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Manawatū District Council

Independent assessment report | October 2019*

An independent assessment report issued by the Independent Assessment Board for the CouncilMARK[™] local government excellence programme. For more information, visit www.councilmark.co.nz



A measure
for better
community value.

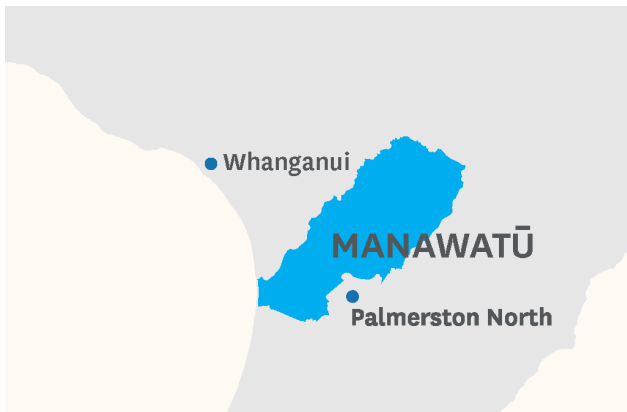
*Assessment April 2019

Assessment Summary

AT A GLANCE



Manawatū is a thriving region with a strong economy founded on agricultural production and associated agribusiness support services.



LARGE METRO

SMALL METRO AND LARGE PROVINCIAL

SMALL PROVINCIAL AND RURAL



REGIONAL

The current situation

Manawatū District Council serves the residents of Feilding, the surrounding smaller villages and an extensive rural area. Relationships with residents, ratepayers, business and Māori are stable. In the current triennium, Council has made sound operational performance a priority. Good progress has been made, especially on key infrastructure projects.

A new Chief Executive was appointed in early 2016. A new Mayor and several new elected members, as well as a number of returning elected members, were elected onto Council in the 2016 local government elections. With the new Chief Executive, coupled with a strong contingent of newly elected members, the Council is providing effective leadership to the Manawatū District.

A strong internal culture founded on high performance, service delivery and continuous improvement is becoming noticeable. The Chief Executive is supported by a capable and experienced Executive Leadership Team (ELT).

Council has a good understanding of its community and its needs, and this understanding is clearly articulated in the vision for the district. Strategies to deliver this vision are being developed.

Council and Māori display a genuine intent to engage, which may be further strengthened as local iwi undertake their upcoming Treaty settlement processes.

Period of assessment

The assessment took place on 29 and 30 April 2019.



\$965m
GROSS DOMESTIC
PRODUCT¹

SERVES
30,900

PEOPLE², A MIX OF
84.1% EUROPEAN/PĀKEHĀ
14.2% MĀORI
1.9% ASIAN
1.6% PASIFIKA



POPULATION TREND
GROWTH

MAKES UP
0.96%

OF NEW ZEALAND'S TOTAL LAND AREA³
REPRESENTING MANAWATŪ DISTRICT,
STRETCHING FROM HIMATANGI, TO
JUST SOUTH OF MANGAWEKA, AND
FROM THE RANGITIKEI RIVER TO THE
SUMMITS OF THE RUAHINE RANGES.
AN AREA OF:

2,567 km²

RESPONSIBLE FOR
1,370km
ROADS⁴



Key learnings

The Council is doing many things well. Community confidence in the Council is returning following a period of less effective leadership, as evidenced by strong results from the annual reputation survey. The Mayor and Chief Executive enjoy high levels of support, both amongst Council staff and across the community. Council's commitment to understanding and responding well to both community needs and emerging challenges is strong.

- > The Council is meeting the core infrastructure needs of the district. The new waste water treatment plant demonstrates what is possible when innovative thinking is applied to solve the challenging problems of waste minimisation and environmental impact.
- > A mix of experienced and first-term elected members, and a competent ELT and staff are responsive to community needs.
- > Manawatū District Council has an opportunity to take a leadership role in the wider region, to tackle region-wide infrastructure challenges including arterial roads.

