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Ruapehu District Council

Independent assessment report | February 2021*

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.

* Period of assessment: October 2020

Assessment Summary

AT A GLANCE



Ruapehu is a large district comprised of service towns, villages and rural communities that support an economy founded on agriculture, tourism and recreational pursuits.



LARGE METRO

SMALL METRO AND LARGE PROVINCIAL

SMALL PROVINCIAL AND RURAL

REGIONAL



The current situation

Ruapehu District Council serves the residents of five service centres (Taumarunui, Ohakune, Raetihi, National Park and Waiouru), several villages and large rural and Māori communities. While Council is generally meeting the service expectations of its community, long-term under investment in roading and water infrastructure is emerging as a priority to be addressed.

Council is led by a capable and experienced Mayor, and an effective Chief Executive. A culture of continuous, incremental improvement is apparent. Both the elected members and the Leadership Team operate well as decision-making groups.

Emerging challenges include the district's three waters infrastructure, the availability of social and affordable housing, and iwi relationships. All of these issues are recognised, and considerable effort is being expended to ensure fit-for-purpose plans are created to resolve each of these.

Grants and subsidies provided by central government have been crucial in enabling Council to tackle necessary infrastructure upgrades and meet service level expectations.

Council and eight iwi display a genuine intent to engage. However, the complexities of bringing together leaders from a large area, and aligning the interests of both pre-settlement and post-settlement entities, has meant that progress has been slow and, at times, challenging.

Period of assessment

The assessment took place on 5 and 6 October 2020.



\$603m
GROSS DOMESTIC
PRODUCT¹

SERVES

12,309

PEOPLE², A MIX OF
68.8% EUROPEAN/PAKEHA
43.4% MĀORI
3.4% ASIAN
2.8% PASIFIKA³



POPULATION TREND
STABLE/GROWTH

MAKES UP
2.51%

OF NEW ZEALAND'S TOTAL LAND AREA⁴
REPRESENTING **RUAPEHU DISTRICT**,
INCLUDING WHAKAPAPA VILLAGE,
NATIONAL PARK, OHAKUNE AND
WAIOURU

6,734 km²

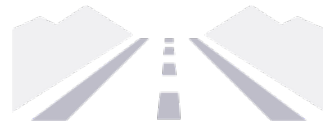
RESPONSIBLE FOR

1,339km

ROADS⁵

69km

FOOTPATHS⁶



Key learnings

Council's main focus has been on the delivery of core services and township revitalisation in recent years. Changing community expectations and the availability of funding from central government will require Council to become more responsive in several emerging areas. These include social housing, three waters management, tourism and economic development.

- > While Council is well-led, higher levels of financial acumen amongst elected members will be crucial to ensure emerging capital demands are prioritised appropriately; that capital justifications are sound; and that expected benefits are clearly identified.
- > Years of under-investment in core infrastructure has resulted in systems that barely meet current standards and lack long-term resilience.
- > A relatively small rating base, and a high reliance on grants and subsidies means careful prioritisation and risk management, and disciplined project management will be required to ensure capital projects and whole of life costs are affordable and service levels are not compromised.
- > Social and affordable housing has recently emerged as an important community priority. Council has recognised this and plans are being prepared to consult with the community.
- > Council's community engagement is excellent, and innovative responses to changing expectations are emerging.

¹. MBIE - Modelled Territorial Authority GDP 2020 Release

². Stats NZ – Ruapehu District Council Census 2018 Usually Resident Population Count

³. Census respondents can select more than one ethnicity, resulting in higher than 100% calculation on ethnicity

⁴. DIA – Local councils – Ruapehu District Land Area (2014)

⁵. Ruapehu District Council Asset Management Plan – Land Transport AMP 2018-28 – P80

⁶. Ruapehu District Council Asset Management Plan – Land Transport AMP 2018-28 – P217

Assessment Summary

continued...

OVERVIEW

Council is largely meeting the service expectations of its community. Council is well led, and its leaders are respected in the community. However, the challenges of changing community priorities and increasing service level expectations will require more innovation and creativity in the future to ensure the small population base is not unreasonably burdened with high levels of debt.

