommendations

The net effect of these structural and other changes will be:

- To support the CE in driving transformation
- To support greater alignment with CCC's Strategic Directions
- To respond appropriately to Residents Survey feedback as part of the wider review process
- Simplification of ELT roles and efficient relationships with CCOs
- Reassurance for Councillors that the CE can deliver what Council expects
- Leaner, joined up leadership
- Removal of anomalies, conflicts and duplication
- Cost savings so far equating to minimum 1.5% ongoing savings on rates
- Clarity, transparency and accountability for capital planning and delivery.

Part 1 – Barriers to LTP Implementation

Responsiveness to Resident Feedback

The new CE is committed to better use of resident feedback to prioritise spending and we support this approach. Resident feedback is only one input to the LTP, but it is an important one. It is a central part of CCC's service performance management framework. We recommend particular attention is paid to the key themes from the Residents Survey Results 2019-2020 which clearly outline resident and customer service sentiment.

The messages from the community in the latest Resident Survey Results are clear. There is, for example, a strong desire to see smoother roads and better road maintenance, but that is not reflected in the proposed activity plan (Transport) which proposes business as usual levels of service for roading. There are other unmistakable messages (around restoring chlorine-free drinking water etc.). These messages need to be prioritised early in the consideration of activity plans, with Levels of Service (LoS) and capital projects reprioritised accordingly. It is also clear across New Zealand there is a growing demand for basic local government operations such as 3 waters, roads, and community infrastructure.

It is acknowledged CCC is facing a time of unprecedented fiscal challenges. But this also represents an opportunity to lift organisational performance and improve efficiencies in a way that responds directly to community concerns. The importance of excellent customer service is amplified in the current financial environment.

Recommendation 1

The CEO is bringing a strong ethos of customer focus to CCC but will need support in keeping resident feedback at the forefront of LTP decision making. It is recommended:

- a. That particular attention is paid to the Residents Survey Results 2019-2020 which clearly outlines resident and customer service sentiment;**
- b. That priority is given to activities that are core to local government operations (roading, water etc), as well as community infrastructure and capital projects that stimulate the local economy and reduce longer term OPEX.**

Delivering Services

Councillors were not given the opportunity to debate levels of service in the 2018 LTP process. This time managers across activities have developed a draft set of LoS early in the process. There are too many and quality varies from excellent to mediocre. Councillors have not worked through LoS since late 2014 so need to invest time in them now. A focus on SMART (specific, measurable, accountable, realistic and time-bound) measures is needed. The balance to be struck is a difficult one. On one hand vague LoS that cannot be measured or which are outside CCC's control should be deleted. On the other hand, LoS must drive transparency and accountability.

Residents must be able to look at each activity and see community LoS that allow them to weigh up the value they are getting for their rates dollar. Councillors must also be able to see management measures that provide assurance that each activity is being managed efficiently and effectively – that both transformation (where required) and 'keeping the lights on' basics are being delivered. Driving the right volume of the right measures is a critical part of the co-development process between Councillors and activity managers.

There are two levels of measurement in activity plans. Both are useful but for different purposes. Community measures focus on what residents will receive (access, quality, quality, responsiveness, satisfaction with services). Management measures provide certainty that efficiency and effectiveness (i.e. cost per building consent, compliance with legislated standards) are being met. The combination is a powerful risk management tool.

However, reporting of management measures to Councillors and the community has ceased. In parallel many clearly 'Community' LoS now appear to have been shifted to the 'Management' category. Management LoS should be reinstated to governance reporting for oversight and transparency and considered by the Finance and Performance Committee on a monthly basis.

EAG urges Councillors to be wary of highly aggregated LTP activity structures. As an example, what is now proposed as the 'Transport' activity was in past LTPs distinctly different activities (Road Operations, Major Cycleways, Parking, Public Transport Infrastructure, Transport Education). A similar approach has been taken with the 'Parks' activity (including aspects of the Ōtākaro-Avon River Corridor area which should be dealt with as a distinct activity given its significance to the City). Where there is appropriate distinction between different activities, at that level of transparency Councillors are able to approve both the budgets and performance measures for each activity and delivery against both is then reported monthly. Failure in any one area is easy to identify. When aggregated into a single large entity, that oversight is significantly reduced.

It is also worth noting managers cannot move budgets between activities but they can do so when activities are aggregated. 'Parks' was formerly Regional Parks, Garden and Heritage Parks, Cemeteries, Neighborhood Parks and Sports Parks. 'Solid Waste' was Residual Waste Collection and Disposal, Recyclable Materials, and Organic Materials. All have been aggregated and so delivery or budget risks can be lost among positive news. This is particularly important in the case of the Ōtākaro-Avon River Corridor area which is an area of significant community interest, is subject to a Regeneration Plan (which the LTP must be consistent with), and includes funding from the Global Settlement with the Crown and the Christchurch Earthquake Appeal Trust. The EAG recommends these aggregated activities be broken down in the interests of transparency and accountability.

Recommendation 2

- a. **That Councillors invest time in the activity plan review process to drive the right type and volume of LTP performance measures and targets, reviewing in particular the draft LoS measures developed by activity managers and that they all be considered before the completion of the LTP, with a view that:**

- (i) They will deliver what is actually needed, and
- (ii) less is more.

- b. The recommendation of the Performance Management Unit that the volume of the LTP LOS be reduced by approximately 100 measures without compromising transparency or accountability be implemented.
- c. That highly aggregated activities be broken down to enable Councillors to decide on whether CCC is delivering what is needed by ratepayers, with a particular focus on activities such as 'Parks' and 'Transport'.

Contract Management

In theory Councillors consider draft levels of service, consult with the community, adopt them in final form and then expect management to deliver to them. However, if the delivery of those services is part of a long-term contract it may be that the specifications in the contract are not what Councillors or the community expect.

Aligning LoS and contract specifications used to be simple – they were the same. However, a scan of activity plans identified many maintenance LoS no longer state what will be delivered. Instead they simply state that whatever is in the contract (which is not visible to the councillor or public) is the LoS. This is not acceptable. Maintaining parks, roads and other infrastructure is important to the general public. It is also very important to ensure Council approved levels of service have a direct line of sight to performance measures on the Contractor. In this way everyone is working toward the same community outcomes.

Councillors should reject any 'blank cheque' LoS that simply point off the activity plan page to contracts that Council cannot see or control (and which may be locked into different delivery to that which Council desires). The contract specifications need to be provided (within the LoS or as an appendix to the activity plan) for the decision to be informed. There should also be information on when the contract is next up for renewal in case Councillors wish to make changes.

Recommendation 3

The Executive should conduct a review of Contract Management practices at CCC. This should include review of both capability, capacity, process and alignment to the LTP.

Structural Inefficiencies and Anomalies

The current structure of CCC was set out by a *Fit for Future*, an exercise run by the former CEO and a General Manager. Five years on the weight of evidence is clear – it has failed to serve the organisation. CCC's organisational structure is not fit for purpose to implement decisions made in Long Term Plans and needs to be urgently restructured. The Resident Survey is grim reading. Community satisfaction with CCC has hit record lows twice in the past three years. The capital works programme has remained mired in an endless cycle of inflated work programmes and subsequent carry-forwards (work not done). Levels of service remain static.

In that context and with the impacts of Covid-19 still growing, CCC demands a clear group and unit structure to support the new CE in delivering Long Term Plans. Globally executive teams are also becoming leaner, both to save costs but also to create a more joined-up approach and tighter teamwork in what will be a constrained world economy for some time. That trend is almost universal and something CCC must take into account.

The new CE has signalled her desire to restructure and we applaud this decision. We were challenged at our first meeting to imagine we were starting CCC from scratch. This was a significant challenge which we approached with some caution. However, as we continued our undertaking, we realised that it was not possible to undertake a challenge of this magnitude without forming an opinion on the way this Council has been restructured over the past decade. We have recommended significant areas which we consider need changing in order to achieve the transformation which the elected Council had in mind when you chose the new CE. Our recommended structural changes are covered later in Part 2 of this report (Individual Reviews).

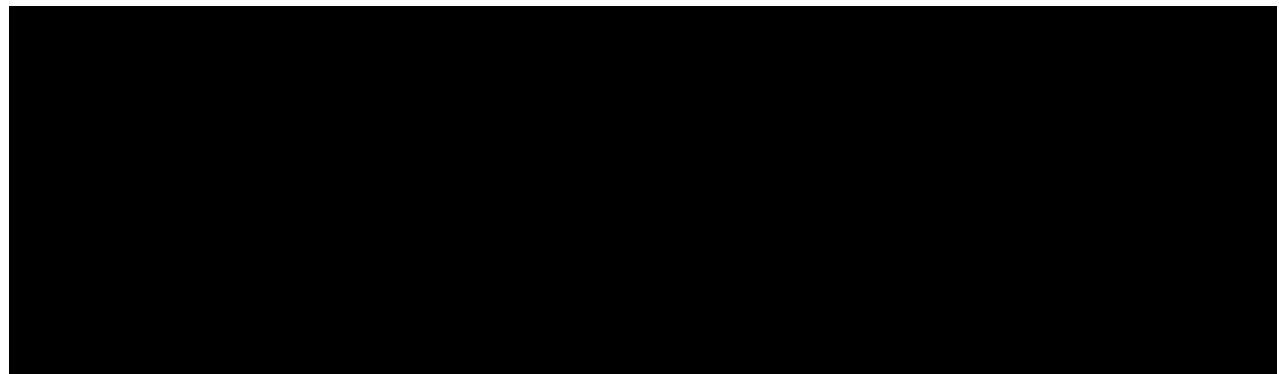
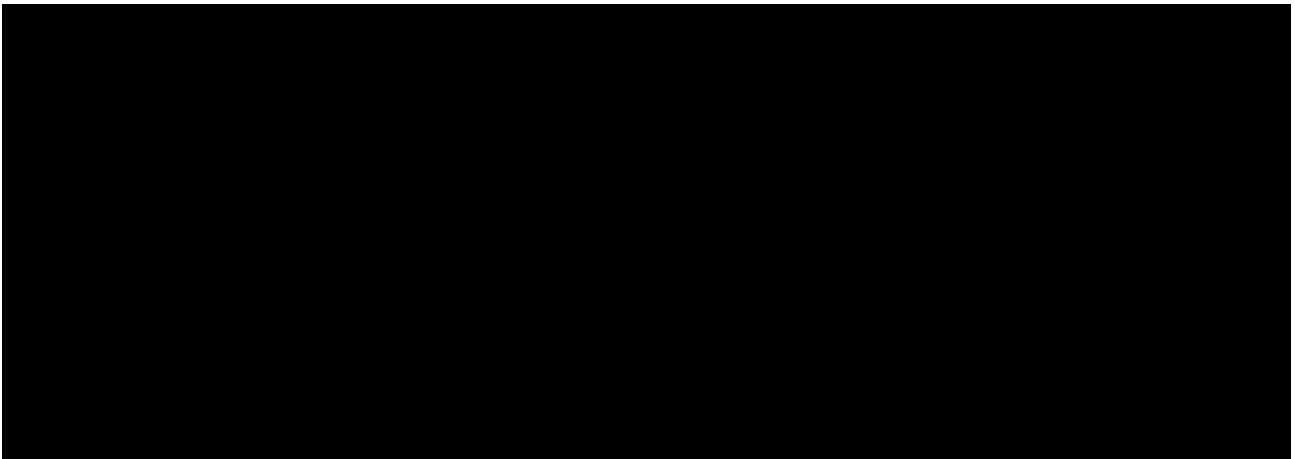
Activity Plans

Draft activity plans have been developed by activity managers and are on time as per the project plan. They tell a reasonable story about the outcomes each activity is aiming to support, the outputs (levels of service) they expect to deliver. However, at this point many activity plans have exactly the same shortcomings as the draft capital programme and draft budgets – CCC managers have presented a business as usual approach.

