



Local Government
Commission
Mana Kāwanatanga ā Rohe



Enhancing local government in Northland

Recommendations to Northland Councils

May 2018

Foreword

Tēnā koutou

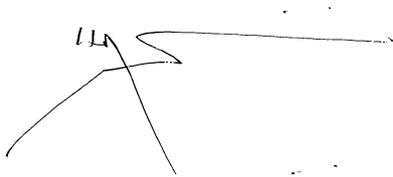
In January 2013 the Local Government Commission received an application for local government reorganisation from Far North District Council. The Commission has been engaged with the Northland local authorities since that time.

The Commission dropped a proposal to establish a region-wide unitary authority in 2015 and ended the formal reorganisation process late in 2017, but has continued to engage with the councils as they have developed a more collaborative regional approach to their work and have begun investigating a range of potential shared services arrangements. The Commission fully supports the direction in which the Northland councils are moving, and sees this as having potentially significant benefits to Northland communities over time.

Achieving those is however going to require that the councils persist with this approach over an extended period of time, and will involve the investment of time and effort at both governance and managerial levels. The councils are still at the start of a journey, rather than at the end of it. The Commission encourages the councils to continue with this collaborative approach and their exploration of shared services opportunities. The recommendations the Commission makes in this report are intended to assist and support the councils in doing so.

We look forward to receiving the Council's response in due course.

Nāku noa

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized, somewhat abstract shape.

Sir Wira Gardiner

Chair, Local Government Commission

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Recommendations

Recommendations to Northland Councils

In terms of section 31(1) of the Local Government Act 2002, the Local Government Commission recommends to the Northland Regional Council, and the Far North, Whangarei and Kaipara District Councils that:

- a. they maintain their focus on regional collaboration and the exploration of shared services opportunities in the region;
- b. the mayors and chair consider how they can most effectively champion and socialise the regional collaboration approach and shared services within their districts;
- c. they consider recasting Northland Forward Together as an explicitly multi-year programme and provide greater clarity about the priorities, sequencing and resourcing of the projects and work streams under the Northland Forward Together umbrella;
- d. they consider the application of the concept of dispersed “centres of excellence” in developing the Northland Forward Together programme;
- e. they confirm their commitment to the Northland Transportation Alliance and its development along the lines envisaged by the business case leading to its establishment.

In making these recommendations the Commission notes:

- f. that there has been significant change in the relationships among councils, and that considerable progress has been made in terms of regional collaboration;
- g. the positive step taken in setting up the Northland Forward Together programme for the exploration of a range of opportunities for shared services;
- h. the challenges in resourcing such a large and diverse shared services work programme as Northland Forward Together;
- i. that the NTA is a New Zealand “first” of this type of arrangement and is still at an early stage and needs to be persisted with and developed if the gains identified in the business case are to be achieved.

Recommendations to the Minister of Local Government

- j. The Commission recommends that the Minister of Local Government notes the Local Government Commission’s recommendations to the Northland Councils

Context

Local government reorganisation in Northland

In January 2013 the Local Government Commission received an application from Far North District Council, in association with a Far North District Local Government Working Group, for the district to become a unitary authority. This marked the start of the current engagement of the Local Government Commission with the councils of the Northland region.

In November 2013, the Commission issued a draft proposal to establish a single unitary authority for the Northland region as a whole. After considering the results of extensive consultations, and a public submission process, the Commission concluded that there was insufficient public support for this proposal to be advanced further. In June 2015 it decided not to proceed with that proposal, but to continue to engage with the councils and consider whether there was an alternative proposal which might attract the necessary level of community support.

The Commission believed there was considerable potential for improvements to the way local government operated in the region. It also believed that there was a significant level of support for change of a more incremental nature than its draft proposal had suggested. Arising from this, in April 2016 a memorandum of understanding was agreed between the Commission and councils about how the parties would work together across the shared services area and the Commission's reorganisation process.

