

Waikato Mayoral Forum and Councils Collaboration Projects: Progress Report #2: July 2013

Introduction

This report is to provide an update on four work streams being carried out under the auspices of the Waikato Mayoral Forum, which consists of the region's mayors and the chair of the regional council.

The work streams – covering roading, water and wastewater services, planning and economic development - are an integrated package designed to help get the best out of the regional economy and deliver multi-million dollar cost savings for ratepayers. Each workstream has a small governance group of three or four mayors/chair and support from an assigned council executive officer.

In March 2013 the Mayoral Forum made a presentation to all the councillors of the twelve local authorities in the Waikato region on the opportunities that these workstreams provided, and the funding required to progress to the next stage. The same presentation was given to wider stakeholders. A copy of this information is available at www.mpdc.govt.nz/waikatomayoralforum.

Councils, through their Annual Plan process, made commitments to these projects, and approved funding. It was agreed that regular reporting on these workstreams would be provided.

This report provides an update for forum members, councillors, stakeholders and the general community on progress. The projects are due to continue to provide updates on the workstreams on a six-weekly basis.

The governance groups are:

Roading: Mayors: Brian Hanna, Allan Sanson, John Tregidga.

Executive Officer: Don McLeod.

Economic Development: Mayors/Chair: Peter Buckley, Julie Hardaker, Alan Livingston, John Tregidga.

Executive Officer: Langley Cavers.

Planning & governance: Mayors/Chair: Peter Buckley, Julie Hardaker, Neil Sinclair, Hugh Vercoe.

Executive Officers: Garry Dyet, Gavin Ion.

Waters: Mayors: Glenn Leach, Alan Livingston, Dale Williams.

Executive Officer: David Hall.

Workstream: Waikato Roothing Collaboration

Purpose

This workstream, known as the Waikato Roothing Collaboration project, is investigating whether a sound business case can be made for a Waikato Centre of Excellence for advanced road asset management.

Progress on Key Milestones

In February 2013, the Waikato Roothing Group comprised of Mayors Sanson, Hanna and Tregidga resolved the following:

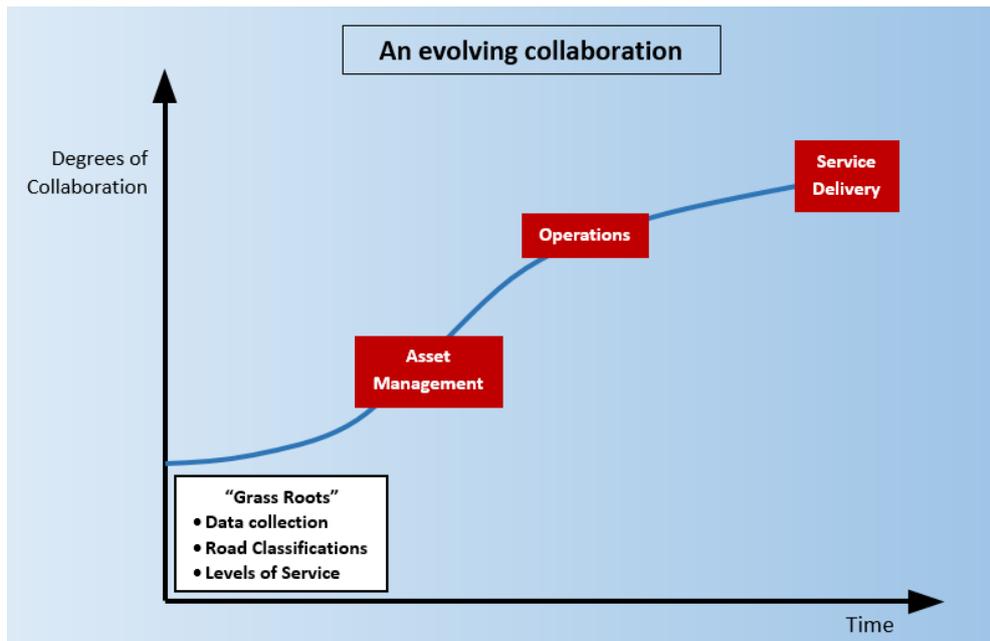
The Mayoral Forum - Roothing (the Forum) resolves that there is commitment to achieving collaboration in the management of road maintenance and operations that ensures good customer service is delivered locally, while functions that benefit from greater scale are reviewed to appropriate mechanisms. This shall include asset management functions and may include network management functions, and exploring all other possible collaborative opportunities. The Forum requests the Regional Advisory Group (in conjunction with the Roothing Efficiency Group) work on this to provide a robust business case by December 2013 for expected consultation in February 2014.