As in previous LTPs, debate and discussion with Council is the only way to co-develop and improve these draft plans. As noted by the CEO, resilience, risk and climate change are not strong at this early stage. EAG has provided a wide range of questions to managers on their draft activity plans as part of our investigations.

Recommendation 4

The LTP 2021 process reflects the Council’s Letter of Expectations – it is transformational and well managed so far. A transformational process does not however guarantee transformational content. That can only come from methodically reviewing activity plans and generating a strong co-development debate between Councillors and activity managers. This is an opportunity to both make difficult decisions and support the CEO.



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

Capital Prioritisation Process

There is no clearly defined recipe for prioritizing Local Government capital programmes. In almost all cases management seeks to deliver an approximate draft capital programme, after which the political process results in changes.

The approach being trialed at CCC seeks to create complex linkages and scoring between Strategic Priorities, Infrastructure Strategy 'Significant Issues', Community Outcomes and the (first draft) LoS. This is a complex scoring approach that has been tried – and abandoned – by almost all NZ councils for good reason.

The model on trial is intrinsically flawed because none of these high-level objectives have themselves been prioritized. None have targets (which would tell the prioritization process *how much* change is needed.) The key inputs are all equal and all are unquantified. Prioritisation cannot work under these parameters. Alignment of projects to Infrastructure Strategy significant issues should have been done across asset classes (based on asset class capacity, condition and performance, distinguishing between the different drivers – growth and increased demand, increased levels of service, renewals and replacements) rather than trying for a complex scoring approach that provides the illusion of science but not the rigor.

The current CCC approach is unnecessarily complex and late – a draft capital programme should be provided at the start with the rest of the LTP documents. That should have been possible because the list of projects and programmes was then known (hence the \$900M) and a funding line could easily have been drawn at \$400-450M to begin the debate.

Given CCC's circumstances a more pragmatic and timely approach could have been taken. By the time CCC meets demands around key renewals and replacements, growth, and other necessities, there is very little left for discretionary capital spend (if the capital programme is kept at a deliverable level of \$400-450M maximum).

Factoring in some funding to respond to resident feedback (i.e. more focus on roading) and the need to fund some climate change and resilience priorities (as well starting to meet the new Waters structure) that discretionary spend will be fully used.

Recommendation 6

- a. **The complex and ultimately unproductive project scoring model be abandoned. It might have been useful in the past when overly-inflated capital budgets were the norm.**
- b. **CCC should focus on an accurate picture of its core capital obligations – which appears to exist already - and then structure a political discussion on the best use of the narrow range of discretionary spend against resilience and climate change initiatives (noting that the Auditor-General has signaled a close focus on climate change for this round of NZ LTPs). A review of actual spend as at 31 August 2020 will give a strong signal as to whether the \$517M programme for 2020/21 will be achievable.**
- c. **That governance closely reviews programmes (and staff delegations to make changes to the capital programme) not just capital projects.**

Service Delivery Reviews: Section 17A of the LGA

Section 17A Service Delivery Reviews were established by central government in late 2014. The aim was to ensure that instead of lazy planning ('BAU plus 3%') councils are required by law to ask themselves fundamental questions about the governance and delivery models they are using to provide services.

It would appear Section 17A reviews have been largely avoided by CCC on the recommendation of the previous Executive. This pattern of activity has persisted for some time. When we reviewed the reasons offered to the EAG on why Section 17As had been avoided or deferred in the past it became apparent that many of these decisions were wrong, sometimes relying on exemptions or exceptions that do not exist in law or were not otherwise justified in the circumstances. This pattern of behaviour must be addressed as a matter of priority. We applaud the current CEO's commitment to transformational changes and this report supports her in this exercise.

The fact is Section 17A reviews are mandatory under the LGA, unless excused under specific circumstances. We also observe that if a Section 17A review is not conducted, that in itself is a "decision" for LGA purposes and can be subject to scrutiny/judicial review.

Section 17A states that "a local authority **must review the cost-effectiveness** of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions." This is a mandatory obligation under the LGA, but more to the point, a healthy thing to do to improve delivery.

1. What is "**cost-effective**"?

A Section 17A review would be expected to consider such things as achieving the stated objective/end result; and at lowest cost from amongst the options that were considered. That means considering matters such as the rationale for service delivery and current/projected future levels of performance (i.e. their "effectiveness").

It is essential that CCC assesses whether or not it is obtaining best value for money in **every** section. There is a clear conflict of interest when the staff undertaking the review are also part of the section being reviewed, and also have scope to set the terms of reference of the review. Ultimately, directing reviews is a decision for elected members to make. These reviews should be informed by independent analysis, particularly for major reviews.

2. How are reviews undertaken?

The reviews must be undertaken by an independent team, whose task is to where necessary engage outside assistance to ensure that true application of Section 17A requirements are implemented. This is the model used by Auckland Council. Oversight should be provided by governance. The Finance & Performance Committee is the obvious choice.

3. Considering options

Where a review is undertaken, the local authority **must consider options** for the governance, funding and delivery of infrastructure, local public services and local regulation, including:

- a. in-house delivery
- b. delivery by a CCO, owned or part owned by the local authority
- c. another local authority
- d. another person or agency (e.g. central government, private sector, community group).

Considering delivery in-house should not necessarily be seen as merely applying the status quo. The objective of section 17A is for councils to seek efficiencies. It may be that some internal improvements are an appropriate means of doing so. However, it should not be assumed that in-house delivery is the default setting.

4. Reasons for not conducting a review

A decision not to review would presumably need to be exercised with caution. This is because the statutory assumption is that a review will occur, unless otherwise exempted. It would also be essential that the decision to defer a section 17A review is made on appropriate grounds and the reasons for the decision must be documented. If a review is **not** conducted under s17A, that in itself of a "decision" for LGA purposes and sections 77-81 therefore apply. A decision not to review can be subject to scrutiny, and may bring into play the Council's significance and engagement policy. It is not intended to be, and should not be used as a means of deferring a review, because considering outside options might be unpalatable.

It should be noted former Councils have accepted staff advice on Section 17A exemptions without the level of scrutiny a legislative requirement would normally demand. There is also little logic behind reviewing very small services (Civic and International Relations) while declaring that review of activities costing \$10M or more as 'lacking cost benefit.'

Finally, it should be noted the purpose of Section 17A reviews falling due by 2021 was to inform the 2021 LTP.

Had Council challenged review exemptions, Councillors (and the incoming CEO) would have had access to options and levers and information that would have been extremely useful in coping with Covid-19 impacts on the Annual Plan (and on this LTP process as well). There would be no need to run a Zero-Based budget process now – after the LTP has started – if Section 17A service delivery reviews had been done properly.

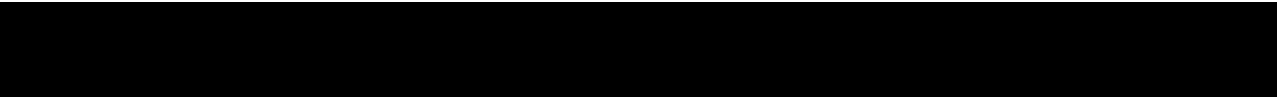
Section 17A service delivery reviews should be undertaken for every section within Council on a rolling basis. Exemptions should be supported by external professional advice and approved by governance. CCC should also be working with outlying Councils to consider whether there could be savings by sharing resources.

Additionally, there is the move back to local leadership in 2020 following the initial EQ recovery period. In the context of what has been described as the "crowded ecosystem" in Christchurch, 2020 is an opportune time to undertake a comprehensive Section 17A review of the relevant existing Council structures/departments. Such a review could, for example, identify any residual duplication or inherent inefficiencies that may exist within Council or other inheriting agencies prior to receiving responsibilities from CCOs/other agencies that are winding up over the course of 2020.

Development of a forward programme should begin by identifying those services where significant changes to levels of service are planned and legislative change is imminent, as is the case with regeneration/planning work undertaken by Council, CCOs and other agencies in Christchurch. There are also other regulatory changes underway that could justify a review of infrastructure service

delivery over the course of this year. It will be a matter of tailoring the work programme to fit the available resources and other initiatives going on within the local authority.

As examples there are at least two and possibly three opportunities for CCC that Section 17A reviews could explore:

- 
2. Revisit Roding decision around no review as there are examples where Councils and NZTA have worked together on a regional roading model (e.g. Marlborough Roads). This could potentially provide a robust delivery platform that reduces costs and gets more spades in the ground fixing roads and providing better regional infrastructure for the same funding.
 3. Building on the recent Section 17A review of 3 Waters to consider the opportunities of establishing a CCO/CCTO and/or using the skills and capability within existing CCTOs.

In these examples – there are many more – CCC has an opportunity for change, as well as Central Government funding for water reform and infrastructure development. These are discussed further in Part 2 of this report (Individual Reviews).

Recommendation 7

- a. **That every CCC activity should be subject to Section 17A reviews every five years, on a rolling basis, unless a legitimate exemption applies;**
- b. **That the process and terms of reference for all Section 17A reviews must be approved by the Council, and undertaken by an independent team;**
- c. **That the full programme of Section 17A reviews be reconsidered by the Council;**
- d. **That regular reporting to the Council be established for these service delivery reviews;**
- e. **That Section 17A potential areas for significant change be approved by Council.**

Financial Strategy

The most obvious issue is the need to manage risk around dependency on dividends from CCHL Companies as the sole means of controlling rates increases. Another is a better understanding of what fair and reasonable rates increases mean to our community, based on Resident Survey feedback and Annual Plan submissions.

Both data sets demonstrate that while some residents might prefer zero rates increases, they are outnumbered by those wanting better delivery of core services (roads, drinking water etc.)

The \$400M cap on the Annual Plan capital works program (including carry-forwards but excluding two special projects) is a major step forward from the unrealistic capital budgets of previous years. This decision will help CCC escape from a cycle of systemic under-delivery. It will also mean Long Term Plans are more accurate about what will be delivered, and carry-forward will, hopefully, be reduced.

CCC would have been in a stronger position to cope with financial impacts arising from Covid-19 if the executive team's *Great for Christchurch* savings program a few years ago had produced any real savings. This is not a matter of historical interest but a salutary warning. EAG has so far not been informed if the Zero-Based Budget work underway for six months has produced tangible savings for this LTP (something that Section 17A reviews could have delivered, if they had been conducted).

The quantum of the capital programme has been broadly agreed. There is now an understanding that rates increases must be kept as low as possible but not so low that core levels of service are eroded (especially given resident feedback on better delivery of core services).

In simple terms if options on rates increases can be broadly agreed, the size of a deliverable capital program is understood and core levels of service must be delivered then the envelope for discretionary operational expenditure is relatively small and easy to calculate. That is the level on which the Financial Strategy should be pitched. Decisions on priorities within those capital and opex envelopes rest with the Infrastructure Strategy and activity plans.

