

Local Authorities Working Together



Report of the

Controller and Auditor-General

Tumuaki o te Mana Arotake

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May 2004

*This is the report of a performance audit
we carried out under sections 14 and 16 of the
Public Audit Act 2001.*

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Foreword

Local authorities have common statutory responsibilities, carry out many of the same functions and activities, and face similar challenges. They are also subject to increasing demand from many quarters to improve services and overall performance.

Working together can be a practical and cost-effective way for local authorities to share experience and resources, tackle common tasks, or take advantage of economies of scale. Working together can bring significant benefits that may not always be in the form of cost savings. For example, co-ordinating services, providing affordable access to expertise, strengthening organisational capability, and better alignment of council policies are all valid reasons for local authorities to work together.

Local authorities often enter into a joint arrangement in response to a specific need at a particular time. However, the opportunities for working together are many and varied, so a systematic, criteria-based approach is warranted to guard against wasting scarce resources or pursuing unproductive arrangements. Partnership agreements can serve as the basis for local authorities to work together even where their cultures, working styles, and decision-making processes may be very different.

My report draws on an assessment of a small number of the many joint arrangements between local authorities. The arrangements that were reviewed were generally soundly managed, with agreed objectives, budgets, and systems for monitoring progress and expenditure. Councillors were involved, where appropriate, in governing and/or overseeing a joint arrangement and setting criteria for community outcomes.

Timely, well focused, and soundly managed joint arrangements that have the support of councillors and council staff can deliver significant gains for local authorities and their communities. This report and the accompanying brochure offer guidance as to how local authorities might go about identifying opportunities and preparing proposals for working together. I hope that local authorities find my report a source of useful guidance.

Finally, I would like to thank those local authorities that participated in this audit for the time they took in providing documentation, meeting my auditors, and providing comment on the draft report.



K B Brady
Controller and Auditor-General

17 May 2004



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Summary

Introduction

Local authorities carry out many of the same functions and activities, have common statutory responsibilities, and face similar challenges. Working together can be a practical and cost-effective way to tackle common tasks, share resources, or take advantage of economies of scale. Internationally, public bodies at local and central government levels are being encouraged to work together in the interests of efficiency and the co-ordinated delivery of services to the public.

We selected 12 case studies from throughout New Zealand to examine a variety of joint arrangements between local authorities. These arrangements included sharing staff, joint procurement, combined planning, and co-operative delivery of services.

We examined these arrangements against a set of broad good-practice expectations, in order to assess whether the joint arrangements were being well managed and were providing value for money. We then considered the case studies collectively to draw out more general guidance for local authorities. This is summarised in a separate brochure.

We intend to use our report as a basis for any future work in this topic area.

The Environment for Working Together

The Legislative Framework

The Local Government Act 2002 (the Act) requires local authorities to carry out their activities as effectively and efficiently as possible. One way that local authorities can meet this requirement is by working together. The Act gives local authorities the freedom to work together where they can demonstrate benefits in doing so.



Strategies for Working Together

Staff in local authorities will more readily identify and take advantage of opportunities to work together where the organisational environment and culture actively support working together. Some local authorities have promoted working together by:

- introducing specific strategies or policies; or
- taking part in regional forums.

Less than half of the local authorities involved in our case studies referred in their planning documents to a policy or strategy on partnerships or other forms of working together with other local authorities. Some local authorities may therefore be missing out on useful opportunities to work together. We encourage all local authorities to consider working together wherever there is potential to operate more efficiently or deliver services more effectively to their communities.

Regional Forums

We looked at two regional forums established expressly to foster joint arrangements among local authorities in Auckland, and in Southland. These forums were helping local authorities in the two regions to align strategies and policies, and provided an opportunity for councillors and chief executives to identify and debate opportunities for working together.

Local authorities may have a lot in common in terms of functions, responsibilities, and challenges, but they can also differ in many respects, such as size, culture, resources, systems, and service standards. These factors may pose a barrier to working together. Through regional forums, local authorities were able to better understand their different circumstances and priorities, and to reach a common view on the best approach to working together.

Councillors may be wary of arrangements that transfer a measure of control and governance to a joint body or another local authority, especially where individual council priorities are different. Forums can enable councillors from different local authorities to align priorities and perspectives, to help reach decisions as a region, and resolve differences as they arise. Our case studies showed that the leadership and commitment of councillors was critical to the success of joint arrangements.



Neither of the two regional forums had the power to bind its member councils. Reporting back to the individual councils was an important feature of each forum. This arrangement preserved the decision-making powers of individual councils on particular issues, leaving each free to choose whether or not to participate in a particular joint arrangement.

Creating a Catalyst for Ongoing Co-operation

Relationships take time to establish and maintain. Successful regional co-ordination can be the product of relationships built up between staff in different local authorities over a number of years. Where they existed, staff networks had created a valuable level of trust and understanding between local authorities, and a foundation for entering into specific joint arrangements. In some cases, the constructive working relationships built by staff involved in joint arrangements, had created opportunities for further and ongoing co-operation between their organisations.

Selecting Joint Arrangements

Deciding Whether Working Together is the Best Option

Entering into joint arrangements with other local authorities is one of many ways that a local authority may choose to carry out its activities. In order to identify and analyse options, local authorities need to take a systematic approach – assessing costs, benefits, and risks, and considering alternatives such as carrying out a task in-house or contracting out a service. In deciding to work together, local authorities must be able to demonstrate that this approach will benefit local communities. We assessed whether the processes followed by local authorities met our expectations.

Joint arrangements had come about for different reasons:

- to meet new statutory obligations or standards;
- to align objectives, policies, standards and activities, provide better quality and more consistent information to the public, and ensure consistent processes or standards – especially for people dealing with more than one local authority;¹

¹ Working together may not be appropriate where a local authority has a statutory duty to make a particular decision itself, such as in relation to some functions performed under the Resource Management Act 1991.





SUMMARY

- to build capability – an issue faced by smaller or less well-resourced local authorities in particular; and
- to deliver services more effectively or efficiently.

Of the 12 joint arrangements that we examined as case studies, 4 were the outcome of a considered assessment of a variety of opportunities to work together. While useful, these processes did not fully meet our expectations of a systematic and comprehensive examination of options.

Moreover, few potential joint arrangements were subjected to a rigorous business case assessment that identified and analysed all costs, benefits, and risks. Cost/benefit assessments, where they were undertaken, often excluded the costs of in-house staff time, which in some cases was significant.

We identified some proposed joint arrangements that failed to proceed. This may happen for a number of reasons. However, in our view, more rigorous planning, analysis of costs, benefits, and risks, and consideration of options might have reduced some of the time and effort spent on pursuing unproductive opportunities, and made it more likely that proposed joint arrangements would have demonstrable benefits for local communities.

Benefits of Working Together

Despite the absence of cost/benefit analysis in some cases, we identified significant financial and non-financial benefits for local authorities working together. These included:

- avoided staff costs;
- access to skills and expertise;
- exchange of best practice;
- procurement savings from economies of scale;
- better community outcomes;
- co-ordinated services; and
- improved compliance with legislation and standards.



However, local authorities were often unable to reconcile actual benefits with projected benefits because:

- no cost/benefit analysis had been undertaken;
- benefits (such as common standards or better services) were sometimes not able to be quantified; and
- some of the joint arrangements had not yet reached the stage where benefits were apparent.

Management of Joint Arrangements

Most of the joint arrangements that we looked at were being soundly managed, as appropriate to their scale and complexity, and the levels of risk for the partners.

Agreements for Working Together

Some local authorities had drawn up partnership agreements. These were providing a useful framework for local authorities to work together on specific projects, and outlined agreed objectives and roles, a clear project timetable, funding arrangements, and working relationships. Where local authorities had different cultures, working styles, policies or decision-making processes, such agreements provided a means for the partners to resolve issues as they arose.

Ongoing relationships – such as for local authorities to share staff, provide services, or run a joint venture – were commonly governed by a contract setting out the terms of the agreement between the partners.

Governance Arrangements

We found that governance arrangements were appropriate, and varied according to the nature of the project. Joint arrangements of strong community interest were governed by steering groups with councillor representation from the participating local authorities. These steering groups fulfilled important functions, such as:

- communicating with local communities and meeting public accountability expectations;
- directing project teams of staff from the participating local authorities;



- resolving policy differences between partner local authorities; and
- keeping participating local authorities informed.

Staff on project teams were taking positive steps to ensure that councillors were consistently briefed and that council decisions were co-ordinated.

Structure and Legal Form

Working together can give rise to situations where it may be necessary to consider making appropriate corporate arrangements. Circumstances where this will be necessary are where local authorities:

- commit significant shared expenditure;
- employ staff who work for more than one local authority; and/or
- collectively enter into a contract, thereby incurring legal obligations.

In some instances, project teams had carefully considered options for the structure of a joint entity against well-defined criteria. Other arrangements had evolved to the point where financial transactions and other aspects of the relationship between the local authority partners needed to be put on a more formal footing, and consideration given to the structure and legal form of the joint arrangement.

Funding Joint Arrangements

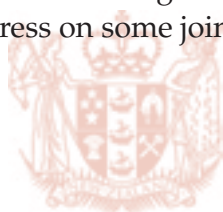
Joint arrangements typically involve two types of expenditure:

- joint expenditure to, for example, engage consultants; and
- costs incurred by individual local authorities – in particular staff time, administration, and other associated overheads.

Arrangements involving joint or pooled funding need robust reporting and monitoring mechanisms agreed to by all the partners.

For each of our 12 case studies, the participating local authorities had negotiated a formula for sharing joint expenditure. Some joint arrangements gave partners the flexibility to meet their share of the costs through in-kind contributions instead of cash.

Few budgets identified staff time and other in-house costs, or analysed the effect on workload. Failure to recognise the demand on staff resources was responsible for slow progress on some joint arrangements.



In some situations, local authorities had appointed a project manager, who played an important role by:

- managing the implementation of the joint arrangement strategy or plan;
- ensuring key milestones were met and work programmes completed;
- monitoring expenditure on behalf of the funding partners; and
- facilitating agreement between the parties, reconciling differing points of view, and co-ordinating relationships between participating local authorities and with other stakeholders.

Monitoring and Evaluation

Periodic reviews can provide assurance that project deadlines are being met, benefits realised, and lessons learned. We found that joint arrangements were not generally being evaluated to ensure that they delivered the expected gains. Where proposals had identified net benefits from working together, we found no mechanisms in place to monitor and review actual benefits against projected benefits.



