

I hereby give notice that an ordinary meeting of the Chief Executive Officer Review Committee will be held on:

Date: Thursday, 23 October 2014
Time: 2.00pm
Meeting Room: Council Chamber
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Chief Executive Officer Review Committee

OPEN AGENDA

MEMBERSHIP

Chairperson Hon Christine Fletcher, QSO
Deputy Chairperson Mayor Len Brown, JP
Members Cr Bill Cashmore
Deputy Mayor Penny Hulse
Cr Penny Webster
Cr George Wood, CNZM

(Quorum 3 members)

Tam White
Democracy Advisor

17 October 2014

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TERMS OF REFERENCE

Responsibilities

The Chief Executive Review Committee is established to review the Chief Executive's performance and to recommend to the Governing Body the terms and conditions of the Chief Executive's employment including any performance agreement measures and annual remuneration.

Powers

All powers necessary to perform the Committee's responsibilities.

Except:

- (a) powers that the Governing Body cannot delegate or has retained to itself (see Governing Body responsibilities)
- (b) where the Committee's responsibility is limited to making a recommendation only

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1 Apologies

At the close of the agenda no apologies had been received.

2 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

3 Confirmation of Minutes

That the Chief Executive Officer Review Committee:

- a) confirm the ordinary minutes of its meeting, held on Tuesday, 23 September 2014, as a true and correct record.

4 Petitions

At the close of the agenda no requests to present petitions had been received.

5 Public Input

Standing Order 3.21 provides for Public Input. Applications to speak must be made to the Committee Secretary, in writing, no later than **two (2)** working days prior to the meeting and must include the subject matter. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders. A maximum of **thirty (30) minutes** is allocated to the period for public input with **five (5)** minutes speaking time for each speaker.

At the close of the agenda no requests for public input had been received.

6 Local Board Input

Standing Order 3.22 provides for Local Board Input. The Chairperson (or nominee of that Chairperson) is entitled to speak for up to **five (5)** minutes during this time. The Chairperson of the Local Board (or nominee of that Chairperson) shall wherever practical, give **two (2)** days notice of their wish to speak. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders.

This right is in addition to the right under Standing Order 3.9.14 to speak to matters on the agenda.

At the close of the agenda no requests for local board input had been received.

7 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the public,-
 - (i) The reason why the item is not on the agenda; and
 - (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

8 Notices of Motion

At the close of the agenda no requests for notices of motion had been received.

Quarterly Performance Review and Discussion on Delegated Authorities

File No.: CP2014/24089

Purpose

1. To discuss the performance of the Chief Executive for the first quarter of the 2014/15 financial year, and to present to the committee information to help inform changes to the Chief Executive's financial and non-financial delegations.
2. The Director, Communications and Engagement will discuss his priorities for the year ahead.

Executive summary

3. This is the first formal quarterly review of the Chief Executive performance against the 2014/15 Performance Objectives. The first quarter has been dominated by the preparations for the Long-term Plan (LTP) and the Chief Executive is now overseeing the LTP process following the departure of the Chief Financial Officer. The 2014/15 Performance Objectives cover four themes and this paper provides a summary on each theme.
4. At its previous meeting, the committee discussed revising the Chief Executive's financial and non-financial delegations with the aim of increasing the time available for elected members to focus on higher priority governance issues. The committee requested guidance on the differences between governance and management as this will provide the basis for altering the delegated authorities. Information will be presented to the committee by the Chief Executive, the General Counsel and the Acting Chief Financial Officer to assist the discussion.

Recommendations

That the Chief Executive Officer Review Committee:

- a) discuss the performance of the Chief Executive against the 2014/15 Performance Objectives; and
- b) discuss and provide feedback on the options for revising the Chief Executive's financial and non-financial delegations.

