**OPEN MINUTE ITEM ATTACHMENTS**

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CCO Review report feedback

Te take mō te pūrongo
Purpose of the report
1. To seek local board feedback on the report of the independent panel’s review of Auckland Council’s council-controlled organisations (CCO).

Whakarāpopototanga matua
Executive summary
2. The independent panel that was set up to conduct a review of CCOs concluded its review at the end of July 2020 and has now submitted its findings (hereafter Review).
3. The Review is available online at: https://ourauckland.aucklandcouncil.govt.nz/media/35576/ccoreview-final.pdf
4. The Review investigated how effective the CCO model is and whether there were any viable alternatives; whether the council has adequate accountability measures and is using them effectively; and the CCO culture.
5. The Review found that the CCO model is the right one and clear benefits are evident but there is room for improvement. It found that the lack of strategic direction to CCOs is a key failing and that the council has available mechanisms to ensure accountability but is not using these effectively. The Review highlighted the need for strategic planning and direction, effective use of accountability mechanisms and increased monitoring of CCO performance. In terms of culture, the Review found little evidence of a group culture and highlighted a need for greater collaboration across CCOs (and with the council), especially when working with and responding to the public.
6. The Review proposes a package of 64 recommendations. One of these recommendations is for a proposed merger of RFA and ATEED.
7. The Governing Body will be considering the Review at its meeting on 27 August 2020 and has had informal discussions in workshops on its findings and recommendations. Local board chairs were invited to attend one of these workshops (19 August 2020).
8. The Governing Body is expected to give some direction and make decisions on the package of recommendations from the Review at its meeting on 27 August.
9. The Governing Body will also be receiving another report at its meeting on 27 August seeking a decision on the proposed merger of RFA and ATEED and outlining an implementation process for that work.
10. Local boards are invited to share their views, if any, on this issue in addition to general views about the Review.
Ngā tūtohunga
Recommendation/s
That the Hibiscus Local Board:

a) welcome the findings and recommendations in the review of CCOs by the independent panel
b) welcome the proposal in recommendation 34 on how to address CCO-local board engagement and request that this work be started as soon as possible
c) identify any views and preferences on the recommendation to approve a merger of two CCOs (namely Auckland Tourism, Events and Economic Development and Regional Facilities Auckland Limited)
d) note that local boards will be able to provide input on the other relevant CCO review recommendations as they are further developed for implementation
e) identify views and preferences, if any, on the other findings and recommendations in CCO review.

Horopaki
Context
11. In late 2019, the Governing Body requested a review of CCOs by an independent panel and directed the panel to focus on three key areas:
   - the effectiveness of the CCO model, roles and responsibilities – how effective is it and whether there are viable alternatives
   - the accountability mechanisms between CCOs and the council – are the mechanisms adequate
   - the culture of CCOs – how do CCOs engage with and respond to the council and public concerns?

12. In conducting the review, the independent panel consulted CCOs, local boards, the Independent Māori Statutory Board, key stakeholders and requested public feedback. The panel received 2250 submissions and considered a wide range of written material (e.g. statement of intents, annual reports, local board and Māori engagement plans, council policies and plans). The panel also held workshops with councillors, local board chairs, CCO chief executives and chairs, and iwi as well as drop-in sessions with the public.

Tātaritanga me ngā tohutohu
Analysis and advice
13. The Review concludes that the CCO model remains the right one for Auckland, as it strongly brings together business discipline, agile decision-making, a streamlined administrative structure, operational efficiencies and specialist skills and expertise that would not be possible if the council assumed direct control of CCO functions. The panel notes that most interviewees agree with this conclusion but also acknowledges that some submitters thought CCOs should be brought in-house.

14. The Review is divided into four parts – introduction, CCO model, CCO accountability and CCO culture. Each part is divided into three parts: the relevant facts and feedback, an assessment of current problems and the proposed improvements.
Part Two: CCO model

15. The Review concluded there were sound reasons why Auckland Tourism, Events and Economic Development (ATEED) and Regional Facilities Auckland Limited (RFAL) should remain as CCOs. However, given the similarities in the outcomes and potential duplication in some services, the Review recommends a merger of these entities. (recommendation 1)

16. Key recommendations relating to Auckland Transport (AT) that may be of interest to local boards include a recommendation to jointly prepare the regional land transport plan (recommendation 4) and reviews how AT designs, consults on, funds and implements minor capital works including how it involves local boards in the design of its annual work programme. (recommendation 6)

17. Key recommendations relating to Panuku that may be of interest to local boards are outlined in recommendations 8-14 and includes a recommendation that the council assumes responsibility from Panuku for identifying and deciding which non-service properties to sell (excluding Panuku project location areas (recommendation 11). This recommendation is highlighted because it addresses an area that has been of significant interest to some local boards (for example decisions to classify service properties as non-service).