Recommendation 8

- a. The Financial Strategy requires clear delivery milestones as soon as possible to recover time lost to the Annual Plan and Covid-19 impacts;**
- b. Savings options recommended by the Zero-Based Budget initiative should not emerge late in the LTP process. They should have been tabled to Councillors already, in keeping with the co-development theme of the LTP.**

Part 2: Individual Reviews



Economic Development



The CCC Strategic Framework sets the scene for LTP delivery. One of the identified Community Outcomes is a "prosperous economy". This needs to be front and centre for the LTP Economic Development Activity Plan. As stated in the last LTP, "a vibrant and prosperous economy is an important enabler of social and environmental wellbeing" (LTP 2018-2028). In the current Covid 19 environment, and looking ahead, it is urgent the principal Economic Development Agency in this region be restructured. ChristchurchNZ needs to be repositioned as the engine room to deliver success. The 2020 Economic Recovery Forum is a good start, but in order to reposition over the longer term it is recommended that changes are made to the delivery model.

EAG's recommendations on the elements of an Economic Development Agency to "Achieve a Prosperous Economy" are set out below.

Christchurch is the second largest City in New Zealand and has a responsibility to the whole of the South Island. In the context of the LTP, this requires a targeted approach to economic development

that also takes account of this wider context. A collaborative network of public and private organisations committed to this being a world class economy and lifestyle.

1. Key principles to consider for Christchurch as NZ's Second City

A Centre for Commerce - create an environment that attracts smart capital, entrepreneurs and offers businesses a functional/attractive place to locate. Utilise a well-coordinated "port network" with infrastructure supporting this throughout the South Island.

An Incubator for Action - position Christchurch as a Tech City and the South Island as a place for entrepreneurial creativity by building on existing advantages in sectors such as education, health, agritech, engineering, IT, media production etc.

A prosperous economy in post Covid-19 era will need an increased commitment to achieve these outcomes.

2. How to achieve this?

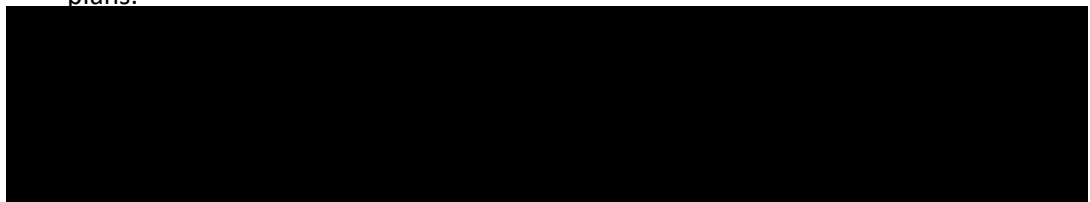
a. Get the Delivery Model right

ChristchurchNZ needs to be repositioned as the engine room to deliver success. Not a Promotion Agency, but a pure and focussed EDA. The 2020 Economic Recovery Forum is a good start, but in order to "reposition" over the longer term it is recommended changes are made to the delivery model.

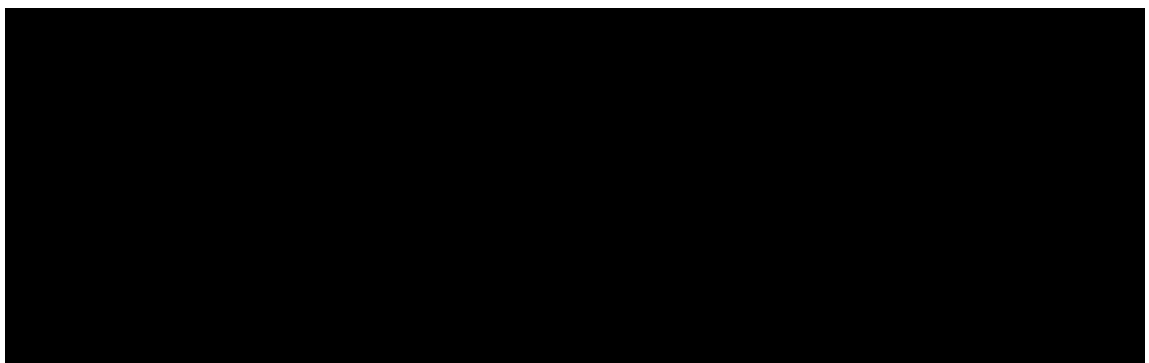
Suggested interventions:



- (ii) Leverage the benefits of the Greater Christchurch Partnership with specific action plans.



- (iv) Ensure ChristchurchNZ has a clear link to city planning to ensure outcomes are able to be implemented and that the post-EQ recovery return to local leadership is cemented.
- (v) Demand action on city momentum, rather than an emphasis on more economic theory/modelling or situation reports.



b. Attract Capital

Encourage a range of businesses from start-ups to corporate HQs, with particular focus on knowledge-based industries (technology and R&D), to locate in the area by facilitating land and building supply. Be Investor Ready and implement Super node Cluster with specific action plans.

Suggested interventions:

Take a strong "Gap Filler" approach:

- (i) Ensure public sector commitment to completing procurement and delivery of remaining anchor projects to ensure existing investment is not undermined.
- (ii) Utilise the investment potential for CCC to utilise the CCHL Balance Sheet to support targeted and proactive investment to support super node cluster activities. This would require a mandate from CCC to CCHL to support the recycling of CCHL capital.
- (iii) Address land banking and underutilised vacant space in CBD as a priority to aim to clean up/redevelop 75% of brownfield land across the city by 2031.
- (iv) Incentivise inner city development with positive measures (including clear/enabling planning standards, a dedicated building consent unit to get stuff done quickly, and incentives to invest in green space etc.).
- (v) Build on the fledgling incubator precincts in the CBD by promoting flexi-space developments, identifying leasing opportunities and different ownership models.

Support the Knowledge Economy:

- (i) Encourage proliferation of campus institutions as satellite facilities in the City.
- (ii) Link students to business (town and gown) and supporting tertiary partnerships with the private sector.
- (iii) Create a formal structure and specific action plan with Ara, Lincoln Hub, UC School of Business and Centre for Entrepreneurship (not just a working group, but outcome driven with a champion accountable to Council).
- (iv) Implement Regional Skills Leadership Group initiatives with support of the Greater Christchurch Partnership.
- (v) Strengthen Council's partnership with mana whenua as the iwi economy restructures and rebuilds for long term prosperity.
- (vi) Give a voice to Youth. They will be the leaders of the City from 2031 onwards. Set them up for success, so they stay and prosper here.

c. Make Capital Stay

Ensure investors stay, live, and spend here with a Neighbourhood Strategy that is community led/designed by bringing landowners together. Not just for the Central City, but also use this opportunity to target suburban issues. A focussed and well resourced EDA can identify investment opportunities drive the "placemaking" ideas but could also be equipped with the tools to deliver these outcomes.

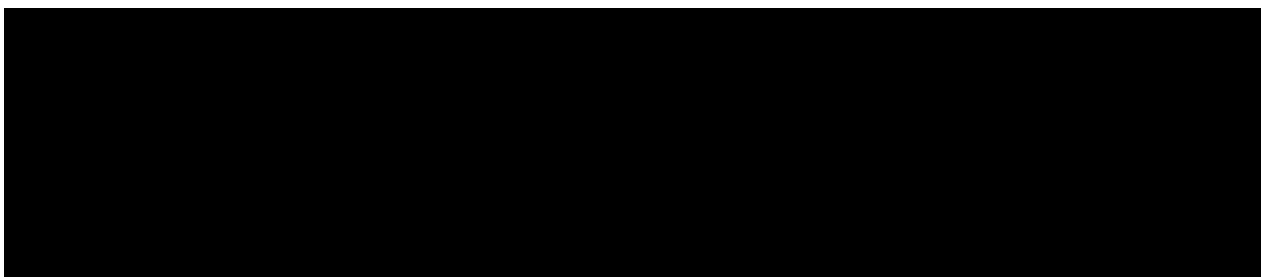
Suggested interventions:

- (i) Take a block by block approach to ensure coordinated development, not traditional top down planning with ODPs as fragmented ownership means implementation difficult.

- (ii) Rethink the City-wide suburban master plan process. It has proven challenging to get momentum on this. Time for a fresh approach where local communities get involved in the early stages of urban renewal planning with an EDA coordinating funding sources, capital investment and project delivery.
- (iii) Review residential suburban infill issues and strengthen local neighbourhood connections to reduce reliance on car-based travel (walkability, in addition to existing cycle links).
- (iv) Redesign vacant areas for market so it's attractive to entrepreneurs and provide alternative lease/ownership models in the CBD to get people back.

A meeting was held with the CEOs of ChristchurchNZ and CCC where this was discussed. We were informed much of what we had proposed was already being considered, which was encouraging. However, when we reviewed the latest financial budgets for ChristchurchNZ the emphasis on Economic Development has still not received sufficient attention in our view.

When EAG considered the budgets for ChristchurchNZ they demonstrate the organisation has been structured to meet the requirements as established by CCC before Covid 19. It is understood this was based on an independent governance review of the Board composition and skill requirements that were appropriate at the time. However, things have changed over the last two to three years and the Christchurch mandate continues to evolve and the Board needs to remain aligned with the shareholder and organisational objectives, adjusted to meet the demands of a vastly changed economy.



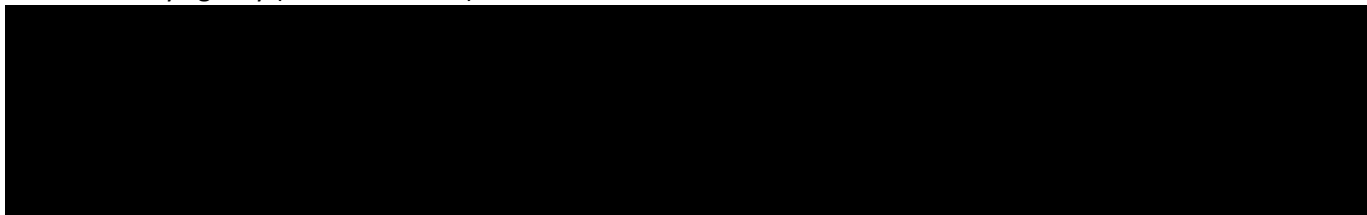
We also note Regenerate Christchurch has been formally disestablished and steps are underway in relation to DCL, as part of a wider move to address duplication across agencies in the City during the transition back to local leadership in 2020. This strategy is supported by the EAG.

In order the transition of DCL is undertaken in a measured manner EAG would recommend that CCC consider:

- a. Which DCL functions are no longer needed.
- b. Which DCL functions are still of value.
- c. Whether CNZ should take over the useful functions.

We do not support the retention of \$1M from the DCL budget.

In undertaking this work, it will be important to maintain a city-wide focus ("best for Christchurch"). This should incorporate suburban areas in addition to central city momentum work. It will also be important to ensure a direct line of sight between the CCC operational units (planning etc.) and the delivery agency (ChristchurchNZ).


