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Governance Framework Review - Update

Recommendations

That the Board:

- i. Note the report, and presentation from Auckland Council's Governance Director.
- ii. Provides direction on key issues which will be presented at a Governing Body meeting on 28 September.
- iii. Requests Mark Gilbert to attend the 28 September Governing Body meeting, along with senior management, to present AT's position.

Executive summary

1. In 2016 Auckland Council began a "Governance Framework Review", which included the possibility of delegations to local boards.
2. Auckland Transport staff have been working collaboratively with officials at Auckland Council since that time. The review is being overseen by a Political Working Party comprising Councillors and Local Board representatives. Advice provided to the Political Working Party to date has been that delegations are not advisable for a variety of reasons.
3. The Political Working Party has, however, asked for more work to be done in this area. A final report and recommendations will be presented to the Governing Body on 28 September.

Previous deliberations

4. The Board considered the Auckland Council-led review as part of its strategy session in February 2017. A further update was provided, along with an update by Auckland Council's Governance Director, in May 2017.

Strategic context

5. Cooperation with and involvement in the Governance Framework Review were referenced in the 2016/2017 Statement of Intent.

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Background

6. Auckland Council initiated the Governance Framework Review in mid-2016. The scope includes role clarity for the Governing Body and Local Boards, where discretion over service levels (e.g. operational issues such as parks maintenance) should sit, finance and funding, organisational support for council and local boards, and the number of local boards and basis of representation.
7. The potential for greater delegations to local boards, particularly in relation to transport and local 'place-shaping' form part of the review. Progress is being overseen by a Political Working Party comprising councillors and local board members.
8. Senior Auckland Transport staff have been working with Auckland Council officials to identify any opportunities for delegation and in June Board member Mark Gilbert attended a Political Working Party workshop to discuss the matter.

Issues and options

9. The work undertaken to date, and as noted above done in concert with Auckland Council officials, has been unable to identify specific delegations in the transport area which could be undertaken by local boards. The benefit of a regional CCO is to have transport services that are prioritised and designed to benefit the greatest number of people, regardless of geography (i.e. local board area).
10. An additional benefit of a CCO is the increased efficiency as a result of autonomy from political influence.¹ This was a concept reiterated by the Auditor-General's 2015 report *Governance and accountability of council-controlled organisations*.² This allows for long-term planning which is important to the operating principles of Auckland Transport as it aligns with AT's ability to prudently manage its assets and liabilities for long-term financial viability.³
11. Furthermore regional CCO's are able to achieve "economies of scale by aggregating similar activities of various local authorities into one regional CCO".⁴ The intention is to create a commercial focus on the delivery of integrated regional transport infrastructure. Delegating decision-making back to local authorities can fragment the delivery of services and is counter-intuitive to the legislative purpose of an effective and efficient Auckland land transport system.⁵

¹ Auckland Transition Agency (March 2010), *Auckland in Transition: Report of the Auckland Transition Agency, "Volume 2 Attachments: Council Controlled Organisations"*, Part 1, pages 8-9

² Controller and Auditor-General (September 2015) *Governance and accountability of council-controlled organisations*, Part 3, pg 15.

³ LGACA s40(1)(b)

⁴ Auckland Transition Agency (March 2010), *Auckland in Transition: Report of the Auckland Transition Agency, "Volume 2 Attachments: Council Controlled Organisations"*, Part 1, pages 8-9

⁵ LGACA s39.

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12. It is considered that operational decisions and delivery should remain with Auckland Transport while the level of interaction with the local boards should continue on the principles of consultation. Auckland Transport should still place high value on local boards' knowledge about how roads and the associated amenities are operating for their communities.⁶
13. Other obstacles to delegation of operational matters include risks around health and safety.
14. Notwithstanding the advice provided to councillors and local board representatives, at the Political Working Party's most recent meeting on 3 August, there was a recommendation that "additional work be undertaken to identify delegation opportunities". See Attachment 1 – Minutes.
15. The review has also considered a possible increase (possibly doubling) to the Local Board Transport Capital Fund. Criteria for assessment of projects and allocation of any extra funding will be considered through the Long Term Plan.