Part One

Introduction



Background

- 1.1 It is now widely accepted that, by working together, public sector organisations can find ways to improve their effectiveness and efficiency, and to provide better services and outcomes for the public dollar.
- 1.2 Internationally, public bodies are increasingly being encouraged to consider working more closely together to provide services to the public and to operate more efficiently. For example, the Audit Commission for England and Wales has issued guidance on the benefits and pitfalls of partnerships.²
- 1.3 Within central and local government in New Zealand, there has been an increasing recognition of the need for public bodies to work together to meet their common goals. For example, in October 2003, we published a report³ that commented on the efforts and achievements of the four core criminal justice agencies in working together to achieve the Government's outcomes.
- 1.4 In addition, Standards New Zealand set out the likely advantages and disadvantages of sharing services in its 2003 publication *Guide to Local Government Service Delivery Options*⁴ and the Ministry of Social Development issued a good practice guide⁵ for regional co-ordination and integrated service delivery. A number of adjoining local authorities are currently exploring opportunities for working together as a region or as a sector.
- 1.5 Under the Local Government Act 2002 (the Act), local authorities are required to carry out their activities as effectively and efficiently as possible.⁶ Working together may be one way for them to do so.
- 1.6 Moreover, local authorities perform common functions and carry out similar activities. Staff often need similar skills and expertise, and tackle similar challenges, such as meeting new standards or complying with new legislation.
- 1.7 The Act expressly permits local authorities to exercise their powers by engaging in a joint undertaking, a joint activity, or a co-operative activity.⁷ We refer to these as joint arrangements.

2 Audit Commission, *A Fruitful Partnership*, 1998, ISBN 1 86240 075 X.

3 Report of the Controller and Auditor-General, *Co-ordination and Collaboration in the Criminal Justice Sector*, October 2003, ISBN 0-478-18108-6.

4 Standards New Zealand Handbook, 2003, SNZ HB 9213:2003.

5 Ministry of Social Development, *Mosaics*, 2003, ISBN 0-478-25138-6. The publication describes good practice for government agencies, Māori groups, local authorities, community and voluntary sector groups, and Pacific groups working together on regional co-ordination and integrated service delivery.

6 Section 14.

7 Section 12.



What is a Joint Arrangement?

1.8 Local authorities can work together in many ways. These joint arrangements could involve:

- providing services that cross territorial boundaries;
- jointly contracting for goods or services;
- establishing common standards and guidelines;
- sharing resources such as staff;
- forming a separate body to carry out common functions on their behalf; or
- forming a consortium to share the cost of products or services.

What Were Our Audit Objectives?

1.9 The objectives of our audit were to:

- assess whether joint arrangements of local authorities were well managed and provided value for money;
- identify the potential benefits of and obstacles to working together, drawing on the experiences of local authorities involved in such joint arrangements;
- provide guidance for local authorities considering involvement in a joint arrangement; and
- examine specific joint arrangements in depth.

How Did We Carry Out Our Audit?

1.10 Our first step was to establish the nature and extent of working together in the sector, by seeking information from all local authorities. To do this, we carried out a survey in May and June 2003, identifying a wide range of joint arrangements among local authorities. The responses to our survey showed very different levels of interest in and commitment to working together in the regions and by local authorities.



- 1.11 To assess how well the joint arrangements were being managed and whether they were producing benefits, we chose 12 as case studies from the information provided by local authorities. We undertook the case studies between October and December 2003 by:
- interviewing local authority chief executives and staff and, where relevant, councillors; and
 - obtaining supporting documents to establish how each joint arrangement came about and how it was managed, and to identify costs and benefits.
- 1.12 Our audit was designed to assess against a set of broad expectations of good practice whether the selected joint arrangements were being well managed and providing value for money. We expected that:
- Local authorities involved in joint arrangements would have a clearly articulated strategy for working together.
 - Local authorities would adopt a rational process for choosing opportunities for working together.
 - Joint arrangements would be soundly managed.
 - The working relationship between the parties would be underpinned by a clearly defined and understood partnership arrangement.
- 1.13 In drawing up our expectations we consulted agencies involved in a range of collaborative ventures, such as Transit New Zealand (in respect of roading network management) and the Ministry of Civil Defence and Emergency Management (in respect of regional civil defence and emergency management groups).
- 1.14 We gathered similar information about each joint arrangement in order to make a comparative assessment. For each case study, we assessed:
- strategies for working together;
 - how each joint arrangement came about; and
 - project management.



- 1.15 We then verified the factual accuracy of our summaries of the 12 case studies with the relevant local authorities, and identified:
- instances of good practice; and
 - any matters of concern – and provided the results directly to the relevant local authorities.

How Did We Choose the Case Studies?

- 1.16 We chose case studies to encompass, as far as possible, a mix of local authorities, such as:
- large and small;
 - in different locations, including Auckland as the major population centre;
 - regional and territorial; and
 - urban and rural.
- 1.17 We also looked at a range of large-scale and small-scale joint arrangements, including activities required by statute, and formal and informal arrangements.
- 1.18 We excluded the following forms of working together from the scope of our audit:
- joint ventures formed not primarily for the purposes of working together but with wider or commercial objectives, such as tourism or economic development;
 - contracts for the supply of services to local authorities;
 - local-government-wide schemes or requirements, such as those for the regional organisation of civil defence;
 - arrangements for the funding of regional facilities such as stadiums and museums; and
 - those arrangements that involve a Council-Controlled Organisation to jointly deliver a service.
- 1.19 The joint arrangements that we chose as case studies are shown in Figure 1 on the opposite page. A more detailed explanation of each case study is provided in the Appendix on pages 67-92.



*Figure 1
Case Studies of 12 Joint Arrangements*

Name of Case Study	Participants	Brief Description
Amalgamation of Rural Fire Services in Southland.	Southland District Council, Invercargill City Council, Gore District Council, the Department of Conservation Southland Conservancy, and Southern Plantations (a consortium of forest owners).	An agreement between five organisations, including three local authorities, to establish a combined Southland rural fire district.
The Auckland Libraries Smarter Systems Project.	Auckland City Council, Manukau City Council, North Shore City Council, Rodney District Council, and Waitakere City Council.	An agreement between five local authorities to collectively evaluate the costs, benefits, and feasibility of a consortia purchase of a replacement library management system.
The Auckland Traffic Management Unit.	Auckland City Council, North Shore City Council, Manukau City Council, Waitakere City Council, and Transit New Zealand.	An arrangement to integrate the traffic control systems of each participant.
Canterbury Sharing of Energy Management Expertise.	Christchurch City Council and Hurunui District Council.	An arrangement for Christchurch City Council to provide energy management expertise on a cost-recovery basis to a smaller, rural council.

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Name of Case Study	Participants	Brief Description
E-Local Government in the Auckland Region.	North Shore City Council, Auckland City Council, Auckland Regional Council, Manukau City Council, Rodney District Council, Waitakere City Council, Franklin District Council, and Papakura District Council.	A working party set up to co-ordinate and monitor progress of the Auckland region's E-Local Government vision.
Geographic Information Systems and the Auckland Area Orthophotography Standard.	North Shore City Council, Auckland City Council, Auckland Regional Council, Manukau City Council, Rodney District Council, Waitakere City Council, Franklin District Council, and Papakura District Council.	A Geographic Information Systems Working Group set up to establish a common Orthophotography Standard for the Auckland region.
Information Technology Outsourcing Arrangements.	Opotiki District Council and Environment Bay of Plenty.	An arrangement for Environment Bay of Plenty to provide information technology support to Opotiki District Council.
The Our Way – Southland Project.	Environment Southland, Southland District Council, Invercargill City Council, and Gore District Council.	The four Southland local authorities agreeing to work together on a shared vision for their Long Term Council Community Plans.
The Regional Council Information Technology Consortium.	Horizons*, Waikato, Taranaki, Southland, West Coast and Otago Regional Councils. <small>(*Horizons Regional Council is the trading name of the Manawatu-Wanganui Regional Council).</small>	Information technology database modules specifically designed for Regional Councils.



Name of Case Study	Participants	Brief Description
Shared Staffing in Taranaki.	South Taranaki District Council and New Plymouth District Council.	Two staff from New Plymouth District Council seconded part-time to South Taranaki District Council.
Planning the Wairarapa Coastal Strategy.	Wellington Regional Council, Masterton District Council, Carterton District Council, South Wairarapa District Council, and the two Wairarapa Iwi – Rangitaane o Wairarapa and Ngati Kahungungu ki Wairarapa.	A working party set up to prepare an agreed coastal strategy for the Wairarapa Coast.
Water Services Integration in Wellington.	Wellington City Council and Hutt City Council.	A joint unit that manages water services for the two local authorities.



Part Two

The Environment for Working Together



Key Messages

- Working together effectively takes time and careful planning.
- Councils should adopt a policy of exploring opportunities for working together as part of the ongoing review of how they give effect to their role and activities.
- The support and leadership of both councillors and chief executives can be vital to motivate local authorities to work together. The involvement of councillors is essential when joint arrangements have implications for the community.
- Building working relationships takes time. Constructive relationships between the parties can help them overcome any differences that may arise in the course of a joint arrangement.

Introduction

- 2.1 Local authority staff will more readily identify and pursue ways of working together in an environment where working together is promoted and supported. A specific strategy for working together encourages staff to pursue opportunities regionally and more broadly.
- 2.2 We expected that local authorities would have considered whether they should participate in joint arrangements as a way of carrying out their activities.
- 2.3 In this part we comment first on the legal framework for local authorities to work together. We then discuss the two main ways by which local authorities have chosen to promote working together:
- specific strategies; and
 - regional forums.
- 2.4 Finally, we discuss how a single, finite project can act as a catalyst for local authorities to work together in other areas of common interest.



The Legal Framework for Working Together: the Local Government Act 2002

- 2.5 The Act establishes a framework for local authorities to work together. Under section 12, a local authority has full capacity and powers to undertake any activity, for the purposes of giving effect to its role, including the ability to undertake activities together. Local authorities can do so in a number of ways, such as acting jointly, establishing a Council-Controlled Organisation⁸ together, or by transferring or delegating some of their functions or powers to another local authority in prescribed circumstances.
- 2.6 In specifying the principles relating to local authorities, section 14(1)(e) of the Act also states that, in performing its role, a local authority should:

... collaborate and co-operate with other local authorities and bodies as it considers appropriate to promote or achieve its priorities and desired outcomes, and make efficient use of resources.

Specific Strategies for Working Together

Strategies and Policies

- 2.7 Local authorities use Long-Term Council Community Plans (LTCCP) and annual plans to tell their communities how they propose to carry out their activities. In comparing our 12 case studies, we considered 25 local authority annual plans for 2003-04 or LTCCPs⁹ for references to partnerships with other local authorities or other forms of working together.
- 2.8 Nearly all of the plans referred to activities in which local authorities were working together. Such references included the joint activities of Southland authorities, combined planning in the Wairarapa, a regional approach to waste management in Taranaki, and formation of a joint Water Management Unit by the Hutt and Wellington City Councils.
- 2.9 Few plans referred to local authorities actively considering opportunities to work together on a broad range of activities. However, areas where this was occurring were in Southland, Wairarapa, and Taranaki.