¹ Infometrics 2018

² Stats NZ Subnational Population Estimates

³ DIA 2013

⁴ Ministry of Transport 2016/17

Assessment Summary

continued...

OVERVIEW

Manawatū District Council is largely meeting the service delivery expectations of its community, and the Council is performing competently in all assessment areas. With capable leaders and requisite expertise, and a stated commitment to continuous improvement, Council has an opportunity to further improve its effectiveness and, potentially, to take a stronger leadership role in region-wide strategic issues.

RATING



Findings

1.

MANAWATŪ DISTRICT COUNCIL IS PROVIDING EFFECTIVE LEADERSHIP.

Council has worked hard to regain confidence in its own ability to understand community needs and to make decisions that serve the best interests of all constituents.

2.

COUNCIL IS TAKING RESPONSIBILITY FOR THE CHALLENGES ASSOCIATED WITH POPULATION GROWTH AND CHANGING ENVIRONMENTAL DEMANDS.

Council's investment in a new waste water treatment plant is an example of a bold decision with long-term benefits.

3.

THE STRATEGIC VALUE OF PEOPLE IN THE DELIVERY OF COMMUNITY OUTCOMES IS RECOGNISED.

Council's commitment to building a high-performance culture is exemplified in its recruitment practices and investment in staff development and communications.

Commonly used terms

Term	Definition
Asset Management Plan	A tactical plan for managing a council's infrastructure and other assets to deliver an agreed standard of service.
Infrastructure	Local and regional roads, pathways and cycleways, drinking water, wastewater and stormwater assets, sports and recreation facilities (parks, sportsgrounds, green spaces etc), community and tourism facilities (playgrounds, public toilets, libraries, museums, galleries and public art etc), town centres, and other facilities.
Local Government Act 2002 (LGA 2002)	The legislative Act that provides a framework and powers for councils to decide which activities they undertake and the manner in which they will undertake them.
Long Term Plan	The document required under the LGA 2002 that sets out a council's priorities in the medium to long-term.



Governance, leadership and strategy	Financial decision-making and transparency	Service delivery and asset management	Communicating and engaging with the public and business
Competent	Competent	Performing well	Better than competent

STRENGTHS

The Council’s reputation is improving under the leadership of the Mayor and Chief Executive.

Council has a clear sense of purpose and direction.

A ‘high performance’ culture is emerging; staff commitment to deliver cost-effective outcomes is high.

There is a strong commitment to delivering high quality infrastructure that meets community requirements, notably a world-class waste water treatment plant.

Council understands the needs and preferences of its community, and it is working hard to prioritise and meet these within resource restraints.

AREAS OF IMPROVEMENT

A broader understanding of risk (beyond financial considerations) is likely to be beneficial to guiding strategic decision-making.

Further integration of the Council’s vision, strategy and delivery will provide a stronger platform for more effective decision-making.

Leading locally

Governance, leadership and strategy

Council has established a strong base of operational delivery since the 2016 local body elections. With capable leaders in place and positive relationships with the community and other stakeholders, Council is now positioned to take a stronger leadership role in the region.

Priority grading

Competent

< The Council has a good understanding of community needs, and it is committed to acting in the best interests of the district as a whole. >

Setting the direction for the community

Manawatū District Council is emerging from a challenging period, characterised by the dominant leadership style of a previous Council and its ELT. Stakeholders observe that considerable progress has been made recently, especially in relation to collaboration, teamwork and operational capability.

An overarching vision is in place ‘connected, vibrant and thriving Manawatū District—the best lifestyle in New Zealand’, and good progress has been made in the current term towards developing strategies in key areas of economic development and community services. However, explicit linkages between the vision, strategies and operational plans are yet to emerge.

In common with other councils, public understanding of what the Council is and does seems to be relatively weak. Council is aware of this and is working closely with community leaders to address this.

Fresh leadership

The Council is led by a mix of new and experienced leaders. The Chief Executive was appointed in 2016, just prior to the last local body elections, and a new Mayor and several new elected members were elected in 2016.

