

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

**Date:** Tuesday, 19 May 2015  
**Time:** 2.00pm  
**Meeting Room:** Level 26, Room 1  
**Venue:** 135 Albert Street  
Auckland

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## Chief Executive Officer Review Committee

### OPEN AGENDA

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#### MEMBERSHIP

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

(Quorum 3 members)

**Tam White**  
**Democracy Advisor**

**13 May 2015**

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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 CE'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

## **EXCLUSION OF THE PUBLIC – WHO NEEDS TO LEAVE THE MEETING**

### **Members of the public**

All members of the public must leave the meeting when the public are excluded unless a resolution is passed permitting a person to remain because their knowledge will assist the meeting.

### **Those who are not members of the public**

#### General principles

- Access to confidential information is managed on a “need to know” basis where access to the information is required in order for a person to perform their role.
- Those who are not members of the meeting (see list below) must leave unless it is necessary for them to remain and hear the debate in order to perform their role.
- Those who need to be present for one confidential item can remain only for that item and must leave the room for any other confidential items.
- In any case of doubt, the ruling of the chairperson is final.

#### Members of the meeting

- The members of the meeting remain (all Governing Body members if the meeting is a Governing Body meeting; all members of the committee if the meeting is a committee meeting).
- However, standing orders require that a councillor who has a pecuniary conflict of interest leave the room.
- All councillors have the right to attend any meeting of a committee and councillors who are not members of a committee may remain, subject to any limitations in standing orders.

#### Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Only staff who need to because of their role may remain.

#### Local Board members

- Local Board members who need to hear the matter being discussed in order to perform their role may remain. This will usually be if the matter affects, or is relevant to, a particular Local Board area.

#### Independent Maori Statutory Board (IMSB)

- Members of the IMSB who are appointed members of the meeting remain.
- Other IMSB members and IMSB staff remain if this is necessary in order for them to perform their role.

#### Council Controlled Organisations (CCOs)

Representatives of a CCO can remain only if required to for discussion of a matter relevant to the CCO.

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**1 Apologies**

An apology from Cr WB Cashmore has 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, 17 March 2015 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.

## Chief Executive's Performance Discussion

File No.: CP2015/08625

### Purpose

1. To discuss the performance of the organisation with the Chief Executive.

### Executive Summary

2. The Chief Executive Review Committee last met on 17 March 2015. Since then, the substantive issues that committee members should consider in their discussion with the Chief Executive include:
  - i. the conclusion of the Long-term Plan (LTP) and the performance of the organisation in supporting elected members in their LTP deliberations
  - ii. the recruitment of Executive Leadership Team members and the reorganisation of the Operations Division
  - iii. amending the Chief Executive's financial and non-financial delegations
  - iv. the proactive publication of council information
  - v. the results of the latest staff engagement survey.
3. The next Chief Executive Review Committee meeting is scheduled for 18 August 2015.

### Recommendation

That the Chief Executive Officer Review Committee:

- a) discuss the performance of the Chief Executive and council organisation.

### Comments

4. The Chief Executive Review Committee last met on 17 March 2015. Since then, the substantive issues that committee members should consider in their discussion with the Chief Executive include:

#### Long-term Plan

5. Public consultation on the 10-year budget closed on 16 March 2015. A record number of written submissions were received (27,383 compared to 10,084 for the last LTP), along with additional feedback through events and social media channels. The new approach taken to engage with Aucklanders provides a sound platform to build on for future engagement activity, with feedback generally very positive about the level and quality of engagement achieved.
6. Staff reviewed all feedback received and developed a series of reports summarising the feedback to brief elected members ahead of final decisions being made on 7 and 8 May 2015. The final decisions represent the culmination of a significant programme of work undertaken by elected members and staff over the last 16 months. Staff will now progress outstanding reporting requirements, finalise the LTP and support local boards to finalise their agreements and LTP budgets. An audit process will also be completed before the final LTP, including 21 local board agreements, is considered by the Governing Body for adoption on 25 June 2015.

#### ELT and reorganisation of the Operations Division

7. The Chief Executive has previously advised committee members of a number of changes to the Executive Leadership Team (ELT) as a result of early departures and retirements:

- Sue Tindal joined council as the Chief Finance Officer in late March 2015.
  - Jim Quinn has been appointed to the role of Chief Strategy Officer and commenced on 18 May 2015. Jim was previously the Chief Executive of KiwiRail.
  - Phil Wilson has been appointed Director, Governance and will start his new role in June 2015. Phil has a long background in local government at a senior level.
  - Final interviews for the Director People and Capability role have been completed. Confirmation of the successful applicant will be made shortly.
8. In addition, ELT has been exploring how it works together and what it wants to achieve. It has become clear that in order to take the organisation forward and deliver on our plans for Auckland, ELT needs to be rebalanced. Auckland's growth and development is ramping up, and the Operations Division is central to council's response. To ensure an effective delivery, the Operations Division will include the creation of three new divisions from existing departments. These divisions are Community Services, Regulatory Services, and Infrastructure and Environmental Services. Each division will be led by a director who will report to the Chief Operating Officer. The three new directors will become part of the ELT, helping to ensure that council's leadership team accurately reflects the workload and direction of the organisation. These changes will be cost neutral in the first instance. In the medium to long term, cost savings will be delivered and contribute to the already agreed cost efficiency programme.