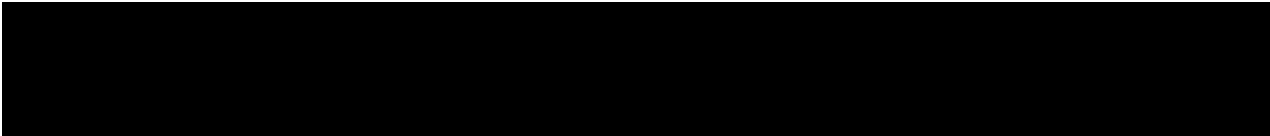


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- e. That the DCL budget is removed with a saving of \$1m per annum.

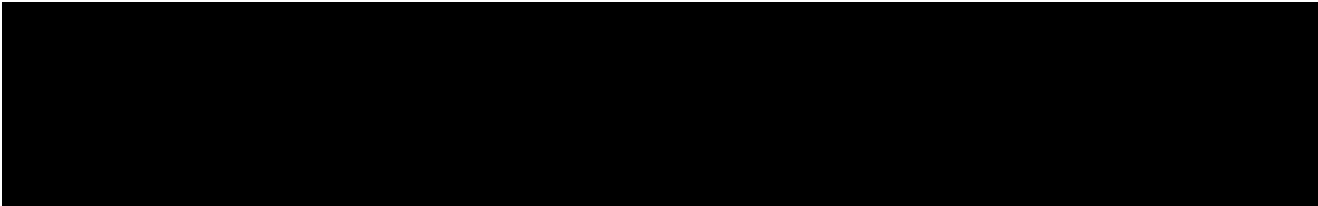
Capital Programme Delivery

CCC will soon enter a new phase in capital delivery. The time of large, solely CCC-delivered projects (Tūranga, Town Hall) is over. In future projects, like Victoria Street and Hereford Street, will be the new 'big' and the capital programme will be made up of a large number of smaller projects. This is more complex to manage and oversight.

There will also be far less “wobble room” than in the past when the capital programme was artificially kept at a level far too large to deliver. Under a \$400-450M cap the effects of staff swapping, deleting or adjusting project delivery will be far greater than when large capital 'programmes' (large budgets set aside for unspecified projects) could be relied upon as a “slush fund”.



The result has been capital delivery far below what residents have been promised in Annual Plans and LTPs, as well as systemic embedding of large-scale carry-forwards, which inevitably make achievement of the next year's programme impossible from the start. The other corollary has been embarrassing failures (Town Hall etc.) involving serious cost overruns, delayed deadlines and reputational damage.



[REDACTED]

Given the pressures the Covid 19 pandemic is placing on local economies it is critical the capital plan approved by the Council is actually spent in the year it is allocated. Many businesses rely on this money flowing into the local economy. Achieving greater than a 90% spend on the \$517M capital programme in FY20/21 must be the priority for the delivery teams. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

EAG consider the Council will fail to deliver a \$400M programme in the current financial year (FY20-21) and on into the next LTP unless it fundamentally changes how it procures capital works. Linear project design and procurement (the status quo) will provide what you have now irrespective of what model it is called. Given the new programme will have a lot of smaller projects it is going to become more difficult to deliver in a linear fashion. The consultation procedures around roading

upgrades and renewals certainly do not assist this. By moving much of the capital projects into programmes of work (these may be regionally based across the city) of between \$30-40M each per annum and establishing private sector delivery teams (to design and build) for each programme for work the City will achieve:

- a. A highly competitive delivery framework where term extension is rewarded for good performance and visa a versa for under performance;

[REDACTED]

- c. Provide certainty of work to the construction sector in Christchurch through medium term contracts. This allows industry to train apprentices, invest in plant and innovations (e.g. support CCC strategic goals in carbon reduction and sustainability);

[REDACTED]

- e. Ensure the capital programme achieves the carry forward target. In the current Covid environment the Council doesn't need to spend more than \$400m it just needs to spend the \$400M it says it will.

[REDACTED]

August 2020 was reported as \$34.5M against a year to date budgeted sum of \$45.6. This progress is less than year to date expenditure in FY19/20. In FY19/20 only 54% of the budgeted programme was delivered.

Further comments on the capital expenditure summary received by EAG for the YTD period ending 31 August 2020 include:

- a. Project Managers forecast for FY20/21 is \$561M vs the budgeted figure of \$512M. It is unclear why a forecast above budget is being reported;
- b. There are five months forecast with spends over \$50M per month. What specific projects and phasing items are leading to such large claim amounts especially in the months of April 2021 \$73M and June 2021 \$81M. What are the risks to these large payments not happening?;
- c. The budgeted spend in December and January appear unrealistic given the Christmas/New Year holiday period. Contractors typically lose 25% of work time in December and between 50-60% in January due to company Christmas shut downs;
- d. Spend in July at \$7.5M is very low. The EAG were advised by staff that *"as at July 2020, there were 302 projects in construction, for a total budget \$269M, forecast \$315M"*. If there are so many projects in construction why was the claim for July 2020 only \$7.5M – this does not make any sense and raises concerns around what staff are defining as capital works in construction. It is recommended this term is only used for projects where physical works are underway on the ground (i.e. not in design, consenting or planning phases).

Recommendation 11

[REDACTED]



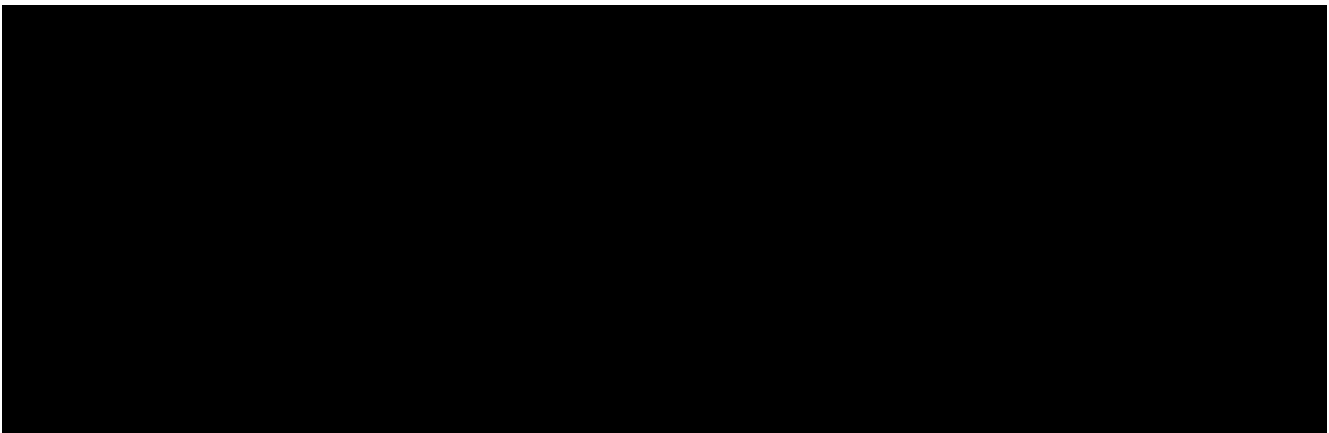
Councillors need to lift thinking about the capital programme beyond individual projects. The capital program routinely contains large ‘programmes’ available to staff on a flexible basis.



Internal Audit and Risk activity

This activity currently sits under Corporate Services. In order to avoid any conflict of interest (when reviewing any of the numerous corporate service functions) and to encourage rigorous risk review this function must report to the CEO. That is an industry standard approach.

Risk awareness and management still appears weak in many business areas of Council. A quick review of the Council wide risk register shows a few key issues:

- a.** The spread in risk scoring between unmitigated risk and mitigated risks appear small in several cases. This indicates that either the risk mitigation is ineffective or the scoring methodology is not being applied well;
 - b.** The difference risk scoring between different business units does not appear consistent if a universal frequency and consequence matrix has been applied.
- 

Recommendation 12

- a. That the Internal Audit function of CCC be moved to report directly to the CEO;
- b. Establish risk champions in the Council who facilitate Risk Workshops across council business units to assist in the application of a consistent risk methodology;

Resource Recovery

The Resource Recovery Activity faces many challenges, not just locally, but nationally and internationally. More proactive risk management around some of the current issues around the cost of processing and markets for recyclable materials may have partially alleviated the current issues being faced by council. Earlier identification of the developing trends would have provided Council and EcoCentral more time to find alternate markets for the materials. It is understood that EcoCentral has applied for capital funding from Government to improve the quality of processed material from the MRF. This action is applauded as markets can only be accessed with quality recyclables.

Ongoing efforts to engage with Government and drive producer responsibility for packaging and end of product life reuse are paramount to more sustainable and cost-effective solutions for currently considered waste products. However, this is a long game and local or regional solutions will offer more cost efficient and more sustainable solutions in the short term. KPIs need to be configured to drive effort to achieve these outcomes for the community.

Christchurch has many landfills adjacent waterways and the potential for adverse effects at these sites in a changing climate is potentially increasing. Activity plans should be identifying regimes to more closely monitor and mitigate such risks identify the triggers for mitigation actions. It is unlikely such measures will be cheap and there were no apparent provisions for such actions in the asset management plans reviewed.

3 Waters

The Council have recently completed a review of 3 Waters activity. This work was completed just prior to the recent central government announcements around capital funding availability for Councils participating in the next phase of the water reforms.

Recommendation 14

Given this initiative it is recommended that Council:

- a. **Utilise the funding opportunity available from Central Government and participate to shape the next phase of the national water reform programme. The Government appears to be favouring the formation of four to five multi-regional water authorities across New Zealand but has stated it is open to regional initiatives.**
- b. **Strongly engage with Canterbury Councils and Upper South Island councils to explore the benefits of a larger Canterbury-Nelson/Marlborough/Tasman authority.**
- c. **Ascertain from Central Government what incentives will be available in Tranche 2 and 3 of the reform process for Christchurch and Canterbury by fully committing to such reforms.**

Transport

This activity scored poorly in the Residents Survey. The Transport activity should be demonstrating clearly to Council the options around increasing customer satisfaction with the road network through investment in works (be it OPEX or capex that improve attributes such as road roughness). An example was given that to improve ratepayer satisfaction back to around 70% (as it was in 2006/07) would cost in the region of \$200M. This type of modelling allows Councillors to directly connect investment with level of service and is encouraged to inform levels of service that match funding capability.

Strategic outcomes in this activity are aligned to national roading objectives but the links to the Council strategic outcomes are not clearly visible. These links should be clearly made in the Activity Management Plan.

The activity plan mentions using recycled materials in roads but is not specific on what is being done. If it is too early to include such initiatives then maybe CCC should consider leaving out the strategic outcome link until the CCC have a clear path of turning the strategy into action with an associated KPI.

It is recommended more work is undertaken on sharpening up key performance indicators around operational (maintenance contract) performance, carbon reduction and sustainability initiatives. Good KPIs in this area will provide greater clarity to Council around effectiveness of the opex spend in this activity with regard to achieving the Council's strategic outcomes. It is recommended that Councillors have visibility of value for money KPIs.

The activity budget is heavily dominated by a single line called "Road Infrastructure" which represents 66% of the controllable costs. It is recommended that this line be broken down further to demonstrate where expenditure is taking place and provide better visibility around performance on activity line items.

Staff reported community consultation processes around road works are causing delays in the Council's ability to successfully deliver the capital programme every year. It is recommended the approvals required at Community Board level are reviewed such that a sensible balance is developed between community consultation on important aspects of road network maintenance and capital works and the need to efficiently operate, maintain and renew/upgrade this network. Such a review should be conducted in conjunction with our other recommendations around community consultation.