Comments

Progress Against the 2014/15 Performance Objectives

5. The CEO review Committee agreed on four performance objectives for the 2014/15 financial year (Attachment A) based on input from the Chief Executive and the Executive Leadership Team (ELT). The objectives cover four main areas: the Long-term Plan (LTP); One Organisation; High Performance Organisation; and Effective Governance.

Long-term Plan

6. This objective is aimed at activities to support the development of the Long-term Plan:
7. The Long Term Plan development is on track. The process for the development of the LTP reflects a whole new way of working for the organisation and elected members. This reflects a more strategic "top down" approach that has challenged the status quo and has provided an opportunity for us to redefine our spending priorities.
8. A number of workshops were held to engage with elected members to provide an understanding of the current programme and discuss options, prior to the Mayor's Proposal at the end of August 2014. During September further workshops have been held with the Budget Committee and Local Boards to provide advice on the organisation's response to the funding envelope approach taken in the Mayoral Proposal.

9. To support the workshop discussions elected members have been given advice on options that align with the direction in the Auckland Plan and create the capacity required for the organisation to manage within the more restricted fiscal envelope proposed.
10. Working with councillors we have developed a set of geographic priorities, to help guide the prioritisation of our spend over the term of the 2015/25 LTP. Both the parent and CCO entities have provided advice and have prioritised their programmes based on a set of common strategic priorities.
11. We are developing a new approach to consultation, that responds to new legislative requirements, that aims to deliver the most accessible and representative council engagement with Aucklanders to date to support council decision making.
12. Work has continued on options for alternative transport funding and this is on track for delivery prior to the budget discussions in November 2014.

One Organisation

13. This objective is aimed at activities that help develop a cohesive and aligned council group. During the review period, the main activities that were undertaken to support that objective:
 - a. Regular meetings of the Auckland Council and CCO Chief Executives are now held. The meetings provide an opportunity for the respective Chief Executives to share information, coordinate activities and generally reinforce the 'one organisation' culture. The coordination activity provides an exemplar for the respective ELT members.
 - b. The CCO review is on track for adoption by June 2015. For context, the terms of reference were adopted and current state assessment reports received at the start of the year, the criteria for assessing in-house versus CCO delivery for CCO activities was adopted by the Governing Body on 1 May 2014, the rationale for delivering services through CCOs was considered by the Governing Body on 26 June 2014, a series of Governing Body workshops to consider CCO configuration options was completed between August and October 2014 and an activity workshop was held with local boards on 8 October 2014 providing an overview of the process and key proposed changes and matters of interest to local boards.
 - c. The CCO review project will report to the Governing Body on 27 November 2014 with recommendations for structural change, if any. This will enable any significant proposed structural change to be consulted on as part of the draft LTP.
 - d. More senior managers are now included in the Council's Senior Leadership Team (SLT). The SLT continues to evolve with the current focus on the SLT thinking for the group and not just their individual lines of management responsibility. This approach will help break down departmental and divisional silos, and will increase the problem solving capability of the organisation. The current focus is for SLT to collectively meet the challenges of developing and implementing an affordable LTP.
 - e. The Seniors, Ethnic Peoples and Pacific Peoples Advisory Panels, following a full recruitment process, were appointed by the Governing Body on 1 May 2014. These three panels have set work programmes that are generally in alignment with the Council's forward programme of policy development and engagement. The work programmes have been ratified by the Regional Strategy and Planning committee. Both panels have appointed their chairs, as they are required to, at their third meetings. There was an Interim Chair for the first two meetings.

- f. The Youth and Disability Strategic Advisory Panels continued to meet from the start of this term. Following a partial membership review, in August, the youth panel has had its work programme ratified by the Regional Strategy and Planning. The previous Chair was re-appointed. The Youth Panel was not required to undertake a full recruitment process. The last meeting of previous Disability Strategic Advisory Committee was held on 15 September 2014. A full recruitment and appointment process, for the new Disability Advisory Panel, began on 15 August and the Governing Body will appoint this new panel at the meeting on 30 October 2014. A number of the existing panel members have re-applied. They will then progress a work programme. All panels have agreed to a six weekly meeting schedule for 2015.

