

WE ARE.



Making our

communities better

Dunedin City Council

Independent assessment report | February 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 November 2018

Assessment Summary

AT A GLANCE



Dunedin City is embracing its heritage, culture, economy, and natural environment to build itself into one of the world's great small cities.



LARGE METRO



SMALL METRO AND LARGE PROVINCIAL

SMALL PROVINCIAL AND RURAL

REGIONAL

The current situation

Although essentially a city at heart, Dunedin City Council's boundaries extend into the Otago rural hinterland. The Council recognises its responsibility to work with long-established urban and rural communities to create an environment that both embraces the past and sets a course towards becoming a great small city. The Council has the strategic framework in place, an experienced Mayor, Council and Chief Executive, and the growing internal confidence to provide this leadership for its communities.

- > Council has spent considerable energy rebuilding its internal culture after a period in which its organisational cohesion, strength, and performance had been challenged by internal and external events.
- > Council and staff are engaged and motivated to implement the strategies and direction set by Council.

- > The business community, ratepayers, and most external stakeholders support the Council's approach and are keen to see initiatives delivered and intended outcomes achieved.

Period of assessment

The on-site assessment took place on 21 and 22 November 2018.



\$6.6b
GROSS DOMESTIC
PRODUCT¹

SERVES

130,700²

PEOPLE, A MIX OF³
88.3% EUROPEAN/PĀKEHĀ
7.7% MĀORI
2.5% PASIFIKA
6.2% ASIAN



POPULATION TREND
GROWTH

MAKES UP

1.2%⁴

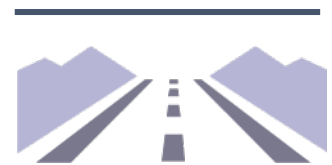
OF NEW ZEALAND'S TOTAL LAND AREA
REPRESENTING **DUNEDIN CITY**,
EXTENDING FROM NORTH OF
WAIKOUAITI TO THE TAIERI RIVER IN THE
SOUTH AND INLAND TO MIDDLEMARCH
AND HYDE. A TOTAL AREA OF:

3,287km²

RESPONSIBLE FOR

1,762km

ROADS⁵



Key learnings

A well-earned sense of optimism is apparent within the Council. A credible vision is in place, the local economy is strong, and elected members and managers have learnt from the past. A comprehensive set of strategies and plans is now in place, and leadership is being provided by an experienced and respected Mayor and Chief Executive. Yet Council recognises that further improvements are needed, or the gains could be lost.

- > The Chief Executive and Executive Leadership Team have developed into a cohesive unit and are providing effective leadership to operational managers. Continuing their focus on developing the operational managers will enhance management capability.
- > Ongoing governance training and integration of all elected members is expected to enhance their effectiveness as a cohesive leadership unit.
- > Council's own assessment of the quality of its core information and planning documents has identified areas for improvement. When implemented, these are expected to lead to better decision-making at all levels of the Council.

¹ Ministry of Business, Innovation and Employment

² StatsNZ

³ StatsNZ

⁴ Department of Internal Affairs

⁵ www.transport.govt.nz/resources/transportindicators/infrastructureandinvestment

Assessment Summary

continued...

OVERVIEW

RATING

Dunedin City Council is competently governed and managed. This reflects the considerable leadership required of Council and management to address the public issues it has faced in its recent past. The Council is stronger-placed because it has faced up to those issues and is now well placed to deliver on the promise of the community's vision.



Findings

1.

COUNCIL HAS DEVELOPED A CLEAR, COHERENT VISION THAT HAS THE SUPPORT OF THE COMMUNITY, STAFF AND STAKEHOLDERS.

Council has sought clarity of vision; it wants to become one of the world's great small cities. The clarity achieved is galvanizing buy-in and commitment to implementation. The vision is supported by a clear and comprehensive strategic framework.

2.

A STRONG EMPHASIS ON DEVELOPING AND MAINTAINING EFFECTIVE FINANCIAL DISCIPLINES TO SUPPORT FINANCIAL AND SERVICE GOALS IS APPARENT.

Council has a comprehensive suite of strategies and service delivery intentions, supported by an effective financial management planning and reporting system.

3.

SERVICES ARE BASED ON A COMPREHENSIVE PLANNING PROCESS, LEADING TO AN EFFECTIVE AND CLEAR STRATEGY.

Council has instituted full reviews of many service delivery functions, resulting in changes to ensure Council is appropriately organised to deliver desired outcomes.

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
Better than competent	Stand out	Better than competent	Performing well

STRENGTHS

A clear and coherent vision and strategic framework is in place.

