

Minutes of the workshop of the Finance and Performance Committee held on Tuesday, 23 October at 1.08pm in the Reception Lounge, Level 2, Auckland Town Hall, 301-305 Queen Street, Auckland.

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### **Attendees**

<b>Chairperson</b>	Cr Ross Clow	
<b>Deputy Chairperson</b>	Cr Desley Simpson, JP	
<b>Members</b>	Cr Josephine Bartley	
	Deputy Mayor Bill Cashmore	
	Cr Linda Cooper, JP	
	Cr Chris Darby	From 1.38pm
	Cr Alf Filipaina	
	Cr Hon Christine Fletcher, QSO	
	Mayor Hon Phil Goff, JP	
	Cr Richard Hills	
	Cr Penny Hulse	
	Cr Daniel Newman, JP	From 1.12pm
	Cr Greg Sayers	
	Cr Sharon Stewart, QSM	
	Cr Wayne Walker	
	Cr John Watson	
	Cr Paul Young	

### **Apologies**

<b>Members</b>	Cr Dr Cathy Casey
	Cr Fa'anana Efeso Collins
	Cr Mike Lee
	IMSB Member Terrence Hohneck
	IMSB Chair David Taipari
	Cr Sir John Walker, KNZM, CBE

**Purpose:** To workshop Council Controlled Organisations letters of expectation, statements of intent and quarterly reporting.

ITEM	TOPIC
1	<p><b>Apologies</b> Apologies from Cr E Collins, for absence on council business; Cr C Casey, Cr M Lee and Cr Sir J Walker for absence were noted.</p>
2	<p><b>Declaration of interest</b> There were no declarations of interest.</p>
3	<p><b>Council Controlled Organisations letters of expectations and statements of intent</b> Alastair Cameron, Manager – CCO/External Partnerships; Claire Gomas, Principal Advisor; Sarah Holdem – Principal Advisor and Ed Siddle, Principal Advisor gave a PowerPoint presentation on CCO letters of expectation and statements of intent. A copy of the PowerPoint presentation is attached to these minutes.</p> <p><i>Cr D Newman joined the meeting at 1.12pm. Mayor Goff left the meeting at 1.35pm Cr C Darby joined the meeting at 1.38pm</i></p> <p><b>Council Controlled Organisations quarterly reporting</b> Robert Irvine, Head of Group Financial Planning gave a PowerPoint presentation on Council Controlled Organisations quarterly reporting. A copy of the PowerPoint presentation is attached to these minutes.</p>

The workshop ended at 2.46pm.

# CCO Letters of expectation, Statement of Intent and quarterly reporting

Workshop – Finance and Performance Committee 23 October

## Agenda

- Letters of Expectation
- Statement of Intent review
- Quarterly reporting template revisions

## CCO Accountability Framework



## Letters of Expectation

## CCO letters of expectation

### Purpose:

The letters guide CCOs in drafting their SOI and provide direction on:

- a. issues of importance for the council to inform CCO's behaviours, operations and service delivery
- b. the development of the CCO's statement of intent for 2019-2022.

We are seeking your views on issues for possible inclusion in the letters of expectation for FY19/20

### Process:

- Workshop to identify issues to inform letters
- F&P 20 November to review and confirm draft LOE key messages
- The Mayor/Chair delegated to sign off final letters and to send first week of December
- Some general expectations in the revised CCO accountability policy

## Context setting

- Note updated accountability policy and common expectations (providing value for money and building a group approach)
- Reiterate no surprises policy and improved engagement
- Note SOI review and participation required
- Note board performance review process

## Suggested common expectations

- Note council's focus on transformational investment, supported by new funding tools (targeted rates – RFT, water quality and environmental, accommodation providers)
- Focus on getting ready for Americas Cup and Apec in 2021 and continue to pursue savings, efficiencies and alternative financing options
- Note continued focus on climate change
- Maori outcomes
- S17a implementation

## Proposed content - ATEED

- Show value for money for APTR
- Leverage key events (APEC and America's Cup in 2021)
- Encourage sustainable growth of Auckland's visitor economy through the lens of destination management alongside destination marketing
- Continue to narrow focus on increasing investment in quality jobs, particularly in Auckland's south and west
- Support council family, business and government agencies to find opportunities to attract investment and grow business and employment
- Provide evidence of new economic activity developed by ATEED – ensure performance measures tell that story