Next steps

16. Auckland Transport staff will continue to work with those at Auckland Council to bring forward a report to the Governing Body on 28 September.
17. Board direction on any of the key issues raised above is sought in order for those views to be fed into the process.



⁶ Controller and Auditor-General (March 2012), *Auckland Council: transition and emerging challenges*, Part 4, at 4.27

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Attachments

Attachment Number	Description
1	Political Working Party Minutes of 3 August 2017
2	Presentation from Political Working Party meeting of 21 June 2017

Document ownership

Submitted and Recommended by	Wally Thomas Chief Stakeholder Relationships Officer	
Approved for submission	David Warburton Chief Executive	

Governance Framework Review Political Working Party Minutes

Minutes of a workshop of the Governance Framework Review Political Working Party held in the Meeting Room, Level 26, 135 Albert Queen Street, Auckland, on Thursday 3 August 2017 at 1.35pm.

PRESENT

Chairperson	Deputy Mayor Bill Cashmore	
Deputy Chairperson	Shale Chambers	
Councillors	Cr Cathy Casey	
	Cr Efeso Collins	
	Cr Hon Christine Fletcher	Until 4.16pm, Item 4
	Cr Richard Hills	
	Cr Penny Hulse	From 1.37pm, item 3
Local Board Members	Angela Dalton	
	Peter Haynes	From 1.42pm, Item 3
		Until 4.11pm, Item 4
	Greg Presland	
	Paul Walden	

APOLOGIES

Cr Denise Lee
Phelan Pirrie
Lisa Whyte

Note: No decisions or resolutions may be made by a Workshop or Working Party, unless the Governing Body or Committee resolution establishing the working party, specifically instructs such action.

Purpose of Working Party:

- receive and consider the recommendations of the governance framework review;
- provide oversight and direction for the development of a work programme to address the findings and recommendations of the report; and
- report back to local boards and to the governing body for decisions on final recommendations.

1 Apologies

Apologies from Cr Denise Lee and Phelan Pirrie and Lisa Whyte were noted.

2 Declarations of Interest

There were no declarations of interest.

Working Party notes:

3 Report back on additional work requested by Working Party

1. Advice on potential delegation of exchanges under the Reserves Act 1977

Officers provided advice that decisions on reserve exchanges should not be delegated to local boards for the following reasons:

- Delegation would not be consistent with other decision making about disposal and acquisition of property, which is a governing body decision
- Not all exchange decisions could be delegated due to potential financial implications on the council balance sheet – this would create confusion and uncertainty
- Delegation would effectively provide local boards with a veto right over any related plan change and consent decisions being considered under the RMA

It was also noted that recent legislative change made gives local authorities the option of a joint process for a plan change or resource consent and reserve exchange.

It was suggested that, given the low incidence of reserve exchange proposals (two within the last three years), they could potentially be resolved through dialogue and negotiation on a case by case basis.

There was, however, a difference of views within the working party, so it was decided to determine the working party's final position once formal local board feedback has been received.

2. Revised wording of Auckland Transport recommendations

Officers presented revised recommendations relating to improving engagement between Auckland Transport and local boards with respect to local boards' role in place shaping. Recommendations focussed on:

- Strengthening the use and monitoring of the accountability requirements set out in the Governance Manual for CCOs, specifically the development of comprehensive annual local board engagement plans, and that this be monitored on a quarterly basis
- Ensuring that local boards have a strong governance role in place shaping and that Auckland Transport improves its coordination between its projects and local board priorities
- Providing greater opportunities for local board direction on prioritisation of traffic safety projects and community focused safety and education programmes
- Directing Auckland Transport to report to the governing body on an annual basis on how it is meeting those directions
- Supporting an increase to the local transport capital fund, including the provision of improved supporting advice and options to local boards

The issue of whether the working party supported the delegation of transport functions to local boards, which was discussed at the working party meeting in late June, was raised. Officers' assessment of proposals to delegate a range of Auckland Transport functions to local boards found that:

- The decisions able to be delegated would be operational in nature and are currently held by staff in Auckland Transport
- Delegation of these decisions would incur significant transaction costs and potential delays (and uncertainty)
- Delegation of these types of decisions is not consistent with the role of local boards as governors, not operational managers

The working party asked that it be noted that they support further consideration of the use of delegations by Auckland Transport to local boards and asked for a list of what could be delegated to be provided to them.