The Mayor and Chief Executive are highly respected within Council and amongst staff.

A strong consensus and commitment amongst elected members and staff to pursue the agreed vision is apparent.

A third tier of senior leaders – the Senior Leadership Team – is being nurtured. This group has the potential to add considerable cohesiveness to ensure the success of the Council both now and in the future.

Council’s Financial Strategy appropriately integrates the needs of its infrastructure strategy and the performance of subsidiary companies, setting credible long-term goals to deliver improved services to the community.

There is an effective risk management focus and capability at elected member and management levels.

Council maintains strong links into its community and with stakeholders.

The strength of Council’s commitment to developing iwi relationships and iwi’s ability to contribute has been a strategic focus of Council that will come to fruition in the coming months through new arrangements to raise the effectiveness of the partnership.

AREAS OF IMPROVEMENT

Further settling in of recent Executive Leadership Team appointments and other changes is needed, to ensure the aspirational vision and positive culture are implemented well.

The cohesiveness of elected members as a group, and their commitment to the tenet of collective responsibility needs to be continually worked on.

Key financial choices have been made and directions chosen, in consultation with the community, through the 2018-28 LTP process. It is important that Council maintains and builds on keeping its stakeholders and community informed of the rationale behind the LTP decisions and progress against the performance measures.

Elected members and management need to work together closely to ensure the objectives established within the financial and infrastructure strategies are achieved.

Leading locally

Governance, leadership and strategy

Dunedin City Council has an experienced Mayor and leadership team, with a blend of new and established councillors. An experienced and respected Chief Executive has formed an effective leadership group dedicated to an agreed set of service values and ethics, and to delivering on a comprehensive set of integrated strategies.

Priority grading

Better than competent

< All new staff receive a booklet from the Chief Executive proudly announcing, “We live in the quirky heart of New Zealand”. The booklet goes on to show that the city’s future depends on respecting its heritage and comprehensively planning to achieve the vision of becoming “one of the world’s great small cities”. >

The Dunedin City Council is confident about its future and its plans to achieve it. The Council itself has had to both learn from, and deal with, a number of very public issues and failings of process controls in the past. The response from the Council has been admirable.

Setting the direction for the community

The elected members have adopted an ambitious vision for the City. Constituent ability and desire to participate in civic life and direction setting is recognised. The economic realities that affect the vision are actively considered and accounted for. Examples include rates affordability and empowering all its communities, no

matter their circumstance, to develop confidence, social cohesion and advancement.

Council has worked with its community to develop a comprehensive strategic framework consisting of eight interlinked priorities aimed at delivering on the community’s vision. Supporting action plans are in place.

Elected member and staff awareness and commitment to advancing these priorities is impressive and well embedded, providing a sound basis for decision-making and assessment of results. A good example is the Infrastructure Strategy, which outlines how the Strategy will contribute to each of the outcome indicators developed to measure success against the framework.

Creating a team of councillors

The councillors do bring diverse backgrounds and experiences to the Council table, including local body and national politics, the private sector and work in the community. In addition, the elected members and senior management support the Mayor in his role as President of Local Government New Zealand.

The blend of councillors potentially augurs well for effective decision-making and continuity as change in membership occurs over time.

The Mayor has an open approach to leadership of his councillors and encourages all views to be heard. In response to some feeling that not all elected members are aware of the issues or matters before Council, he has instituted a two to three-weekly all-of-Council session with the Executive Leadership Team, where all issues “are on the table” and able to be discussed. Any councillor can raise any issue.

Despite this positive initiative, and voting trends showing a high level of majority-consensus, there are some unspoken views and incomplete agreement in relation to approach and process. Some elected members expressed reluctance to always contribute confidently, given some of their colleagues’ reactions. While differences and robust debate are not abnormal in a group of

elected members, it does affect the overall cohesiveness of the elected members and their ability to provide elected leadership.

The Mayor and elected members are aware of this challenge. One useful suggestion from among councillors was to extend the initial induction process to include ongoing training sessions where the emphasis is not on technical knowledge but rather on developing governance capability. This suggestion warrants consideration to assess its value in developing a more cohesive team, while retaining the capacity for independent thought and contribution.

Effective working relationships, including with iwi

Council has invested heavily in developing strong relationships with key stakeholders in the community, especially the business sector and large tertiary sector. The success of this investment is reflected in the generally favourable comments about the Council, its plans, and the working of its stakeholder partnership programme with key institutions and groups.

