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Upper Hutt City Council

Independent assessment report | November 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 on-site assessment: 25th and 26th November 2021

Assessment Summary

AT A GLANCE



Upper Hutt is part of a region which is rapidly changing through planned investment and regional collaboration.



LARGE METRO

**SMALL METRO
AND PROVINCIAL**



PROVINCIAL AND RURAL

RURAL

The current situation

Upper Hutt City Council services the northern Hutt Valley region, a largely urban community with significant lifestyle and bush spaces. The Council is led by a very long-standing Mayor and a Chief Executive appointed in 2018.

The Council is a carefully run council that has had to rebuild some core capabilities and competencies over the past few years. The new Chief Executive has led this rebuild and is well regarded by staff and councillors.

Upper Hutt City Council has sought to attract residential, commercial and other economic growth over the years, and that growth is now happening. Further housing intensification is planned.

Period of assessment

The on-site assessment took place on 25 and 26 November 2021.



\$2.05B
GROSS DOMESTIC
PRODUCT¹

SERVES

43,980

PEOPLE², A MIX OF
81.2% EUROPEAN/PĀKEHĀ
15.7% MĀORI
8.4% ASIAN
5.7% PASIFIKA
1.0% MELAA
1.7% OTHER



POPULATION TREND
GROWTH

MAKES UP

0.2%

OF NEW ZEALAND'S TOTAL LAND AREA³
REPRESENTING **UPPER HUTT CITY**,
FROM AKATARAWA FOREST IN THE
WEST AND REMUTAKA IN THE NORTH
TO SILVERSTREAM IN THE SOUTH. AN
AREA OF

540 km²

RESPONSIBLE FOR

243km

ROADS⁴



Key learnings

Upper Hutt City Council is changing gear from a low-growth area to one with growth in both the commercial and domestic sectors. The Council is in mid-step as it reorients to manage growth and is changing planning rules to encourage further housing intensification. There is careful consideration and delivery of community services and a solid approach to asset management.

- > Upper Hutt City Council has sought to attract residential, commercial and other economic growth over the years, and that growth is now happening with several new subdivisions and renovation of former government buildings in Wallaceville.
- > The Council intends to increase rates by year by year, by 48.25 per cent (which accumulates to 60 per cent) over the period of the current Long Term Plan (LTP). That money and more will be needed to pay for asset maintenance and renewal. More funding will be borrowed by loans, matching the anticipated finance costs for maintenance and renewal. The Council sought and achieved an A+ Standard & Poor's credit rating.
- > Several outsourced contracts for core activities have been terminated and in-house service capacity has been successfully re-established. In particular, there has been a lot of hard work in re-establishing in-house IT services.
- > The outsourcing of water management to Wellington Water is evolving and there are still key areas for Wellington Water to address, particularly being more responsive to water leaks.
- > The District Plan change for the urban zone will allow much greater housing density of housing.

1 <https://ecoprofile.infometrics.co.nz/Upper%20Hutt%20City>

2 https://www.upperhuttcity.com/files/assets/public/yourcouncil/uhcc_ltp2021-2031_web.pdf

3 http://www.localcouncils.govt.nz/lcip.nsf/wpg_URL/Profiles-Councils-by-Name-Index?OpenDocument

4 https://www.upperhuttcity.com/files/assets/public/yourcouncil/uhcc_ltp2021-2031_web.pdf

Assessment Summary

continued...

OVERVIEW

Upper Hutt City Council enjoys a settled relationship between councillors and the Executive Leadership Team. The Council's commitment to careful expansion of services is well received by the community.

RATING



Findings

1.

THERE HAS BEEN A FOCUS ON REBUILDING CAPABILITY BY BRINGING BACK IN HOUSE ASSET MANAGEMENT, DATA AND SYSTEMS.

There is a clear link between the LTP and network assets with uncertainties in asset replacement identified. The contract with Wellington Water is managed competently although there are some issues to be addressed. Management of roading assets is efficient and economical. Considerable effort has been placed on rebuilding IT systems and the provision of digital services.

2.

PLANNING AND GROWTH ARE THE FOCAL POINT OF OPERATIONS AND THE LONG TERM PLAN.

There are several subdivisions underway, several substantial new businesses have located to Upper Hutt, and many public servant positions are being relocated to Wallaceville. District Plan Change 50 proposes even more urban intensification. All this means the Council needs to re-orient itself from being a Council seeking growth, to one that is managing growth.

3.

COUNCIL PROCESSES NEED TO BECOME MORE FORMAL.

There is a high degree of informality in some council processes including the procurement strategy, the capability strategy and even the strategic plan for the Council. Although there is a sense the Council is well led, that leadership could be underpinned by more formal or refreshed planning and process documents.

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 legislation 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	Variable	Competent	Variable

STRENGTHS

Councillors and the long-serving Mayor are not political party affiliated and work well together.

The initiatives to rebuild in-house asset management capability and to establish project management capability serve the Council well in managing capital investment.

The community services team has good links with social agencies and is not afraid to use them.

There is a strong sense the Council is well led.

AREAS OF IMPROVEMENT

Many aspects of planning and processes are informal, including development opportunities for councillors, developing people capability and strategic planning.

There could be more effort in managing and measuring performance.

The Council could make better use of long-standing approaches to managing growth such as development contributions.

The Council's relationship with Māori/iwi is evolving and needs strong focus over the next few years.

Leading locally

Governance, leadership and strategy

The Council operates in a collaborative manner at all levels of the organisation and is experiencing real success in achieving its vision for Upper Hutt. To ensure there is further and enduring success, greater structure and detail needs to be brought to some of its systems and processes.