Other points noted for inclusion in recommendations were that:

- A more concrete proposal setting out the size of the recommended increase to the local transport capital fund was supported (acknowledging that it would need to go through the LTP process)
- Consideration should be given to whether Auckland Transport should be required to give effect to or be consistent with local board plans
- That the role of ward councillors as regional governors with local constituencies should be recognised (by all CCOs) and that they should be regularly informed of relevant activity within their wards

Cr P Hulse joined the meeting at 1:37pm.

Peter Haynes joined the meeting at 1:42pm.

Cr P Hulse left the meeting at 2:24pm.

Cr P Hulse joined the meeting at 2:33pm.

The meeting adjourned at 3:06pm and reconvened at 3:14pm.

Cr C Casey was not present

4 Finance and Funding – Recap with members who were not at previous meeting, plus work through range of decision options

1. Previous Discussion paper and discription of two models
2. Rate Models
3. Operational costs by activity and Local Board (Revised LDI)
4. Table of Options

A PowerPoint presentation was given. A copy of the presentation is attached to the official minutes and is available on the HUB.

Officers presented the more detailed work on the two models (enhanced status quo and local decision making) as a recap, along with an expanded range of options for the working party to consider. They were:

1. Status quo – no change
2. Enhanced status quo – plus further work
3. Local decision making within parameters – consult in LTP and then pre-implementation work (earliest implementation 2019/20)
4. Consult on both options in LTP and then decide (earliest implementation 2019/20)
5. Agree in principle to local decision making – subject to further work – consult with 2019/20 AP (earliest implementation 2020/21)

Chair Angela Dalton reported to the working party on the outcome of a local board chairs meeting that she had convened to discuss the options. The meeting had concluded that there is still some confusion for Chairs about the detail of how a local rate would impact on local boards.

The chairs' meeting landed on supporting option 4 but noted that more information was needed. There was a unanimous choice not to remain with the status quo.

The working party had a substantial discussion canvassing a range of views and raised a number of issues, including:

- How would any future organisation wide savings impact on local boards if they were rating for some or all local activities
- Would it be possible to have a model where individual boards could opt in to setting local rates
- What additional staff resources would be needed to support a local rates model, and what would be the impact on the job size of elected members
- What, if any, impact would there be on the organisation's IT systems

There was a general agreement that the enhanced status quo option (including bulk funding of renewals) should be locked in as a minimum and that the work required to support this should be undertaken.

It was also agreed (although not unanimously) that further work and discussion on the local decision making/local rates option would be needed before any consultation with the community could be considered. This would not be completed in time for the 2018-28 LTP but could be considered after the LTP process.

Cr C Casey joined the meeting at 3:19pm.

Cr E Collins left the meeting at 4:01pm.

Cr E Collins joined the meeting at 4:06pm.

Peter Haynes retired from the meeting at 4:11pm.

Cr C Fletcher retired from the meeting at 4:16pm.

Angela Dalton left the meeting at 4:24pm.

Cr P Hulse left the meeting at 4:40pm.

Cr P Hulse joined the meeting at 4:49pm.

5 Future of the Political Working Party

A memo was circulated setting out options for the future of the political working party. This item was deferred to the next meeting.

6 Next Meeting

Wednesday 6 September 2017 at 1.30pm

The meeting closed at 4:52pm.

Local boards and Auckland Transport

Introduction

- Purpose: to look at options to enable local boards to give effect to their place-shaping role in regard to AT decisions
- Jointly-developed by AT and council staff
- Not looking at fundamental structure or operation

GFR findings

- Frustration among some local board members with transport decision-making and engagement
- Common concerns include:
 - A lack of timely, high-quality information
 - The community holds boards accountable for AT decisions
 - AT could be delegating some decisions to local boards in relation to place-shaping and local transport

Local boards' role in place-shaping

- Local boards have allocated decision-making for:
 - local 'place-shaping' activities and leadership
 - maintenance and improvements to the local street environment and town centres
 - local strategic visioning and planning
- This is given effect to through a range of different tools and processes, by different departments of council and CCOs – including Auckland Transport

Place-shaping decisions

What are the issues?