Partnerships are a planned and determined priority for Council because it develops understanding, encourages relevant input and alignment of interests, and creates the best chance of success.

Council has been working to develop an effective working relationship with Ngāi Tahu. Steady work will soon crystallise in a new initiative which will give effect to real partnership.

The strength of senior management

Council values the contribution of its experienced Chief Executive. The quality of the working relationship between elected members and the Chief Executive is generally high.

The Chief Executive has addressed the challenges of past issues, especially those within council management and staff, head on. This has led to substantial change.

Importantly, the Chief Executive has worked together with staff to co-develop an agreed set of values and an effective culture. A strong commitment amongst staff to a more positive working environment is apparent. Staff are engaged and working with a common purpose to achieve a well understood strategy.

The development of a new culture has required commitment and resources. A general feeling of achievement is apparent, as well as a sense that Council is now well placed to deliver on its potential. External stakeholders are expectant, saying, "We get the changes and support the direction; they are all good, but let's see delivery".

Upping risk management

Bitter experience highlighted previous weaknesses in the Council's risk management systems. The response has been decisive; an

effective and integrated risk management approach has been established. This includes establishing an Audit and Risk Committee, chaired competently by an external independent appointee, and the creation of an internal audit resource and programme.

While no single programme is infallible, the integrated approach now in place should enable Dunedin City Council to minimise risk exposure and ensure there are appropriate mitigations in place.

Strengths

A clear and comprehensive vision and strategic framework to guide the future development of the city is in place.

A strong consensus and commitment amongst elected members and staff to pursue the agreed vision is apparent.

The Chief Executive is highly respected amongst elected members and by staff, having led substantial change both internally and strategically.

A third tier of senior leaders – the Senior Leadership Team – is being nurtured. This group has the potential to add considerable cohesiveness and ensure the success of the Council now and in the future.

Council maintains strong links into its community and with stakeholders. This includes a strong and meaningful relationship with Ngāi Tahu.

Areas for improvement

The cohesiveness of the elected members as a group requires ongoing commitment and attention.

Further professional development of elected members, especially newer members, could improve group effectiveness.

Many of the senior leadership roles are recently established. Settling in these appointments and other changes is needed to ensure the Council achieves the potential it shows through its renewed culture and comprehensive vision.

Investing money well

Financial decision making and transparency

Council has consolidated its financial management processes after a period of disruption and reinvestment. This has given the Council new choices to more directly support its strategic goals.

Priority grading

Stand out

< Council has maintained a close watch on the ability of its residents to pay rates demands, while also delivering services and amenities expected of a “great small city”. This has required sound financial awareness and management. >

Council has faced external fiscal challenges over the last decade (such as the performance of the local economy and low levels of household income), and it has had to manage the legacy of a major fraud event and income disruptions, including the development of the stadium and unrealistic dividend expectations from subsidiary companies. These challenges have been met and addressed in such a way that Council can confidently “rule a line” under them, while maintaining prudent attention to its future direction and supporting systems.

Outliving its past

The often-public financial challenges that the city has faced have constrained its ability to set a suitable financial strategy and deliver on it. Unrealistic dividend expectations from subsidiary companies, compounded by the impact of the ‘fleet fraud’ has resulted in a series of longer-term internal challenges. Public confidence has also been dented. However, management has led change to overcome these challenges. An Audit and Risk Committee has been established. Concurrently, management undertook reviews, made personnel changes, established a new internal audit system and set a new financial direction. The poor financial position of the Council contributed, along with economic conditions, to an “austerity” approach.

Today, the Council’s systems and approach are serving it well. Subject to economic conditions, it is now well placed to deliver choices to its communities through the 2018/28 Long Term Plan. Improved financial management discipline should enable the Council to outlive its past.

Planning and financial goals

Council’s approach to financial planning is sound and based on the best information available. The relationship between the Financial Strategy and well thought through infrastructure strategy is notable. Combined with its assessment of household affordability, Council has been able to plan for the future well, including new capital-related development of services and amenities.

The Financial Strategy sets out key financial parameters to support the agreed direction. The approach has required a fundamental rethink and planning for income from operating subsidiaries and managing debt levels. These have been integrated well into a cohesive Financial Strategy.

Systems and reporting mechanisms are now in place to enable effective monitoring of performance against goals and important fiscal limits.

Assessing the financial data

Council has a comprehensive financial reporting system that enables all relevant levels of the organisation to be involved in setting of financial budgets and managing against actual performance. Sound oversight of these processes is apparent, including an internal audit function overseen by the Audit and Risk Committee. Senior management and elected members monitor performance monthly. Reporting includes variance analysis, funding, strategic implications, and risks.