The elected members and ELT have high levels of confidence in each other, and both the Mayor and the Chief Executive are well respected.

Capability and performance

The Council has a strong commitment to the professional development of its elected members. A comprehensive induction programme (that deals with the machinery of Council, operations and projects) is in place and is delivered well. The effectiveness of this programme will be assessed again early in the new triennium.

Budgets are allocated for additional training, and several elected members have taken up relevant professional development. Further governance training for the elected members as a group is likely to be beneficial to group effectiveness and decision-making quality.

The Mayor and elected members display a learning orientation, and feedback from the community (including reputation survey results) suggests the Council is performing well, however, no formal performance evaluation is in place to verify actual performance. The stated intention is to establish a more formal evaluation mechanism in the next triennium.

Effective working relationships

Working relationships between the new Mayor and elected members, and between the Mayor and Chief Executive are sound.

The Mayor and Chief Executive meet formally and informally, in private and in public. Together, they provide a united and compelling face of an organisation committed to serving the local community. They also meet on a weekly basis, to review progress, discuss priorities for the week ahead and explore strategic matters. A well-defined performance management agreement is in place, with clear goals and accountability measures.

Strengthening risk management

The Council's Audit and Risk Committee (ARC) meets quarterly. The ARC is chaired by an elected member who is an accounting professional, and one independent member sits on the ARC.

The ARC receives financial reports and these are scrutinised closely. While annotated reports are provided to the full Council, elected members need to make their own enquiries to validate the commentary provided by the ARC.

Currently, the Council has a reasonably operational view of risk. However, the ELT is working to improve the quality of reporting to the ARC, including responding to the ARC desire for a more strategic view of risk.

Health and safety

Health and Safety is an important priority for Manawatū District Council. WorkSafe's 'SafePlus' framework is in place, and Health and Safety reports are provided to the ARC quarterly. The report is comprehensive, although dominated by lagging indicators.

Managing the organisation

The Chief Executive and ELT are providing effective leadership. The Chief Executive is humble, respected, accessible and articulate, and he is visible in the community.

The Chief Executive's performance agreement is comprehensive and relevant to focus the Chief Executive on the achievement of Council's stated priorities. The Chief Executive acknowledges that he currently has relatively limited experience in local government. Compensatory activities include active membership of relevant sector groups and close consultation with experienced staff, including a highly capable ELT.

The most recent staff engagement survey produced strong scores, in the culture and behaviour categories in particular. Staff say they feel confident and proud to work at Manawatū District Council. Engagement findings are discussed in detail with the ELT and amongst other internal workgroups.

Information flows

Elected members meet regularly in accordance with a published schedule. An electronic portal is provided to enable efficient sharing of information between elected members and the ELT.

Proposals and decision papers include a full range of options for elected members to consider and debate. Workshops are used to ensure elected members are adequately informed.

Council has recently embraced a new reporting template, as a result of learning from a visit with another Council. The workshop mechanism is used judiciously, to ensure elected members are appropriately informed ahead of chamber debates and decision-making processes that follow.

Strengths

The Mayor and elected members are committed to providing effective community leadership.

The Mayor, elected members and Chief Executive have a strong relationship with each other, characterised by trust and candor.

Council displays a strong commitment to health and safety.

Workshops are used to reduce information asymmetry, and foster stronger relations between elected members and managers.

Areas for improvement

Further professional development of the elected members as a group, especially in relation to strategic focus and governance effectiveness, would be beneficial.

The Council vision, strategy and operational plans could be more strongly aligned.

Further development of risk reporting (beyond the current fiscal focus) should provide a more strategic view of risk.

An independent chair of the ARC is good governance practice.

Currently, no assessment or evaluation system is in place to formally evaluate the capability and effectiveness of elected members.

Investing money well

Financial decision-making and transparency

Manawatū District Council is a competent manager of financial resources, and it is paying good attention to appropriate financial management disciplines.