Under this arrangement the Commission supported the development of two expert reports that were presented to the Northland Chief Executive's Forum, as contributions to the process for the identification of opportunities for shared services and greater regional collaboration among the councils. One of the reports considered the current state of water assets, covering drinking water, wastewater, stormwater and flood protection¹. The other looked at the councils' IT infrastructure².

In the light of the work being undertaken in the region the Commission, in October 2017, formally decided that it would not issue a new draft reorganisation proposal. This brought the formal reorganisation process to an end.

Since the reorganisation process

The Commission, however, also decided to continue its engagement with the Northland councils and the work they were doing. It signaled that it would consider the option of using its powers under section 31 of the Local Government Act to make recommendations to local authorities and/or to the Minister of Local Government on matters relating to local government. Since that time the Commission has twice visited Northland for discussions with the mayors, chair and chief executives, in November 2017 and April 2018.

¹ Four Waters Project, SPM Assets, September 2016

² Northland Councils ICT Architecture Review, Equinox IT, October 2016

The recommendations set out here reflect what the Commission has observed and learned of the region over this extended period of engagement.

The Northland context

The region's challenges

The Northland region faces significant challenges in terms of economic and social development, and the provision of transport and other infrastructure. While some parts of the region need to respond to the demands of population growth, others face challenges arising from the absence of population and economic growth, and there are some significant areas of social and economic deprivation within the region.

The region's local authorities have a crucial role in addressing these challenges, both through their own efforts in their core roles as local infrastructure providers, and in terms of their ability to work effectively with central government and other stakeholders. Those regions which are able to present a coherent and cohesive regional response will be better positioned to engage with central government and others around the means of addressing their challenges.

The Northland community has shown no appetite for large scale changes to the structure of local government as were previously proposed by the Commission. Consequently it falls to the current councils working within the existing structure of local government to focus on how they collectively and individually can most effectively respond to these challenges.

A new approach

The Commission is pleased to observe that the four councils in the region have recognised that achieving improved outcomes while working within current structural arrangements will require them to work differently from how they have in the past.

The period since the Commission abandoned its draft reorganisation proposal has seen some significant initiatives from the councils with a focus on providing more effective local government across the region. In particular the Northland councils have focused considerable effort on:

- developing a more cohesive regional approach through the Northland One Voice Collaboration;
- identifying and starting to explore a range of shared services opportunities under the umbrella of Northland Forward Together; and in particular,
- establishing the Northland Transportation Alliance, in partnership with NZTA, and the associated councils' shared transportation business unit.

Relationships among Northland councils

The progress that the Northland councils are making is only possible because of a major change in the relationships among the region's four councils over the period since the reorganisation application was lodged in early 2013. Historically relationships among the Northland local authorities have tended at times to be quite fractious. With the benefit of hindsight it is apparent that the reorganisation proposal made to the Commission arose, at least in part, out of a breakdown in relationships among the councils.

In more recent times the councils have taken some significant steps towards a more regional collaborative way of working. Effective collaboration among local authorities whether at the strategic level or at the more operational level of shared services is inherently reliant upon relationships and on leadership. Each local authority is a sovereign decision-making body, and a range of perspectives are likely to be represented around any council table. Effective collaboration among councils does not happen automatically, it is something that has to be worked at, and which requires ongoing commitment.

Regional collaboration

The Commission has observed that the councils have developed an aligned regional approach so that they were able to speak to Government with one voice (the Northland One Voice collaboration). We understand that this had already produced benefits in terms of the region's ability to respond early to the announcement of the Government's Provincial Growth Fund (PGF).

The councils are speaking with one voice in their response to the PGF based on what is good for the region and accepting that there would be swings and roundabouts in terms of wins for individual districts. Several projects (mainly in Far North District) that had been "shovel ready" were promoted by the region as a whole and have already been early recipients of funding under this programme, to a value of around \$24M.