The Road Efficiency Group (REG) project team lead by Edward Guy (Rationale Ltd) with the assistance of James Bevan (Latitude Planning Services) have been tasked with assisting the Waikato Regional Advisory Group (RAG) develop the business case using the NZ Treasury's better business case framework.

Road Efficiency Group: The road controlling authorities of New Zealand have combined to form the Road Efficiency Group, to drive value for money and improve performance in maintenance, operations and renewals throughout the country. Formed in 2012, the group was nominated by the government to carry out the recommendations of the broader Road Maintenance Task Force.

To date the project team have held workshops with each local authority and the NZ Transport Agency, and have prepared a conceptual business case for discussion with Council staff. The workshops found that there are already many examples of successful collaboration in roading and other sectors within local government. This project has sought to build from these examples, and the common strategic challenges facing local authorities in the Waikato.

The project team have proposed a concept that focuses on evolving collaboration approach between local authorities, as outlined in the diagram below.



The first step in this concept is to focus on collaborative asset management through a regional “Centre of Excellence”. Improved asset management could be achieved without the need for Councils to radically alter service delivery structures or local decision-making. The Centre of Excellence concept would support existing abilities with Councils, enable improved decision making, encourage consistency, further collaborative opportunities and help overcome skill shortages/succession issues being faced by many Councils.

The detailed elements of the Centre of Excellence have yet to be explored, and the Regional Advisory Group will complete this assessment over the next six weeks.

In the meantime work on four technical work streams, that will assist in establishing a foundation for both some operational improvements and asset management is underway with work teams made up of Council Roding Managers.

Next Steps

Over the next six weeks (July-August), the progress on this project will involve:

- Roding Managers’ workshop to further develop and explore the “Centre of Excellence” concept
- Discussion of the concept at the Waikato Mayoral Forum
- Advancement of the business case examining the potential financial outcomes of a Centre of Excellence model for the Waikato.

- In the meantime there are sub regional and local initiatives underway that aren't affected by this proposal

Project Challenges and Risk Register

A risk register has been developed for this project, risks assessed, and mitigation strategies developed where appropriate.

Stakeholder Engagement

Local Authorities and the NZ Transport Agency have been involved through individual 2 hour sessions and subsequent Roading Manager workshops.

Engagement will be ongoing with local authorities and the NZ Transport agency as the project progresses through the business case framework to completion by December 2013.

Formal consultation will be undertaken (if necessary) in 2014.

Finances and Resources

The project is being entirely funded through the Road Efficiency Group – a strategic collaboration between the NZ Transport Agency and Local Government NZ.

Conclusions

The Roading Collaboration project remains on programme to complete its report by December 2013. The next stage of the process will see the RAG assessing the detailed elements of a "Centre of Excellence" in the Waikato.

Workstream: Waters

Purpose

This workstream is progressing investigations into the benefits and challenges that either a regional or sub-regional management of the water and wastewater utility activities would provide to the Waikato.

Progress on Key Milestones

A report on the opportunities and challenges arising from a collaborative approach to providing water/wastewater management in the Waikato was received by the Mayoral Forum in December 2012. Headline issues in the Stage 1 report were:

- There is considerable opportunity for improved value through a 'shared services' model – this could be at a pan-regional, regional, and/or sub-regional level.
- There is a need to improve the 'resilience' of water/wastewater activities – especially in the smaller councils.

The Mayoral Forum agreed that there was merit in further detailed investigation.

It has been agreed that the next stage of work commissioned should further investigate options for a region-wide and/or sub-regional approach to the supply of water and wastewater services. Critically, this should specifically include the implications for each of the region's territorial authorities if all, or parts of, these services were united.

By approaching the assignment in this way, Waikato councils will be able to identify the implications of the status quo versus a sub-regional 'management' entity and regional collaboration. Regional collaboration will be investigated under two scenarios – an asset management focussed entity and full collaboration.

Waikato District, Waipa and Hamilton are already well advanced on collaboration through existing shared service arrangements for trade waste and sampling. They commissioned some high level work to look at the additional opportunity provided by combining operations in a shared service model but any further work is on hold pending finalisation of this regional work which will help inform any sub-regional opportunities and direction.