RATING



Findings



COUNCIL IS LED BY CAPABLE AND ASTUTE LEADERS WHO HAVE A CLEAR VISION FOR THE FUTURE AND THE COMMUNITY'S BEST INTERESTS AT HEART.

The elected members and the Leadership Team work well together, and they are respected by staff and community stakeholders.



SOCIAL HOUSING HAS RECENTLY EMERGED AS AN IMPORTANT CHALLENGE TO BE ADDRESSED.

A significant capital programme is likely to be necessary, for the provision of sufficient housing which enables residents to live in reasonable levels of comfort. Council's role in supporting that initiative is yet to be determined.



CORE INFRASTRUCTURE IS OLD, ALTHOUGH STILL FUNCTIONAL. IT LACKS LONG-TERM RESILIENCE AND IS BECOMING EXPENSIVE TO MAINTAIN.

Significant investment will be needed over the next decade to ensure that both service level expectations and rising environmental standards are not compromised.

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	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 Local Government Act 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	Competent	Performing well

STRENGTHS

The Mayor and Chief Executive provide strong and effective leadership, both within Council and in the community.

Council has made good use of grants and subsidies to fund capital projects and infrastructure renewals.

Council was an early adopter of on-line engagement options (social media and streaming of Council meetings), which has led to high levels of community engagement.

AREAS OF IMPROVEMENT

A more holistic understanding of risk is needed, if the longer-term implications of upcoming strategic decisions are to be assessed properly.

The lifetime cost of capital investments is often not adequately considered during the decision-making process.

Council's legacy of aging infrastructure, lapsed consents and poor compliance with wastewater discharge conditions needs to be addressed, even more so with increasing drinking water and environmental standards.

Progress towards genuine iwi engagement has been difficult given differing expectations. However, Council is determined to achieve more effective engagement.

Leading locally

Governance, leadership and strategy

Council has a good understanding of its community, with high levels of awareness of key issues facing the district and a strong commitment to address them. The Mayor and Chief Executive provide effective leadership.

Priority grading

Competent

< Council is operating well under the leadership of an experienced Mayor. Elected members work as an effective team and are motivated to make a positive impact on the lives of residents. >

Setting the direction for the community

Council's vision for the district is clearly presented on its website and in the Long Term Plan (LTP) and other public documents. The vision was first developed in 2008/09, and was refined in 2016, and again in 2019. Today, seven underlying mission objectives (essentially, strategic priorities) outline where resources are being applied and how the vision will be achieved. Five community outcomes are used to measure progress. Linkages between the vision, mission objectives, community outcomes and LTP activity and investment plans are clear and coherent.

Staff and elected members use the vision and mission objectives framework to inform decision-making.

Creating confident councillors

Council displays a strong commitment to effective governance. The governance framework includes monthly reporting, full Council meetings, a committee structure and a formal delegation matrix. A mix of experience is apparent amongst the elected members, from seasoned governors to relatively new arrivals.

Elected members have a learning orientation. They recognise the importance of training, to ensure they are equipped to understand their responsibilities and duties and discharge these effectively.

An induction programme is scheduled at the beginning of each triennium. In addition, workshops are used to introduce new elected members to Council's work programme. Several elected members have taken advantage of the professional development budget by undertaking additional training provided by third parties.

However, some elected members work full-time, which limits their participation in further professional development. Regardless, many have other roles in the district, and they appear to have a good understanding of topical and emerging community issues.

Effective working relationships

The Mayor and Chief Executive have a strong relationship, which is founded on trust and a mutual commitment to providing effective leadership, both of Council and in the community. Privately, the Mayor and Chief Executive debate issues and sometimes disagree. However, they speak as one in public. Elected members are sufficiently confident to debate issues, sometimes vigorously, as they explore options and seek optimal outcomes.

The elected members also work well together under the tutelage of the Mayor who provides informal mentoring and guidance as needed. There is no apparent conflict between elected members, or between the elected members and officers.