8 As defined in section 6 of the Act.

9 At the time of writing this report, local authorities were changing to the planning regime introduced by the Local Government Act 2002. For the period beginning 1 July 2003, a local authority could adopt an LTCCP under the Local Government Act 2002, or an annual plan under the Local Government Act 1974. For this reason, in some cases we reviewed annual plans, and in others, LTCCPs.

THE ENVIRONMENT FOR WORKING TOGETHER

2.10 For example, the 2003-04 Annual Plan for South Taranaki District Council states that developing partnerships in the region is a key strategic focus. The plan outlines the council's intentions to take advantage of partnership opportunities, including a commitment to –

... explore, evaluate and, where appropriate, decide upon partnership arrangements for the management and operation of Council services.

2.11 Similarly, the Annual Plan for Carterton District Council reflects a policy among the Wairarapa local authorities to seek opportunities to work together –

... Council continues to be proactive in seeking co-operative service delivery ventures with neighbouring authorities with a target to encourage cost savings and enhancement of service delivery.

2.12 Council planning documents have also given some local authority managers a clear mandate to explore opportunities for working together, a transparent framework for a rigorous assessment of results, specific timelines, and clear accountabilities.

2.13 For example, the South Taranaki District Council Annual Plan contained an undertaking to discuss areas of potential joint benefit with neighbouring local authorities, with the aim of reaching agreement on priorities and indicative timelines by 31 December 2003. The plan noted that full feasibility studies for services that might benefit from cross-boundary co-operation were to be completed by 30 March 2004, and that the results were to be made available for consultation.

2.14 Some successful joint arrangements that we reviewed were not the product of any particular council strategy. However, in our view, without a policy or strategy, a council:

- may be less receptive to opportunities that arise;
- may not take a systematic approach to identifying all opportunities for working together; or
- in seeking efficiency gains, might overlook options for joint arrangements with other local authorities.

2.15 The link between a council's strategy and the operational focus required of staff is illustrated in Figure 2 on the next page.



THE ENVIRONMENT FOR WORKING TOGETHER

- 2.18 Performance measures or requirements in job descriptions and performance agreements can be used to encourage managers and staff to explore opportunities for working together. Encouraging the best use of limited resources in this way is a useful means of translating council strategy into operational joint arrangements.
- 2.19 Expectations in job descriptions or performance agreements also convey to staff the clear message that the council values working together with other local authorities (where appropriate). Endorsing working together may also help to overcome reluctance by staff to explore joint arrangements that have the potential to change their job responsibilities.
- 2.20 The position description for the General Manager Corporate Services at the Christchurch City Council contained a requirement to –
- ... identify areas where shared services and efficiencies can be achieved through collaboration with other local government and private sector organisations ...*
- and
- ... provide support to other local organisations where this will assist Council activities to be more effective through the collaboration.*
- 2.21 Similarly, one of the major challenges for the Manager Special Projects at New Plymouth District Council is to ensure that joint arrangements between the three local authorities in Taranaki are carried out within an integrated management structure.
- 2.22 In relation to working together with other local authorities, the manager's role requires:
- contracts and specifications to be met in any joint agreements;
 - regular reports to be made on progress with joint projects; and
 - opportunities for further joint arrangements to be investigated and initiated.
- 2.23 Apart from these examples, the local authority staff we interviewed did not identify working together with other local authorities as an explicit expectation of their job description. Some, however, viewed this expectation as implicit in their job requirements, or noted that facilitating joint arrangements with adjoining local authorities was an integral part of their job.



Regional Forums

- 2.24 Most joint arrangements occur within regions. This makes it important to create a forum where councillors and senior managers can discuss common issues and explore opportunities to share resources. Of the 12 case studies that we examined, 5 had arisen in the context of a regional forum.
- 2.25 Auckland and Southland had both established regional forums expressly to promote working together. Other regions, such as Taranaki and Bay of Plenty, had mayoral or chief executive forums where regional joint arrangements could be discussed. We examined the role and composition of the regional forums in Auckland and Southland, the role of councillors, how the regional forums operated, and the benefits of regional forums and networks.

The Role and Composition of Regional Forums

- 2.26 Both the Auckland and Southland regional forums were serving as networks for the local authorities of the region, and were used to share information, and identify, debate, and evaluate potential joint arrangements. They both created a positive environment to readily take up opportunities for working together at an operational level. However, the Auckland and Southland regional forums were established and operated quite differently.
- 2.27 The Auckland Shared Services Representatives Group is made up of senior managers, but has no chief executive or councillor representation. It reports to the Auckland Chief Executives Forum.
- 2.28 The Southland Shared Services Forum is made up of chief executives and councillors. It provides leadership, direction, and oversight of the various joint arrangements, and creates and supports a culture of working together at councillor and chief executive level.
- 2.29 One possible explanation for the different composition of the two regional forums may lie in the very different size and scale of the two groups of local authorities. Moreover, there will be many specific joint arrangements for which councillor involvement is unnecessary.



The Role of Councillors

- 2.30 In considering the composition of the two regional forums we took particular account of the role of councillors.
- 2.31 A common perception of joint arrangements is that they can be seen as undermining the independence of individual councils. The attitudes of councillors can be an obstacle to entering into joint arrangements – especially where working together may be seen as the first step toward amalgamation of local authorities. In other cases, councillors can be strong supporters of working together – especially where it may deliver better community outcomes.
- 2.32 Council leadership and endorsement can overcome negative perceptions and therefore be vital to the success of regional collaboration – especially where there is significant public interest in outcomes, and issues of significant accountability for local communities. In our view, where there are matters of community interest or matters with strategic implications for relationships between councils, regional forums should have representation from councillors and their chief executives.
- 2.33 In principle, wherever there are strategic and relationship issues associated with regional collaboration and that have implications for community outcomes, we consider it is important for councillors to be involved in strategic regional forums to discuss how to work together in the best interests of their local communities.

How the Regional Forums Operate

- 2.34 Neither the Auckland nor the Southland regional forum can make decisions that are binding on the participating local authorities. This leaves the individual local authorities free to take part in joint arrangements on a case-by-case basis – or to opt out if they wish. In both Auckland and Southland, individual local authorities have chosen not to take part in particular joint arrangements.
- 2.35 The role of chairperson for the Auckland Shared Services Representatives Group is rotated to each participating local authority for a 12-month term. Meetings are not held in public.
- 2.36 Conversely, the Southland Shared Services Forum – which is constituted as a joint committee under the Act – holds its meetings in public, providing an opportunity for debate and scrutiny of outcomes of joint arrangements between the participating local authorities.



- 2.37 For its first three years, the Southland Shared Services Forum had an independent chairperson, who was seen as being able to help the different parties to find common ground, and who acted as an impartial champion for working together in the region.
- 2.38 In our view, an independent chairperson can help local authorities with different cultures and perspectives to work together, and assist with liaison and project development between the partners. An independent chairperson can also help to ensure that each council is free to make decisions independently, provide a focus, facilitate resolution of competing priorities, and avoid the potential for partisanship.

The Benefits of Regional Forums and Networks

- 2.39 Building effective working relationships takes time. Embarking on a specific joint arrangement without an established relationship between the parties can lead to differing and often unreasonable expectations, mixed objectives, and conflicts between personalities.
- 2.40 Established networks at both councillor and staff level can provide a valuable foundation of trust and shared commitment to common goals. Constructive relationships between the parties can help them to overcome any subsequent differences that may arise in the course of specific projects.
- 2.41 There can be benefits in establishing a relationship before the parties start individual projects. For example, networks enable local authority staff to share information, identify opportunities for working together, and create personal contacts and understandings that provide a valuable foundation for subsequent work on specific joint arrangements.
- 2.42 An example of a network in action is the relationship built up over time among the local authority librarians in the Auckland region. The librarians built strong personal and professional relationships, and a way of working together that they referred to as the “eLGAR Way”.¹⁰ This is recorded in the form of agreed objectives and behaviours that govern their relationship. As a result, the librarians were all well known to one another before it was decided to collectively evaluate the costs, benefits, and feasibility of jointly purchasing a replacement library management system.

¹⁰ eLGAR is an association of Libraries for a Greater Auckland Region.



THE ENVIRONMENT FOR WORKING TOGETHER

- 2.43 On a more general note, the Auckland region has eight local authorities that are very different in scale, structure, form, and culture. Individual council strategies and particular project teams have been encouraging a culture of working together within the region, and identifying the potential for specific joint arrangements.
- 2.44 The Auckland Shared Services Representatives Group has led the development of policy and principles for the eight local authorities to work together. It has also provided direction to teams that are responsible for exploring specific joint arrangements, and has raised issues and requested resources from the Auckland Chief Executives Forum.

Creating a Catalyst for Ongoing Co-operation

- 2.45 In many of our chosen case studies, single, finite projects were providing a catalyst for further co-operation. In Wairarapa, for example, joint development of a coastal strategy had prompted the local authorities to consider other possibilities for working together. The regional forums in Auckland and Southland have, similarly, provided an opportunity for councillors and senior managers to consider a variety of possible joint arrangements.
- 2.46 Local authority staff on working parties and project teams forge closer working relationships through sharing and being exposed to different practices, and using joint arrangements to promote further opportunities.
- 2.47 Personal relationships can help to build a powerful culture of co-operation between local authorities. For example, in Taranaki, the sharing of staff between South Taranaki District Council and New Plymouth District Council has not only helped to strengthen relationships between the two organisations and two sets of councillors, but has also broadened areas for working together.
- 2.48 This occurred when South Taranaki District Council sought additional technical advice from its New Plymouth counterpart in regard to upgrading the equipment monitoring system at its water and wastewater plants.



Part Three

Selecting Joint Arrangements



Key Messages

- Joint arrangements can come about in two main ways – as a response to an identified need or as the result of a systematic analysis.
- Timing, and support from councillors and local authority managers, can be important to the success of a joint arrangement.
- Regional forums can be a useful way for local authorities to jointly consider a range of opportunities and proposals for working together.
- A business case should be prepared, appropriate to the size and scale of the proposed joint arrangement, to analyse costs, potential financial and non-financial benefits and risks, and compare options.
- Working together can bring a range of gains for local authorities, including economies of scale, additional resourcing, technical expertise, the ability to meet statutory requirements, improved policies or standards, and better services.

Introduction

- 3.1 The likely costs and benefits of joint arrangements are often uncertain, and can be difficult to identify and quantify. Inevitably, once the relevant issues have been fully examined, some ideas for possible joint arrangements will be abandoned. Many of the joint arrangements that we examined were successful, but some had failed to proceed.
- 3.2 In our view, consideration of joint arrangement proposals should take account of factors that are likely to lead to success, making it more probable that a selected joint arrangement would proceed and produce net benefits for the participants.
- 3.3 Joint arrangements can consume a lot of time and resources, which may add to staff workloads. A selective approach to joint arrangements will help to ensure that council resources are used in the most effective and efficient way.