18. The Review acknowledges the need for a property strategy as well as several other strategies on key issues that CCOs work on – water (specifically a three waters strategy), economic development and stadiums. (recommendation 14 and 15)

19. The panel also concluded that the council should review the way it requires CCOs to monitor and report on risks and risk mitigation measures. (recommendation 19)

Part Three: Accountability

20. The Review also highlighted the absence of strategic direction to CCOs and recommends the council draws up detailed, implementable strategies that give CCOs more strategic direction (recommendation 20) and establishes a strategic planning process to facilitate the necessary conversations between Governing Body and CCOs.

21. The panel also reviewed current accountability mechanisms and concluded that the council has available to it all the mechanisms it needs to hold CCOs accountable – both to the council and to the public. However, the Review concluded that in many instances the council was not using these levers as effectively as it could and in one important instance accountability powers are not used at all – referring to Sec 92 of the Local Government Auckland Council Act (LG(AC)A) which gives the council the power to direct a CCO to act in accordance with a plan or strategy.

22. Some concrete suggestions that address these issues include supporting the use of statement of expectations (recommendation 22), developing templates for statements of intent and a set of common key performance measures (recommendation 23), rewrite the governance manual to focus squarely on expectations of CCOs and removing policies to a separate document (recommendation 29) and exercising the statutory powers under Sec 92 of LG(AC)A if there are any concerns that a CCO is not acting consistently with any strategy (recommendation 33).

CCO/Local board relationship

23. The Review looked at the role of local board plans and local board engagement plans that are developed by CCOs to cement CCO-local board relationships and ensure CCO accountability (pages 60-81) and noted that the engagement plans were not particularly effective as an accountability mechanism. It also noted that there does not appear to be a recognised or consistent process in place so local boards can have a
say about how elements of their local board plans can be included in a CCO’s statement of intent.

24. The Review concludes that the CCO-local board relationship is not working as it should and proposes a series of practical suggestions on how this can be reset. These are outlined in recommendation 34 and reads as follows:

**Recommendation 34:** CCOs and local boards reset how they engage with one another, by means of:

- a workshop to develop a more meaningful way for CCOs and local boards to work together
- the preparation of joint CCO engagement plans for each local board
- more initiative by local boards in integrating their own planning with CCO planning
- liaison between CCOs and local boards at a more senior level so CCOs can quickly remedy local board concerns
- the preparation of joint CCO six-monthly reports for each local board
- the communication of clear, up-to-date information from CCOs to local boards on projects in their area.

25. The Review also outlined some practical recommendations that could improve the experience for local boards:

- development of joint engagement plans for each local board (reducing the number of plans from 105 to 21)
- combined CCO 6-monthly report
- recommend local boards present and share their plans with CCOs – to help improve engagement and to help CCOs understand local board aspirations and identify future work opportunities in the local board area
- liaison between CCO and local boards to be at a more senior level
- make better use of technology so boards and communities have up-to-date information
- CCOs to actively work with local boards at the planning stage of local projects so they can have meaningful input into their design, and also so boards can have a commitment to the projects and publicly support them.

26. The monitoring of CCOs is acknowledged as inadequate and under-resourced and recommends more resourcing towards this.

**Community responsiveness**

27. The Review also concluded that CCOs are not responsive enough to wider community concerns and recommends some improvements. (recommendation 41-43)

28. Recommendation 42 is for the council to give CCOs direction about what it considers the meaning of “commercial interest and public interest”, and how to balance these objectives.

**Part Four: Culture**

29. There are various recommendations to address issues that relate to the culture of CCOs. Included in these are recommendations that the CCO board membership should be more ethnically diverse, and include more mana whenua appointments.
30. The Review touched on practical issues such as branding, job descriptions, shared services including procurement, reporting to the council on complaints received and various others. The range of recommendations aimed at addressing these issues are contained in recommendations 44-64.

31. The Review highlighted that the public feedback on CCO culture-related issues was not overwhelmingly positive. It is noted that the public unquestionably regards CCOs and the council as not taking sufficient account of their views and recommends that the council and CCOs explore options to give ratepayers a more effective voice in what happens in Auckland.

**Tauākī whakaaweawe āhuarangi**

**Climate impact statement**

32. Climate impacts were not considered for this report on procedural matters, however the impact of implementing individual recommendations, if any, will be considered as part of the programme of implementation.

**Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera**

**Council group impacts and views**

33. The panel met with representatives of the council group including CCOs during its Review.

34. A joint submission by CCOs to the Review can be found online at: [https://www.aucklandcouncil.govt.nz/about-auckland-council/how-auckland-council-works/council-controlled-organisations/stakeholderupdates/ccoo-joint-submission.pdf](https://www.aucklandcouncil.govt.nz/about-auckland-council/how-auckland-council-works/council-controlled-organisations/stakeholderupdates/ccoo-joint-submission.pdf)

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36. Sixteen local boards also provided written submissions to the panel, three local boards reserved the right to provide further comment when the recommendations of the Independent Panel were released and two local boards did not provide feedback due to COVID-19 or other reasons.

37. Local board chairs were invited to the Governing Body workshop on 19 August where the panel presented their findings.

38. Local board views on these findings are not known as local boards have yet to formally consider the Review.

**Tauākī whakaaweawe Māori**

**Māori impact statement**


40. The panel found that there are adequate mechanisms to ensure CCOs comply with their obligations to Māori at governance and senior management levels. However, the use of the mechanisms requires attention. The panel received feedback that there is confusion about roles and relationships, lack of clear direction and collaboration. Recommendations 35-40 address their findings in this area.
Ngā ritenga ā-pūtea
Financial implications
41. Implementing the review will have financial implications. Some recommendations will provide cost savings (including merger of ATEED and RFAL) with more accruing over time.

42. The detail of financial implications will be presented in a report to the Governing Body.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations
43. We have not undertaken a risk assessment for this procedural report. The risks associated with the Review findings and recommendations will be outlined to the Governing Body.

Ngā koringa ā-muri
Next steps
44. Governing Body will receive the report on 27 August and will give direction to staff and the CCO Oversight Committee on the implementation of the Review.

45. An update on the process for establishing an implementation work programme will be provided to the 22 September CCO Oversight Committee.
CCO Review report feedback

Te take mō te pūrongo
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1. To seek local board feedback on the report of the independent panel's review of Auckland Council's council-controlled organisations (CCO).

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Recommendation/s guidance
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d) note that local boards will be able to provide input on the other relevant CCO review recommendations as they are further developed for implementation

e) requests that the Governing Body receive the feedback of the local board on the CCO Review findings and recommendations (Attachment A).

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**Tauākī whakaaweawe āhuarangi**

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32. Climate impacts were not considered for this report on procedural matters, however the impact of implementing individual recommendations, if any, will be considered as part of the programme of implementation.

**Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera**

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**Tauākī whakaaweawe Māori**

**Māori impact statement**


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Ngā ritenga ā-pūtea
Financial implications
41. Implementing the review will have financial implications. Some recommendations will provide cost savings (including merger of ATEED and RFAL) with more accruing over time.

42. The detail of financial implications will be presented in a report to the Governing Body.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations
43. We have not undertaken a risk assessment for this procedural report. The risks associated with the Review findings and recommendations will be outlined to the Governing Body.

Ngā koringa ā-muri
Next steps
44. Governing Body will receive the report on 27 August and will give direction to staff and the CCO Oversight Committee on the implementation of the Review.

45. An update on the process for establishing an implementation work programme will be provided to the 22 September CCO Oversight Committee.
Feedback on the CCO Review Report

From: Hibiscus and Bays Local Board
Date: 25 August 2020

Executive Summary

Thank you for providing the opportunity for Local Boards to provide feedback on the Council Controlled Organisations (CCO) report.

The Hibiscus and Bays Local Board is generally supportive of the report that the Independent Panel has produced and commend them on the range of proposed recommendations. We think that if implemented, they will lead to performance improvements.

Many of the recommendations are very practical and for some, we were quite surprised to know that they were not happening already (e.g. regular joint CCO chief executive meetings).

We would like to suggest that a ‘next steps’ response is produced to detail how they will be implementing recommendations. Some are simple to implement and others slightly more challenging, which will take more time. We suggest that having them set out in sections of time frames to be completed by, would be useful – particularly to demonstrate commitment to all stakeholders. To ensure accountability in achieving all the recommendations that will be taken up, we also suggest that progress reports are produced to show the implementation of recommendations.

The below feedback relates to a few recommendations that we have chosen to provide feedback on, or where we have made suggestions of additional material to consider.

Overall feedback

ATEED and RFA

In our Local Board’s feedback to the Independent Panel in March 2020, we noted our general concerns about Regional Facilities Auckland (RFA) as well as its ability to deliver a stadium strategy. We are pleased to see this is specifically addressed.

Recommendations 1 & 2: We are supportive of a proposed merger of ATEED and RFA, and recommendation relating to improving the management of stadiums. As a result of a merger, we would expect to see some significant improvement in the delivery of outcomes as well as cost-savings.

Auckland Transport

We believe that consideration should be given to whether Auckland Transport’s (AT) strategy and planning department would be better brought inhouse to Auckland Council. We believe that this better sits with Council as the decision-makers who dictate strategy and planning to AT who then execute it.