Priority grading

Competent

< Upper Hutt is enjoying an economic renaissance that provides the Council with a significant opportunity to deliver long-term benefits for its community if effective planning and delivery is embedded within the organisation.>

Setting the direction for the community

Upper Hutt is going through a period of considerable commercial and residential growth. Developments such as the Blue Mountain commercial and retail campus, the Lane St Studios movie production facility and the New Zealand Campus of Innovation and Sport are delivering a sense of optimism that the city is well-placed to deliver on its long-term vision of “a great place for families to live, work and play.” The Council can take satisfaction in having actively encouraged the regeneration of Upper Hutt as a discrete entity in the Wellington region, rather than simply being a dormitory suburb for central Wellington.

However, these positive changes could be better captured within the Council’s planning documents, and the LTP in particular. The LTP needs to more clearly and specifically state what the Council’s role is in economic growth, what activities residents can expect Council to undertake to support these changes, and how

the Council’s performance will be measured. There is a strong sense of “business as usual” in the LTP which is at odds with the volume of change that is happening, not just at a local level, but also nationally with pending RMA and three waters reform.

Councillors acknowledged that they are having to respond to local and national changes, commenting: “We’ve been quite conservative – we do the business as usual well, [but] we’re also getting better at engaging with our community which is becoming more diverse and we’re trying to represent that around the Council table.”

The Council has made considerable efforts to engage with its community through the planning processes with numerous consultation documents, workshops and other stakeholder meetings. The 973 submissions received on the LTP are a positive reflection on the level of community engagement. Whether that level of engagement can be sustained and enhanced will in part depend on the Council ensuring that it diligently tracks and reports its progress to the community. This will require further work, as the current performance reporting does not demonstrate a clear connection between the ambitions of the Council’s vision for the city and the progress that is being made to realise that vision.

As an adjunct to progressing the LTP, the Council also needs to develop a more comprehensive performance agreement with its chief executive. The current performance plan is vaguely drafted, with few tangible outputs to support the Council’s strategic direction. Several councillors acknowledged performance planning and review processes for the CEO lack quality and they were in need of some external advice – “We want some upskilling of the group who do KPIs for the CEO. We will put in better measures.”

Iwi and mana whenua in the decision-making process

The Council has a draft Memorandum of Partnership (MOP) with Taranaki Whānui (through the Tenth Trust). The MOP outlines “...the shared commitment to a partnership between the Wellington Tenth Trust (Trust) and Upper Hutt City Council (Council) and to the future wellbeing of Upper Hutt City.” The MOP has a schedule of Specific Recognitions that include (i) participation of the Trust in Council and policy processes (that

includes appointing a representative as a non-voting member on council committees), (ii) ensuring that ceremonial, interpretation and naming opportunities are presented to the Trust so as to retain and protect Māori culture and heritage in the city, and (iii) acknowledging the iwi's special association with Te Awa Kairangi / Hutt River and ensuring it is a central aspect of supporting the environmental, social, cultural and economic wellbeing of Upper Hutt.

While the draft MOP represents an important development in the Council-iwi relationship, it is acknowledged that the absence of a formally executed MOP means relatively little progress has been achieved in terms of tangible outcomes. Councillors recognise they need to pay more than lip-service to iwi engagement in Council matters. Local iwi expressed a similar sentiment for a more tangible partnership with the Council.

Creating confident councillors

The basic foundations for the professional development of elected members are in place. There is an induction programme for new and existing elected members, the Mayor holds regular but informal elected member-only meetings and there is a training budget for councillors' professional development. While these basics are in place, the councillors acknowledged there was scope for improvements to both the induction process and ongoing professional development.

Although professional development is encouraged in a general sense, there is no formal training needs analysis, and "training" appears to focus more on areas of personal interest and conference attendance. Addressing some governance fundamentals such as training in financial and legislative matters would be beneficial. The previous CouncilMARK assessment noted that training for councillors would benefit from a more structured and formalised approach, including external guidance as to what might be needed, and this remains an issue for the Council to address.

As a group, elected members do not undertake any formal review of their collective performance, although there are six-weekly informal lunches where they review their progress. This forum is popular with the councillors, but it was noted that there is no agenda, minutes or follow-up actions from these meetings. While there is some resistance to introducing greater formality to these sessions, that lack of structure can result in important issues "slipping through the cracks" as one councillor noted.

The Council would benefit from a regular and structured assessment as to its collective performance. Council's view that the triennial election provides an adequate "performance assessment" is short-sighted and overly complacent. The latest community survey results show a drop of satisfaction with council leadership from 72 per cent to 52 per cent, and contains verbatim comments such as "Just feels the leadership is stale" and "Councillors need to listen to the feedback of residents with a genuine open mind, i.e. not pre-determine their decisions or just take into account those views which reinforce/confirm their

own personal opinions." This survey feedback provides an incentive for elected members to develop a self-assessment process, designed with some relevant external assistance.

Effective working relationships

The elected members operate as a very cohesive and collaborative group and they commented that "We consciously work on [our] culture." They do not operate on party political lines, and there is a strong ethos of mutual respect and willingness to engage in constructive debate. This has been facilitated in part by the Mayor, who has been a very visible and long-standing presence in the community. Similarly, there appears to be a very constructive working relationship between the Mayor and the Chief Executive, and with elected members and the Council staff more generally.

However, this arrangement, although working well at present, may not endure without a more robust framework to support it. Consideration should be given to the benefit that might be gained from some form of "charter" or councillor manual governing the ways in which elected members interact with each other and with Council staff.