## Proposed content - AT

- Regional Fuel Tax and the related \$4.3 billion transport programme
- Review performance measures
- Improving safety outcomes
- Improving community engagement and strong a customer focus
- Public realm – recognise importance of place making
- Climate change – consider environmental impact
- Collaborative procurement

## Proposed content - Panuku

- Improve relationships and build confidence with central government
- Influence central government around council urban redevelopment priorities
- Implement transform and unlock programme and work on improving capex delivery
- Work with ATEED and other CCOs on the Auckland investment programme and preparing for America's Cup and APEC
- Strengthen relationships with Māori through better opportunities for engagement that deliver mutually beneficial outcomes for iwi and council

## Proposed content - RFA

- Work closely with council on plans for strategic redevelopment of assets
- Actively engage with the council and arts & cultural institutions in the co-design of a strategy for the sector, and supporting governance and funding arrangements
- Deliver on capital redevelopment programme and manage the business through these works to deliver strong results.

## Proposed content - Watercare

- Acknowledge possible changes in three waters review; possible inter-regional work
- Collaborative procurement
- Western Isthmus programme
- Climate change and resilience
- Pricing signals

# Statement of Intent review

## Committee resolution and previous review

Finance and Performance resolution (FIN/2018/79)

*1) request that staff undertake a review of the Statement of Intent process for substantive Council-controlled Organisations.*

Last review was in 2014. The key areas for improvement were identified as:

- greater alignment to the budget and priority decision making through the long-term plan and annual plan processes
- consistency in documentation
- greater understanding of the CCO governance documents.

Review resulted in:

- SOI being approved by the then budget committee to ensure performance measures, priorities and funding decisions were aligned in the LTP and SOI.
- a shift to a more strategic focus, primarily to ensure alignment to council strategies, key priorities and an outlook of performance
- development of CCO Governance Manual to replace Shareholder Expectation Guide and the Board Appointments Policy

## SOI Purpose

- The SOI is an essential part of the accountability regime for CCOs
- Required under Local Government Act, s 64(1). Schedule 8 of the LGA relates to statements of intent and clause 1 sets out purpose

*The purpose of a statement of intent is to-*

- *state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and*
- *provide an opportunity for shareholders to influence the direction of the organisation; and*
- *provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.*



## SOI current process



## Issues

- Legislative process – timing of submitting draft and final does not align with LTP process
- Understanding of the purpose of SOIs is not common
- SOI's vary in quality and scope
- Lengthy process from LOE development to SOI adoption
- Dispute resolution / SOI modification – no clear thresholds or process
- Limited opportunity for engagement between board and councillors
- SOI is not vehicle for operational performance, but what is?

## CCO Feedback – issues and options for improvement

- Long process – desire to compress the process
- Too much emphasis placed on LOE - perception that every word has to be adhered to
- Focus is on business as usual not strategic issues
- Seeking a more collaborative process

Options suggested for improvement:

- Workshops and / or face to face conversation before LoE is drafted
- Direct sharing of shareholder feedback with Boards to ensure issues raised are clearly understood
- Board presence at the final approval of the SOIs to ensure there is a clear understanding of issues raised and how shareholder feedback has been addressed
- AT suggested specific process given different legislative requirements

## Discussion on issues

## Next steps

- Develop terms of reference of review
- Report to F&P 13 December 2018
- Undertake review Jan/Feb 2019
- Report to F&P in March 2019
- Institute changes 2019/2020

# F&P Committee Workshop Quarterly Performance Reporting

Discussion on whether changes are required

23 October

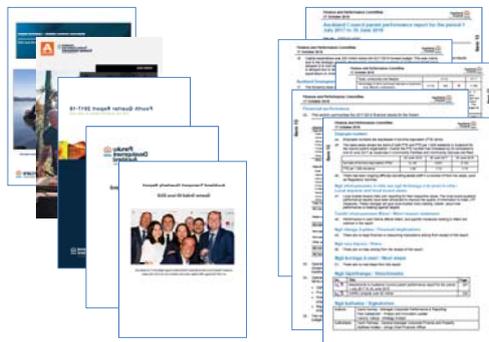


## Re-cap on current state

Quarterly reports for Group, Council and CCOs

*Information on key risks and issues, status of operating and financial performance*