The Chief Executive's performance agreement is aligned with Council's vision, strategy and goals. He and his experienced Leadership Team are held in high regard by the elected members, staff and external stakeholders. While the members of the Leadership Team work hard in their respective roles, a tendency to defer to the Chief Executive was apparent during the assessment period. This should be relatively easy to resolve through leadership development and team building exercises.

One specific area that would benefit from more attention is succession planning, for the Mayor and Chief Executive roles in particular.

Focusing on health and safety

Council has a strong commitment to health and safety, as evidenced by the progress that has been made to provide a healthy and safe workplace for all staff and visitors, an innovative approach to sick leave (provision of a "sick-bank" enables staff to cross-credit sick leave allowances) and payment of the living wage.

A health and safety committee comprised of nine staff from across Council meets monthly to manage and coordinate health and safety concerns and responses. Reports are provided to the Leadership Team and elected members each month. As part of Council's commitment to continuous improvement, these reports are currently being reviewed to improve readability, and help readers more readily assess the relative importance and implications of various indicators.

Understanding risk

Council's understanding of risk tends to be "issue-based", and although improving, is not at the level where it is holistic nor strategic.

Elected members, as a group, appear somewhat risk averse. This has been recognised as something that needs to be corrected, specifically to enable elected members to think in terms of "total risk". With more training, and more explicit linkages between proposals, strategy and risk scenarios, the quality of risk assessment and associated decision-making should improve.

Managing the organisation

The Chief Executive leads the organisation well. While staff feel valued, and many have long records of loyal service, increasing demands and workloads have resulted in some staff beginning to feel under pressure.

Planning is underway to add staff in some areas, but each additional staff member places pressure on limited financial resources. Importantly, the Chief Executive and Chief Financial Officer understand the trade-offs of staff limitations. The judicious use of external contractors is being explored for some roles.

Informing council decisions

Management reports are provided to the elected members every month. The pack includes a comprehensive Chief Executive report, financial performance reports and relevant statutory reports. Authors attend Council meetings to speak to reports as required, and to answer questions.

Currently, management reports to Council are quite long. This has been the source of some frustration amongst elected members. Work is now underway to shorten the length of reports without compromising the quality of information provided. The recent introduction of dashboard reporting has been appreciated by all readers.

Strategic decision-making has been an area of relative weakness in the past. Strategic decisions were made on merit, without any strategic fit test or checking for alignment with community outcomes. This is now changing, with better decision frameworks being developed.

Strengths

The Mayor and Chief Executive provide strong and effective leadership, both within Council and in the community.

High levels of trust are apparent amongst the elected members and the Leadership Team.

The monthly reporting dashboard provides a high-level "situation at a glance".

Council displays good agility to assess emergent community issues, such as social and affordable housing, at short notice.

Areas for improvement

A more holistic understanding of risk (total risk) is needed if the longer-term implications of strategic decisions are to be understood and assessed properly.

More explicit definition of the expected benefits in decision-papers is needed for quality decision-making.

Management reports to elected members are longer and more detailed than what is needed for effective monitoring and decision-making.

More focus on Leadership Team building and succession planning is needed to provide continuity.

Investing money well

Financial decision-making and transparency

Council is working to a prudent Financial Strategy, which links well with its Infrastructure Strategy, and with Council's vision, mission objectives and LTP.

Priority grading

Competent

< The Finance Team appears to be functioning as an effective group, but improvements in reporting are needed to support effective monitoring and decision-making by the Leadership Team and elected members. >

The Mayor and Chief Executive understand the financial affairs of Council well. Key accountability documents are easy to read and are available to the public, in both hardcopy and on-line versions.

Planning and evaluating financial goals

Council's Financial Strategy describes how the objectives outlined in the LTP will be funded. Good alignment with the overall vision and mission objectives is apparent.

The big issues before Council currently are housing, three waters and the COVID-19 response. The Finance Team demonstrates high levels of understanding of the financial implications of these issues, and to support the elected members to make informed decisions. Some grants have been received to expedite projects.

Council has invested heavily in its Finance Team over the last three years, to improve the quality of analysis and reporting. That investment is starting to bear fruit, with insightful advice now being provided to both the Leadership Team and elected members.