Priority grading

Competent

<Elected members are genuinely interested in being effective stewards, and they display a willingness to engage on key financial matters.>

Financial strategy

The foundation upon which the Council's financial strategy has been developed is sound, and the strategy is well articulated. Considerations include intergenerational debt management and changing district demands (population growth, changing land use, increasing compliance requirements and affordability).

Managers' knowledge and understanding of the financial strategy across the ELT is sound. Knowledge includes key assumptions and risks such as the demands and potential variability of growth. However, the level of realism in the out-years should be tested further, to avoid unexpected surprises.

The financial strategy outlines the management of borrowing over a ten-year period; a reduction in debt from \$67M to \$59M is forecast. However, this may change as new policies are embraced and projects are identified in future long-term planning cycles.

Financial data

The primary reporting mechanism to Council is a full package of quarterly reports. These are primarily graphical in presentation, with supporting commentary. Reports provide elected members with a means of understanding the finances without the barrier of interpreting numbers directly.

Reporting is generally sound. However, better explanations of variances and predicted outcomes, and explicit linkages to the overall vision and financial strategy would be helpful for more informed and future-focussed decision making.

Financial management

Manawatū District Council has an experienced and capable financial services team. Good working relationships within the team and with the ELT are evident. The financial literacy of the ELT is high, especially its collective ability to assess financial performance in the context of financial strategy.

Budgeting is extensive, and close attention is paid to the viability of the capital budget. There is evidence of strong budgetary controls at several levels; the risk appetite statement provides a useful reference point for both financial management and decision-making.

Risk and control function

The Council's quality of thinking and understanding of risk is improving, although elected members tend to focus their considerations on operational risk rather than strategic or organisational risk. Elected members may benefit from additional training, to ensure the importance of a broader understanding of risk is achieved.

The recent introduction of an electronic system, Promapp, has provided a foundation for a more integrated approach to risk and risk management.

Financial position of council and transparency

The Council's financial position is sound, and fiscal benchmarks are generally met. There is an appropriate use of debt to fund capital projects. Action points from audit letters are accepted and acted on promptly.

Close attention is paid to standard benchmarks of performance and position. However, some mandatory financial performance benchmarks have not always been achieved. While the differences are relatively minor, continued diligence is necessary to ensure the reasons are understood, and that appropriate mitigations are enacted.

The Council periodically reviews non-strategic assets. A review was underway at the time of this assessment, and several assets are likely to be sold.

Council's management demonstrates a strong commitment to transparency through its reporting to various groups including elected members, ratepayers and external stakeholders. This includes a commitment to both simplifying and demystifying performance and demonstrating that value-for-money is achieved.

Strengths

The Chief Executive and ELT work well together to plan and manage the Council's financial resources and position.

The level of financial literacy and understanding across the ELT is high.

There is a rigorous approach to budget development, especially in relation to capital expenditure.

Areas for improvement

A broader understanding of the Council's finances at the elected member level would be beneficial for more effective scrutiny of financial performance, oversight and subsequent decision making.

Better testing of out-year assumptions and a greater focus on strategic risk is needed to inform longer-term planning and investment decisions.

Quarterly reporting should be reviewed, to improve the quality of variance reporting and year-end forecasts].

Delivering what's important

Service delivery and asset management

The Council's delivery of core infrastructure services to meet community expectations of performance is sound. Awareness of emerging challenges is high, and some innovative solutions are being proposed to ensure service quality is not compromised.

Priority grading

Performing well

<Council understands the levels of service required to meet current and emerging community needs, and its commitment to ensuring service level commitments are achieved is strong. >

Aligning services with strategy

Manawatū District Council's approach to delivering infrastructure services has been to develop a set of comprehensive asset management plans, and to ensure each service is aligned with the overarching vision and desired outcome statements. Asset management plans were reviewed within the 2018 long-term planning cycle. While each asset management plan is sound, a tighter coupling of the plans into an integrated 'system' that is explicitly aligned with the Council's vision for the district is likely to deliver additional benefits.