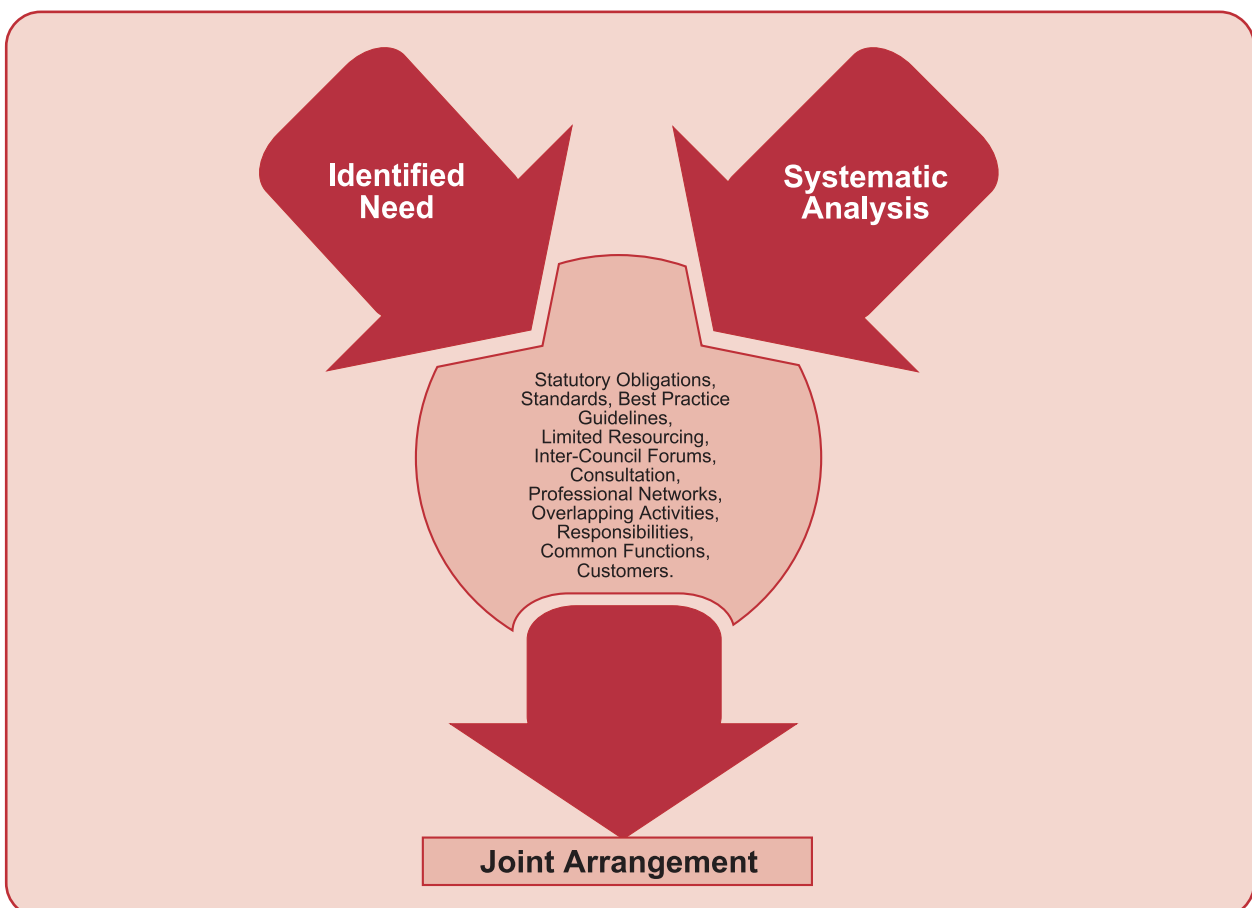
SELECTING JOINT ARRANGEMENTS

- 3.4 We expected that local authorities would have followed a rational process when selecting joint arrangements. We examined the case studies to find out:
- how the joint arrangements came about;
 - whether the joint arrangements were the product of a systematic analysis of possible opportunities; and
 - whether the local authorities had compiled a business case to support a joint arrangement, drawing on a detailed analysis of costs, benefits, risks, and options.

How Do Joint Arrangements Come About?

- 3.5 Joint arrangements can come about in two main ways – as a response to an identified need or as the result of a systematic analysis. Figure 3 below illustrates some of the factors that can lead to a joint arrangement.

*Figure 3
Factors That Can Lead to a Joint Arrangement*



- 3.6 Most of the joint arrangements that we reviewed – 8 out of the 12 case studies – came about as a response to an identified need. Factors that prompted local authorities to consider working together were, in particular:
- the requirement to meet statutory obligations or standards;
 - potential benefits from aligning council objectives and activities;
 - timing and the right environment; and
 - the need to build capability.

Meeting Statutory Obligations or Standards

- 3.7 Changes in legislation can be a strong incentive for local authorities to work together and pool their resources. For example, the Act requires all local authorities to identify community outcomes for the future of their regions, and to use those outcomes as the basis for an LTCCP. Four Southland local authorities (Southland District Council, Environment Southland, Gore District Council, and Invercargill City Council) agreed in April 2002 to undertake the LTCCP process together under the brand Our Way – Southland in order to meet the requirements of the Act more effectively and efficiently.
- 3.8 Local authorities may also decide to share resources in order to meet increasingly stringent standards for the performance of their functions or responsibilities. This was a contributing factor in the decision by Southland District Council, Invercargill City Council, and Gore District Council to form a single Southland rural fire authority.
- 3.9 The Rural Fire Management Code of Practice sets standards for the operation of a rural fire authority, including minimum numbers of staff who must meet the competency requirements of the New Zealand Qualifications Authority unit standards. The Code of Practice standards were to be met by all local authorities from October 2003.
- 3.10 Local authority staff with responsibilities for managing local rural fire districts in Southland needed training to meet those standards. The training requirement was one factor leading the three councils (along with Southern Plantations and the Department of Conservation) to amalgamate their separate rural fire districts under a single rural fire authority. This included creating a single full-time Principal Rural Fire Officer position, and centralising management of training.



SELECTING JOINT ARRANGEMENTS

- 3.11 Among the potential benefits of amalgamation, the participating authorities expect that they will:
- avoid incurring in-house costs of training for their rural fire staff to meet NZQA unit standards;
 - enhance compliance with the standards imposed by the National Rural Fire Authority; and
 - strengthen the pool of expertise for fighting fires in the region.
- 3.12 We concluded that this joint arrangement was an effective means for local authorities to meet statutory obligations and standards.

Aligning Objectives and Activities

- 3.13 Working together can help neighbouring local authorities to align their objectives and activities. For example, the contract for servicing the Opotiki District Council's information technology infrastructure has given Environment Bay of Plenty useful assurance about the security of rating and valuation data for its own statutory purposes.
- 3.14 Working together can also be a way to overcome conflict where council policies differ or are inconsistent. For example, Wellington Regional Council was motivated to participate actively alongside the three district councils in the region to prepare the Wairarapa coastal strategy, in order to promote compliance with its own coastal policy and with the New Zealand Coastal Policy Statement.
- 3.15 In this case, conflict had been growing between the regional council, the district councils, prospective property developers, and the community, about the desired nature of development along the Wairarapa coast. The Wairarapa Coastal Strategy, prepared in consultation with the local communities, is expected to:
- lead to more consistent planning decisions by the district councils, and a better informed community;
 - save the local authorities time in processing applications or making submissions; and
 - improve environmental outcomes.¹¹

11 The objectives of the agreed coastal strategy may be given regulatory effect in the form of rules contained in a District Plan or Regional Plan adopted under the Resource Management Act 1991. Net benefits will be determined by trade-offs between factors such as compliance costs for applicants, the practicality of agreed policies, changes in administrative costs for the District Councils and Wellington Regional Council as a result of giving effect to the strategy, and impacts on the coastal environment and Wairarapa communities.

Timing and the Right Environment

- 3.16 To become successful, opportunities for working together need to arise at the right time and in the right environment. A variety of factors can influence whether the timing is appropriate for entering into a joint arrangement. These can include:
- the local government election cycle;
 - capital investment requirements;
 - contract renewal dates and whether harmonisation of dates between local authorities is possible; and
 - the availability of key staff.
- 3.17 A joint arrangement that arose because of opportune timing was when it became known that the library management systems of five Auckland local authorities were due to be upgraded or replaced within a similar timetable. With the knowledge that all five libraries were facing a similar investment, the librarians were able to explore options for a common library management system to meet their shared needs.
- 3.18 A common time for opportunities to emerge was when local authorities had undertaken strategic reviews. For example, strategic reviews of future information technology requirements by some regional councils, was one factor that led them to join the Regional Council Information Technology Consortium.
- 3.19 Similarly, the Opotiki District Council's review of its future strategic information technology needs in 1997 (which pointed to high future costs of supporting an information technology infrastructure in-house) was one factor leading the council to seek the support of its regional council. This was done through existing channels of communication between the respective chief executives and other senior managers.

Building Up Capability

- 3.20 Capability shortfalls take different forms, including:
- a shortage of necessary in-house skills; and
 - limited access to appropriate services in the open market.



SELECTING JOINT ARRANGEMENTS

- 3.21 Smaller authorities with limited resources may, from time to time, need to draw on specialist expertise, but unlike their larger counterparts may not be able to justify employing staff with the required skills. Hurunui District Council and other smaller Canterbury local authorities have entered into flexible agreements to draw on technical energy management advice from a staff member employed by Christchurch City Council. The arrangement has proven affordable for the smaller local authorities, giving them access to expert consultancy services, and producing useful energy savings as a result of applying the advice.
- 3.22 In another example, Opotiki District Council was concerned about the quality of service from its existing information technology contractor, but was unable to justify or afford dedicated in-house support. The council needed to replace its ageing computers within a limited information technology infrastructure, so it approached its regional council for support. As a result, Environment Bay of Plenty now services the information technology requirements of Opotiki District Council, and provides the smaller local authority with computers.
- 3.23 The outsourcing arrangement has enabled Opotiki District Council – a small, isolated local authority with limited resources – to take advantage of the expertise and resources of a well-established information technology group in a much larger local authority. The joint arrangement has provided benefits to both parties by giving Opotiki District Council a reliable and affordable service contract and by strengthening Environment Bay of Plenty’s support capability, and giving broader experience to its staff.

Analysis of Opportunities for Working Together

- 3.24 Some local authorities within a region have analysed the potential for working together. In Auckland and Southland, working parties have served as useful forums for local authorities to jointly consider a range of opportunities and proposals. Four of the 12 case studies were the result of a broad assessment of possible opportunities for local authorities to work together.

The Auckland Shared Services Representatives Group

- 3.25 Preliminary analysis by the local authorities in the Auckland region identified corporate support functions (such as human resources, information technology, and finance) as potential opportunities for making gains by sharing resources or combining functions. However, little progress was made in identifying feasible options, for a number of reasons:



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- the local authorities had little enthusiasm for such a merger, and there was no agreed direction and vision for such an arrangement;
- most local authorities already had in place complex, integrated systems which would be difficult to dismantle;
- investment cycles differed, and local authorities were reluctant to write off sunk investments; and
- funding was not available for what would have been a major evaluation project.