Addressing financial risk

Financial risk is overseen by an Audit and Risk Committee (ARC) which meets three or four times each year, and seems to be functioning well.

Consistent with good practice, the ARC is chaired by an independent professional. Also, the ARC's terms of reference were reviewed following the 2019 triennial election.

Audit reports are unqualified, which indicates Council is managing and reporting its financial affairs well.

One area that merits closer attention is the elected members' understanding of risk, which is currently operational and tactical. Higher levels of awareness and holistic thinking are necessary to ensure elected members understand the strategic implications of meeting government funding requirements, can oversee large-scale capital programmes effectively and ensure that expected benefits from capital projects are actually realised. Specialist advice and further training will help build capability and mitigate the current exposure.

Another area worthy of attention is the longer-term impacts of "shovel-ready" projects being funded as part of central government's COVID-19 recovery programme. These do not appear to have been adequately modelled by Council, especially funding the long-term operational costs once the project is complete.

Balancing the budget

Council budgets are prudent, working from a "zero base" each time a new LTP is written. Budgets are presented in a form prescribed by legislation, and Council is compliant with other relevant legislative requirements.

Council's debt levels are within recommended boundaries. A history of austerity, which has resulted in under investment in infrastructure over an extended period, has been recognised. If emerging challenges, infrastructure renewals and capital projects are to be tackled, then Council may need to consider taking on more debt.

Council income is sourced from a mix of general and targeted rates as well as grants and subsidies. Rates affordability is a big issue for residents, especially those living in low socio-economic communities within the district. Despite this, arrears are minimal. Rates are generally collected when they fall due.

Council's high reliance on grants and subsidies to fund operations presents a challenging risk. If these sources of funding are curtailed, service delivery and levels of service may be compromised.

Meeting financial targets

Council uses debt to account for intergenerational equity between ratepayers. Council's debt position is well managed through prudent policy, careful management and capable oversight. However, Council may need to consider taking on more debt if infrastructure projects are to proceed at the pace required to meet service level expectations and to comply with changing regulatory requirements.

Targeted rating is used to link costs of asset management and service delivery with usage. The process used to calculate and allocate targeted rates is thorough and rational.

Being clear and transparent

Council works hard to ensure financial performance is reported publicly, in an accessible format that can be readily understood by ratepayers and other residents. Specifically, the LTP, Annual Plan and the Annual Report (in both comprehensive and summary formats) are available on-line and in hardcopy at Council offices.

Rates are reported publicly. An information sheet which outlines the value of the rates and how rates are used is sent to all ratepayers each year, with the first instalment invoice.

Efforts to improve transparency around procurement processes and decisions have resulted in a procurement strategy and policy being adopted in June 2020.

Strengths

Council has recently recruited staff to increase the capacity and capability of the Finance Team.

Council's debt is well managed.

Reporting of financial performance is fit for purpose. The recently introduced dashboard reporting format is a highlight.

Council has made good use of grants and subsidies to fund capital projects and infrastructure replacement.

Areas for improvement

The level of financial acumen amongst elected members is below that normally expected for groups balancing strategic options and making strategically important decisions.

Improvement in the quality and presentation of advice by officers is therefore needed to support effective decision-making.

Council operations are highly reliant on grants and subsidies, and it is not clear how Council would manage its operations if these funding sources were to be curtailed.

The lifetime cost of capital investments is often not considered as part of decision-making for grant-funded projects.

Council should consider the merits and implications of taking on more debt, to accelerate its infrastructure renewal programme.

Delivering what's important

Service delivery and asset management

Council's service delivery and asset management is fit for purpose. Good systems, processes and capability are in place to deliver community needs and expectations cost-effectively.

Priority grading

Competent

< While Council is delivering core services well, an emerging set of strategic issues now need to be addressed. Innovative solutions will be required if community expectations are to be met, service levels maintained and changing regulatory requirements achieved. >

Service alignment and effectiveness

Council's delivery of core services is comprehensive. Strategies are in place for core infrastructure and these are linked to both the Financial Strategy and Economic Development Strategy. Delivery focus is summarised transparently in the LTP, Annual Plan and other public documents, and are published in both hardcopy and on-line versions.