Strengthening risk and conduct management at governance level

The Council has five standing committees (all with terms of reference) which includes an Audit and Risk Committee (including an independent member) that has been split from the Finance and Performance Committee. These standing committees have extensive and well-structured delegations, a sector standard code of conduct, and comprehensive Standing Orders. It was noted that the latter are adhered to, to the extent required, but elected members are happy to be flexible on them.

There is a Members' Interests Register, but there is no written guidance incorporating the Auditor-General's Guidelines for members. Elected members did not demonstrate a strong understanding of what a relevant "interest" is or how a conflict might arise, with one councillor commenting, "We come unstuck ... not everyone understands what a conflict is. We don't have a policy. No one has told me if my disclosures are correct."

Health and safety

The Council has an extensive risk framework, including health and safety processes, that conforms to good industry practices. A quarterly health and safety report is provided to the Risk Committee with both "lead and lag" indicators. There is also very detailed internal (staff) reporting which focuses on operational details. Although generally sound in most areas, consideration should be given as to how a greater analytical and more forward-looking view can be brought into Council's reporting and discussed with elected members.

Managing the organisation and reporting on results

Elected members are surveyed annually on the services provided to them by staff, including questions on the quality and timeliness of Council reports, general provision of information and the support provided. The responses are generally positive with satisfaction ratings around 8 or 9 out of 10. However, it is noteworthy that only 6 of the 11 elected members completed the survey, and comments provided during the current assessment suggest there is room for improvement – *“The reports not all outcomes focused. They’re very operational and we’ve asked for change. [They] need to be tied back to outcomes of LTP.” “Too often they only tell us the goods news activities – I’m a bit sceptical about them.” “We need to articulate our expectations to staff better – need to clearly identify the outcome we’re looking for.”*

A review of a sample of Council report suggests that many of the reports to Council are highly transactional and delve into many issues of operational detail that are of questionable relevance to the role of an elected member. Moreover, the operational detail contains little trend analysis or explanation as to how the Council is performing relative to LTP goals or where performance should be prioritised. The Council management needs to give further thought to ways in which it can provide elected members with the right level of detail for them to assess operational performance of staff. A good accountability framework, with succinct and relevant KPIs, lies at the heart of these changes.

Council staff are surveyed annually using the “Ask Your Team” tool. The 2021 results are generally positive with overall “satisfaction” (i.e. level of agreement with stated positions on Council culture) at 66 per cent against a sector benchmark of 64 per cent. The most positive results (around the 70 to 80+ per cent range) relate to confidence in Council leadership, vision and strategy, as well as to viewing the culture of the Council as a positive place to work. Some of the more negatively viewed issues (below 50 per cent) related to *“poor performance is managed effectively”* and *“we allocate resource effectively”* and the effectiveness of IT systems generally. The survey results are consistent with feedback received from staff during the assessment, with numerous comments on the friendly and supportive work environment, but also acknowledgement that there was still scope for better addressing performance issues within the Council.

While the staff survey results are positive, there remains a relative lack of structure around the process for progressing the staff survey results. There is no 12-month action plan arising from the survey, without which it will be difficult for management to know whether or not the organisational culture is strengthening or whether issues of importance to the staff are being adequately addressed. This lack of structure is mirrored in other areas of organisational development, such as a lack of any documented talent assessment, training needs analysis or succession planning.

Strengths

The Council has strongly and effectively promoted its vision of Upper Hutt as a unique destination for residents to live and for businesses to establish and grow.

The Council is a cohesive group which operates collaboratively rather than on “party lines”.

There is a comprehensive health and safety framework.

There is a very positive staff culture in a happy and supportive working environment.

Council has a positive working relationship with iwi and, particularly, with the local urban marae.

Areas for improvement

Council could establish stronger links in core planning documents with the local and national factors influencing the city, including more specific actions and success measures for determining the Council’s role in the city’s current growth.

Council could prioritise completion of the draft Memorandum of Partnership with mana whenua, incorporating tangible outcomes.

Reduction in the volume of detailed operational reporting to elected members should be considered, with replacement by improved accountability reporting, incorporating better analysis of trends and stronger links to LTP outcomes.

A more comprehensive performance plan is needed for the chief executive incorporating Specific, Measurable, Achievable, Realistic, and Timely (SMART) KPIs that are linked to the LTP.

A more structured response to the staff survey would be helpful in future staff planning.

A more structured framework for progressing issues of organisational performance, training and development for staff and elected members.

Reporting should move from statistical capture and reporting to forecasting and looking at trends.

Investing money well

Financial decision-making and transparency

Upper Hutt City Council has recognised the need to increase rates and is doing so over several years. Now the Council needs to adjust fees as a growth council.

Priority grading

Variable

< The Council has managed its finances closely, and rating levels are low but need to increase.>

The Council recognises that it must now keep up with replacement of assets as well as paying for infrastructure for growth. The Council intends to do this by increasing rates, borrowing for asset replacement and has sought and gained an A+ Standard & Poor's credit rating.

Planning and evaluating financial goals

The financial strategy in the LTP is a substantial change for the Council. There is a need for investment in a range of infrastructure assets, and the Council has taken a two-pronged approach to financing those assets. First, rates are increasing by up to 6 per cent per annum over the term of the LTP. By 2031, a 60 per cent compounded increase in rates is forecast. This sounds considerable, but the Council has been austere in past years and the current rating level is less than what would be expected.