Recommendation 15

- a. **That the Council be presented with options around investment to improve ratepayer satisfaction with the roading network so that investment can be weighed off against ratepayer demands/LoS;**

- b. KPIs are critically reviewed and simplified in this activity to sharpen the focus on the strategic outcomes and value for money;**
- c. The activity budget should provide more definition around the spend in the roading space such that Council can be more informed on where OPEX funds are being used;**
- d. Community consultation and community board delegated levels of authority around road renewals and maintenance should be reviewed to allow the right balance between timely (and thus cost efficient) delivery of maintenance and capital works on the roading network.**

Parks (including Ōtākaro-Avon River Corridor)

Links to strategic priorities need to be clear and robust. For example, there is not really a link between “a quality water supply” as a strategic outcome and maintenance and operation of parks. There is however a link with healthy waterways. Strategic links should be critically reviewed in this section. A few strong ones are more powerful than many spurious ones.

There are a large number of KPIs in this activity and many of them are repetitive (e.g. around customer satisfaction with different types of Parks). The Key Performance indicators in this activity should be reduced in number and be sharply focused on the strategic outcomes desired in this activity and value for money.

There is potentially a strong link between reducing Christchurch’s carbon emissions through this activity by using land for reforestation/tree planting. We encourage the Council to explore how it can engage efficiently with the private sector to enable reforestation (Banks Peninsula land parcels maybe a good target) as this may enable rapid progress in carbon offsets at a large scale and relatively low (or no) cost to Council (i.e. sponsored planting). It would potentially assist with improving waterway health and biodiversity. The issue of who earns the carbon credit from such activity should be considered as a simple commercial consideration in such discussions. The fact is that CCC has land and the private sector wants to reforest other land to secure carbon credits. This can meet both parties' aspirations, achieving Council's strategic directions without CCC having to fund such initiatives.

The LoS around access to Park spaces should also be reviewed. EAG were advised that most areas of the City meet the LoS whilst some areas are in excess of the LoS. Council should review whether the land spaces above the LoS could be better used for other purposes (potentially housing).

This activity uses a mix of inhouse and externally contracted services. It is important that the measurement basis for internal and external service delivery is consistent and unbiased as this leads to robust decision making in Section 17A reviews around value for money and service performance. It is recommended that the internal delivery teams are “contracted” to the business unit to deliver the services in a similar manner to contractors and should report and be measured under similar KPI frameworks. Cost comparators need to recognise the overhead costs that also come with internal delivery teams.

Capital delivery in this activity has deteriorated as a percentage of the capital to be delivered over last few years and is an area with a lot of smaller work packages. Whilst these simple work packages do not need the full project management approach they do require bundling and programme procurement methodology to overcome this carry forward issue. It is recommended this approach is implemented as soon as possible.

Risks are generally not well stated in this activity and mitigation measures are not clear. The risk management associated with this activity should be robustly checked (e.g. no risks around marine structures and coastal erosion in draft plan).

Ōtākaro-Avon River Corridor

The Ōtākaro-Avon River Corridor (OARC) area warrants specific consideration. The LTP must be consistent with the Regeneration Plan as a matter of law. At present, the timing and allocation of funding streams are unclear. The Parks and Foreshore Asset Management Plan acknowledges this area is potentially underfunded. There is also no one point of contact responsible for delivery of the OARC Regeneration Plan.

A separate Activity Plan should be developed for the OARC area to enable funding streams to be clearly identified, including the \$40M from the Christchurch Regeneration Capital Acceleration Facility and \$13.77M from the Christchurch Earthquake Appeal Trust.

Governance arrangements should also put in place as a matter of priority to enable effective implementation of the OARC Regeneration Plan. It is important for there to be a single point of contact for community interest and investment opportunities. Without a champion for the OARC, there is a risk that momentum will be lost.

The creation of an independent charitable trust with a clear mandate would be an obvious way forward. It is expected the entity would have a dedicated focus and overarching responsibility for leading the regeneration of the area, which is a vital step to realising the vision and objectives of the Regeneration Plan. This also avoids the potential conflict between the council's responsibilities as asset owner and regulator (including consent administration etc).

The trust can be established as a single point of contact for private and community interests which will harness the existing investment opportunities and attract further potential investment from the private, philanthropic, NGO and public sectors. There is local precedent for such an approach to protecting significant natural and physical resources in the city for the long-term benefit of the community (Riccarton Bush, the Arts Centre etc.). There are also overseas examples (such as Centennial Park, Sydney).

Resolving the governance of the OARC will give confidence to the community that this important asset will be protected and enable the Vision and Objectives of the Regeneration Plan to be realised.

Recommendation 16

- a. That the KPIs in this activity be simplified and duplicates removed;**
- b. Where activities are delivered in house the business unit should have the same performance assessment platform as CCC uses for external contracted Park services;**
- c. Capital delivery mechanisms for the large number of small projects in this activity needs a programme delivery approach to ensure delivery is completed in the year funding is granted;**
- d. Stated risks and mitigation measures should be reviewed and more succinctly stated;**
- e. Efficient engagement of the private sector in reforestation projects (including ongoing maintenance) could provide quick wins and mutually beneficial solutions in offsetting Christchurch City carbon emissions as well as enhancing other outcomes around healthy waterways and biodiversity;**

- f. **That a separate Activity Plan be developed for the OARC area to enable funding streams to be clearly identified;**
- g. **Governance arrangements should also put in place as a matter of priority to enable effective implementation of the OARC Regeneration Plan.**

Resource Consents, Building Consents and Regulatory Compliance

A Section 17A Review was recently conducted, which considered two high level options (status quo, or CCO). It was recommended services continue in-house. This is supported in principle by the EAG and should include a review of the associated Consultants budget for delivery of consenting and regulatory compliance services.

Although not proposing structural change at this time, the Section 17A Review also recommends that the LTP explores the current funding of Building Services and Resource Consenting. In particular it states that there is a case for changing the mix of funding between rates and fees and charges. The EAG would support this approach.

We also consider there is an opportunity for greater alignment between these CCC units and ChristchurchNZ. This would ensure 'joined up thinking' in relation to unlocking economic potential across the city.

Recommendation 17

- a. **That a close link is established between the CCC units and ChristchurchNZ to ensure potential economic development opportunities are supported by a streamlined approval process (which will also help to improve customer service interactions);**
- b. **That the current funding of Building Services and Resource Consenting is reviewed, including a mix of funding between rates and fees/charges;**
- c. **That Consultant budgets are reduced and processing of approvals is handled in-house as far as possible.**

Heritage Management

There are many links to strategic outcomes. Some of these seem a bit tenuous (e.g. “great place for people, business, investment” and “valuing the voice of young people”) and should be challenged. A few strong strategic links are better than many weaker links which detract from the key values of the activity. The risk management section of the activity plan and asset management plan needs to be reviewed with risks being more fully explored and clearly stated. Mitigation measures need to be stated and address the given risk statement.

The opportunity to earn some revenue from restored heritage facilities should be explored. Electronic payment systems available could make modern “Gold Coin” donation facilities relatively cheap to operate and provide some external funding for this activity.

Savings achieved by the removal of heritage incentive grants are supported in principle. However there does need to be a coherent strategy in relation to those heritage anchors that are of strategic importance to the city which may require funding streams to either complete restoration work and/or meet ongoing opex (such as the Canterbury Museum, Provincial Chambers and the Arts Centre of Christchurch).

Recommendation 18

- a. That the number of strategic outcome links (primary and secondary) be critically reviewed and reduced to the key outcomes the activity contributes to.
- b. That the opportunity to earn external revenue from Heritage sites be more fully explored. Additional revenue could help accelerate restoration of remaining earthquake damaged sites;
- c. That a coherent strategy and associated funding stream is put in place to support the restoration and ongoing operational requirements of the key Central City heritage anchors with a special focus on the Arts Centre.

Community Facilities

In terms of Community Facilities, there is a planned reduction in OPEX and capex in 2021 FY. This has consequences for LoS and means some clear choices will need to be made by Councillors. A list of 15 highest priority facilities has been identified by staff.

Recommendation 19

That priority is given to Community Facilities that can be delivered efficiently while reducing longer term OPEX.

Part 3 – Other Components

Infrastructure Strategy

The draft is framed at strategic level and is on time. Overall, the document is a good start. Strategic issues being identified and structured as a good strategy document.

Recommendation 20

General comment – more pictures and less words would make the document easier to read and more powerful. We understand there is still data to come from the business units to support the document and this is likely to be graphical in nature.

Information Technology

We have had a number of meetings with the IT team at CCC and have found them very open and forthcoming. The team have vision and are willing to make changes for future success.

We received an analysis of the IT programme by this unit and it is attached as Appendix 2.

Recommendation 21

- a. **Elements that support the organisation get the investment required. Including a drive by the IT Governance Board to deliver across the Council \$10M in savings over two years through simplification and rationalisation of IT systems in order to deliver efficiencies and reduce cost;**
- b. **That an IT strategy is developed to drive digitalisation for both the Council and City;**

- 
- d. **That a closer alignment is developed between the IT team and other areas within the Council.**

Corporate Overheads Model

CCC's internal activities (IT, HR, finance, legal services etc.) total \$115M in this financial year, including capex. This is the total budget of many smaller councils. In all LTPs until 2018 Councillors had access to internal services activity plans and budgets. The new CEO has reinstated this approach, though internal services remain excluded from reporting to governance. EAG has identified an issue with the way in which this large total budget is managed.

The cost of all these internal services is distributed across the budgets of external service providers (parks, roading etc.) at year end. If the internal services budget was exceeded that excess is also added to the services that CCC provides to the community as overhead.

This means that for the past three years internal services have been operating to budgets that have never been seen by Councillors, have had literally no incentive to find efficiencies (or even to deliver within the budget allocated) and have disappeared from reporting to governance.

There has been significant work undertaken by the EAG in reviewing CCC overhead costs. We continue to see inefficiency throughout administration and support functions. There is excessive manual processing and lack of automation. A good example is the use of paper invoices for processing of accounts payable. Most organisations the size of Council would be using an electronic

invoice process which would improve accuracy, sustainability and potentially reduce the number of staff required for the accounts payable function. E-invoicing has been in wide use for at least a decade and implementation of such a process should be added to the Council workplan.

Civic and International Relations

International travel in the current COVID environment is likely to be severely limited for some years. It is unclear from the LTP whether a robust cost/benefit analysis has been carried out for all Council related international travel.

Recommendation 23

That all international travel is put on hold for the next two years and that all future proposed international trips are subjected to rigorous cost/benefit analysis to ensure spending is in line with Council policy and gives good return to ratepayers.



Community Hubs/Service Centres

There are currently 12 community hubs or service centres located throughout the city. With more people moving to utilising online facilities or phoning Council there is the potential to rationalise the number of service centres.

Recommendation 27

We recommend an analysis of the usage, visitation and cost of the 12 Community Hubs is undertaken to ensure the optimal number of facilities.

Council Systems and Processes

As we have discussed individual unit processes and structures it has been raised many times that CCC structures and processes are unnecessarily complicated and “box ticky”, “19th Century Manual systems”.

Recommendation 28

We have made some specific recommendations in relation to [REDACTED] and this rationale applies across the organisation.