3.26 We understand that the proposal also raised issues of autonomy and control for the smaller local authorities.

3.27 Different approaches within each local authority to working together, the complexity of existing systems, different stages of development within the local authorities in areas such as e-government, and limited resources available to project teams, have influenced the approaches taken to working together in the Auckland region.

3.28 In some areas, a number of opportunities arose. One example was in relation to activities associated with Geographic Information Systems (GIS), which were identified from analysis of different local authority GIS systems and associated information technology platforms. It has taken time for the Auckland Shared Services Representatives Group to identify a small number of key, discrete projects for more detailed investigation by the GIS regional working group.

3.29 Without strong business imperatives from within the Auckland local authorities to build up capability, enhance service delivery, or strengthen their ability to carry out their functions, the Auckland Shared Services Representatives Group has explored other ways to deliver benefits through working together.

3.30 The Auckland regional forum has subsequently re-directed some of its focus toward aligning standards between the local authorities (and in some cases, with central government), as a way to build a culture of working together between the local authorities and to create a basis for possible joint arrangements in the future. A GIS Working Group has established a single standard for aerial photography within the Auckland region, in order to provide more consistent data for users such as utility operators, and as the basis for working together in the future to align purchase contracts.



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- 3.31 Similarly, the Auckland E-Local Government Working Party has adopted standards and guidelines as best practice – such as standards for metadata and web sites, drawing on standards promulgated by the E-Government Unit of the State Services Commission. The Working Party played an important role in co-ordinating the directory of local government services for the New Zealand Government Portal on behalf of the Auckland local authorities.
- 3.32 The Auckland E-Local Government Working Party has promoted collaboration among staff, enabling local authorities to work on joint initiatives, and has served as a regional technical resource to investigate opportunities for shared development activity and to undertake pilot projects. The Working Party has also given the Auckland region a single voice on matters affecting the local authorities, such as development of the Government portal and the introduction by Land Information New Zealand of *Landonline*.¹²
- 3.33 While the two Working Parties – the GIS Working Group and the Auckland E-Local Government Working Party – perform a number of useful roles, progress on their work programmes has been limited by various factors:
- the time taken for local authorities to reach a shared understanding of the issues;
 - the need for dedicated resourcing to ensure progress with work programmes;
 - the absence of a business case (and associated cost/benefit analysis) to support a proposed project; and
 - a limited ability to influence practices in individual local authorities.
- 3.34 These factors have limited progress in realising measurable benefits through the region's joint arrangements. Much of the GIS Working Group's activity to date has not involved clearly defined opportunities. However, despite making limited progress in implementing specific projects, the Auckland Chief Executives Forum and the Auckland Shared Services Representatives Group have played a role in directing debate on options, and have made local authorities in the region more aware of the potential benefits of taking a common approach to common services.

¹² *Landonline* is Land Information New Zealand's electronic database of land title and survey information.



The Southland Shared Services Forum

- 3.35 Set up in 2000, the Southland Shared Services Forum has been involved in a range of projects undertaken jointly by the four local authorities¹³ of the Southland region. The forum has endorsed and overseen a range of projects including:
- establishing common advertising and collection dates for rates;
 - the formation of a single regional rural fire authority; and
 - the Our Way – Southland project.
- 3.36 Members have found the forum to be useful as it has:
- provided a strong project management discipline with regular reporting to the forum;
 - helped to overcome rural/urban distinctions;
 - created trust; and
 - established a culture of working together at senior manager level.

Other Approaches to Working Together: the Taranaki Region

- 3.37 Local authorities may adopt their own policies of systematically identifying possible opportunities for entering into joint arrangements. In its Annual Plan 2003-04, the South Taranaki District Council records its intention to explore areas of potential joint benefit with Stratford District Council, New Plymouth District Council, and Wanganui District Council.
- 3.38 As part of this strategy, South Taranaki District Council has reviewed all its contracts for the potential to make savings through joint management. The shared staffing agreement between South Taranaki and New Plymouth District Councils is one of a number of joint arrangements in the Taranaki region.

13 Environment Southland, Southland District Council, Invercargill City Council, and Gore District Council.



Identification of Opportunities

- 3.39 A number of factors make some joint arrangements more likely to be successful than others. These factors can be used to select the most promising opportunities, and include:
- a requirement to meet statutory obligations or standards;
 - the need to perform common functions and meet statutory responsibilities; and
 - net benefits for all participants.
- 3.40 There are some good reasons for local authorities to work together, such as when:
- they can respond to the requirements of legislation or standards more cheaply or effectively;
 - sharing resources will bring about economies of scale, and help build capability;
 - common information sets or shared customers means that they can deliver services more efficiently or consistently;
 - staff have close professional relationships and carry out similar tasks; and
 - functions and responsibilities overlap or are complementary.
- 3.41 Although, as noted above, some regions were analysing a wide range of options, none of the joint arrangements that we examined was the product of a systematic approach to consider the factors that would make the success of joint arrangements more likely. Such consideration can avoid time and effort pursuing unproductive opportunities, and make it more likely that joint arrangements will produce net benefits.
- 3.42 We believe that, in some instances, resources could have been used more economically – and productive opportunities taken – had proposals been assessed at the outset, taking into account those factors that are more likely to make a joint arrangement successful. A more considered approach to exploring and identifying opportunities for working together, based on a detailed business case analysis, and taking into account success factors, would assist all local authorities to select joint arrangements to meet their objectives.



Use of the Business Case

- 3.43** A business case presents a detailed explanation of the purpose and objectives for a joint arrangement, with a particular focus on the financial and non-financial costs, benefits, and risks, and an analysis of those options. This assessment is particularly important where local authorities are considering making a significant investment in a partnership.
- 3.44** Only 4 of our 12 case studies were based on a formal analysis of costs and benefits. In other cases, it was put to us that benefits were so obvious that a cost/benefit analysis was unnecessary.
- 3.45** A key to any business case is comparing the financial and non-financial costs and benefits of working together with those of acting alone. In considering the feasibility of a joint community outcomes process, Southland local authorities prepared a cost/benefit analysis that identified the costs of completing the required community consultation separately and together.
- 3.46** In some cases, the net benefits were seen to be so obvious as to make any formal assessment unnecessary. For example, councils involved in the Regional Information Technology Consortium, told us that, given the clear benefits of joining the consortium, they had seen no need to undertake a formal cost/benefit analysis.
- 3.47** Similarly, the decision by Opotiki District Council to enter into an agreement with Environment Bay of Plenty for servicing of its information technology infrastructure, and the arrangement between the South Taranaki and New Plymouth District Councils to share staff, were both concluded in circumstances where alternative options were not readily available.
- 3.48** We remain of the view that local authorities should thoroughly examine the financial and non-financial costs, benefits, and risks of involvement in any proposed joint arrangement before committing resources. The business case should reflect the scale and complexity of the proposed joint arrangement and associated resource commitment.
- 3.49** All business case cost assessments that we reviewed excluded in-house staff salaries, as these were viewed as a fixed cost. However, staff costs can be high, and should therefore be clearly identified so that additional resources can be assigned where necessary. In some cases, staff were spending – or had spent – a high proportion of their time on joint arrangements, with one local authority recording some 5000 hours of direct staff time on a regional project (the equivalent of one person working for a total of almost two and a half years).¹⁴

¹⁴ This figure excludes “front office” and management time.



SELECTING JOINT ARRANGEMENTS

- 3.50 For completeness, cost/benefit assessments should recognise the amount of in-house resources required. Full information on resourcing commitments is needed to provide an accurate and reliable basis for evaluating the viability of a given proposal.

Are Joint Arrangements Delivering Value for Money?

- 3.51 The joint arrangements that we reviewed were likely to be providing net benefits to the local authorities involved. However, as noted below, a number of factors make a definite assessment of outcomes difficult.
- 3.52 In some circumstances, expected non-financial benefits (such as the provision of better, or more co-ordinated services to the public) may outweigh the higher financial costs. For example, the proposal for amalgamating rural fire authorities in Southland identified set-up costs for the new organisation. Outweighing the initial establishment costs were the projected savings in council administration, better services to the public, a wider pool of trained staff, and rationalisation of plant and equipment.
- 3.53 Working together can produce a range of gains for local authorities, such as economies of scale, additional resourcing, technical expertise, the ability to meet statutory requirements, improved policies or standards, and better services. We sought to compare actual benefits with projected benefits but we could not do this in some cases for reasons such as:
- no formal cost/benefit analysis had been undertaken;
 - benefits were sometimes not able to be quantified, such as the provision of better services; and
 - some of the joint arrangements were at an early stage with benefits not yet apparent.
- 3.54 Despite these limiting factors, where possible we gathered information to assess the likely net benefits of joint arrangements. For example, smaller local authorities were able to join the Regional Council Information Technology Consortium because of the low entry cost for access to shared software, compared to the estimated cost for individual councils to create their own stand-alone technical database applications. Another important benefit was the ease with which the Consortium's applications could be incorporated into an integrated information technology system.



SELECTING JOINT ARRANGEMENTS

- 3.55 Our analysis of Opotiki District Council’s estimated costs to service its future information technology needs showed net benefits from its contractual relationship with Environment Bay of Plenty. Significant factors were the growing servicing demands of the District Council’s information technology infrastructure over time, and the avoided costs of engaging its own in-house information technology support.
- 3.56 A factor influencing local authorities to work together was the affinity between their functions and responsibilities, business needs, and systems. A common understanding of needs, along with a shared purpose and experience, also contributed to the success of arrangements between local authorities to share staff or systems.
- 3.57 We identified financial and non-financial gains from most joint arrangements in the form of:
- avoided costs – for example, by joint development of systems or standards, saving individual local authorities expenditure on staff or capital;
 - compliance with standards or statutory obligations;
 - savings in administration – eliminating duplication and rationalising resources;
 - establishing trust between local authorities, creating the foundation for working together more often;
 - strengthening capacity through access to skills and expertise – by combining or transferring staff resources; and
 - improved services to the public and improved community outcomes – for example, by creating a single point of contact, simplifying procedures, and consistent policy-making.
- 3.58 In some cases, however, local authorities had not assessed possible joint arrangements for their immediate positive benefits to local communities. For example, no business case was prepared to support a proposal to establish a portal (a common point of access to individual web sites) for the Auckland region.¹⁵

15 The regional portal project was devised to establish an early success for working together at low cost and within a short time, to provide evidence of the ability of the Auckland local authorities to work together, and to help identify issues to be addressed with further improvement of electronic service delivery.