Being clear and transparent

Council’s commitment to provide non-technical, transparent reporting that is readily understood by the public is high. It has also aided the maintenance of a high credit rating.

The comprehensive strategic planning process also enables the financial information to contribute to an overall assessment of achieving strategic goals.

Addressing financial risk

Council operates an effective risk management system through its Audit and Risk Committee. The stated objective is to focus on key areas of risk, and ensure appropriate mitigations and responses are in place.

The drive to manage risk is aided by the need to maintain a strong credit rating.

Meeting financial targets

Council's framework and approach to managing financial targets is sound. Of note is the longer-term view; the Council has thought beyond the typical 10 year horizon. However, the potential longer-term impact of financial options and decisions needs ongoing attention to ensure the achievement of targets remains aligned with the Council's longer-term strategy.

It is assumed that capital spend will decrease after 2028 while ongoing rates collected, and dividend income from subsidiary companies, will enable debt to be paid down. The Council has developed a plan to manage this.

Strengths

Management is meeting the public challenges it faced after the 'fleet fraud'. It has, and can, 'rule a line' under it.

Council demonstrates an improved financial management culture that is competent, generating a suite of good information and supporting a sound Financial Strategy.

There is an effective risk management focus and capability both at governance and management levels.

Council's Financial Strategy appropriately and effectively integrates the requirements of its infrastructure strategy and the performance of its subsidiary group of companies, setting credible long-term goals to deliver improved services to the community.

Areas for improvement

Elected members and management need to collectively maintain a focus on adopted financial and infrastructure strategies to ensure agreed objectives are met, including those that extend beyond the next 10 years.

Key financial choices have been made and directions chosen, in consultation with the community, through the 2018-28 LTP process. It is important that Council maintains and builds on keeping its stakeholders and community informed of the rationale behind the LTP decisions, and on progress against the performance measures.

Delivering what's important

Service delivery and asset management

Council has reviewed and reformed its delivery of services and has been implementing the required changes. It is seeking to consolidate the gains made and to deliver for the community.

Priority grading

Better than competent

< Council's service delivery has been subject to some very public delivery challenges, including cycleways and flooding in South Dunedin. However, Council has sought to learn from these experiences to improve future service delivery. >

The management of assets-based delivery of services has been overhauled in recent years. A sound Infrastructure Strategy that fits within Council's overall strategic framework is now in place. Personnel changes have consolidated the gains. Delivery improvements have been incremental.

Planning and evaluating service goals

Council's planning for asset-based services is sound. The Infrastructure Strategy integrates well with the comprehensive strategy framework. Council has also recognised the need to improve the quality of its asset information as the fundamental basis for asset plans and strategies. Resources have been allocated to make further improvement and, as a result, the confidence in the Infrastructure Strategy and decision-making has increased.

The effectiveness of the Infrastructure Strategy is measurable; measurements are tied into the outcome goals of the strategic framework. Specific asset-based services also have their own targeted goals. These were set using feedback from a comprehensive survey of public opinion.

It is noted that Council has participated in region-wide initiatives to consider s17A reviews on a basis combined with other local authorities.

Assessing capability and capacity

The reform of the infrastructure services has focused on both the planning for services, and on the capability and capacity of individual teams. Where relevant, reform has included expert reviews of functions.

The focus on service improvements also includes regulatory services such as its consenting services, where there has been a substantial focus on systems of delivery designed to ensure timely delivery of consents to customers.

Council utilises ongoing external quality assurance processes, such as the IANZ process for consents teams, to seek improvement.

Assessing service quality

Council has a substantial and active community feedback programme to monitor the quality of its service delivery. The Resident Opinion Survey is a significant undertaking to ensure Council understands the extent to which service objectives are being met, to measure residents' satisfaction with the services and facilities provided, and to identify improvements that would be valued by residents.

A review of contract and project management processes has been completed. Their adequacy is largely reflected by the Council's external auditor's affirming comments in their last report to Council.

Accountability reporting

Strong linkages between strategic outcomes and individual activity planning provide for appropriate monitoring of formal service delivery quality. This is complemented by the information collected through the Resident Opinion Survey and use of the mandatory service measures.

Strengths

Council's sound strategic leadership is reflected in an effective Infrastructure Strategy which is supported and integrated with Council's Financial Strategy.

The prioritisation processes for operational and capital expenditure are sound.

Management has a good awareness of the need to consolidate changes in operations, with a focus on delivery, after a long period of management and process change.