The first planned 6 per cent rate increase was pushed out due to COVID-19, and instead increased 1.5 per cent. There will be further impacts.

The rating base has been increasing at 2 per cent a year. Currently rates arrears are low (1.36 per cent), and 1,143 residents access the residents' rates rebate scheme for low-income households. The LTP assumes an increase in the rating base of 1.5 per cent a year, which may be an underestimate depending on success of intensification and decisions around rural land.

There is a clear requirement is for the Council to borrow to replace assets. Loans are attached to infrastructure assets and repaid over 20 years. The Council feels this better reflects asset use over the assets' life cycles. Following this approach, the user pays capital and financing costs of replacing the network.

This is common practice in councils but means existing users do not pay for use of existing assets through depreciation.

The Council is, moreover, in transition from seeking to attract growth to managing growth. The current approach of offering rates remissions, part subsidisation of refurbishment costs and no development contribution was perhaps appropriate in the past. Now the Council needs to change direction and better manage the costs of growth, ensuring developers contribute to infrastructure costs through development contributions. Currently, development contributions are implemented in rural areas only and are targeted to the upgrade of rural roads, generally seeking a contribution of 50 per cent. There are reserves contributions as well, which are set at 4 per cent of the allowable 7.5 per cent.

Budgets are not zero-based, but any increase in core Council spending is considered carefully.

Assessing the financial data

There is tight integration between the asset management team and the finance team, with one finance staff member being embedded in the infrastructure team.

The Council's near-term infrastructure cost estimates will be off course by a material amount with the external shock from COVID and an overheated construction market. The Council's estimates (and those of every other council) may be materially less than what might be revealed as capital projects progress. The Council will need to consider resequencing and possibly staging capital investment projects to stay within its self-imposed debt limit.

Financial reporting to operating groups will improve with the planned implementation of a business intelligence tool. Currently activity levels are not linked to financial reporting, and revenue from other sources is treated as a "rate take offset".

Being clear and transparent

The forecast rate increases are clear in the LTP but the compounding effect of these is not shown. The rate increases are presented as year by year increases and add up to 48.25 per cent, but the compounding effect of rates increases means rates increase by 60 per cent.

It is considered good practice to disclose over- and under-expenditure on capital projects and progress against a timetable.

Addressing financial risk

Previously, the Council ran an Audit, Risk and Finance Committee. That committee has been split into a Finance and Performance Committee and a Risk and Assurance Committee. There is an independent member of the Risk and Assurance Committee but not an independent chair.

There has been considerable progress in adopting a risk framework and exploring Council risks. The Committee includes health and safety in its terms of reference.

This is a good start. However, while councillors are given a laminated card outlining key risks, these risks were still not top of mind for them. Further, it is considered good practice to have an independent chair of the Risk Committee.

The risk preferences are different to what were expected. For instance, reputation of the Council did not feature as one of the top ten risks. Also, the Council's expressed risk preference on health and safety is moderate, principally because the swimming pool is the most acute point of risk. The Council may wish to reconsider this risk preference and raise its expectation of managing risks around the pool until planned pool capital works occur.

Meeting financial targets

The Council provides unit managers with financial information against the rate take (the amount that is rated for service provision). There is some uncertainty in some of these forecasts at present with the impact of COVID-19 slowing down some capital works, as well as reducing visitor numbers to H₂O Xtream. However, achieving a Standard & Poor's rating of A+ suggests investor confidence in the Council.

The Council has set itself four financial limits. The first is a limit set out in its LTP of 6 per cent per annum on rate increases. The second and third relate to net interest to revenue and net interest to rates. The Council forecasts it will be around 8 per cent or four-fifths of the net interest to revenue limit. The rates limit looks safe as most revenue is from rates and is set at a lower limit of 10 per cent; if you are within the revenue limit then you are within the rates limit. The fourth financial limit is a liquidity expectation of greater than 110 per cent which the Council is operating within.

There is considerable further asset renewal required beyond the 10-year horizon of the LTP, and it would be well worth looking at 20 years.

There needs to be more stress testing of possible changes in financing costs and increases in capital costs through the Finance and Performance Committee.

Strengths

The Council continues to manage itself prudently and has set tight financial limits.

Rates are increasing to meet asset maintenance and increased levels of service.

The improvement in risk management is tangible.

The Council achieved a Standard & Poor's rating of A+.

Areas for improvement

Consider appointing an independent chair of the risk committee and reconsider excluding Council reputational risks.

Reorient the Council to dealing with growth, remove rate remissions and introduce development contributions.

Consider rating for asset use for depreciation for at least some portion of network assets.;

Report overs and under expenditure on capital projects.

Improve unit manager reporting linking activity measures and improving format.

Delivering what's important

Service delivery and asset management

Upper Hutt City Council is a relatively small council with a clear focus on community wellbeing and a pragmatic approach to delivery of services.

Priority grading

Competent

< There is close attention to value for money and a strong view that ratepayers have a say in what community services are delivered.>

There has been considerable effort to upgrade core capabilities and competencies in key areas of IT, asset management, project management and management of capital projects.

Planning and evaluating service goals

Service goals are established as part of the LTP process.

Assessing capability and capacity

Upper Hutt City Council exited an outsourced, shared IT services contract in 2019. The outsourcing had not been successful. Assessors were told that nothing had progressed over five years and none of the original objectives had been achieved. The shift from the outsourced provider was achieved in days as the contractor cut the Council's services off abruptly. Now, most systems have been simplified, standardised and, where possible, moved to the cloud. There is now an ICT and information management strategy.