Conclusions and recommendations

The Commission:

- notes that there has been significant change in the relationships among councils, and that considerable progress has been made in terms of regional collaboration; and,
- recommends to the Northland councils that they maintain their focus on regional collaboration and the exploration of shared services opportunities in the region;

Shared Services – Northland Forward Together

An agenda set

The Northland councils have established an extensive joint programme to explore and develop shared services across the region, under the umbrella Northland Forward Together (NFT). Approximately 20 different areas of council activity are identified where the scope for shared services approaches is to be explored, and then, where appropriate, implemented. The Commission understands that at the time of writing some “wins” were being achieved but, it observes that at this stage most projects remain works in process, while some are yet to be progressed. This is an ambitious agenda at an early stage in its development.

Risks in collaboration

The Commission views this as a very positive step, but is conscious that there are significant challenges to be met in delivering such a broad and ambitious agenda. Scoping, investigating and implementing shared service initiatives inevitably requires resources additional to those required for “business as usual”. Genuine collaboration involves the commitment of time and effort, at both governance and operational levels, as does the setting up of new arrangements once decisions are made to do so. And this effort needs to be sustained over time.

It is easy for momentum on innovative projects to be lost in the face of the competing demands on resources of maintaining day to day service delivery. This is particularly the case where a large number of projects are pursued concurrently. The Commission encourages the councils to consider how best to actively manage this risk.

The Commission understands from discussion with councils that Northland Forward Together is seen as a menu of opportunities to be investigated over time. In this context it is accepted that the precise timing of when things are advanced is always likely to be impacted by other events. Other opportunities may also arise at times that quite appropriately demand higher priority for a period. The Commission has for instance been told that at the time of writing the opportunities presented by the roll-out of the Provincial Growth Fund are taking priority. This is understandable.

Managing the risks

The Commission considers that the risk of loss of momentum on the NFT programme may be more effectively managed if the councils established clearer priorities among the work streams; and around the sequencing, timing and resourcing of projects.

This would involve more explicitly drawing out the dependencies among them: what are the things that need to be achieved before others can be pursued? It would also make more explicit the multi-year nature of the programme, and that everything does not have to be advanced “all at once”.

In working through this the councils will need to balance the differing scope of potential gains offered in focusing on particular areas of council activity, against the degree of effort and level of resources needed to progress them. Some work streams appear to offer the potential for a greater positive impact on communities than others: some offer incremental

improvements, others hold the potential for step change in the way key services are delivered.

On the other hand some opportunities may require only a modest expenditure of resources to make progress, while others may be more demanding and costly, and take longer, to achieve. In some areas the reality may be that the level of effort and cost required for effective collaboration may be so great as to raise questions about whether it is worthwhile pursuing.

Accordingly the Commission invites the Northland councils to consider whether there is scope for greater progress to be made by identifying fewer immediate priorities and focusing on the resourcing of those areas and setting more specific timelines for delivery of those projects.

Conclusions and recommendations

The Commission:

- notes the significant positive steps taken by the Northland councils in setting up the Northland Forward Together programme for the exploration of a range of opportunities for shared services; and
- notes the challenges in resourcing such a large and diverse shared services work programme as NFT
- recommends that the Northland councils recast NFT as an explicitly multi-year programme and provide greater clarity about the priorities, sequencing and resourcing of the projects and work streams under the NFT umbrella

Northland transportation alliance

The Northland Transportation Alliance was established in July 2016, facilitated by NZTA as part of a package which saw a major regional route (the Mangakahia Rd) come under NZTA control as a state highway. It is by far the most substantial manifestation of regional collaboration at an operational level.

The arrangement involves two aspects: the “alliance” (between NZTA and the councils); and the establishment of a shared transport business unit among the four councils. NZTA and most council roading staff are co-located in a single office in Whangarei (some Far North District staff remain in Kaikohe), with the council staff operating under a single manager. This is the first arrangement of its type in the country. There are other roading “alliances” involving NZTA and a single council but none involving NZTA and multiple councils. The arrangement is very new and in some respects still bedding in and finding its feet.