Management has a good awareness of where improvements need to be made, especially in relation to their asset knowledge.

Areas for improvement

A key theme for management is delivering on its improvement programme (a strength). It is important that Council maintains the focus on improving its asset data and aligning its asset programmes and priorities among different asset-based services.

Updating its communities on progress is important, as there is a strong desire from its stakeholders for Council to "just deliver".

Listening and responding

Communicating and engaging with the public and businesses

Dunedin City Council demonstrates high levels of commitment to communicating effectively with residents, the business community and other stakeholders. A range of channels and initiatives are used, depending on purpose, audience and subject matter.

Priority grading

Performing well

< A consistency of messaging is evident, founded on the use of the 'Dunedin' brand and reference to the strategic framework. >

Council is striving to engage and communicate effectively with identified stakeholder groups. Considerable progress has been made in recent years, however, some coordination challenges are apparent and bureaucracy can inhibit effectiveness at times.

Planning effective engagement

Dunedin City Council has a comprehensive Significance and Engagement Policy in place. Community stakeholders report that the effectiveness of Council's communications is improving and attempts to achieve genuine engagement are appreciated. The 'institutional' stakeholders (essentially, the tertiary sector and business community) report high levels of effective engagement, including regular executive-level meetings.

Engaging digitally

The Council has invested heavily in digital communications (social media, email, website), providing alternative means of engagement from more traditional phone and in-person options.

A centralised team is in place to coordinate all messaging across all channels.

Feedback through the Council's Residents' Opinion Surveys shows that this investment has been positive and appreciated.

Building good relationships

The Council utilises a Residents Opinion Survey (ROS) to gather feedback. Scores have increased significantly in the last five years, to the point that the Council enjoys a strong reputation.

Community boards provide an additional vehicle to enhance relationships and to understand community interests and needs. However, these community boards appear to lack specific delegated authority, which limits their effectiveness, both in terms of a means of communicating out into the community and as a voice of the community into Council.

An example of the effectiveness of Council's engagement and relationship with the community is the recent Long Term Plan consultation process. The consultation document itself won the *Best Plain English Document – Public Sector* category of the 2018 Plain English Awards, organised by the WriteMark Plain English Awards Trust.

A major fraud event some years ago had a significant impact on morale (in-house) and reputation (public). New risk management and control processes and practices were implemented. A stronger culture and better accountability and reporting has contributed to the positive reputation.

Relationships in-house are enhanced through all staff receiving a daily email noting the upcoming media stories at the end of each day. This ensures relevant information is communicated in a timely manner and is available regardless of the location of staff.

Strengthening iwi partnerships

In conjunction with Ngāi Tahu, councilors and staff are working to cement a new and effective set of arrangements that will enhance Council's ability to live out its commitment to Te Tiriti o Waitangi/Treaty of Waitangi. This commitment is one of its strategic cross-cutting principles.

The new arrangements, to be announced in mid-2019, have the enthusiastic support of Ngāi Tahu. The new arrangements will

better enable Ngāi Tahu to participate in structures and the setting of policy by the Council.

This is an important and promising initiative, reflecting the existing solid relationship.

Communicating through the media

The Council's relationship with the media is largely positive. The Mayor, who is the public voice of the Council (the Chief Executive preferring to provide internal leadership), makes himself available for interviews and public engagements as much as time allows.

Engagement with the business community

Dunedin City Council has an economic development strategy in place. This is administered through the "Grow Dunedin Partnership". Relationships with the business community are generally settled and positive.

However, while a number of partnerships and advisory groups have been established, commitment is strong, and some progress is being made, the full potential of the Council's economic development strategy is yet to be realised and appreciated in some quarters.

Strengths

Council has a strong commitment to two-way communication, both through consulting and listening.

Council has a comprehensive significance and engagement policy.

Council maintains strong links into its community and with stakeholders.

The strength of Council's commitment to developing iwi relationships and iwi's ability to contribute has been a strategic focus that will come to fruition in the coming months through new arrangements to raise the effectiveness of the partnership.

Areas for improvement

The Council reflects a wide number of different communities, which it needs to ensure are all included and all feel their voice is heard.

The CouncilMARK™ local government excellence programme is a proprietary programme operated by Local Government New Zealand (utilising independent assessors). The rating given to a council is an independent assessment of that council's performance in certain areas, as at the time the rating was given. LGNZ does not accept any liability to any person whatsoever in relation to any rating, or the council's participation in the programme. For more information, visit www.councilmark.co.nz