Software versions were 2010 for email through to 2014 for the enterprise software, exposing the Council to considerable risk and obstructing modernisation and remote working for Council staff. Now, core systems have been implemented and the journey to being paperless has begun. Staff are keen to see this digital-first approach continue and indicated that reversion to paper and scanning after the 2020 Covid lockdown was a retrograde step.

There is more work to do. The phone system needs to be modernised and payroll system reviewed. The core enterprise system is MAGIQ, which has a cloud-based version that the Council will look to move to, and the Council is implementing a learning system to prepare staff for the changes ahead. There is considerable streamlining of administrative practice that needs to be taken on at the same time. A self-service kiosk has been implemented to allow people to do what they want themselves.

The team has been built up and there are now three in the GIS team, a full-time person on application support, business analysts and a virtual CIO. The project management office has meant increasing formal planning around these projects.

Staff engagement is strong at 69 per cent. But staff turnover is high at 20 per cent as other job opportunities abound. That turnover may be because of the changes in management or for career development or about money.

There are some staff initiatives. There is a wellness programme and staff are offered two mental health days per annum. Flexible working has been implemented. Staff communication increased with COVID, and the CEO's emails to staff once a week increased to daily during lockdown.

There is no capability plan with reliance on senior managers to know where the gaps are. A relaxed approach to performance management that is identified by staff as an issue. *"Our approach to performance management is wishy-washy."*

Staff report that buy-in to change at the third tier is mixed.

The Council has built up its capacity to implement infrastructure projects with an in-house team of project managers. It now has some track record with a successful redevelopment of Maidstone Park and Whirinaki Whare Taonga, delivered in house with its own project managers. Redevelopment of H₂O Xtream will be a test for this group.

Assessing service quality

There is high reliance on surveys to assess service quality.

Evaluating asset effectiveness

The Council displays good attention to the need for sound asset management and can articulate where it has robust asset information and where it does not. Opportunities for improvement have been identified subsequent to the last CouncilMARK™ assessment. As a result, Council responded by bringing its asset management team in-house. The asset management team has evolved over the last three years and has linked Wellington Water asset databases with its own.

Like most councils, the road asset management system is a lot more mature. The asset information system has been changed for non-transport assets and there is an improvement plan in place. The Council highlights it is currently focusing on foundation data such as completing inventory, particularly in parks. A good working relationship has been built with finance so that data can be collected on an ongoing basis and the visibility, accuracy and timeliness of fixed asset register data improves.

There was close work between the finance team and the asset management team to align with the LTP's financial strategy. A finance team analyst is embedded in the asset management team to ensure this alignment, which has been particularly successful in reducing co-ordination issues and increasing alignment.

The current procurement strategy is problematic other than when the Council is using the Waka Kotahi framework for roading contracting. The procurement strategy includes references to local content, but it is not clear how local content would be assessed, nor whether other neighbouring city council catchments would be called local.

There is the ability to award contracts up to \$250,000 without competition, if the Council agrees, and this exception is often used. The Council intends to refresh its procurement strategy, and it would be worth doing this with an external procurement practitioner.

Addressing regulation

There is an enforcement plan (adopted in 2021) but no regulatory strategy or plan and no overt weighing of different approaches and desired outcome.

The effects of this are most clearly seen in management of dogs. The city has a high level of dog ownership ... *"we have the highest level of dog ownership in the region"*. We were told it also has a high level of dog attacks. Council is focused on ensuring dogs are registered, so accountability can be traced. However, very few dogs have been destroyed. Historically, the Council has not seized dogs that have attacked. The Council did not have on hand the number of dog attacks.

There are six full-time staff and two external contractors on environmental health. The current approach to regulation of businesses is relatively informal. There is a small regulatory team that local businesses appear to rely on for advice. The Council believes its strength is in delivering regulatory messages, making compliance happen by education.

Regulatory training has been commissioned for staff.

In terms of negative reaction to regulation, parking wardens are most at risk. De-escalation training has been provided. The Council has a project around body cams.

By comparison, Council is very active in monitoring resource consents. The resource consents team seeks to monitor all resource consents to ensure compliance, which is between 170 to 200 consents per year. This ranges from desktop monitoring of checking plans to weekly site visits to monitor larger scale projects.

Resource consent monitoring is risk-based. Larger projects with earthworks, for example, attract more proactive monitoring. *"We want to avoid non-compliance, build relationships with developers, key contractors – we give them a call if we need to get action."* Monitoring is triaged. The Council has issued 9 to 12 abatement notices – half with a resource consent non-compliance and the others resulting from unconsented activity. *"We prioritise quality of the result rather than timeframe. We spend a lot of time collaborating. We spend time on pre application meetings, spend time on conditions, and get virtually no pushback on conditions..."*

Fee setting is a considered process. The Council reports there is an assessment generated through discourse between the councillors and staff, which it feels is rigorous, around the extent to which private and public benefit is weighed. For instance, there is 80 per cent recovery of the cost of regulating dogs, although dog ownership is also held by councillors to have some amenity value, thus 20 per cent is a general rate. Each of those allocations of public and private benefit were discussed and reviewed as part of the LTP in two workshops.

Consenting and planning

The Council undertakes a rolling review of its district plan. This rolling review seems a practical way for a small council to take on its challenges bit by bit, prioritising areas to update, making it both more relevant and adaptable.

The rural and residential aspects of Plan Change 50 have now been separated into two separate plan changes. Consideration of rural zones is being pushed out a year. Urban boundaries remain the same, but intensification is anticipated. Catchments walkable from a train station are designated high density. With all these changes, there is sufficient capacity to meet future population needs.