#### Chief Executive Officer Financial Delegations

9. Committee members have previously considered amending the Chief Executive's delegations and have taken a progressive and thoughtful approach in assessing the options. The proposal was discussed in greater detail during the councillor retreat in February 2015. The proposal will be considered as part of an overall package of Mayoral initiatives designed to create more space for elected members to consider higher strategic issues, and will be presented to the Governing Body as part of the 28 May 2015 agenda.
10. The proposal is to increase the Chief Executive's delegated financial authority from \$7.5 million to \$20 million, and the joint Chief Executive and Mayor or Committee Chair delegation to \$22.5 million. At this stage the financial delegations affecting local boards will remain unchanged.
11. Committee members have requested information about the delegations of the former councils. Based on available information we have identified that there was a wide variety of differing levels of delegation across the former councils. These range from \$0.5 million for Waitakere City Council, \$4 million for Auckland City Council and \$5 million for Manukau City Council. In contrast, the Chief Executive financial delegations for Auckland Regional Council and Rodney District Council were up to the budget provided for in their respective Annual Plans. We do not have information for Franklin District Council, Papakura District Council or North Shore City Council.
12. Other local authorities that support limits up to the approved annual plan budget include Dunedin City Council, Wellington City Council, Wellington Regional Council and Tauranga City Council.
13. There are differing levels across the central government state sector. The NZ Transport Agency Chief Executive has delegated authority up to \$100 million, MBIE \$10 million for opex and \$50 million for capex, ACC health services up to \$50 million and ACC non-health services up to \$10 million.

Table One: Chief Executive Financial Delegations (Public Sector Organisations)

	Chief Executive Financial Limit
Waitakere City Council	\$0.5m
Auckland City Council	\$4m
Manukau City Council	\$5m
<b>Auckland Council</b>	<b>\$7.5m</b>
MBIE (Opex)	\$10m
ACC (Non-health)	\$10m
MBIE (Capex)	\$50m
ACC (Health)	\$50m
NZ Transport Agency	\$100m
Auckland Regional Council	Up to budget provided for in Annual Plan
Rodney District Council	Up to budget provided for in Annual Plan
Tauranga City Council	Up to budget provided for in Annual Plan
Wellington City Council	Up to budget provided for in Annual Plan
Dunedin City Council	Up to budget provided for in Annual Plan

14. The Governing Body can amend the Chief Executive’s financial delegations by adopting an amended delegation instrument (Schedule One to the Chief Executive’s delegation). The Tender and Procurement Committee’s Terms of Reference would need to be amended to reflect the revised delegation limits.

Proactive publication of council information

15. In a move to strengthen Aucklanders’ trust and confidence in the council organisation, we are proactively publishing information about activities that is of public interest. The type of information we will be publishing includes, but is not limited to:
- Auckland Council Group staff numbers (as included in the most recent annual report)
  - Explaining council’s finances: debt, efficiency savings and annual average rates increases
  - Contracts council has awarded and the total spend with vendors (every six months)
  - Progress updates on the NewCore project.
16. Publishing information of this type is recognised as public sector best practice in making information more accessible to Aucklanders. It also provides greater levels of openness and transparency on how the council works and strengthens Aucklanders’ trust in local government.
17. The information is available in a new section on council’s website called “More about the Council” where it will be updated regularly to ensure the content remains relevant and current.

Staff engagement survey results

18. Auckland Council continues to focus on strengthening employee engagement as a key metric in the People quadrant of our balanced scorecard. Participation in the survey remains high, with 79 percent of our people completing the 2015 survey. The overall engagement score is now 69 percent, an increase of 1 percent on last year’s survey results. This is the fourth consecutive year in which the survey has shown improvements in engagement. The industry standard, for New Zealand local government and private sector companies of a comparable size, is 71 percent.

19. Three clear themes have been identified for action planning: Understanding the big picture; Valuing our People; and Customer focus. Team results will be released this month with all teams encouraged to complete action planning over the next two months. ELT will continue monitor progress to ensure action as a result of the survey.

## Consideration

### Local Board views and implications

20. The Chief Executive engages with Local Board Chairs through the Local Board Chairs Forum and their feedback is taken into consideration.

### Māori impact statement

21. Māori outcomes are influenced through the delivery of council outputs and the effectiveness of council's operational capability and capacity. The Chief Executive's 2014/15 performance objectives include reporting on the Māori responsiveness framework targets achieved.

## Attachments

There are no attachments for this report.

## Signatories

Author	Michael Quinn - Executive Officer
Authorisers	Stephen Town - Chief Executive Alan Brookbanks – People and Capability Director