Report Outputs

It is expected that as a result of the work:

- The broad shape and scale of regional collaboration in the water and wastewater activities will be understood, including an indicative structure, governance arrangements and service delivery model. The report will identify the likely setup and transitional costs as well as process issues. It will also estimate the net benefits gained from regional collaboration.
- The broad shape and scale of a sub-regional 'management body' for water, and wastewater will be understood including an indicative organisational structure, governance arrangements and service delivery model. This model will be based on the existing 'Futureproof' Councils.
- In terms of regional models, the report will canvass a fully collaborative structure as well as an 'asset management' structure.
- The general and financial implications for each council of each model will be defined.

It is expected that the Final Report will provide the substantive information required for an informed discussion at the Waikato Mayoral Forum and by each Council on the preferred future model for the provision of water and waste-water services across the region.

(Note: This Study does not include the stormwater activity.)

Regional Asset Valuations

In addition to the primary study (outlined above) the report presented to the Mayoral Forum in December 2012 identified a number of immediate opportunities for efficiencies.

One of the shared service opportunities identified in the report was 'asset valuation'. The suggestion was that aligning asset valuation processes across the region would:

- ensure that a consistent approach is taken;
- streamline the procurement process; and
- reduce cost through economies of scale.

In order to explore this possibility a questionnaire has been drafted to identify the range of mechanisms used by Councils for asset valuation (and peer reviews), the suppliers engaged and how much this process costs ratepayers. It should be noted that this questionnaire encompasses all infrastructural assets, not just water assets.

This work is being included in the wider procurement study on Engineering Consultants as part of the functions of Local Authority Shared Services Ltd (LASS).

Next Steps

A detailed project brief will be signed off in August 2013 and a final cost determined. At this stage the indicative costing is \$164,000, which is within the available project budget (\$190,000). It is however considered likely that the full budget will be consumed.

Finances and Resources

This project will be carried out by the same consortium that completed the stage one report. This consortium is led by Participate Ltd.

Project Challenges and Risk Register

A risk register has been developed for this project, risks assessed, and mitigation strategies developed where appropriate.

Stakeholder Engagement

All territorial authorities will be interviewed as part of the Stage II study. One full day (excluding preparatory work) has been notionally set aside for each Council.

Workstream: Waikato Planning

Purpose

This workstream is progressing the Waikato Plan project, which commenced in May 2013.

Progress on Key Milestones

In May 2013, the local authorities of the Waikato Region committed to developing a Waikato Plan. The goal of the Waikato Plan process is to provide a collective voice for the Waikato on high priority regional and sub-regional issues that affect the wellbeing of our communities. The project stages are outlined in the diagram below. The project is currently working on stage one.



Stage one of the Waikato Plan has been established to develop a common evidence base from which the Waikato can identify its high priority issues and move forward into a community engagement process on what the Plan might achieve. This first stage of the project will be completed by the end of 2013.

Key milestones agreed for stage one are:

- Project establishment complete: 21st June
- Governance Group Workshop: Week of 12th August
- Data gathering and analysis complete: 30th September
- Consultant inputs received: 30th September
- Governance Group Workshop: 7th October
- Outcome reports complete: 15th November
- Draft Summary Report for Stage One: 15th December

Project establishment is now completed with the establishment of a technical leadership team, technical support team and the scoping of external data inputs.

Next Steps

Over the next six weeks, the progress on the project will involve:

- Workshops with local authorities and a report on findings
- The Technical Leadership Group completing a high level analysis of the Waikato Region's high priority issues, and establish gaps in currently held data.
- Consultant inputs will commence to fill targeted gaps in currently held information
- A high level analysis of existing infrastructure will be completed
- A request for proposal document will be issued by Sport Waikato for consultant resource to develop a Regional Sport and Recreational Facilities Plan. An appointment will be made in August.

Project Challenges and Risk Register

A risk register has been developed for this project, risks assessed, and mitigation strategies developed where appropriate.

Stakeholder Engagement

Stage one of the Waikato Plan involves targeted stakeholder engagement, including:

- Workshops with each local authority
- Meetings with external agencies such as central government, Crown agencies and neighbouring regions

The purpose of this engagement is to raise the profile of the Waikato Plan project, and understand the capability within these organisations to partner with local government on plan development in 2014.