Council started to look at planning for significant natural areas and landscapes but councillors changed their minds because there was significant opposition from the community. Some of these areas are public but some are private, which will be particularly problematic to implement. Council will now leave this issue in a pre-consultation phase and await a national policy statement on indigenous biodiversity. Two community reference groups were established – one for biodiversity and the other for landscapes. One of the members of that group felt constrained in making comment by the Council.

COVID-19 and local growth have had a big impact on building consents, increasing activity and making it difficult for the consenting team to respond. Due to IT issues through lock-down, only the team leader and the draining and plumbing manager could work on consents. The backlog grew to four to five weeks, and

then there was a surge in applications. *“We are in the midst of four acceleration funds – the smallest will deliver 400 units, the largest one is a \$400m residential development (2,000 units).”*

The Council has made a rapid recovery and now has a portal and digital consent management system. Delays are now at 27 days, having peaked at 35 days, and are reducing with new systems increasing productivity.

Staff are in demand, and the consenting group is carrying a vacancy. Pay rates have increased substantially but there is still insufficient resources. A cadetship is being introduced to assist with medium-term staffing requirements.

Consenting of complex commercial buildings draws on the expertise of an external consultancy and inspections of Comm 3 buildings is overseen by Wellington City Council.

Accountability reporting

There is a reporting framework containing 66 measures with regular reporting to council sub-committees. However, in interviews, Assessors heard there is heavy reliance on surveys and not all measures were considered appropriate. Survey measures, such as a positive relationship with local businesses, would likely not be independent of Council activities such as subsidies from Council to local businesses. Comments were made that value for money is addressed in the LTP. *“Some of the KPIs are not very substantive, and some of them are fudged.”* Another concern expressed was that there was not enough transparency around Council responsiveness.

The Council consults with ratepayers when there is a proposed change in level of service. For instance, there was consultation on whether to introduce kerbside recycling. Service performance is, however, largely judged by survey instruments, with a few measures having a margin of error of up to 20 per cent.

Service delivery quality

Flood control

Upper Hutt City Council's catchment is not subject to the flooding risks that councils further down the valley are subject to. However, there is a concern about how climate change will affect river tributaries and this study needs to be carried out. Council believes Wellington Water needs to give climate change a higher priority, not just water infrastructure.

Water Supply

Wellington Water is a council-controlled organisation, a shared service organisation owned by councils in the Wellington region. Councils own their own assets which are managed by Wellington Water through a service level agreement and annual Statement of Intent. The councils pay directly for their relevant operating and capital costs, and Wellington Water's overheads are divided up on a population basis. The level and quality of reporting has improved, but Council recently received a modified audit report because it could not fully report measures such as number of complaints and other factors.

The Council does not have water production facilities, buying bulk water from Greater Wellington Regional Council and paying per cubic metre. The Council also does not have a wastewater facility and uses the Seaview facility in Lower Hutt. For wastewater, Hutt City pays 70 per cent and Upper Hutt City 30 per cent, slightly

different from the population share with Upper Hutt's population growing a little more. Seaview is performing reasonably well, with two discharges, one a mechanical failure, in the last year.

Treatment of stormwater is not universal, but Council is moving toward rain gardens. Industrial areas have been required to install some primary treatment. Stormwater relies on soak pits rather than pipes due to a gravel geography.

There is significant Whaitua (catchment) work around the health of the Hutt River, and this will feed into a resource consent process due in 2023. There are over-flows and the aim is to reduce discharges to not more than once every 25 years. Currently, there are no dry weather discharges but around 20 wet weather discharges a year.

There is some tension with Wellington Water.

Testing the network is an issue. Up until 2014, there was a rigorous process for smoke testing and CCTV inspection of pipes. Those activities stopped and only recently restarted, meaning a six- to seven-year gap. That means the projected replacement dates for pipes are based on age and not condition with considerable spend forecast from year 11 onward. Using condition information the replacement capital required might be less. On the other hand, it could be more, and it could be sooner. Wellington Water is restarting pipe surveying so information to refine replacement cost estimates will become available in the next few years.

The network is relatively new but there has been underinvestment and there is concern about the level of infiltration. Growth has been higher than expected. Affordability is a challenge, and, over time, water supply will be an issue for the Wellington region with Council expecting water supply to be fully committed in five years. Leakage is managed by recording night flows rather than water meters and that approach might be regarded as insufficient.

Service requests for water leaks or overflows come through Council's service centre. A point of contention is the time taken to attend to these, particularly water leakages. *“It might take days if not weeks to fix.”*

Community services

Upper Hutt City Council puts considerable effort into its community activities and assets. Around \$250 million is spent on these activities (around 28 per cent of operating expenditure).

The aim of the community services group is community wellbeing - it is about opportunities for the people to be well, to have safe places to connect. The strategy is community activation, using community champions, and Council withdraws from direct involvement once the activity is underway, providing support in the background.

The library service is increasingly digitised and provides a community centre as well as two mobile libraries. These libraries are intended to take books to where people are, with youth in parks, and possibly in five mobile vehicles at the railway station. There is an active community hub with a ukulele group, poetry competition, knitting and guest talks. Council describes it as *“the living room of the city”*.

The H₂O Xstream pool provides an important community service. There are swim schools, hydro classes for the elderly and rehabilitation activity.

The community services group is looking to create a third space, bringing family and whānau together outside in parks.

Barriers to use are consciously minimised or removed. Pool entrance fees have stayed the same for years. Sporting Chance helps children and teenagers access sporting gear.