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- 3.59 Nor have direct benefits for local communities been identified, in the short term, from the preparation of an aerial photography standard for the Auckland region.¹⁶ In both cases, the participating local authorities were anticipating longer-term benefits for the region as a whole from the early products of working together, such as future public access to common data from local authorities in the Auckland region.

¹⁶ The preparation of a common standard is seen as a first step towards aligning contracts for the purchase of aerial photography, with the potential for contract savings through collective purchasing.



Part Four

Management of Joint Arrangements



Key Messages

- When entering into a joint arrangement, local authorities should agree how they intend to work together.
- For larger projects, a project manager can play a valuable role in ensuring that key milestones, budgets, and timetables are met.
- Consideration should be given to how the joint arrangement will be governed.
- Consideration should also be given to the appropriate form and structure for a joint arrangement.
- Local authorities should agree at the outset how they will share any external costs.
- Where a joint arrangement has implications for staff, consideration should be given to how those implications are best managed.
- Throughout the life cycle of a joint arrangement, and on completion, progress should be periodically reviewed to ensure that key milestones, budgets, and timetables are being met.

Introduction

- 4.1 The success of a joint arrangement may be determined by how well it is managed. We expected that the joint arrangements in our 12 case studies would be soundly managed. Accordingly, for each joint arrangement, we considered:
- project management, including the relationships between the participants;
 - governance arrangements;
 - funding and resource allocation;
 - branding in relation to issues of structure and identity;
 - how implications for staff were managed; and
 - monitoring and evaluation.



- 4.2 Generally, the joint arrangements were soundly managed as appropriate to their scale and complexity. The success of a joint arrangement can rely on the strength of the relationships between the local authorities involved. Successful joint arrangements were underpinned by constructive relationships.

Project Management

- 4.3 Some of the joint arrangements that we looked at were finite projects, whereas others, such as shared staffing, were ongoing arrangements. We expected all these arrangements to be soundly managed.

Founding Documentation

- 4.4 It is important for parties about to enter into a joint arrangement to consider how they will record the way they will work together. This will depend on the size, scale, and complexity of the joint arrangement.
- 4.5 In three of the joint arrangements that we studied, the participants had signed a formal agreement such as a Memorandum of Understanding (MoU). These formal agreements can provide the framework for a joint arrangement, and be the basis for the working relationship. An MoU can cover such matters as:
- purpose and intention of the joint arrangement;
 - governance and management;
 - timetable;
 - funding formulas, budgets, and resourcing requirements;
 - ownership of the intellectual property created by the joint arrangement;
 - dispute resolution procedures; and
 - entry, exit, and dissolution provisions.
- 4.6 For ongoing joint arrangements, a letter of engagement or a similar document between the parties can be used to set out the operating terms. Those we saw specified:
- period of the agreement;
 - service to be provided;
 - payment amount and payment schedule;



MANAGEMENT OF JOINT ARRANGEMENTS

- provisions for termination of the agreement; and
 - dispute resolution mechanisms.
- 4.7 In some instances, no such formal documentation had been drawn up. In one particular case, no formal MoU or other partnership agreement had been established between the parties at the outset of the joint arrangement and some areas of disagreement emerged at a later stage. A documented understanding or working agreement made between the parties when entering into the joint arrangement might have helped to manage tensions that arose.
- 4.8 Defining the provisions for entering and leaving a joint arrangement is important. As an illustration, local authorities participating in the Auckland Libraries Smarter Systems Project consortium may leave the project at various points, corresponding to a phases of the project. If a local authority decides to leave at the end of a phase, then the costs are structured so that the departing participant has paid to the end of that phase, and can take away a tangible product.
- 4.9 The number of participants in the project has been limited in order to:
- ensure that the project remains focused;
 - collectively build on the readiness of each local authority to participate; and
 - maximise benefits from the strong working relationships between the local authorities.

Use of Project Managers

- 4.10 The degree of formal project management varied according to the scale and complexity of the arrangement. Four of the eight larger joint arrangements had a project manager. A project manager can help to ensure that:
- key milestones are met;
 - implementation of the project or strategy is effectively managed; and
 - budgets and timetables are monitored.
- 4.11 For some of the joint arrangements, an external project manager was employed. An external project manager can help to negotiate priorities and resolve conflicting positions. They can also be useful where:
- the joint arrangement involves local authorities which have not worked together before;



- councillors or local authority managers are particularly sensitive to matters raised by discussions, or there are managerial sensitivities around the subject of the joint arrangement;
- there needs to be a dedicated resource overseeing project implementation; and
- all parties want to be seen as equal partners with shared rights and responsibilities.

Maintenance of Relationships

- 4.12 For some of the larger-scale joint arrangements, the internal project manager not only had to maintain strong working relationships with the participating local authorities, but also with different business groups, and managers within the organisation that they worked for.
- 4.13 Joint arrangements can have an indirect effect on local authority operations and activities. Where such wider impacts had been identified in our case studies, internal consultation had taken place. For example, the Wairarapa coastal strategy project team held a workshop to discuss the strategy with various professional groups within the participating local authorities.
- 4.14 The greater the number of parties involved in a joint arrangement, the greater the number of relationships that need to be maintained. These can include relationships with affected local authorities. If the joint arrangement affects other business groups within the organisation, they too will need to be consulted.
- 4.15 The range of relationships involved in the case study of the Auckland regional libraries consortium illustrates the required extent of consultation. The project leader (one of the library managers) had to maintain strong relationships with:
- the project board, which consisted of the library managers from the other four local authorities, and an information technology manager;
 - the external project manager;
 - the project sponsor (a chief executive from another local authority);
 - the project leader's own team, manager, and chief executive; and
 - the information technology manager and team from the project leader's local authority (to ensure that any system purchased would be compatible with existing information technology systems).



Governance Arrangements

- 4.16 When setting up a joint arrangement, consideration should be given to the most appropriate governance arrangements. These arrangements should be reviewed as the joint arrangement evolves to ensure that they are working appropriately, and, if necessary, altered.
- 4.17 Governance arrangements varied greatly in each of our case studies. As expected, the larger-scale joint arrangements that involved greater sums of money were governed by more formalised structures than the smaller shared staffing arrangements.

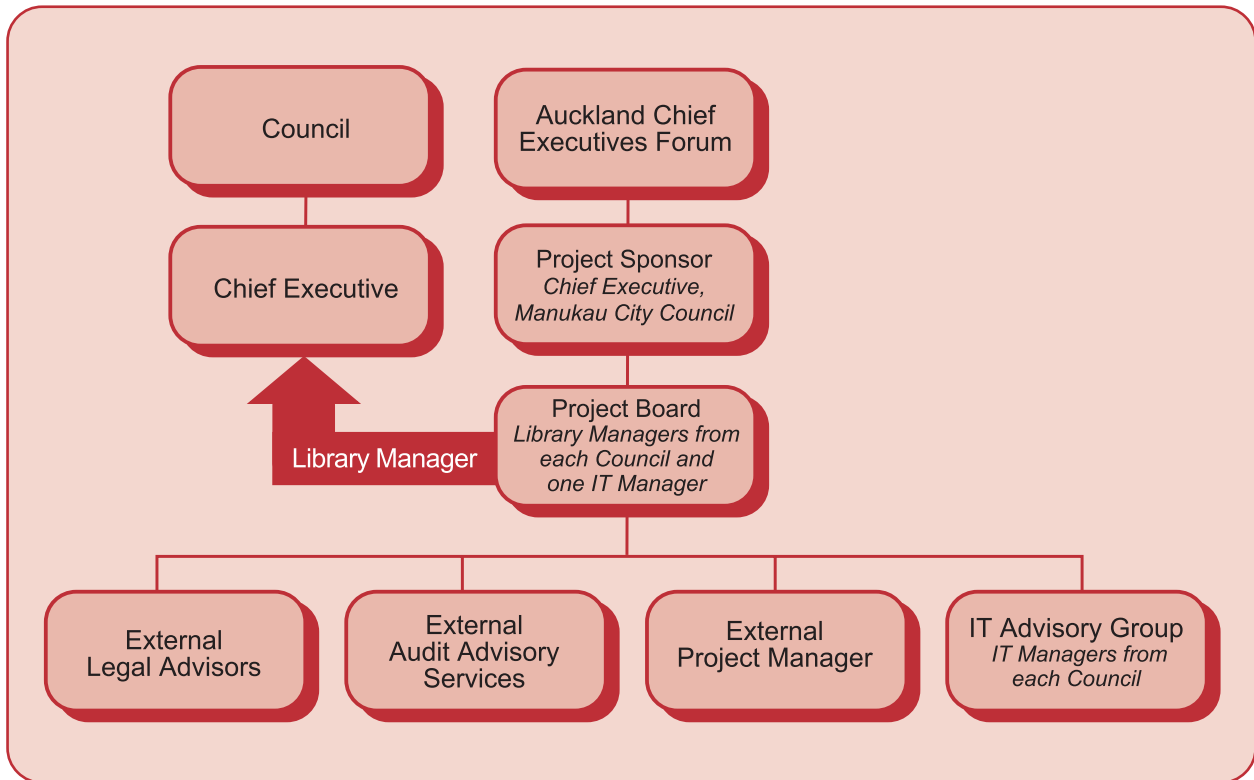
Governance Structures

- 4.18 A steering group made up of councillors or senior managers should oversee large-scale joint arrangements. The membership of the steering group (or equivalent body) should be determined by the size, scale, and sensitivities associated with the joint arrangement. The size of each participating local authority will also influence the nature of project oversight, including the level at which oversight is exercised within the organisation.
- 4.19 Forums or working groups play an important role in supporting staff, and can provide a means of resolving significant policy differences that may pose an obstacle to working together. One challenge facing Auckland local authorities that were considering forming a consortium to purchase regional orthophotography¹⁷ was to decide how the finished product should be made available to the public.
- 4.20 Responsibility for resolving that challenge and other policy differences that emerge will fall to a decision-making group drawn from the region, with councillor representation where necessary.
- 4.21 Figure 4 on the next page illustrates the governance structure established for the Auckland Libraries Smarter Systems Project. This governance structure is designed to ensure that management and councillors are kept informed about the progress of the joint arrangement.

17 Orthophotography combines the image characteristics of an aerial photograph with the geometric qualities of a map.



Figure 4
 Governance Structure for the Auckland Libraries
 Smarter Systems Project



The Role of Councillors

- 4.22 Local authority staff need to ensure that all relevant councillors from participating councils are kept fully informed, and that appropriate decisions are obtained in a co-ordinated manner. For the joint arrangements that we studied, staff had, where necessary, taken positive steps to ensure that councillors were adequately informed.
- 4.23 For example, briefings to councillors on progress with integration of Wellington water services were co-ordinated, with the project team preparing similar reports to councillors in both councils at the same time. This approach was reflected in parallel council resolutions.