The Commission commends the initiative taken by the councils and NZTA in setting up the Alliance, and the associated shared business unit. While this arrangement is still in its infancy it is difficult to see it as anything other than a significant positive step. The work being done now is building the foundations for future success. The Commission will continue to follow the development of the Alliance with interest.

The Commission understands that the councils are currently reviewing the model and structure of the shared business unit, with a view to achieving a more integrated operating model, as envisaged by the original business case. The Commission believes this is an appropriate focus at this stage, with the business unit having been in operation for long enough for such a review to be informed by experience.

The Commission believes that the greatest potential gains from the Alliance and shared business unit still lie in the future, and it encourages the councils to continue to invest in and support the development of these arrangements, as envisaged when the model was agreed to.

Conclusions and recommendations

The Commission:

- notes that the Northland Transportation Alliance is a New Zealand “first” of this type of arrangement and is still at an early stage and needs to be persisted with and developed if the gains identified in the business case are to be achieved.
- recommends that the councils confirm their commitment to the Northland Transportation Alliance and its development along the lines envisaged by the business case leading to list establishment.

Looking to the Future

The Northland councils have made considerable progress in developing a more collaborative approach to local government across their region, and have set themselves an ambitious programme for the investigation, and possible implementation of shared services across a range of areas of activity. While some gains are already being achieved most of the potential gains lie in the future. If these are to be achieved the approach currently being taken will need to be persisted with for some time.

The foundation on which much of this sits is the highly collegial relationships among the mayors and chair with a focus on “the good of the region”. Achieving further progress, particularly in terms of shared services, however requires more than just the good will of those in leadership roles. It involves acceptance of change in what council business as usual looks like throughout the affected communities, if momentum is to be maintained through time, and crucially across electoral cycles. Those in leadership roles, however, need to carry their communities with them, and this may require some effort to socialise the collaborative approach more broadly within their communities.

The Commission is conscious that communities are often suspicious of change to local government arrangements, in particular where this is seen as involving the centralisation of council staff to a single regional location with a resulting loss in jobs located in smaller centres. The Commission was interested to hear in its discussions with councils of their interest in the concept of dispersed “centres of excellence”. This is the idea that regional “centres of excellence” for different areas of council activity might be dispersed among towns so as to achieve the desired advantages of operational scale without all the jobs ending up in one centre.

In a region such as Northland with numerous small towns across a large land area this concept may have particular relevance. The Commission would encourage the councils to carry this perspective forward into their consideration of how they can advance the NFT shared services programme.

Conclusions and recommendations

The Commission:

- recommends to the mayors and chair of the Northland councils that they consider how they can most effectively champion and socialise the regional collaboration approach and shared services within their districts
- recommends that the councils consider the application of the concept of dispersed “centres of excellence” in developing the NFT programme.

Conclusion

The Commission has been engaged with local authorities of the Northland since early 2013, firstly in response to an application for the reorganisation of the local authorities, and more recently in relation to the emergence of greater regional collaboration, and the exploration of shared services among the councils in the region.

Over this period the Commission has observed a major change in the state of relationships among the councils, and the emergence of a far more collaborative regional approach, which is now starting to pay dividends. The councils have set themselves an ambitious agenda for the investigation of opportunities for shared services among the councils, and some important steps, such as the establishment of the Northland Transportation Alliance, with NZTA, have been taken. The Commission sees all this as extremely positive.

However, the councils are still at the start, rather than the end of the journey. Most of the potential gains from this approach still lie in the future. Achieving those gains will however require ongoing effort at both governance and management levels over a sustained period of time – meaning most of the work is also still in the future.

The Commission supports the direction in which the councils are traveling. The recommendations made to them in this paper are intended to support and assist their efforts.