Council sees Whirinaki Whare Taonga as a point of difference, being very accessible. It is a community art gallery with a surprisingly wide range of exhibitions, such as a dinosaur exhibition, Italian handbags, automata and a new heritage gallery. The gallery is looking at “cultures of the heart” – telling stories of immigration and refugees.

The customer services team is being redeveloped to help play a welfare, connecting role. For example, if there is an issue with homelessness, the person in need can come to the counter and be referred to appropriate services. The community team provides the parking team with a list of services that they can call.

A decision has been taken to upgrade H₂O Xtream. Five options were looked at, and the Council considered all options and whole-of-life costs for those options. A decision was taken to re-invest.

Waste management

General waste collection is provided by commercial operators.

The Council provides a recycling transfer station and consulted whether this was sufficient for residents. Residents voted to introduce kerbside recycling by a very narrow margin (51 per cent to 49 per cent) and the topic remains controversial.

Transport

Council’s roading network is quite small at 243 kilometres of roads. Two to three kilometres are added each year. The roading group is well regarded. Waka Kotahi observed a transition from an austere, minimum level of service to a more open and transparent approach. The approach to contractor management is also well regarded. The Council has a 30 year Infrastructure Strategy, good reporting and sound planning. The Council is delivering at about 15 to 20 per cent below benchmarked cost indices.

There has been consideration of grouping of regional roading contracts, but market sensing indicated there was no consensus on whether this was a good idea. Waka Kotahi leads the traffic light contract, and Upper Hutt has only three sets of traffic lights.

Waka Kotahi observed Council might be light on inspection, as one area to improve on.

Other issues identified include Waka Kotahi’s roading contribution and developer transfer of assets. The Council borrowed \$2 million to fill a gap in its transport programme. With developers, there is a permissive stance, and the Council will inherit bespoke assets such as asphalt rather than chip seal roading (the former being more expensive to maintain) and other non-standard assets.

Mode change is on the mind of Council. The river bike tracks have substantial use. There are two arterial cycling corridors being implemented. From there, it will be a “user mindset”. There is a project planned to implement a cycleway from Silverstream to Upper Hutt along the rail track.

The focus for commuters is public transport. The Council is coming under pressure for park and ride facilities, which Greater Wellington Regional Council is not keen on, believing buses are the connector. However, this is a significant issue in the LTP, particularly as buses are not well co-ordinated with trains. The biggest gains in level of service on the state highway are in public transport, with the level of service at Ngauranga Gorge dropping from C to F (low), with the addition of only 50 cars. Dual tracks are there for trains, but the level of service has not changed as rolling stock has not increased.

With COVID, more residents are working at home. Also, government departments are moving to Upper Hutt.

Establishing a business case for investments

Business case practices are developing but it is early days. Business cases viewed were short on options and scant on analysis. For some investment decisions, such as the pool, there was supporting documentation, but it would be well worth the effort of making full use of the Better Business Case process. Likewise, the investment logic mapping was at a very high level (e.g. for all infrastructure assets) so less useful than it could be. The Council expressed concern at the cost of Investment Logic Maps. Council could consider training someone on staff in Investment Logic Mapping and use these maps much more frequently. Likewise, several staff could be trained in the Better Business Case template.

Strengths

Roading management is excellent, with strong planning and contracting and resulting lower costs than other peer councils.

There is a strong focus on asset management skills and capability.

Although reliant on Wellington Water, there is a strong sense of what needs to be done in management of water assets.

Updating the district plan in cycles means greater adaptability.

Council community services seem connected and appropriate.

Areas for improvement

The approach to regulation in areas other than consenting needs formalisation.

The approach to dog regulation needs attention.

The delays in building consents need continued focus.

Building consent fees need review to better reflect costs now the Council is in growth mode.

Additional effort should be placed on road inspection.

Listening and responding

Communicating and engaging with the public and businesses

The Council has pockets of genuine strength across its communication and engagement activities, with some very positive community relationships. Bringing a clearer sense of direction to its planning documents, with a stronger emphasis on outcomes and performance measures, would help deliver greater consistency and improve overall public satisfaction.

Priority grading

Variable

< The Council has addressed some priority areas for communication and engagement with successful outcomes but has yet to achieve this in all areas.>

Planning effective engagement

The Council's Communication Strategy has a succinct and sound objective: *"Create high quality, planned, and consistent communications that tell our stories, celebrate achievements, and connect us with our community, so we're seen as a trusted and valued council."* This objective is complemented by priority focus areas that make good sense for a local authority; e.g. to demonstrate transparency, be consistent and coordinated, and enhance community engagement.

Council staff noted that the Strategy is aimed at bringing a more comprehensive overview to communications and engagement, rather than ad hoc approach they have had in the past – *"We wanted to use it to build trust, get more engagement, [but]...Covid cut across that."* They are using it to move communications and engagement from being the responsibility of the communications staff, to one that is the responsibility of everyone in Council.

This is a sound approach, and the goals and ambitions of the Strategy are good. However, the action plan accompanying the Strategy lacks specific actions, timeframes for completion, success

measures and allocation of responsibility. A "SMART" set of performance measures is needed to determine what will be achieved through the effective implementation of the Communications Strategy. Without these, it is difficult for elected members to assess performance or to adjust the Strategy in line with what actions deliver the most effective outcomes. The staff acknowledged this omission and are taking action to allocate dates and responsibilities on a 12-month cycle with quarterly reporting.