- 4.24 In some circumstances, councillors became involved in projects, or in activities that had implications for their communities. For example, a group of councillors from participating local authorities monitored the work of staff project teams in identifying community outcomes for the Southland region, and a similar group monitored preparation of the coastal strategy for the Wairarapa. Councillors also led consultation with the community on the proposal to merge the water services units of Hutt and Wellington City Councils.

Appropriate Form and Structure of a Joint Arrangement

- 4.25 Joint arrangements and associated activities – such as commitment of significant expenditure, employing staff, and entering into contracts (with associated legal obligations) – can grow in scale and complexity to the point where it may be appropriate to consider a more suitable form or structure.
- 4.26 In considering options as to form and structure, local authorities should consider whether proposed governance or management arrangements meet the definition of a Council-Controlled Organisation under the Act. Joint arrangements or collective ventures that meet this definition must be established in accordance with a special consultative procedure, and meet the governance and accountability requirements contained in Part 5 of the Act.
- 4.27 Under section 88 of the Act, a local authority must also use the special consultative procedure for any proposal to alter the way that a significant activity is carried out. Section 88(2) describes the type of alteration to which this section refers, and section 88(3) specifies the circumstances in which the special consultative procedure is not required.
- 4.28 The project team preparing a proposal to merge water services in Wellington evaluated possible options for the form of the new entity against an agreed set of criteria. This evaluation identified three options that met the agreed criteria. The options were then further analysed against financial, legal, and operational factors, in order to determine the appropriate form for the new entity.



- 4.29 In another example, the Auckland Traffic Management Unit – formed by Auckland local authorities in conjunction with Transit New Zealand – became a business unit of Transit New Zealand. An agreement was drawn up whereby Transit New Zealand became the “managing participant” for the unit, which allowed Transit New Zealand to act as the legal entity, on behalf of the unit, and to:
- enter into contracts;
 - employ staff;
 - have access to the necessary funding;
 - put in place systems, processes, and support structures; and
 - work in a partnership style and secure support at councillor level.
- 4.30 Some joint arrangements had reached the point where the partners needed to review the legal form of the arrangement. The Regional Council Information Technology Consortium is one such example. The consortium was established as a loose grouping of regional councils to create and share software and databases. Consortium members share modules and buy services from a large information technology company.
- 4.31 While not involving large sums of money, the number of transactions between the regional councils has increased since the formation of the consortium. Further, the opportunity is now available to on-sell some of the consortium’s products. In our view, the consortium had developed to a stage where consideration needed to be given to the appropriate legal form for the arrangement.

Funding and Resource Allocation

- 4.32 Joint arrangements entail two categories of cost – external (such as bought-in services), and internal (such as staff time and administration).

Allocation of External Costs

- 4.33 Local authority partners need to agree at the outset how they will share external costs. All of the local authorities involved in our case studies had successfully negotiated a sustainable formula for sharing costs using a number of criteria, such as population, and length of coastline.



MANAGEMENT OF JOINT ARRANGEMENTS

- 4.34 Where possible, a joint arrangement should be sufficiently flexible to allow participants to contribute in a form that best meets their needs. In drawing up the proposal for amalgamation of rural fire authorities in Southland, members of the project team agreed to recognise the financial and budgetary constraints of some of the parties, by allowing them to meet their share of costs by providing services. These included specialised technical support (such as mapping) and the secondment of staff. The services were ascribed a dollar value, ensuring equity between participants. These “in-kind” contributions will be reviewed as the new rural fire authority evolves.
- 4.35 Further, where costs are allocated and there is a possibility that circumstances could alter – such as changes in population size or characteristics, or the need for greater or lesser levels of service by one or more participants – there should be some mechanism to allow re-consideration of the agreed costs formula.
- 4.36 Joint arrangements provide the potential for services to be delivered more effectively and efficiently to some, at least, of the participating local authorities. Where joint arrangements involve capital expenditure, there is an opportunity, through distributing the costs, to reduce capital expenditure that would otherwise have been incurred by the individual local authorities. Risks can also be shared. Where the joint arrangement involves the purchase of assets, it is important that ownership of the asset is clarified in the agreement between the parties.

Allocation of Internal Costs

- 4.37 Some local authorities recorded and monitored staff time when providing services to another authority, to ensure that they shared their costs. This occurred in the Bay of Plenty, Canterbury, and Taranaki shared staffing arrangements. In other more project-based arrangements, local authorities were prepared to let the internal costs lie where they fell. In-house staff costs and overheads were often excluded from resourcing budgets.
- 4.38 As part of the Auckland Libraries Smarter Systems Project, each local authority was allocated specific jobs, such as archiving, banking, and the provision of office space. This was a practical way for the local authorities to ensure that the jobs were fairly divided.
- 4.39 Staff commonly participate in the work of joint project teams in addition to their normal work. As a result, joint arrangements sometimes made limited progress. Involvement in joint arrangements can provide valuable development experience for staff, but managers need to ensure that staff are free to contribute effectively.



MANAGEMENT OF JOINT ARRANGEMENTS

- 4.40 Many of the joint arrangements and partnerships consumed significant amounts of resources. In these instances, budgets should be prepared and resources explicitly assigned.
- 4.41 We found that local authorities had carried out little assessment of the likely effects that entering into a joint arrangement would have on internal resources and competing work priorities. Staff costs were sometimes excluded from project estimates, and in some cases no records were available to show the extent of consumption of in-house resources as the project progressed. Without information on resource use, cost/benefit analyses will be incomplete, and the true costs of working together will be hidden.

Branding

- 4.42 Working groups may assume an identity separate to that of the joint arrangement members, and may interact with the community on behalf of participating local authorities or even third parties. Branding was seen by some local authorities as an important dimension of the collective purpose. A new brand had been created for 6 of the 7 joint arrangements that we examined where it may have been applicable to have a separate brand.
- 4.43 For example, as illustrated in Figure 5 below, the Our Way – Southland project and the coastal strategy project in the Wairarapa were each assigned a distinctive brand. Correspondence dealing with matters related to the two joint arrangements contained the logos and contact details of the participating local authorities.

*Figure 5
Two Examples of Branding of Joint Arrangements*



Implications for Staff

- 4.44 Wherever a joint arrangement has significant implications for staff, consideration must be given to how to manage those implications. Six of the 10 applicable joint arrangements in our case studies had significant implications for at least one staff member.
- 4.45 One example involved the transfer of Auckland City Council staff to the Auckland Traffic Management Unit, a business unit of Transit New Zealand. The transfer required Auckland City Council to ensure that:
- human resources staff were involved early so that staffing issues were not overlooked;
 - staff supported, and understood, the reasons for the joint arrangement;
 - staff contracts and any changes for individuals were discussed as early as possible;
 - appropriate support was provided for staff;
 - staff were fully aware of changes; and
 - human resources staff at the two organisations maintained close contact.
- 4.46 The accountabilities of partners for staff should be clearly defined. For example, arrangements for sharing staff should make it clear how the staff member is accountable to each local authority. We found that this had been adequately addressed.
- 4.47 Three of our case studies involved local authority staff providing services to another local authority. Clear accountabilities were vital for this type of joint arrangement. For example, an employee of New Plymouth District Council spent two days each week in a role there and three days each week in a South Taranaki District Council role. Dual roles required the employee's manager to define and distinguish the separate roles. Both local authorities reviewed the employee's performance in the joint capacity.

Monitoring and Evaluation

- 4.48 Throughout the life cycle of a joint arrangement, and on completion, progress should be reviewed to ensure that key milestones, budgets, and timetables are being met. A review also provides an opportunity to identify lessons learned from the joint arrangement.



- 4.49 Ideally, when setting up their working relationship, the local authority partners should agree on processes for measuring and monitoring the effectiveness of their joint arrangements. For example, the Memorandum of Agreement signed by the members of the Southland Shared Services Forum in October 2000 records their agreement to review the performance of the forum annually, and to identify the effectiveness of the strategy and any further research necessary.
- 4.50 Some local authorities had sought independent assurance about their joint arrangements and structures, or about specific arrangements. For one case study, the external auditor had been contracted to provide assurance over the framework and the tender process as it occurred.
- 4.51 We found that joint arrangements were not generally evaluated to ensure that they delivered the expected benefits. Where proposals had identified net benefits from working together, there were no mechanisms to monitor and review actual benefits against expected benefits. The parties should agree at the outset on who should review the joint arrangement, and how often.



Appendix

Case Study 1: Amalgamation of Rural Fire Services in Southland

Who Is Involved?

Southland District Council, Invercargill City Council, Gore District Council, the Department of Conservation Southland Conservancy, and Southern Plantations (a consortium of forest owners).

What Led To The Joint Arrangement?

Rural Fire Authorities are responsible for all aspects of fire management outside urban fire districts, including fire suppression. Southland was divided into five rural fire districts, administered by the five organisations as independent rural fire authorities.

The three local authorities had been considering amalgamating their fire districts for some time. After an analysis of the options, the local authorities sought the endorsement of the Southland Shared Services Forum, and were subsequently joined by the Department of Conservation and Southern Plantations. A facilitator was used to help the parties to reach agreement.

A single Southland Rural Fire Committee was established in July 2003 to administer a new amalgamated Southland Rural Fire District.

In the short term, expected benefits included saving time on issuing permits, reducing administrative costs for each organisation, and clarifying permit processes for the public. One participant estimated it would save up to one person-day a week for most of the year as a result of better management of the fire permit system through the new amalgamated committee.



How Does It Work?

The Southland Rural Fire Committee governs the amalgamated Southland Rural Fire District, providing high-level strategic guidance and ultimate approval authority. Each member organisation makes a contribution to the costs of the amalgamated rural fire authority. Two participants make contributions in kind (with an ascribed dollar value) in lieu of cash as part of an interim arrangement.

Funding of day-to-day management will continue to be met by the participants that have responsibilities for rural fire management in their zones, using their own resources, the New Zealand Fire Service, or contractors. The costs of fire suppression are met by the member organisation in whose zone the fire originated. Fire fighting equipment, such as water tankers and fire trucks, is still owned by the member organisations. However, the new committee has assumed responsibility for maintenance.



Case Study 2: The Auckland Libraries Smarter Systems Project

Who Is Involved?

Auckland City Council, Manukau City Council, North Shore City Council, Rodney District Council, and Waitakere City Council.

What Led To The Joint Arrangement?

The public libraries of the five local authorities currently operate automated library management systems that are due for replacement or major upgrade in the near future.

The five local authorities identified an opportunity to work together to evaluate the costs, benefits, and feasibility of jointly purchasing a replacement library management system and, if these are proven, to proceed to purchase, implement, and jointly operate the system.

How Does It Work?

A Memorandum of Understanding was agreed in 2002, followed by a project implementation plan in May 2003. Each phase of the plan provides exit points for the local authorities involved. The phases are designed so that, if a local authority does decide to exit, it can take away a tangible product.