Management's thinking and approach to the delivery of both core infrastructure services, including roads and 3 waters and community services including changing use of recreational spaces, is both thorough and coherent. The development of a large, centralised waste water treatment plant with reticulation from outlying villages is a notable example of such critical enquiry. This investment is expected to deliver significant commercial and environmental benefits to these communities and the district generally.

Monitoring and assessing service levels

Council pays close attention to services in planning (what it offers the community) and delivery (what is actually delivered). High levels of awareness of community expectations and shifting demands, for both current and future needs, are apparent.

Proposed levels of service are clearly communicated to the public in the Long Term Plan. These are monitored and reported on a quarterly basis. Community perception surveys indicate high levels of satisfaction with the delivery of Council services.

Service delivery

Manawatū District Council has adopted a district-wide approach to service delivery. It is thinking and acting broadly with the goal of delivering better service quality within available resource limits. A commitment to work with neighbouring councils on regional infrastructure initiatives is also apparent.

The Council is an active participant in the Manawatū-Whanganui Local Authority Shared Services (MWLASS) which provides services such as debt management, archiving, health and safety consultants, internal audit, aerial photography and joint procurement of insurance.

Council has also established bilateral agreements with neighbouring councils to share resources. These include the building service function provided by Palmerston North City Council, Animal Control provided by Rangitikei District Council, Regulatory Enforcement provided to Palmerston North, Infrastructure provided to Rangitikei and Civil Defence Emergency Management Officer (EMO) provided by Horizons Regional Council. In general, these arrangements work well, however, in the Infrastructure Shared Service, a degree of ambiguity and misalignment of expectations is limiting the arrangement achieving full effectiveness.

Asset management

Council is managing core assets well, and asset management practices are sound.

All drinking water plants are certified and well-maintained, supported by a proactive renewals programme. All drinking water schemes are chlorinated.

The recent waste water treatment plant upgrade and planned waste water centralisation programme is expected to deliver considerable environmental benefits, including a significant reduction in discharges to the Oroua River.

The roading network is well-understood, and it is maintained by a contractor to agreed service levels.

Council demonstrates high levels of awareness of changing trends in the usage of and demand for community facilities, and a strong relationship with individual communities and their service needs is apparent. Several different models of service delivery are utilised.

High levels of knowledge about actual asset condition and asset performance have enabled Council to reassess its renewals programme, resulting in the removal of \$10 million of renewals from the Long Term Plan. Council is aware that the inherent risks associated with changing the renewal programme must be carefully managed. Close monitoring of the assets will be required to ensure deferral decisions do not result in unexpected failures (and associated costs) in the future.

Council acknowledges that significant decisions need to be made in relation to one core facility, the Civic Centre. Considerable remedial work is needed to ensure it is fit for purpose in the future. A commitment to consult closely with the community to determine needs and to invest wisely is apparent.

Capability and capacity

Council staff are competent and experienced, and they are well-led by a capable Chief Executive and ELT. As with most councils, there is some key person risk. However, both elected members and the ELT are aware of this risk; cross-functional teams have been established as a suitable mitigation.

Positive relationships with neighbouring councils have enabled Manawatū District Council to share resources, to benefit from efficiencies of scale, and to access specialist skills as needed.

Compliance with regulatory requirements

The Council is fulfilling its regulatory role satisfactorily, and it is meeting its fiscal obligations.

Building Consent Authority (BCA) accreditation has been maintained since 2006, and the results of the next independent audit are pending. Building and resource consent timeframes are largely met, and essential services benchmarks have been met or exceeded in each of the last three financial years.

A quality management system is in place across all regulatory functions, with a focus on continuous improvement.

Capital projects and investment decisions

Council is quickly establishing a strong record of being a prudent investor, demonstrating care in the development of proposals and in delivery and ongoing management. An awareness of broader strategic issues (and the impact of these) is apparent in future scenario planning and decision making.

Since 2016, the Treasury Better Business Case model has been used to assess and justify capital project expenditures. The approach to project management is sound, with close attention paid to ensure desired outcomes are actually achieved.