Reputation

The Council undertakes an annual community survey. This survey is complemented with surveys of distinct stakeholder groups such as community groups, building consent applicants and users of the economic development team.

The 2019 and 2020 survey results were generally strong. However, the 2021 results are down an average of 15-20 per cent across the board, including:

- > Overall satisfaction is down from 70 to 55 per cent.
- > Image/reputation is down from 74 to 54 per cent.
- > Value for money is down from 59 to 48 per cent.
- > Trust is down from 66 to 47 per cent.

Two factors identified by the survey authors as being particularly influential to overall satisfaction were:

- > Financial management: down from 64 to 47 per cent; and
- > Leadership: down from 72 to 52 per cent.

The survey report notes that: *"Improving residents' understanding of what they receive in return for rates and other fees will generate a more positive perception of value, as will promotion of Council's highly evaluated public and outdoor amenities."*

In contrast, the economic development survey is very positive, with 100 per cent of respondents satisfied or very satisfied with

the support they receive from Council. However, with a response rate of 14 per cent (23 respondents, of which 11 had made an inquiry or application for a grant), and a margin of error of 19 per cent, it is difficult to assess how material this survey is to overall performance.

The Council does not appear to have identified the underlying causes of the drop in survey results, although it is surmised that the impacts of the Covid pandemic may be a factor. Nonetheless, if the Council is to regain and enhance its reputation and credibility with the community, and encourage meaningful contributions to the survey, changes are needed. Included in this is the need for staff to provide councillors and the community with a plan of the main actions to be undertaken in the coming year in response to the key survey issues, and subsequently accounting for how those actions have been successfully completed.

Communicating through the media

The Council does not have a media strategy or formal media protocols, although the Communications Strategy has an action of: *“Continue to grow relationship with media to ensure trust and balance.”* The Council has a generally positive profile, and a high public recognition factor through the Mayor, who is very accessible. This strength could be better developed through a more sophisticated approach to all forms of media. Although professing a dislike to using “PR spin doctors”, public communications and engagement could benefit from more strategic consideration as to what Council is seeking to achieve.

At an operational level, the Council issues regular media releases, including updates from the most recent Council meetings. Its main local paper, the *Upper Hutt Leader*, provides a local communication channel as well as providing content to the Stuff website. Staff noted that there are less frequent meetings with the paper, but that this was a reflection of a more mature relationship and that they can readily address any issues, including changing online content, when circumstances arise.

Engaging digitally

Effective use of social media within the Council is still in a formative stage, with Facebook and Instagram used as the main social media channels for communication. Some elected members are active in social media in their individual capacity. However, there is no strategy as to how social media might be used to promote the goals of the Council and enable better engagement with the relevant groups and the community as a whole.

Engaging with iwi

The Council has established a role of Iwi Liaison Officer which appears to serve a valuable function in both providing iwi information on Council activities of interest and offering them an effective first point of contact with the Council. Local iwi view their relationships with the Council positively and acknowledge that they are a relatively small and less-resourced council than the others with whom they interact.

The Council’s Māori Engagement Policy is very aspirational and seeks to be *“... genuinely responsive to Māori needs, and develop pathways that will achieve lasting and meaningful relationships.”* What is less clear are the tangible outcomes that local iwi can expect from this engagement, and the measures by which successful engagement can be assessed. Without a strong emphasis on tangible outcomes and a meaningful partnership relationship, there is a risk that the good intentions expressed in the policy are undermined by a lack of substantive action and accountability.

Building relationships with business

The Council is well-aware that its proximity to Wellington City poses both a risk and an opportunity for its local business community. Through its surveys, the Council has identified a clear desire from local businesses for better promotion of the economic opportunities within the city, and a clear differentiation with Wellington-centric focus of Wellington’s regional economic development agency. There are clear signs of success in this regard ranging from niche developments such as Brewtown (a craft beer village in the central city), to major commercial projects such as the Blue Mountain campus commercial/retail development and the Lane St Studios film production facility.

The Council also engages energetically with central government at both a political and bureaucratic level. It has fostered strong relationships and is recognised as a passionate advocate for the advantages of business development in its city. Business representatives said of their dealings with the Council that it was *“very pragmatic”*; *“good at managing expectations”*; and *“very receptive to business needs.”*

Engaging with communities

The overall relationships between the Council and its community is mixed. The latest Residents’ Survey rates access to Council information at 48 per cent satisfaction, keeping the public informed at 48 per cent, and clarity about being involved in Council decision-making at 44 per cent.

However, some strong relationships have been established with community groups. The groups spoke positively about the level of engagement that they get from Council staff on community initiatives and their willingness to provide practical support. A comment was made that they *“have a good finger on the pulse of the community.”* It was also noted, however, that Covid-19 had adversely impacted on face-to-face contact with community groups, and a hope was expressed that this would change.

Strengths

There are some strong community relationships which provide a vital conduit for Council to address local issues.

Council has achieved real success in promoting the city as a business-friendly environment for retail and commercial developments.

The Mayor is acknowledged as being very accessible and a strong advocate for the community.

There is a solid relationship of trust with local iwi that can be developed further.

Council undertakes well-targeted surveys for specific stakeholder groups, but it would benefit from clear follow-up action plans.

Areas for improvement

More specific outcomes and “SMART” performance measures within the Communication Strategy to provide stronger accountability.

Establish a media strategy, which includes the goals and success measures for social media engagement.

An annual plan of action to respond to the key issues emerging from the Residents’ Survey and which is publicly reported in the following 12 months.

Further develop the Māori Engagement Policy in partnership with local iwi to better define the tangible outcomes expected T.

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