Service strategies are supported by a comprehensive set of asset management plans for roading, three waters, community facilities and property. A waste management and minimisation plan has also been prepared. Currently, Council does not have a regulatory compliance and enforcement strategy, but its policies are well set out on its website.

Future asset needs are generally well-understood and planned for, notwithstanding major affordability constraints. Careful planning will be required to ensure rising drinking water and wastewater treatment standards, and iwi and community expectations are met.

Asset management and service quality

Service levels are determined through the LTP process, and are tested through public consultation and surveys. Key performance indicators and level of service measures are published. Overall, Council achieves most of its service level goals. However, a few performance issues remain or could become challenging.

In relation to roading, high community expectations, aging infrastructure and affordability issues are apparent. While community dissatisfaction with the condition of roads is evident, Council performs well when compared with other small rural councils. There has been a gradual improving trend in most measures in recent years and given increased investment (via a lift in Waka Kotahi NZTA's Funding Assistance Rate (FAR)), service levels should continue to improve.

Council has a good understanding of the condition and cost of maintaining its three waters assets. The asset planning work that underpins the three waters service delivery is less mature than for roading. As with roading, challenges with aging infrastructure and affordability are apparent. Council gets excellent value from *Veolia*, its lead contractor. External consultants are regularly used to peer review *Veolia*'s plans and proposals, to avoid the risk of provider capture.

Water supplies generally meet national bacterial drinking standards, but not national protozoa standards. Several proposed upgrades are planned to resolve shortfalls. Council's wastewater systems are not subject to any abatement notices nor enforcement actions, but some resource consents have lapsed. In addition, Council regularly has difficulty meeting some of its resource consent conditions. Some upgrades are planned, but further investment is required to bring wastewater discharges up to modern standards.

Flood management plans are in place for all at-risk urban areas. However, some historical problems remain, and the cost of addressing these is not currently affordable.

Assessing capability and capacity

Council has an appropriate level of capability and capacity to deliver its services. Council managers demonstrate excellent support for staff development and training, and Council has a culture of succession planning, except for the specific cases noted previously. A strong and cohesive culture is apparent.

However, some staff feel under pressure. Council has recognised that several additional roles need to be created to improve business case development and risk management capability.

The Roding Team has particularly high levels of capability. In the three waters area, the level of in-house knowledge is lower, but that is balanced by the experience and capability of the lead contractor, *Veolia*.

Community services

Council provides a wide range of community services, and the usage of libraries, halls and pools is well monitored. A township revitalisation plan is underway, and some new facilities (including playgrounds) have been developed. An innovative development proposal for a multi-function, multi-agency, hub for the Raetihi community is being prepared in partnership with local iwi.

In recent years, access to affordable and social housing has emerged as a major issue in the community. Council is currently developing and consulting on a strategy which aims, amongst other things, to encourage investment in new housing developments and to improve the general quality of available housing. A well-being strategy is also being developed.

Addressing regulation

Council's regulatory services are relatively small in scale and are generally fit for purpose. However, Council's "business friendly" approach has led to some confusion amongst staff in relation to balancing their customer service and regulatory compliance roles.

Council has a history of achieving 100 per cent compliance with statutory timeframes for consents in recent years. The cost and effectiveness of regulatory services is regularly reviewed, and the results are included in reports to elected members and in the Annual Report.

Council's investment in a digital workspace has been embraced by the regulatory services teams, and has led to tangible improvements in response times, service quality and customer experience.

Accountability reporting and investment planning

Council's financial and non-financial performance is transparently reported in the Annual Report. It includes progress with capital works, performance against operating budgets and an explanation of significant variances.

The prospect of additional funding from central government, especially in the three waters area, will place additional demands on Council's staff and management. Business case development, procurement, project management and whole-of-life cost modelling would benefit from additional attention. Council is well aware of these challenges and planning is underway to address them.

Strengths

Community engagement in service delivery and asset management is high: the "River Valley" and other public meetings are notable examples.

High levels of staff engagement and commitment to meeting service level expectations are evident.