Reports received from Council organisations



### Statistics

- Total 250 pages
  - 152 pages for CCOs
    - Average 30 pages per CCO
  - 40 pages for council
  - 58 pages group and others
- 6 committee hours for presentation & discussion



## Serving F&P Committee better

Quality and consistent information on performance reporting

Standardised structure

Mandated inclusion of key sections

Historical performance

Enables reporting of key KPIs for benchmarking

Facilitates focused discussion on key issues

Allows understanding of performance over time

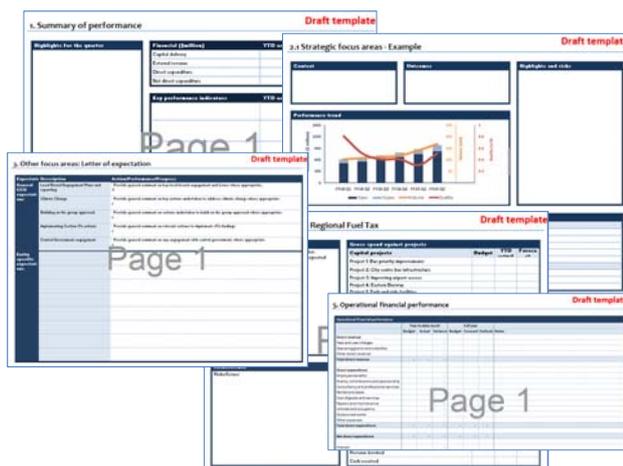
Simplified financial structure  
Capital delivery ratio  
FTE metrics

LTP & SOI initiatives  
Maori outcomes  
Key risks

Expenditure against key performance measures

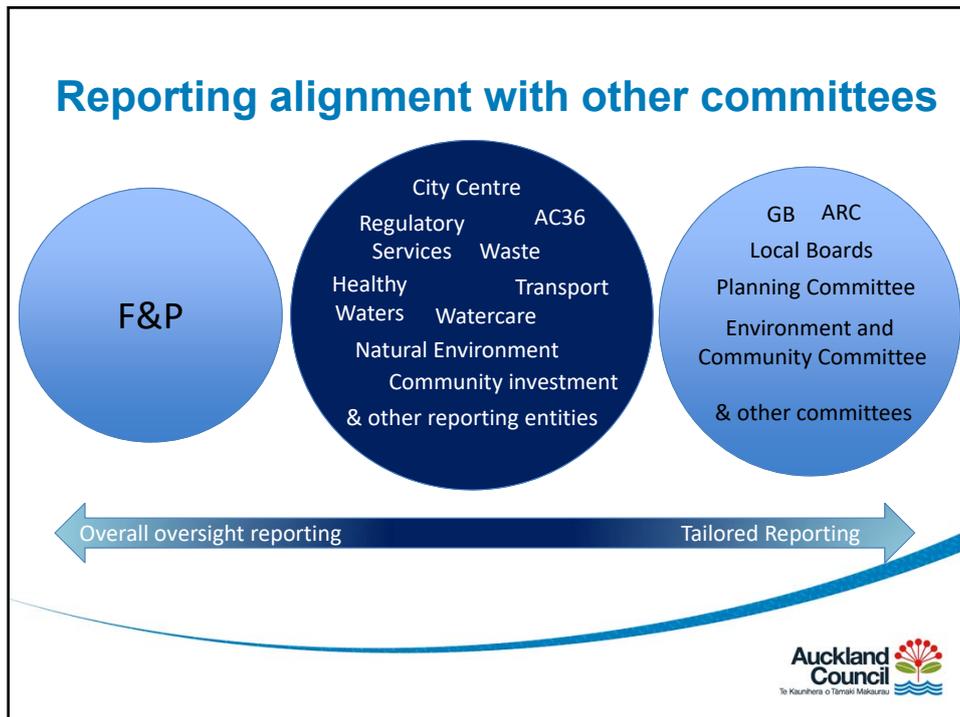


## Dashboard drafts in progress



- Consistent format across CCOs and Council with a group summary
- Presented at the beginning of reports
- Supplemented by CCO's other reports





- ## Feedback on F&P desired key requirements for performance monitoring
- Currently in draft dashboard**
- Key highlights
  - Performance of key LTP and LoE initiatives
  - Historical trends
  - Key risks
  - Other focus areas from LoE
  - Māori outcomes
  - Financial (opex + capex)
  - Non-financial information
- Auckland Council**  
Te Kaunhara o Tamaki Makaurau