Finances and Resources

The project has a fixed budget to complete Stage One of \$150k for external resources, and the project has been supported by staff resources from within the local authorities of the region. The primary consultant inputs will include:

- Independent project director (James Bevan from Latitude Planning Ltd)
- Shared demographic forecasts
- Assistance to coordinate and facilitate the local authority workshops
- Contribution to the Sport Waikato Regional Sport and Recreational Facilities Plan

In addition, NZTA has provided a project resource to assist with the coordination of a critical infrastructure assessment across the region. The Waikato Plan project team are also partnering with Sport Waikato who is preparing a Regional Sport and Recreational Facilities Plan.

The Regional Sport and Recreational Facilities Plan is progressing with partnership funding from Sport NZ. The scoping undertaken for the project revealed gaps in existing data held by local authorities required to fully develop the Plan. An allocation of \$30k from the project budget will be required to cover the information gaps on existing facilities and their present use.

The remaining tasks are presently on time and progressing within agreed project budgets.

Conclusions

The recently commenced Waikato Plan project provides an opportunity to develop a collective voice for the Waikato Region on high priority regional and sub-regional issues that affect the wellbeing of our communities. Stage one of the project will involve primarily technical assessments and early engagement with local authorities.

Workstream: Economic Development

Purpose

This workstream is managing the development of a draft Waikato Economic Development Strategy.

Progress on Key Milestones

In December 2012 the Waikato Mayoral Forum supported the need for the development of a draft Waikato Economic Strategy. Those discussions also canvassed the potential and actual local government contribution to and impact on the economy and on that basis secured support for on-going funding of the project subject to the 2013/14 Annual Plan round.

In addition the Chief Executives Forum agreed (18 December 2012) that work on the Project proposal could commence immediately as sufficient funding was available from within existing member Council budgets.

On that basis the Project commenced and a detailed project timeline developed (late December 2012) which set out timeframes and which also sought to ensure the component tasks could continue at a pace that could be accommodated within the resources available.

Communications, Project Management, and Governance

Martin, Jenkins and Associates Ltd, (in partnership with Beca Carter Hollings and Ferner Limited) were appointed following a procurement process managed by Waikato Regional Council and confirmed by decision of LASS at the May 2013 meeting. The original procurement arrangement with Martin, Jenkins and Associates Ltd provides for the delivery of a draft Waikato Economic Strategy by September 2013. The Waikato Economic Strategy in its final form is to be available by February 2014.

Staff from the Ministry of Business, Innovation and Employment's (MBIE) Cities and Regions team are also involved in the development of the draft WES project. It was noted that MBIE had identified the need for alignment with Waikato Spatial Plan.

A Governance Group has been appointed. That Group oversees and guides the development of the draft strategy. The objective was to establish a Group with membership offering business expertise and experience to assist the exploration of issues and opportunities and lead the task of engaging the key Waikato business community stakeholders.

The full current membership of the Group is:

Hon John Luxton – Chair Former cabinet minister, the Hon. John Luxton chairs the governance group. He is also chair of DairyNZ, co-chair of the Waikato River Authority and on the boards of the Royal New Zealand Ballet Company and Landcare Research. Mr Luxton held a number of National Party ministerial positions between 1990 – 1999 including Minister of Commerce, Ministry of Industry and Minister of Agriculture.

Traci Houpapa is the chair of, and Tainui representative on, the Federation of Māori Authorities. She is a partner at THS & Associates Ltd, a consultancy specialising in Māori economic development, and is on the boards of Strada Corporation, Pemberton Construction and Land Corp Farming.

Parekawhia MacLean is chief executive of the Waikato Raupatu Lands Trust and is a former adviser to Prime Ministers Jim Bolger, Jenny Shipley and Helen Clark.

Professor Frank Scrimgeour is a University of Waikato economics professor, a former Dean of the Waikato Management School and President of the NZ Agricultural Economics and Resource Society. He has also been an advisor to Katolyst Group.

John Cook is managing director of Stainless Design Ltd and is also on the boards of Soda Inc and the Waikato Aviation Industry Board.

Graeme Milne chairs the Waikato District Health Board, the Rural Broadband Initiative and the Johnes Disease Research Consortium. He is also on the board of the NZ Institute for Rare Disease Research.

The four local government members are mayors and chair of local authorities that contribute directly to this issue and are all members of the Waikato Mayoral Forum, which includes the remainder of their colleagues in the region. The Waikato Mayoral Forum has embarked on an integrated package of workstreams covering a “Waikato Plan”, economic development, water and wastewater and roading.