High Performance Organisation

14. This objective is aimed at activities that help develop a high performance organisation through strong leadership and engagement:
- a. The council is making good progress on 'the way we work engagement maturity model'. During the first quarter of this financial year there has been a heavy investment on 'Building a High Performance Council'. Activities have included CEO Roadshows where the Chief Executive and ELT members presented to over 3,300 employees. The meetings provided the opportunity to clarify our three special areas of focus:
- Engaging and enabling communities
 - Providing customer friendly services
 - Making our size work
- b. This combined with our vision and purpose, our core business as usual activities and four high performance behaviours (achieve, develop, serve and collaborate) describe how we will build a high performance organisation. We received over 280 individual pieces of feedback on the roadshows with an overwhelming positive theme. We are now following up these sessions through the Conversations with Leaders sessions across the organisation. Other supportive initiatives include reviewing our performance management system, how we recognise and reward performance, how we improve our communications with the PSA and the identification and support of people talent.
- c. A balanced scorecard is a key tool in this framework and is used to measure progress in delivering high performance targets. An Organisation Balanced Scorecard has been developed and the September 2014 quarter results have been reported. Guidance material about the balanced scorecard has been produced, which includes information about performance measures which are under development. The roll out of balanced scorecards to all departments is underway, with most departments having completed a 'first cut'. Over the next quarter the balanced scorecards will be refined and improved to further align and integrate with the high performance council plan. From 2016, the balanced scorecards will be aligned to the new Long Term Plan measures and targets.
- d. The next engagement and culture surveys will be undertaken in early 2015. At present our employee Engagement Index sits at 68 percent. It has steadily improved since early 2011 from 61 percent. Our benchmark target is 71 percent.
- e. The Chief Executive is progressing the establishment of a Māori Responsiveness Executive Leadership group from across the Auckland Council Group to ensure progress towards embedding Māori Responsiveness into council processes, policies and projects. Work is continuing to ensure that Council's commitments to Māori reflected in the Auckland Plan and Local Board plans are provided for in the Long-term Plan, with particular emphasis on the priorities identified in the Mayor's proposal. Māori responsiveness has also been integrated into the High Performance Council approach.

Effective Governance

15. This objective is aimed at activities that help improve regional and local outcomes through effective governance:
 - a. The Elected Members’ survey has been produced. The first draft report has been reviewed by staff. Final results will be reported to the CEO Review Committee on 20 November 2014. Top line results show that the overall satisfaction with the advice and support provided to Local Board Members has improved from 52 percent to 61 percent. The overall satisfaction of councillors has also improved, from 7 out of 10 councillors who responded in 2013 to 12 out of 16 councillors in 2014.
 - b. The council’s Quality Policy Advice (QPA) programme continues to be rolled out and improved as new information becomes available. We have listened carefully to elected member feedback and we will be making minor adjustments to committee papers in the near future that better identify financial and funding implications. We are also looking to improve the analysis that informs Māori Impact Statements.
 - c. The QPA programme is continuously reinforced at the council’s SLT meetings. Embedding change will take time and it is important that senior managers have the appropriate skills to ensure quality policy advice is delivered. The annual NZIER survey review of the council’s committee papers has been received and is being analysed. The council has made some gains since last year’s review, although our position relative to other government organisations remains the same. This is also the first year where Auckland Council has been assessed against other local councils and we have been placed in the top four for that category.

Chief Financial Officer Financial and Non-Financial Delegations

16. The CEO review Committee has previously discussed revising the Chief Executive’s delegations with the aim of creating space in which elected members could more fully concentrate on their governance roles. The committee sought further information about the distinction between governance and management. The Chief Executive, with support from the General Counsel and Acting Chief Financial Officer will present information to the committee to assist in the discussion. That presentation is not available at the time of writing this report.