Changes at the Council table – Governance and Decision Making

At the same time as the Councillors are requiring the CEO to deliver a restructured institution, the EAG has identified it could be time to look at the existing committee structures, frequency of meetings and content. We were specifically asked by Councillors to assess the benefits of a decentralised arrangement, and the value and effectiveness of Community Boards, with a particular focus on decision making powers.

Our investigations to date identify some risk around legislative compliance for meetings, as well as making good decisions (relevant to Regulatory Compliance). For delegations to be effective, they must be supported by sufficient training and resources. For example, the activity plan sets LoS that Community Board meetings are held with full statutory compliance. This should also expressly provide for training of members with clear scope of decision-making powers and technical support from the relevant operational units within CCC. There have been instances in the city where decisions have been delegated to Community Boards that may conflict with CCC technical advice and or otherwise affect substantive approvals already granted to development projects. This can lead to formal challenge from the private sector and may impact on CCC reputation and responsiveness, which were issues identified in the latest Residents Survey.

Recommendation 29

That a review is undertaken by the Legal Services Unit, with particular focus on the delegations for decision making and associated training of all Community Board members to support robust processes under the LGA and RMA.

Consultation Document and LTP Engagement Strategy

EAG has had constructive dialogue with the unit responsible for the engagement aspects of the LTP.

Recommendation 30

As a general comment, the EAG notes the importance of engaging the community in a debate that focuses on the balance between the community's needs and aspirations, realistic levels of service and the community's willingness to pay. As stated in the Elected Members Expectations document, the LTP forms the basis of your contract with the community. This requires aligned, joined-up decision making. A strong engagement process will reinforce your commitment as a Council for delivery of services and infrastructure that Ōtautahi Christchurch needs to prosper and thrive.

Benefits of Structural Simplification

The net effect of these structural changes would be:

- to support the CEO in driving transformation
- to support greater alignment with CCC's Strategic Directions
- to respond appropriately to Residents Survey feedback as part of the wider review process
- simplification of ELT roles and efficient relationships with CCOs
- reassurance for Councillors that the CEO can deliver what Council expects
- leaner, joined up leadership
- removal of anomalies, conflicts and duplication
- cost savings equating to minimum 1.5% savings on rates
- clarity, transparency and accountability for capital planning and delivery.

Acknowledgements

The EAG would like to thank Councillors for their invitation to provide advice on the Long-Term Plan 2021 and to CCC staff for their openness during the EAG review process, with special thanks to Peter Ryan and Lerks Stedman.

Appendix 1: Strategy and Transformation Work Programme

Strategic Policy and Planning Activity Work Programme

Unit	Programme / Deliverables	Project	Description/Rationale e.g Statutory Requirement, Co	Priority / Top Risk / WBC Codes	Delivery Date	Trial End Date	Project Lead	Start Date	End Date	Project Stakehold
Strategic Transport	Christchurch Transport Plan	Development of the updated Strategy for transport to aling to new council priorities, new GPS, climate change and resilience goals. Current strategy is from 2012		High						
Strategic Transport	Infrastructure strategy	Development of the organisation's Infrstructures strategy for the 2021 LTP. Including review and advice to align i.S., Amps and activity Plans.		High						
Strategic Transport	Capital prioritisation Tool alingment to I.S.	reivew of capaptial programme prioritisation tool and inputs in line with I.S. strategic issues		High						
Strategic Transport	Central City Parking Policy	Development of a Parking Policy to support councils goals and the new NPS requirements.		High						
Strategic Transport	Micromobility Policy	Working with Ministry of Transport on National Policy development.		Med						
Strategic Transport	Mode Shift Plan	Partership project with GCP to respond to the Minster's request for NZTA to devleop a Mode Shift Plan for Greater Christchurch		Med						
Strategic Transport	Travel Demand Mgt Business Case	Partership project with GCP to develop a single stage business case for the delivery of key behavoiur change programmes to support the captial programme investment busienss cases including PT Futures		Med						
Strategic Transport	Spatial Plan	Development of land use and transport spatail plan for the City that links to the PT Futures and GCP 2050. the project is focused on identifying opportunity growth areas and focusing areas for infrastructure investment for growth		High						
Strategic Transport	Brougham / Moorhouse Single Stage Business Case	Providing strategic and programme intput to the project to better align to Council objecties for climate change, transport and urban design.		High						
Strategic Transport	Public Transport Futures Business Case	Partnership project. Technical and strategic input into the devleopment of the single stage business case for Public Transport Transformation including the Indicative business case for MRT.		High						
Strategic Transport	Public Transport Committee	Support and advice								
Strategic Transport	Regional Land Transport Plan	Partnership project (Regional Transport Committee led) to develop the strategic front end of the RLTP (bid to the NLTP)		Med						
Strategic Transport	Submissions	Accessible Streets (MOT) GPS (MOT) NZTA Investment Framework		ongoing						
Strategic Transport	Modeling -Climate change	Working with Policy team (and Auckland) on modelling what is needed to reduce emissions.		High						
Strategic Transport	Ongoing advice	Strategic advice to operational parking decisions, transport progect delivery, urban design and land use projects.		ongoing						
Land Use Planning	Land Use Planning	District Plan				attached - more details in City Planning Workshop PDF				
Smart Cities		Christchurch Free WIFI	Investigating options for extension of Christchurch free wifi in CBD. Currently in Cathedral Square, New Brighton, Akaroa and 32 phone booths TOP RISK: Delay in implementation due to prohibitive cost and/or lack of funding.		Dec-20					
Smart Cities		Cross agency info sharing / visualisation	Confirmation from key agencies on their involvement going forward but further progress halted due to Covid 19. Have re-engaged stakeholders TOP RISK: Capacity within Programme and partner agencies to progress		Dec-20					
Smart Cities		Smartview	Hamilton version due to go live August 2020. Hamilton has offered CCC use of their state of art real time traffic dashboard in return for SmartView. Hawkes Bay version is underway and Selwyn next in line	Web developer’s capacity	on-going					
Smart Cities		Pot hole detection	Phase 1 successfully delivered with ~82% accuracy. Phase 2 will minaturise technology and test on sweeper trucks	Potential High costs associated with upscaling across roading network	Dec-20					

Strategic Policy and Planning Activity Work Programme

Unit	Programme / Deliverables	Project	Description/Rationale e.g Statutory Requirement, Co	Priority / Top Risk / WBC Codes	Delivery Date	Trial End Date	Project Lead	Start Date	End Date	Project Stakehold
Smart Cities		EQRNet	EQR Net won the IDC Smart Cities Asia Pacific award in June 2020 for Public Safety Disaster Response category	Opex cost not adopted in the Long Term Plan after the three year trial		Jun-21				
Smart Cities		Parking App	PayMyPark went live in Jan 2020, good customer uptake to date	Length of trial insufficient due to Covid 19 disruption		Dec-20				
Smart Cities		Parking Capacity	Sensors installed on St Asaph and Lichfield streets. Next steps - camera based trial & put sensors on EV parks	Accuracy of data output	Sep-20					
Smart Cities		Parking Availability Google Voice Command	Prototype functionality delivered, working on bugs before go live	Uptake of this new function on SmartView	Aug-20					
Smart Cities		Occupancy Monitoring of Civic Meeting Rooms	Test website is live. Working with contractor, Facilities and BI team on fine tuning	Accuracy of sensor data feed	Aug-20					
Smart Cities		Pedestrian Flow	Contract signed with new vendor, organising logistics for installation of 22 cameras in CBD	Delay in installation	Sep-20					
Smart Cities		Graffiti Recognition	Recognition software successfully delivered, next steps are to talk to Auckland & Wellington about co-investing on next phase	Quality of photos from graffiti removal contrator are low quality	Jun-20					
Smart Cities		Digital Kiosk	RFP completed for trial of digital kiosks in botanical gardens and 4 central city sites, final decision on number of units to be deployed and their locations pending	Unknown public perception	Dec-20					
Smart Cities		Smart Christchurch	Working with Marketing team to align Smart Christchurch website with main Council site and SmartView	Capacity to progress the project further due to loss of 5th FTE						
Smart Cities		Commercial Framework	PMY redrafting an investor agnostic proposal as per advice from DCL. Once received a staff recommendation will be presented to Council on way forward	Commercial framework not adopted before programme funding runs out	Aug-20					
Smart Cities		Innovation Expo	2020 Expo postponed to 2021 due to Te Pae delays and Covid 19. We are working with Libraries on setting up an Innovation space at Turanga	Te Pae not ready by new date	Aug-20 for Turanga Innovation Space, 2021 for next Expo					
Resilient Christchurch		Resilient Greater Christchurch Plan (see PDF report)	https://greaterchristchurch.org.nz/projects/resilient-greater-christchurch/							
Urban Regeneration		Central City: specifically via: continuing the Residential Programme ('Project 8011');initiating a Vacant Sites Programme; and continuing a reduced Enliven Places Programme as funding permits (which will be determined through the 2020 Annual Plan).			FY 2020/21	attached - more details in Urban Regeneration Priorities PDF, for Regeneration Heatmap, Place-based Planning Framework				
Urban Regeneration		Linwood Village / Inner City East: Lead cross-agency work to progress the community-led 'Inner City East/Linwood Revitalisation Plan' and suburban centre master plan.			FY 2020/21					
Urban Regeneration		Kāinga Ora community housing project/s: progress partnership regeneration initiatives where within an identified Heatmap priority location.			FY 2020/21					
Strategic Policy	Managing for Outcomes	Strategy & Policy Forward Work Programme Project: includes 6 monthly reporting	Organisational support - strategic overview for Mayor and elected members							
Strategic Policy	Managing for Outcomes	Policy Register Review implementation of the Deloittes policy audit report	ELT resolution 12 August 2019		Audit Complete (ongoing work)					
Strategic Policy	Managing for Outcomes	Contribution to 2021 LTP: includes preparation for input into post-election briefing; strategic framework input to SAMP/AMP/AP's/Community Board Plans; briefings with Council re Strategic Framework; development of Strategic Framework practical application tools	LGA requirement to assess impact or effect of decisions on the 4 Wellbeings, staff asked for more Assessment Tools, re-cycling existing wellbeing tools already available							
Strategic Policy	Managing for Outcomes	Contribution to 2021 LTP programme - review rationale and provide challenge questions, as required for the community outcomes sections of the 28 Activity Plans (external facing APs)	Organisational support - contributes to 2021 LTP							