The digital workspace is emerging as a highly effective means of increasing information flow and productivity.

Areas for improvement

Council has a legacy of aging infrastructure and poor compliance with drinking water and discharge standards.

Additional risk assessment, strategic decision-making and programme management capability is needed if Council is to deliver an anticipated major government-funded capital works programme effectively.

A consenting strategy is required to bring wastewater discharges up to modern standards.

If Council takes a greater involvement in affordable and social housing investment, it would need to build the capability and systems to deliver cost effectively what the community requires.

Listening and responding

Communicating and engaging with the public and businesses

Council’s approach to community engagement is generally appropriate for the community it serves. Council and iwi are both working hard to achieve high-quality engagement. Trust is building, but effectiveness remains a work-in-progress.

Priority grading

Performing well

< Council’s communications activities are structured and coherent, and seem to be appreciated across the district. The Mayor, Chief Executive and Communications and Media Manager work well together. >

Planning effective engagement

Council has a pragmatic approach to communications and engagement: the framing is “Stay on message. Say little but speak often.” A strategic communications plan is in place, and an engagement strategy is being developed.

Engaging with the community

There are many points of contact between Council and the public. These include River Valley meetings in remote areas to discuss local issues such as roading. Elected members, Leadership Team members and other staff all attend formal consultation meetings. Regular informal engagement is also apparent. Council’s approach to engage, consult and ask questions, and not tell, appears to be appreciated.

Engaging digitally

Council has embraced technology for more effective community engagement. In particular, the digital workspace enables residents to make enquiries and lodge applications on-line.

Council meetings are broadcast live, and many residents watch the meetings on-line.

Facebook is the social media platform of choice. Messages, videos and links to the Mayor’s radio interviews are all posted to social media. Usage is high and community engagement is strong—the evidence being good questions and useful suggestions from residents and visitors.

Reputation

Council appears to be well-led, and the Mayor and Chief Executive are both visible and respected in the community.

Business and community stakeholders and iwi leaders report that Council’s performance and reputation has improved significantly over the past 2–3 years. This informal commentary is consistent with the results of the Level of Service surveys conducted each year.

Given high community expectations around the delivery of housing, waste, water and roading programmes, the understanding of reputational risk at elected member and Leadership Team levels is lower than what would normally be expected.

Communicating through the media

Council’s engagement with the media is via the Mayor, Chief Executive and Communications and Media Manager. The Mayor has a regular slot on local radio. The Mayor and Chief Executive are available to reporters, and they contribute articles on a regular basis to keep the community informed of Council’s activities.

Māori/iwi relations

Elected members and the Leadership Team demonstrate a keenness to engage with iwi on topical and strategic issues. However, genuine engagement has been difficult to achieve due to the number of iwi and hapū, and the travel distances required to attend meetings.

The Ruapehu District Māori Council (RDMC) was established by Council about a decade ago to coordinate engagement. While iwi in the north of the district value the RDMC, others are more circumspect. Some leaders indicated that the role and function of the RDMC may need to be reviewed.

Both Māori and Council leaders acknowledge that engagement has been far from straightforward. Council and iwi are working on an iwi engagement protocol as a first step while wider representational and decision-making issues are worked through. At an operational level, iwi say they want to be consistently involved in the early stages of proposal development.

Relations with the business community

Relationships with the business community are stable and productive.

Efforts are underway to revitalise township centres and for Council to become more 'business friendly'. However, the adoption of a business friendly approach has led to some confusion amongst staff who say they struggle to balance their regulatory and compliance roles with the business friendly approach. Further training and guidance should resolve this.

Strengths

Council's approach to community engagement is pragmatic, authentic and effective.

Council was an early adopter of on-line engagement (social media and streaming), and uptake has been strong.

The Mayor, in particular, is highly visible in the community, attending meetings, on radio, in print and on-line.

Areas for improvement

Progress towards genuine iwi engagement has been difficult given differing expectations. However, Council is determined to achieve more effective engagement.

Effectiveness and purpose of the RDMC should be reviewed.

Additional guidance and support are needed to help staff understand what being "business friendly" means in practice.

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