Recommendation 4: We are supportive of the Regional Land Transport Plan being jointly prepared by Council and AT. We would be interested in understanding more this about the mechanisms of how this will work efficiently.

Recommendation 6: We think the inclusion of local boards in the design of ATs work programme
will add value. We would like to see that this also includes AT’s renewal programmes, as Local Boards do not currently have oversight in this either.

Panuku

**Recommendations 11 & 12:** We support Panuku receiving a more clarified focus and support Council assuming responsibility in deciding which non-service properties to sell.

In addition, as noted in our feedback in March 2020, we believe that Panuku should give greater regard to the governance responsibility that local boards have for their communities by regarding this relationship as a partnership, not merely a stakeholder. We would like to see the partnership between Panuku and Local Boards engrained further to ensure the best outcomes for communities across Auckland.

We believe there is a firm expectation from ratepayers that when Panuku is selling surplus land, that they achieve the best price. Our Local Board thinks that there is value in the greater emphasis of this in their role.

Watercare

**Recommendation 15:** Our Local Board supports the development of a three-waters strategy, particularly to address the security of supply of drinking water. We see this as a matter of urgency and would like to see work underway on the strategy re-start as soon as possible after a two-year hiatus.

We would like to see consideration given to whether Watercare’s legislative obligations are fit for purpose. Watercare’s legislative obligations are to keep water supply and wastewater service costs low and to have a ‘regard for public safety in relation to its structures’. We believe that it is timely for Watercare’s mandate to be revised to include greater regard for public health and safety, water quality (including beach water quality) and to future-proof and maintain high standards of infrastructure.

Accountability

We are pleased to see several recommendations relating to improving strategy setting and performance oversight. These are sensible, practical steps that we fully support being implemented.

**Recommendation 21:** We consider that some of the Letters of Expectations we have seen (e.g. Auckland Transport) to be too broad and we would hope that a review of these would see clearer expectations given to CCO’s each year.

**Recommendation 25:** We support the establishment of this role as we believe it will help to ensure greater oversight of CCOs. We think that this role should sit within the Mayor’s office and have clear and regular reporting lines to the Governing Body.

**Recommendation 26:** We also see value in a session like this including guidance to ensure that Governing Body members focus on good governance and an Auckland-wide region focus (as opposed to local matters relevant to their areas).

**Recommendation 34:** We support this recommendation.

**Recommendation 41:** We would like to see this recommendation expanded on to include a wider goal across the Council and CCOs. From a ratepayer point of view, Council and CCOs are not separate – they are one ‘Council-family’. As such, call centre queries to Council relating to any of the CCOs should be able to be handled efficiently and at the time of the call. We appreciate that this is a much larger piece of work and that there are limitations with CCOs having different IT systems to
each other. However, we do think that it is a very worthwhile workstream to improve responsiveness to the community.

Recommendation 43: We support the desire to improve diversity on CCO Boards (in skillset and ethnicity). We have some reservations about the nature of this recommendation as it stands. We think that all Board appointments should be considered by a set of pre-established desirable skill sets and perspectives that would add value to Board (e.g. these might include the desire to have someone on the Board who can provide input from a Māori world-view, or who has good governance experience). When referring to diversity of ethnicity, we are concerned that this recommendation may unintentionally be perceived as tokenism and we would like to see that it draws from a wider piece of work that identifies the voices that each Board would benefit from having around the table. We also consider that a more meaningful way for CCO Boards to include greater regard for issues of Māori significance might be for CCO Boards to include a member of the Independent Māori Statutory Board.

Relating to Board appointments, we also question how effective Board members can be if they are over-stretched with several other varying governance roles.

Culture

Recommendation 53: We are pleased to see this recommendation in place. We think this should be expanded on further to detail CCOs sharing consultation plans with local boards ahead of time for feedback. We think that the local knowledge from members would help to ensure engagement plans are appropriate and will, therefore, lead to better outcomes.

Recommendation 58: This report tackles some quite serious, long-standing failings in good accountability practices. The majority of issues the report tackles appears to be fair and accurate and the recommendations are sensible steps to address serious gaps. Therefore, it does not feel like the right place for a discussion, or recommendations, around brand guidelines. We perceive the matter of who is or isn’t using the Council’s emblem correctly to be comparatively a non-issue. We perceive that this will not be a matter of importance to ratepayers in the overall package of recommendations that will be taken up as a result of this report.

Recommendation 60: We support the suggestion of an elected members survey. We do think that it is important that any survey has a good ‘feedback loop’ whereby elected members are updated with what the survey results were, and if relevant what actions will be taken to address any issues raised.

Recommendation 62: We support the notion that shared services across CCOs would benefit from joint, formal supplier/purchaser agreements. We would expect to see savings generated from such activity.