Strategic Policy and Planning Activity Work Programme

Unit	Programme / Deliverables	Project	Description/Rationale e.g Statutory Requirement, Co	Priority / Top Risk / WBC Codes	Delivery Date	Trial End Date	Project Lead	Start Date	End Date	Project Stakehold
Strategic Policy	Managing for Outcomes	LTP programme - review the alignment between community outcomes and levels of service – a collaborative project with the Performance Team	Organisational support - contributes to 2021 LTP							
Strategic Policy	Managing for Outcomes	Leading first draft of Significant Issues component of the Infrastructure Strategy for 2021 LTP	Organisational support - contributes to 2021 LTP		complete					
Strategic Policy	Managing for Outcomes	Strategic Framework Project: includes co-ordination of Strategic Alignment Steering Group, 6 monthly reporting,and internal communications.	Organisational support - contributes to strategic prioritisation and to 2021 LTP							
Strategic Policy	Managing for Outcomes	Significance and Engagement Policy 2014 review	Organisational support - contributes to 2021 LTP		complete					
Strategic Policy	Regional, national connections	Co-ordinating brieiings CMF, Policy Forum, LGNZ Forum	Contribution to One Voice Council - team with the helicopter overview		ongoing					
Strategic Policy	Regional, national connections	Contribute to Phase 1 of the scoping work for GCP2050	Organisational support - contributes to sub-regional strategic alignment							
Strategic Policy	Regional, national connections	Submissions advocacy and co-ordination	Contribution to One Voice Council - team with the helicopter overview		ongoing					
Strategic Policy	Across Council - improving quality and participation	CoE mgt and advice (bi-annual quality review and associated training, advice to Road Naming Policies, advice to Recreation and Sports Strategy review)	Focus on quality policy advice that leads to better decision-making							
Strategic Policy	Across Council - improving quality and participation	Climate Change -contributing to the strategy development	Council and Team Priority							
Strategic Policy	Across Council - improving quality and participation	Contribution to the Resilient Greater Christchurch Plan - focus on 'resilience' visibility in the 2021 LTP (AMPs, IS, APs).	As per Council resolution (CoW and ELT in May 2019). Includes workshops and advisory services.		ongoing					
Strategic Policy	Across Council - improving quality and participation	COVID 19 Strategic Insights Project								
Strategic Policy	Across Council - improving quality and participation	Waste Minimisation Plan steering and working groups	Statutory Requirement (every 3 years)							
Strategic Policy	Across Council - improving quality and participation	Leading review of Elected Members Allowances and Expenses Policy and the review of the Roads and rights-of-way naming Policy	Legislative requirement							
Strategic Policy	Regulatory	Public Places Bylaw implementation: 2019-20 transport policy updates programme e.g.Footpath extensions to expand cafes onto the roadway Policy; Advertising on bus shelters policies, Road Naming Policies	Operational teams and elected member requests (a)improve public access (b) improve commercial use /access to public places							
Strategic Policy	Regulatory	Updating regulatory advice - review 10 year schedule, ELT report, Blue Book, templates, webpages, open data	Endorsement by ELT needed for the 10 Year Bylaw Programme, and Bylaw proceedings		complete					
Strategic Policy	Regulatory	Alcohol Restrictions in Public Places amendments and investigations for extending temporary ban to permanent at rugby league sports grounds	as per Council and Community Board resolutions		complete					
Strategic Policy	Regulatory	Freedom Camping Bylaw review - co-ordination, policy options, consultation, analysis, reports	Statutory Requirement (review after first five years)							
Strategic Policy	Regulatory	Water Bylaw review - co-ordination, policy options, consultation, analysis, reports	Operational Team request, in response to new Stormwater Consent	1						
Strategic Policy	Economic	DC Policy review	LGA Requirement to review for the 2021 LTP							
Strategic Policy	Economic	Contribute to Financial Strategy development	LTP requirement							
Strategic Policy	Economic	Contributing economic advice (AirBnB, Infrastructure, Innovation, Central City/8011) , review of Lyttelton Info Centre grant, review of BID grant, policy review of DC rebates,	as per a range of Council resolutions. Paul contribution to 8011 and Shirley housing subproject 100 hours							
Strategic Policy	Social	HIAP - IPG training ; support for Senior Mgrs Quarterlies; Joint Work Plan co-ordination	Implementing 2014 MOU Partnership Agreement							
Strategic Policy	Social	Thematic Analysis of 2020 AP	Contribution to One Voice Council							

Strategic Policy and Planning Activity Work Programme

Unit	Programme / Deliverables	Project	Description/Rationale e.g Statutory Requirement, Co	Priority / Top Risk / WBC Codes	Delivery Date	Trial End Date	Project Lead	Start Date	End Date	Project Stakehold
Strategic Policy	Social	Housing Policy (coordinating introduction of Christchurch Housing Initiative, Te Whāriki tū-ā-Rongo; contribution to housing providers network)	as per Council resolution							
Strategic Policy	Social	Social Housing Strategy Review	as per Council resolution							
Natural Environment	Integrated Water	Integrated Water Strategy & implementation plans	Strategy was adopted by Council in Sept 2019							
Natural Environment	Integrated Water	CWMS Zone Committee technical support	Council is a joint member of the CWMS							
Natural Environment	Integrated Water	Developing Community Waterway Partnership	Is a non-regulatory action required in the Global Stormwater Dischrage Consent							
Natural Environment	Integrated Water	Involved in development of education and behaviour change programmes	Is a non-regulatory action required in the Global Stormwater Dischrage Consent							
Natural Environment	Integrated Water	Whakaraupo / Lyttelton Harbour Catchment Management Plan	Council is an official member of the Healthy Harbour Programme							
Natural Environment	Integrated Water	Membership of Water Issues Management Group	Joint stormwater management protocol between Council and Ecan							
Natural Environment	Integrated Water	Membership of Stormwater Action Team	Joint stormwater management protocol between Council and Ecan							
Natural Environment	Biodiversity	Leading Sites Ecological Significance programme for Chch District Plan	Canterbury regional policy statement and Christchurch District Plan							
Natural Environment	Biodiversity	Administering Chch Biodiversity Fund	Council resolution							
Natural Environment	Biodiversity	Leading review of pest plans	Council requirement under the Canterbury regional policy statement							
Natural Environment	Biodiversity	Advice to Council on proposed purchase of rural properties	Private landowners approach Council offering them to purchase the property							
Natural Environment	Biodiversity	Banks Peninsula Pest Free programme	Council is an official partner							
Natural Environment	Public Open Space and Landscape	Development of the Natural Places Public Spaces Strategy	Existing strategies preceed 2010 and are out of date							
Natural Environment	Public Open Space and Landscape	Provision of advice to central city planning and area plans on on public open space and landscape values	Integral to city planning programme							
Natural Environment	Natural Hazards	Input to Coastal Hazards Chapter Chch District Plan	Requirement of Christchurch District Plan							
Natural Environment	Natural Hazards	Multi Hazards project	Integral to city planning programme							
Natural Environment	Natural Hazards	Groundwater monitoring	Acquiring EQC groundwater monitoring network for 3 waters and waste operational requirements							
Natural Environment	Natural Hazards	Tonkin and Taylor Coastal Hazard Report Review	Integral to city planning programme and District Plan							
Natural Environment	Climate Change	Development of Climate Change Strategy	Council declaration of a climate and ecological emergency							
Natural Environment	Climate Change	Climate change vulnerability assessment of the district	Council declaration of a climate and ecological emergency							
Natural Environment	Climate Change	Development of Climate Adaptation Plan	Council declaration of a climate and ecological emergency							
Natural Environment	Climate Change	Development of Climate Mitigation Plan	Council declaration of a climate and ecological emergency							
Natural Environment	Climate Change	CEMARS & Energy Mark accreditation	2015 Christchurch Energy Action Plan							
Natural Environment	Climate Change	Resource Efficiency Greenhouse Gas Emission Group	2015 Christchurch Energy Action Plan							
Natural Environment	Resource Efficiency	Take Charge Christchurch	2015 Christchurch Energy Action Plan							
Natural Environment	Resource Efficiency	Provision of grants for electric vehicle charging stations	2015 Christchurch Energy Action Plan							
Natural Environment	Resource Efficiency	Manage Target sustainability programme	2015 Christchurch Energy Action Plan and Christchurch Waste Minimisation Plan							
Natural Environment	Collegial support/ submissions	Submissions on resource, land use change consents lodged with ECan.	Where Council is deemed an effected party.							
Natural Environment	Collegial support/ submissions	Submissions on national and regional legislative changes eg RMA, National Policy Fresh Water, Canterbury Land and Water Regional Plan, proposed Carbon Zero Bill	Where Council is required to take effect of national and regional legislation there is a need for it to make submissions on any legislative changes							
Natural Environment	Collegial support/ submissions	Input to Council’s strategic framework and reporting on strategic priorities. Includes techncial support to LTP review programme	Supporting the wider programme of work and working with teams across Council							

Strategic Policy and Planning Activity Work Programme

Unit	Programme / Deliverables	Project	Description/Rationale e.g Statutory Requirement, Co	Priority / Top Risk / WBC Codes	Delivery Date	Trial End Date	Project Lead	Start Date	End Date	Project Stakehold
Natural Environment	Collegial support/ submissions	Integration of climate change approaches into strategic policy documents.	Ensuring LTP, infrastructure strategy, AMPs and other strategic and operational programmes take adequate steps to incorporate climate change actions							
Continuous Improvement	Deliver training - influence culture by changing thinking about process and continuous improvement	Lean Six Sigma Green Belt	To improve continuous improvement and lean problems skills/capability across the Council	BAU						
Continuous Improvement	Develop and deliver new ways of working	Wheelie Bins Change Project	Improve processes and provide fit for purpose tools to improve efficiency Enable integrated access to contractor data to provide better information to customers and minimise risk related to performance Apply the improvements to process and information flow to increase service to customer while reducing costs to CCC Enable CCC to take ownership of, and improve Wheelie bin App	Quick Win						
Continuous Improvement	Develop and deliver new ways of working	Monitor & Improve - Facilities	Identify and embed measurable KPIs that align with strategic priorities, outcomes and levels of service to drive day-to-day performance. Design easy to use, comprehensible, and real-time dashboards and reports that span systems and processes.	Strategic Project						
Continuous Improvement	Develop and deliver new ways of working	Rates Settlement Process	Improve customer service and reduce cost by automating rates information search.	Quick Win						
Continuous Improvement	Develop and deliver new ways of working	Graffiti tag identification (AI)	To reduce the amount of graffiti by being able to use AI to build a case for Police to identify perpetrators and use it to influence behaviour.	Tactical Project						
Continuous Improvement	Develop and deliver new ways of working	Wheelie Bin Scheduling Process	Citizens do not yet have the ability to select or book a time for their bin replacements, repairs and deliveries. The opportunity is to use scheduling and/or booking capabilities to enable citizens to select a date for their service provision. Reduce the number of futile deliveries.	Quick Win						
Continuous Improvement	Develop and deliver new ways of working	Street Numbering and Subdivision	Re-engineer the process for street numbering (usually during subdivision application) and explore possible improvement opportunities	Strategic Project						
Continuous Improvement	Develop and deliver new ways of working	Compliance with Resource Consents process	Establish a robust process for monitoring of all Council-issued and ECan consents; including database of all consents, ownership for maintain database. Templates, reporting, on-going CI rigour. Refer to Compliance review - Resource Consent Monitoring.	Tactical Project						
Continuous Improvement	Develop and deliver new ways of working	Monitor & Improve - Wheelie Bins Phase 2	Deliver further, more comprehensible dashboards incorporating real time data from the contractor API.	Strategic Project						
Continuous Improvement	Develop and deliver new ways of working	CCC Utility Identification	Attach clear labels to CCC owned and maintained utility boxes to enable clear identification for citizen and CSR when service is required in particular for graffiti incidents. Will mitigate futile call outs to contractors for damage to non-CCC maintained utilities, and the accurate routing and closing of third party maintenance requests.	Quick Win						
Continuous Improvement	Develop and deliver new ways of working	Erosion & Sediment Control	To reduce the risk of CCC incurring fines by implementing better controls to reduce/stop contamination getting into the storm water system.	Tactical Project						

