

CONFIDENTIAL

# Draft Statement of Intent 2015-2018

## Recommendation(s)

That the Board:

- i. Receives the report; and
- ii. Approves the Draft Statement of Intent 2015-2018.

## Executive summary

This report presents the draft 2015/16 - 2017/18 Statement of Intent (SOI), for the Board's approval. The annual SOI forms the basis for the accountability of Directors to Auckland Council (AC). A draft of this year's SOI must be delivered to AC for comment no later than 1 March 2015.

The Draft SOI reflects the basic funding package in the AC Long-term Plan (LTP), and takes account of the matters raised in the Mayor's letter of expectation. It has been prepared in conformity with AC's revised SOI template.

An early draft of the SOI was presented to the Board at its December meeting. This report focuses on the changes that have been made since that meeting, including the addition of the Chair's foreword, more detail on the strategic themes, an updated 3-year work plan, and some refinement of the performance measures. Additional detail in relation to Maori outcomes has also been included.

Upon receipt of shareholder comments from AC (due by 1 May 2015), the SOI will be reported back to the Board for any amendments and final approval in June 2015.

## Background

As a CCO, AT is required by the Local Government Act 2002 to prepare an annual SOI. The SOI forms the basis for the accountability of the directors of AT to the shareholder, AC. It sets out the organisation's strategic objectives, the work programme to be undertaken over the three-year term of the SOI, and the performance targets by which AT will be measured.

A draft SOI must be prepared and delivered to the Auckland Council not later than 1 March each year, and finalised, following consideration of shareholder comments, by 30 June each year.

This SOI relates to the next financial year (2015/16), and the subsequent two years (2016/17 and 2017/18).

The Board's strategic themes form the foundation of the draft SOI, and the 3-year work plan and performance measures are centred on the themes. In addition to the key performance measures, the draft SOI also includes five further measures, which, as of 2015/16, are required by the Secretary for Local Government to be reported by all local government organisations responsible for the provision of roads and footpaths.

## **CONFIDENTIAL**

The draft SOI has been prepared in the context of the AC LTP. The three-year work programme and performance targets reflect the LTP's basic funding package.

The draft SOI has also been informed by the Mayor's Letter of Expectation (LOE), which is attached at Attachment 1. The LOE sets out issues of importance to AC in the preparation of SOIs, and AC's key strategic priorities for the 2015-18 SOI.

The Draft SOI is attached (Attachment 2). It has been prepared in accordance with AC's new template for CCO SOIs, which requires less detail than previous SOIs.

## **Key changes from previous draft**

The attached Draft SOI includes some changes and additions to the initial draft version that was reported in December 2014. These include:

- Chair's foreword added.
- Strategic themes: text added to explain each of the themes (section 4), including a statement within each of the theme discussions to indicate how it contributes to the Auckland Plan outcomes.
- 3 year work plan: The work plan, which was called the Programme of Action in previous SOIs, has been added in Section 5 of the Draft. The projects and initiatives listed are based on the basic RLTP/LTP budget envelope. The schedule also includes a summary of key operational activities.
- Amendments to comply with the requirements of the updated AC SOI template. The key change is the addition of specific projects that deliver on Maori outcomes in section 5.
- Performance measures: some amendments to performance measures and targets to address the matters identified in the December report, including:
  - The addition of a baseline measure and targets for the performance measure on rapid and frequent public transport patronage;
  - The Draft no longer includes a measure on the proportion of the strategic programme that is funded. Although this is an important measure for the Board to track, it is not something that relates directly to organisational performance, and would be difficult to audit. It was therefore not considered suitable as a KPI to be included in the SOI.
- Financial tables have been included (in section 7). These are based on the Draft LTP basic budget package, and are subject to review once the budget is finalised. Financial data on asset sales is not available at this stage of the budget process, and this is noted in the Draft.

## **Next steps**




Following receipt of feedback from the Board, the Draft SOI will be finalised and provided to AC no later than 1 March 2015. AC is required to provide its shareholder comments on the Draft SOI by 1 May 2015. The Board is required by statute to meet in open session to consider those comments. The final SOI must be provided to AC no later than 30 June 2015.

CONFIDENTIAL

## Attachments

Number	Description
1	Mayor's Letter of Expectation
2	Draft Statement of Intent 2015-2018

## Document ownership

<b>Submitted by</b>	Peter Clark <b>General Manager Strategy &amp; Planning</b>	
<b>Recommended by</b>	Peter Clark <b>General Manager Strategy &amp; Planning</b>	
<b>Approved for submission</b>	David Warburton <b>Chief Executive</b>	

## Glossary

Acronym	Description
AC	Auckland Council
ACPL	Auckland Council Property Limited
AT	Auckland Transport
CCO	Council-controlled Organisation
LOE	Letter of Expectation
LTP	Long Term Plan
RLTP	Regional Long Term Plan
SOI	Statement of Intent