Next Steps

The governance group have agreed a set of dates for meeting and monitoring progress against the project plan. The project plan signals that a draft strategy will be available in September 2013.

The Economic Strategy and Spatial Planning workstreams executive groups have met and have agreed that close coordination between these work streams is required and to facilitate this have agreed to meet monthly. The Mayoral Forum has acknowledged that, ideally, the spatial plan should inform the economic development strategy. While the timeframes are not necessarily aligned, it has been agreed that work on both the spatial plan and economic activity should continue. A process is in place to ensure that both work streams work as closely as possible, that overlaps are identified and that opportunities to reduce duplication of work are exploited.

Overall Finances

The finances for these workstream projects are being collectively managed through the jointly owned organisation Local Authority Shared Services Ltd (LASS), in which each Council is a shareholder.

The project budgets were presented to all elected members at the 25th March 2013 meeting at Karapiro. They were subsequently debated by each council as part of their 2013/14 Annual Plan deliberations, and individual council funding commitments made.

Table One: Overall Projects Funding by Year and by Council

	Original	Agreed	Share	2012/13	2013/14	2014/15
Waikato RC	361.00	361.00	28.74%	90.00	190.00	81.00
Hamilton	253.59	253.59	20.19%	54.74	157.31	41.54
Hauraki	45.89	45.89	3.65%	10.05	27.52	8.32
Matamata-Piako	82.08	82.08	6.54%	17.32	47.98	16.78
Otorohanga	28.86	28.86	2.30%	6.15	16.43	6.28
South Waikato	44.01	44.01	3.50%	9.60	26.28	8.13
Taupo	117.21	117.21	9.33%	25.29	70.63	21.30
Thames-Coromandel	133.47	35.17	2.80%	8.48	26.68	0.00
Waikato	143.94	143.94	11.46%	30.84	82.22	30.88
Waipa	111.34	111.34	8.87%	23.67	65.63	22.04
Waitomo	24.58	24.58	1.96%	5.43	14.05	5.11
Rotorua	44.03	8.28	0.66%	8.28	0.00	0.00
Total	1,390.00	1,255.95	100.00%	289.85	724.73	241.37

The 2012/13 funding portion has been paid by all councils to LASS. The \$289,850 is allocated \$135,810 to the planning project, \$84,500 to economic development, \$40,000 to water and \$30,000 to roading. Funds for 2013/14 will be collected from councils as projects require through their agreed individual project plans. At 30 June 2013 \$241,881 was onhand with LASS.

At 30 June contractual commitments have been made with:

- Latitude Planning Ltd for the independent project director of the Waikato Plan project;
- BECA for workshop facilitation on the Waikato Plan project;
- Sports Waikato to facilitate the regional sports and recreational facilities plan of the Waikato Plan project;
- Martin Jenkins (and others) for the Project Management of the draft Economic Strategy;
- Sage Communications for communication advice associated with the draft Economic Strategy;
- Participate Ltd for development of the Waters project brief;
- C. Clarke for report completion of a substream of the Roding project.

Table Two: Overall Project Funding by Project

	Grand Total	%	Planning	ED	Waters	Roading
Waikato RC	361.00	28.74%	276.00	85.00	0.00	0.00
Hamilton	253.59	20.19%	141.54	22.72	71.75	17.58
Hauraki	45.89	3.65%	28.36	4.48	9.53	3.52
Matamata-Piako	82.08	6.54%	57.17	6.04	11.77	7.10
Otorohanga	28.86	2.30%	21.41	2.27	2.53	2.66
South Waikato	44.01	3.50%	27.69	4.18	8.70	3.44
Taupo	117.21	9.33%	72.57	10.35	25.28	9.01
Thames-Coromandel	35.17	2.80%	0.00	0.00	24.35	10.81
Waikato	143.94	11.46%	105.23	11.85	13.78	13.07
Waipa	111.34	8.87%	75.09	8.74	18.19	9.33
Waitomo	24.58	1.96%	17.40	2.49	2.52	2.16
Rotorua	8.28	0.66%	1.71	0.34	5.75	0.49
Total	1,255.95	100.00%	824.16	158.46	194.14	79.19
Original Budget	1,390.00		920.00	170.00	220.00	80.00
Shortfall	-134.05		-95.84	-11.54	-25.86	-0.81

The funding differences between original budgets and agreed funding are being worked through by the project managers to ensure that projects can operate within available funding.