Strategic Policy and Planning Activity Work Programme

Unit	Programme / Deliverables	Project	Description/Rationale e.g Statutory Requirement, Co	Priority / Top Risk / WBC Codes	Delivery Date	Trial End Date	Project Lead	Start Date	End Date	Project Stakehold
Continuous Improvement	Develop and deliver new ways of working	Monitor & Improve - Transport	Identify and embed measurable KPIs that align with strategic priorities, outcomes and levels of service to drive day-to-day performance. Design easy to use, comprehensible, and real-time dashboards and reports that span systems and processes.	Strategic Project			<div></div>			
Continuous Improvement	Develop and deliver new ways of working	Reducing Bureaucracy	Analyse and investigate suggestions put forward to reduce bureaucracy. Various initiatives within this body of work could be worked on when team resources are available.	Quick Win						
Continuous Improvement	Develop and deliver new ways of working	Youth Development Fund	Improve process and efficiency for Youth Development Fund applications	Quick Win						
Continuous Improvement	Develop and deliver new ways of working	Monitor & Improve - Animal Management	Identify and embed measurable KPIs that align with strategic priorities, outcomes and levels of service to drive day-to-day performance.	Quick Win						
Continuous Improvement	Develop and deliver new ways of working	Fly Tipping	To reduce instances of people fly-tipping and therefore costs by implementing various strategies to deter, including AI. This will involve speaking to the community for their input and ideas.	Tactical Project						
Continuous Improvement	Deliver training - influence culture by changing thinking about process and continuous improvement Promapp Administration	Promapp Administration & Training (FY20-21)	Monthly training sessions to provide staff with the skills and knowledge on how to write business processes and documenting them in the Council Business Process Management system - Promapp.	BAU						
Continuous Improvement	Reporting	CI Reporting (FY20/21)	Develop and update of visual dashboard for CI projects, benefits, opportunities and other activities that CI team are working on.	BAU						
Continuous Improvement	Develop and deliver new ways of working	Digital Citizen Experience (DCE)	Resource from CI is required to work on the various streams of work related to DCE. Identify Management; Hybris Health Check; CCV2; Enhancement Bundle; Changes required from Health Check	Quick Win						
Continuous Improvement	Develop and deliver new ways of working	New water connections process	Improve efficiency by streamlining process, replacing manual steps with some automation	Quick Win						
Continuous Improvement	Develop and deliver new ways of working	Water Billing	Identify the current gaps whereby some commercial entities are not paying for water. Look to bill residential for those who have water consumption in the top 10% (bylaw allows for this).	Quick Win						
Continuous Improvement	Develop and deliver new ways of working	Monitor & Improve - Transport (Phase 2)	Deliver further, more comprehensible dashboards	Strategic Project						
Continuous Improvement	Develop and deliver new ways of working	Monitor & Improve - Parks (Phase 2)	Deliver further, more comprehensible dashboards	Strategic Project						
Continuous Improvement	Develop and deliver new ways of working	Better information for customers - planned works schedules	Identify and implement new ways to better inform citizens around planned works, making this available when a citizen raises a RFS and reduce number of duplicate jobs	Quick Win						
Continuous Improvement	Reporting	Monitor & Improve Enhancements	Improving business and contractor performance. Better visibility of performance metrics.	Quick Win						

Appendix 2:

Critical Council wide software systems have to be evaluated to ensure that these fundamental elements that support the entire business get the investment required.

Our findings that inform our recommendations are as follows:

1) Organisational Digital Strategy

- a. The Organisational Digital Strategy (ODS) is a strategic bridge between the overall Council Strategic Framework and implementation activity required to optimise and transform services. The Organisational Digital Strategy has been led by the CIO, not on behalf of the IT Unit, however it requires an organisational wide response. Additional Business unit level strategies and targeted objectives would support practical alignment to delivery of the ODS, and broader activity improvements.
- b. Organisational Digital Strategy headlines include; “getting the basic right”, and “we will apply digital ways of working incorporating people process, information and technology”. Examples below of specific ODS initiatives that will require greater organisational collaboration;



Process improvement

Disparate, often manual processes are time-consuming and inhibit Council staff from delivering valuable services internally. Digitising administrative, procurement, finance, HR, and other business services will enable Council staff to collaborate across the enterprise and better deliver value.



Support and Nudge (digital competence)

Integration of different learning methods to nudge and support employees through new digital tools and processes.



Active partnership with IT

Develop the relationships between business units and IT, to build trust and understanding, by agreeing to where the responsibilities and accountabilities lie.



Joined up planning

Use collaborative methods across the organisation and with citizens and suppliers to plan and develop digital initiatives and boost their success, and join up people, process, information, and planning.

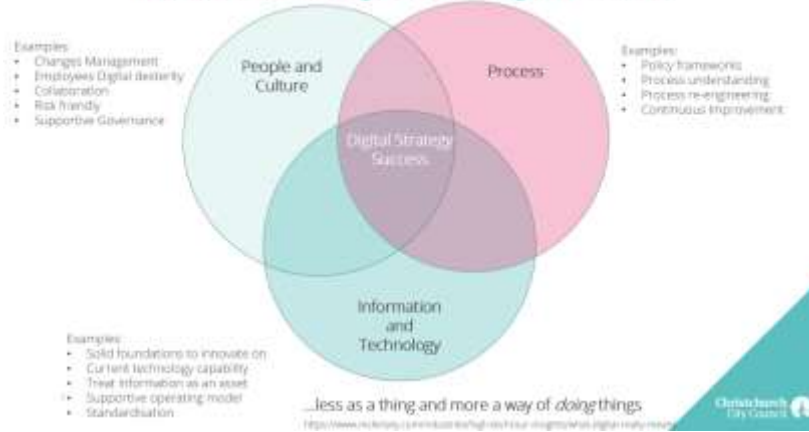


Digital services funding model

Collective approach to investment that drives organisational value while maintaining core enterprise digital services.

- c. For the Organisational Digital Strategy to be successful, enhanced collaboration is needed across organisational functions (*that are currently in different groups / units*). Greater alignment of programmes of work, with common objectives to drive organisational efficiencies (cost savings) and transform citizen digital experiences to be easier, higher quality, and responsive. The below diagram illustrates the components that need to come together for successful Organisational Digital Strategy delivery.

What are the building blocks for Digital Success ?



3) Technology Vision and Strategy

- a. There has been a historical lack of technology vision and strategy, which is currently being remediated. This has resulted in investment decisions in some cases (not all) focusing on initiatives tagged as *“transformational”* at the expense of *“getting the basics right”*, for example;
 - (i) Replacing legacy systems that have high risk of failure and disrupting Council’s essential services;
 - (ii) A timely renewals programme for core foundation block for digital services overall e.g. data network replacement;
 - (iii) A focus on rationalisation of existing systems, simplification of configurations, and general standardisation to drive costs out of IT.
- b. The IT Unit had a significant restructure in Nov 2019, which has increased the leadership capability in this area. The team are transitioning to a more Product Management framework approach which will drive a more holistic, planned response across the full technology stack, rather than the siloed project based approach, which drives a more short sighted, point in time approach. The product management approach will take into consideration the full lifecycle of the platforms. More in the Finance Model section below, as Project vs Product approach can cause tension between capital and operation cost profiles.
- c. The Council should be maximising the value of the core systems which have already had significant investment in e.g. SAP S4/HANA, SAP C4/HANA, greater use of Mulesoft integration platform. This should be by way of iterative, frequent, continuous improvements. This requires sufficient operational funding in place that encourages several smaller pieces of work being done more frequently, rather than having to drive through capital project constructs that bring with them project management overhead (costs).
- d. The overall technology strategy needs to drive the following outcomes:
 - (i) Systems to be rationalised to reduce ongoing subscriptions / licensing and support costs.
 - (ii) Systems to be implemented with standardised configurations (vanilla), and existing systems re-oriented to their standard configurations. Resulting in lower costs to implement and upgrade, and easier path to alternative systems.
 - (iii) Ensure system reviews occur at contract renewal time to ensure Council is getting best value for money, and being prepared to transition systems when cheaper alternatives, while balancing change impacts / costs.
- e. There are times when making use of existing systems is better replaced by an ability to invest in a new technology capability. Some examples that are programmed in to start this FY21 and will need broader investment via the LTP subsequent years are:
 - **Identity Services:** To improve citizens and business partners' interactions with the Council, we need to ensure secure verified access to Council systems. An identity service is a core building block gap for Council, and restricting a secure consolidation digital experience for citizens. There is a broader programme of work beyond identity to achieve this also.
 - **Rostering:** Labour costs are one of the largest costs for the organisation, yet Council operates manual rostering for role that require it, noting Metro

Sports coming on line will increase those role types. The current manual process cause admin overhead / costs.

- **Robotic Process Automation (RPA):** This technology will allow CCC to transition some manual human process to system run processes. The outcome will be cost reductions in human processes.
- f. This could include co-design by including Citizens within Steering Groups to steer design and outcome decisions. It would be useful to have a similar approach at Council by enabling a Citizen Digital Advisory Group, and that can be used as a reference point for Citizen facing digital services, and ensuring Citizen centric design.

5) Financial Model

- a. There is acknowledgment required in the LTP budget process that a cost shift is occurring from Capital to Operational (Capital vs operational funding ratio). The primary drivers for this include;
 - System upgrades are becoming more frequent (every 12 months or less) which is an operational costs compared to the previous approach of less frequent, significant upgrades which are a capital cost.
 - There is an exponential transition to Software as a Service (SaaS) subscriptions, where are paid as an annual fee for an all-inclusive Software license, Infrastructure, and support services. These are operational costs compared to one off license payments (Capital cost) with a smaller annual operational cost for maintenance and support.
 - Customer are experiencing more frequent iterative improvements, configuration changes to systems and expecting IT to be responsive and pick this up as business as usual operational costs, than package as part of a larger piece of work i.e. capital project.
 - Due to components of IT planning activity being typically operational costs, and the relative constraints with sourcing opex vs capital, short cuts are taken with important planning steps (*design, requirements work, data management team involvement*), resulting in lower quality or misaligned outcomes, and in some cases increased unplanned operational support costs due to system functionality issues.
- b. Ideally, IT has to be seen as not only a cost centre, however an enabler to drive organisational efficiencies and effectiveness that saves costs, which in turn makes the citizens' lives easier. There is a need to invest in IT to save organisationally, which also relies on some of the previous section comments on how this is achieved with broader organisational collaboration.
- c. For other business units to truly partner with the IT Unit to drive efficiencies, they need to have an operational funding line that supports their staff involvement in efficiency

initiatives. Often the staff are too busy doing the inefficient processes that need to be improved, to put time into being involved in improvements, or conflicted, in that improvements occurring could impact their role. An approach would be to have an operational activity budget line called Digital Efficiency Improvements, that is a contestable fund, where ROI needs to stack up, and business units can draw on that to work with IT, and have funding to backfill roles temporarily while the efficiencies are implemented.

- d. During the recent annual plan budget process it became clear that there isn't a good understanding that IT Capital Investment is difficult to comparably prioritise to vertical and horizontal infrastructure builds or renewals i.e. replacing a bridge vs replacing a high risk legacy IT system or data network. If you reduce investment in IT then expect service disruption, security breaches, efficiencies not realised, and that compounded under investment will need to be realised at some point (and at possibly a higher cost). Ideally CCC would continue with a sufficient programme level IT capital funding, and prioritise within that programme.