Consideration

Local board views and implications

17. The Chief Executive regularly attends the Local Board Chairs Forum which provides an opportunity for local board chairs to raise issues and provide feedback.

Māori impact statement

18. Impact on Māori is considered as part of the performance objectives.

Attachments

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|-----|--|------|
| A | Chief Executive Performance Objectives 2014/15 | 11 |

Signatories

| | |
|-------------|--|
| Authors | Michael Quinn - Executive Officer |
| Authorisers | Alan Brookbanks - Human Resources Director Stephen Town - Chief Executive |

Chief Executive Performance Objectives June 2014 to December 2015
As discussed at the 16 April meeting.

| Objective | Description | Measurement (work in progress) |
|--------------------------------------|--|--|
| <p>1 Long Term Plan (LTP)</p> | <p>Develop the 2015-25 LTP :</p> <ul style="list-style-type: none"> • Through a process of reprioritisation • With new priorities clearly understood by the elected members and community • Aligning to the Auckland Plan • Professional advice on alternative funding options • Including the development of the necessary policy • Ready to implement from 1 July 2015 | <ul style="list-style-type: none"> • Prioritised projects in the LTP funded and delivered in a timely manner and to the agreed quality parameters • CCO Statements of Intent reflect the LTP • Clear links evident between LTP and Auckland Plan • Relevant questions from reputation monitors* • Evidence the LTP plan is cascaded into the Annual Plans <p>*These measure a variety of indicators across various stakeholders that reflect our reputation</p> |

Attachment A Item 9

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| <p>2 One Organisation</p> | <p>Lead the council family as one organisation.</p> | <ul style="list-style-type: none"> • Measure of how we have improved efficiency and integration, through: <ul style="list-style-type: none"> • CCO CEO group that meets regularly, agrees actions and delivers agreed joint outcomes • CCO Review adopted and ready to implement • Public perception of Auckland Council cohesiveness and integration through measures in public surveys • Relevant questions from Elected members Survey demonstrates that Local Boards understand how LTP and Annual Plans link to them • Feedback from CCO Monitoring Committee • Feedback from Advisory Boards on the contribution they feel they are making to the success of the whole organisation |
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| <p>3 High Performing Organisation</p> | <p>Through strong leadership and engagement create a high performing organisation :</p> <ul style="list-style-type: none"> • Delivery and effective/efficient implementation of all agreed plans • Build employee engagement and culture to meet acceptable benchmarks • Productivity improvements through innovation and creativity • Systems and business processes that provide a positive experience for citizens, customers, ratepayers, stakeholders and visitors at the centre • Meet the "Māori responsiveness" objectives • Open and transparent processes | <ul style="list-style-type: none"> • Opex, capex and appropriate financial ratios as identified in the LTP are achieved • Engagement and culture surveys results versus benchmarks • Balanced scorecard (People, Financial, Customer and Community and Productivity) • Progress on "The way we work engagement 'maturity' model" • The Southern Initiative performance • Maori responsiveness framework targets achieved • Compliance with statutory requirements and other best practice measures |
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|--------------------------------------|--|---|
| <p>4 Effective Governance</p> | <p>Foster improved regional and local outcomes by:</p> <ul style="list-style-type: none"> • Building Auckland Council's reputation as a professional, ethical, effective and efficient local authority • Clarifying respective roles and delegations of governing body, local boards, CCOs Provide high quality advice to improve decision making • Develop and implement innovative ways of working across the Council Group • Engaging fully with IMSB | <ul style="list-style-type: none"> • Results of Elected Members' Survey • Results of reputation monitors • Productive and effective political meetings • Improved quality of policy advice assessed through feedback on annual elected member surveys and feedback contained in the yearly NZIER review of the Council's policy papers • Clear evidence of collaboration and improved synergies across the Council group • Results of IMSB Survey |
|--------------------------------------|--|---|