- Variable experiences across the 21 boards
- Some LB members feel they have limited ability to influence place-shaping outcomes in the road corridor
- Perception that AT is only focused on transport outcomes, regional standardisation and costs
- Some tension between AT's role and the allocated responsibilities of local boards

Place-shaping decisions

- Some tension over what priority place shaping should have over efficient transport network
- Local transport priorities not always reflected in capital programmes
- Sometimes these reflect tensions between regional and local priorities for transport
- Roads and Streets Framework under development - aims to resolve conflicts between 'place' and 'movement'

Options assessment – overview

- Delegations seen as preferred option by some boards
- Most decisions which are able to be delegated are operational in nature
- Would result in high transaction costs and numerous decisions
- Preference for local boards to agree place shaping outcomes early with Auckland Transport
- AT would then test details with boards as options are developed, and provide choices as appropriate
- Ensure opportunities for local boards to influence other decisions where appropriate

Categories of transport decision-making

1. Capital investment
2. Non-road parts of the road corridor
3. Vegetation in the public realm
4. Regulatory decisions
5. Physical infrastructure
6. Community development / education

Decision-making recommendations

1. Capital investment:

- AT currently prioritises capital investment regionally

Recommendation: Local boards to have a role in prioritising some minor traffic safety expenditure

2. Non-road parts of the road corridor

- Under management of AT in case of future needs

Recommendation: AT to be more responsive to local board initiatives and preferences e.g. events, activities

Consider delegating event permitting, street trading – trial in Waiheke

Decision-making

3. Vegetation in the public realm:

- AT has drafted guidelines and policy but not adopted

Recommendation: AT should reengage on policy and work with interested boards

4. Regulatory decisions:

- Network impacts and need for regional consistency

Recommendation: AT should continue to consult boards on regulatory changes

Decision-making

5. Physical infrastructure:

- A number of different decisions - different impacts on place versus movement
- Many contribute to the 'look and feel' of streets
- Roads and Streets Framework will have strong influence in future

Recommendation: AT to work with local boards to reflect local preferences

Significant projects should have LB endorsement of place aspects

AT to continue to work closely with boards on Roads and Streets Framework

Decision-making

6. Community development / education:

- Prioritisation of spend on community education and safety programmes
- Local boards would add value in this space

Recommendation: AT should give effect to LB direction on local programmes

Funding

What are the issues?

- AT's funding is based on priorities specified in its SOI and allocated according to regional need
- TCF created to advance local transport priorities that fall outside the funding envelope
- Local boards value the TCF, and some beneficial transport projects have been funded
- Forecast spend for the 2016/17 year = \$17m

Funding (cont')

- Auckland Transport believes that:
 - The fund is oversubscribed
 - Better outcomes for boards would be possible if the fund was increased from \$11m to \$20m
 - The increase should be allocated differently
- Process for TCF and advice to LBs needs improvement,

Options

1. Enhanced status quo
2. Increase size of the fund and better process management
3. Full review of fund purpose & operation

Recommendation: propose increasing the fund to \$20 million through LTP

This will have impacts on other transport priorities

Also recommend that full evaluation of the fund should be considered

Local board – AT engagement

What are the issues?

- Expectations set in CCO Governance Manual and Statement of Intent
- AT must consult where:
 - Affect board's governance role
 - Have significant local impact
 - Require community consultation
- Sol: targets of 60% satisfaction in 2016/17 and 70% in 2018/19

Local board – AT engagement

- Elected member survey (2016) shows:
 - AT elected member liaisons are valued (78%)
 - 40% satisfaction with consultation
 - 54% satisfaction with early annual engagement
- Generally, some LBs have had positive experiences, others feel consultation is tokenistic or late
- Local board engagement plans have not been well used
- Monthly reporting can be too detailed

Options

1. Status quo
2. Enhanced status quo – development of local board engagement plans
3. Enhanced monitoring of AT performance – e.g. elected member ‘pulse’ survey

Recommendation:

That both options 2 and 3 are implemented to improve annual engagement and monitor ongoing consultation

Questions for discussion

- Have we described the issues correctly? Are there others?
- Are there other options that haven't been identified?
- Do you agree with the recommendations?