The new Waste Water Treatment Plant and associated waste water centralisation programme is a notable example of these principles in practice.

Strengths

Council has experienced and capable technical and operational staff.

Service delivery is integrated with the rest of Council's 'business'. Service delivery options are well-tested from a wide range of perspectives before investment decisions are made.

The new Waste Water Treatment Plant (and planned waste water centralisation scheme) showcases good planning and decision making.

Council has a strong relationship with local communities and service needs are well understood.

Areas for improvement

Tighter integration of asset management plans with the overarching vision for the district should result in additional service delivery efficiencies and financial benefits.

Closer management of shared services arrangements, especially one bilateral arrangement, is needed if the full benefit of these arrangements is to be realised.

Listening and responding

Communicating and engaging with the public and businesses

The Mayor's and Chief Executive's commitment to effective communications within Council and with external stakeholder groups is genuine. Council's relationship and engagement with Māori is developing.

Priority grading

Better than competent

<Council's connection and engagement with its community is deep and enduring. >

Communications strategy

Manawatū District Council reviewed and adopted a new Communications Strategy in 2019. This strategy, which covers both staff and external audiences, articulates the Council's goals and priorities, and its intended means of communicating with various groups.

Council engagement with the community is strong. The Mayor (in particular) and Chief Executive are actively engaged and visible in the community.

Elected members are assigned to and attend at least one of 16 local community committees. These committees play an important role in ensuring effective two-way communication.

Media and digital engagement

A range of communications channels (online, print, in-person) are used to share information with the community and elicit feedback. The main Manawatū District Council website, while functional, is currently being redeveloped to take advantage of technological innovations and extend the range of services available online to meet current and emerging needs.

A staff media policy outlines who can speak to media. Staff receive training to ensure public responses are genuine and helpful. The Mayor is highly responsive to media enquiries (and enquiries from the general public), generally responding on the same day or the next day. All written correspondence receives a personal response from the Mayor.

Local reporters attend most Council meetings and some sub-committee meetings, and Council news is a regular feature in both local newspapers.

The Council understands that 'digital' engagement, whilst important and necessary for some audiences and groups, cannot become the primary channel of engagement with its community groups and the public. Local rural communities, for example, place a much higher value on in-person interaction.

Reputation

Manawatū District Council commissions an annual reputation survey. The most recent survey in June 2018 revealed high levels of satisfaction (83 per cent of respondents said they were satisfied with Council's performance). The results are analysed by the ELT, and are shared with both elected members and other key groups within Council.

Engagement with Māori

The Council continues to work on its engagement with local Māori and is looking forward to a deepening relationship as Ngati Kauwhata move through the Treaty settlement process. The leadership of the Council and the iwi recognise the importance of the relationship and seek to establish clear lines of communication and engagement.

Increasing levels of awareness and engagement with tikanga and te reo are apparent within the Council, but the ELT acknowledges more can be done.

Engagement by Council with the general public and business

The Council has a deep and enduring connection with its rural community, a consequence of a long-established and tight-knit rural culture that continues to pervade the district. The 16 community committees have engendered a strong sense of local ownership of issues, and the confidence to raise issues and to expect that they will be dealt with properly.

Council engagement with the business community is similarly strong as a consequence of both the Mayor and Deputy Mayor having previously been actively involved with leaders in the business community. Council is working hard to support local business. Initiatives such as lobbying for pragmatic solutions to earthquake prone building legislation being examples of relevant advocacy (seeking consideration for provincial areas, which face different usage and financial constraints from larger cities).

Strengths

Council engagement with its community is genuine and effective.

Most elected members have an intuitive understanding of community needs, having lived in the district for many years.

Council's desire to provide an effective channel to communicate electronically and to transact business on-line has led to a commitment to rebuild its website.

The Mayor and Deputy Mayor, in particular, are both highly visible and accessible to ratepayers and the broader constituency.

Areas for improvement

Provision of more explicit linkages in the Annual Report to demonstrate progress towards achievement of desired community outcomes would be helpful.

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