A Project Board, consisting of the manager of each library and an Information Technology Projects Manager, oversees the joint arrangement. The Project Board has hired an external project manager, and set up an Information Technology Advisory Group, consisting of information technology managers from each local authority. The Project Board meets fortnightly, briefs the project sponsor, and seeks the endorsement of the Auckland Chief Executives Forum at key milestones.





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The financial costs of the joint arrangement are shared equally between the local authorities to reflect the equal benefits expected to be gained from the project. The five local authorities contribute direct funding, as well as a range of non-cash contributions, such as banking, financial reporting, and the provision of office accommodation for the external project manager.

The number of parties in the joint arrangement has been limited to five to ensure that the project remains focussed, to collectively build on the readiness of each party to participate, and because of the strong working relationships that already existed. It is anticipated that other local authorities may join the arrangement once the management system has been selected and installed, and the basis for sharing costs and responsibilities has been established.



Case Study 3: The Auckland Traffic Management Unit

Who Is Involved?

Auckland City Council, North Shore City Council, Manukau City Council, Waitakere City Council, and Transit New Zealand.

What Led To The Joint Arrangement?

In 1999, Transit New Zealand introduced the Advanced Traffic Management System, which operates on sections of the Auckland motorway network to provide enhanced safety and traffic information to the travelling public, and to enable rapid co-ordination of emergency services for faster clearance of accident sites and other incidents.

The four local authorities all individually operated the same Sydney Co-ordinated Adaptive Traffic System (SCATS) software which co-ordinates traffic lights on local arterial roads. SCATS detects traffic flows at intersections and adjusts green signals to improve traffic flow.

Oversight of the traffic management system was fragmented and there was no management of the system as a whole. Further, each system had limited staff coverage, with Auckland City Council estimating that it had less than 12 hours of coverage a day.

How Does It Work?

The objective of the Auckland Traffic Management Unit is to integrate the traffic control systems of each participant to ensure the safe and efficient movement of people, goods, and services on the Auckland metropolitan transport network. The separately owned systems are connected by fibre-optic cables to a new master computer.





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A Memorandum of Understanding was signed between the four local authorities and Transit New Zealand in December 2002. The five participants then signed a service level agreement, which provides for the management of the unit by senior staff from each of the participants. The local authority participants follow a consensus decision-making process, with the opportunity to take up any issues with the regional chief executives if required.

Transit New Zealand already owned a traffic control centre located at the base of the Auckland Harbour Bridge where the unit is now located. The linking of the systems means that there will now be operators monitoring the system 24 hours a day, seven days a week. Further, there is a larger pool of trained operators located in one place, which allows for greater flexibility in rostering, covering staff on sick leave, and dealing with staff turnover.



Case Study 4: Canterbury Sharing of Energy Management Expertise

Who Is Involved?

Christchurch City Council and Hurunui District Council.

What Led To The Joint Arrangement?

The arrangement came about when the chief executive of Hurunui District Council approached the chief executive of Christchurch City Council seeking the assistance of the city's Energy Manager. Hurunui District Council identified two major objectives:

- to establish a process for continuous improvement in energy management; and
- to introduce energy efficiency into the corporate culture.

From Christchurch City Council's perspective, being involved in this joint arrangement allowed it to participate in a cost-neutral model for the promotion of energy efficiency in a rural area. It also gave Christchurch City Council an opportunity to work positively alongside a smaller, rural council, helping to build stronger local government relationships in the Canterbury area.

How Does It Work?

Hurunui District Council formed an energy management group of senior staff. It was agreed that Christchurch City Council's Energy Manager would be available to the Hurunui council for about 10 days a year. During that time, the Energy Manager:

- renegotiated Hurunui District Council's electricity supply agreement, achieving a 13% saving in electricity costs;
- produced a breakdown of energy consumption and established monitoring systems that are synchronised with the council's financial management system;



- conducted energy audits at all major facilities; and
- identified the potential for savings at the council-owned Hanmer Springs Thermal Reserve, which resulted in a 99% reduction in water-heating costs.

Christchurch City Council charges Hurunui District Council a flat rate each year for the services of the Energy Manager. This rate is calculated on the basis of the provision of up to 10 days of energy management advice. The Energy Manager records the time spent on work for Hurunui District Council to ensure that the fee covers the costs of actual time.

Under the joint arrangement, Hurunui District Council can contact the Energy Manager whenever it needs energy management advice. The arrangement works well for Hurunui District Council which pays a capped annual fee, while retaining the flexibility of being able to call on expert advice whenever it is needed. Similar arrangements are now in place between Christchurch City Council and the Waimakariri, Mackenzie, and Banks Peninsula District Councils.



Case Study 5: E-Local Government in the Auckland Region

Who is Involved?

North Shore City Council, Auckland City Council, Auckland Regional Council, Manukau City Council, Rodney District Council, Waitakere City Council, Franklin District Council, and Papakura District Council.

What Led To The Joint Arrangement?

The eight Auckland local authorities first began evaluating the possible benefits of working together at the end of 1999. At its meeting of September 2000, the Auckland Chief Executives Forum directed staff to establish a working party to report on E-Local Government in the Auckland region. In October 2000, a proposal was put to the forum for a working party that would establish a vision for E-Local Government in the Auckland region, draw up strategies, and identify net benefits from co-operation.

How Does It Work?

Agendas and minutes are prepared for the Auckland E-Local Government Working Party meetings, which assess progress on issues raised at previous meetings, review the status of the current work programme, and note action points and timetables. The Working Party reports periodically to the Chief Executives Forum on achievements and status of the current work programme, and on particular issues that it is asked to investigate on a regional basis. A consultant to the Auckland Shared Services Representative Group routinely attends meetings of the Working Party, to ensure its work is consistent with, and linked to, other joint arrangements.

The Working Party has defined its role as being to:

- co-ordinate and monitor progress to implement the Auckland region E-Local Government vision;



- establish and administer an Auckland Region Local Government Internet Portal;
- liaise with the E-Government Unit of the State Services Commission to ensure that Auckland developments complement central government direction; and
- establish and maintain regional benchmarks for presentation, content, and services to be provided through the local authorities' web sites.

The Working Party has followed a strategy of adopting the E-Government Unit's central government standards wherever possible. For example, the eight local authorities have agreed that Internet service delivery developments should be co-ordinated throughout the region, and follow central government developments as closely as possible.



Case Study 6: Geographic Information Systems and the Auckland Area Orthophotography Standard

Who Is Involved?

North Shore City Council, Auckland City Council, Auckland Regional Council, Manukau City Council, Rodney District Council, Waitakere City Council, Franklin District Council, and Papakura District Council.

What Led To The Joint Arrangement?

The delivery of Geographic Information Systems (GIS) was identified in 1999 as a potential area for local authorities in the Auckland region to work together. As a result, a GIS working group was established. A GIS system encompasses a range of data and can include information on property boundaries, zones, underground services, kerb lines, protected areas, and other features. However, it became apparent that:

- the local authorities used a variety of GIS platforms; and
- data standards, and the accuracy, completeness, and types of data held, varied between the local authorities.

Local authorities invest heavily in their GIS systems, with a significant part of that investment involving the input of data. The data primarily relates to the physical land area within a particular local authority's boundaries. There is little overlap in the data required by the individual local authorities, although data is shared with the Regional Council.



How Does It Work?

A GIS Working Group was formed and agreed to establish an Auckland Area Orthophotography* Standard. A Standards Working Group was set up to collate information about the current standards used by each local authority, and to prepare a draft standard. The draft standard was circulated for comment, and finalised in February 2003. The standard sets the minimum specifications for aerial photography.

The agreement of a joint orthophotography standard between the Auckland local authorities will enable them to begin aligning use of aerial photography in the region. Through the process of agreeing the standard, further steps have been identified, such as aligning contracts for the procurement of aerial photography.

* Orthophotography combines the image characteristics of an aerial photograph with the geometric qualities of a map.



Case Study 7: Information Technology Outsourcing Arrangements – Opotiki District Council and Environment Bay of Plenty

Who Is Involved?

Opotiki District Council and Environment Bay of Plenty.

What Led To The Joint Arrangement?

Opotiki District Council was preparing an information technology (IT) strategy but was unable to obtain IT support at an affordable price. The strategy identified the high costs of servicing the council's computer infrastructure and that it needed to replace its ageing computers.

At the time, Environment Bay of Plenty needed the rating and valuation data that Opotiki District Council maintained for a reclassification exercise in the river scheme areas. There was some potential that access to the data would be at risk if Opotiki District Council could not secure IT support. Part of the reciprocal agreement that was reached means that Environment Bay of Plenty has access to property data in the Opotiki District for any of their specific projects, including data-matching requirements. Environment Bay of Plenty viewed involvement at the time as consistent with its leadership and co-ordination role in the region, and as an appropriate regional use of the resources at its disposal.

How Does It Work?

A letter of engagement between the two local authorities was signed in October 1999. This was a short and informal agreement, reflecting the fact that the outsourcing relationship was still at an early stage. The agreement provided for IT servicing to the same standards as those adopted at Environment Bay of Plenty, help desk facilities to standard Environment Bay of Plenty response and escalation times, and Internet and e-mail support through a communications link to the Regional Council network.





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Environment Bay of Plenty effectively integrates the provision of Opotiki District Council's area network with its own, supporting its neighbour in the same manner as its own departments internally and throughout the region. Three Environment Bay of Plenty staff share the servicing of Opotiki District Council's IT requirements, thereby ensuring that knowledge of Opotiki District Council's system is shared, and that continuity of service is provided.

Over time, the nature of the services required has become clearer, and the expectations of Opotiki District Council have grown. In response, the local authorities are currently formalising their joint arrangement to better define service obligations, and Environment Bay of Plenty is assessing the time its staff spend on servicing the Opotiki District Council, drawing on data from logged requests to its help desk. The revised agreement should provide for better monitoring of service levels, and the matching of services to user requirements.



Case Study 8: The Our Way – Southland Project

Who Is Involved?

Environment Southland, Southland District Council, Invercargill City Council, and Gore District Council.

What Led To The Joint Arrangement?

The Local Government Act 2002 (the Act) requires all local authorities to undertake a process to identify community outcomes, which are to be used in the preparation of a Long-Term Council Community Plan (LTCCP). In early 2002, the Southland Shared Services Forum asked each of the Southland local authorities to adopt a policy of working together on a joint project to meet their obligations under the Act. Each local authority adopted the policy, and a combined staff working group was formed. The working group prepared a joint proposal for the Our Way – Southland project that was put to the Southland Shared Services Forum in May 2003. The forum endorsed the proposal and recommended that the local authorities approve the proposal and commit the required funding. After endorsement of the proposal in June 2003, the mayors and chief executives signed a Memorandum of Agreement.

How Does It Work?

The main objective of the project is to understand the likely future of Southland and create a shared vision for the region with extensive public involvement. The project has four stages:

1. Profiling the community, identifying how residents feel about their community and what community values are important to them.
2. Analysing trends and advising possible scenarios of the future.
3. Creating a community vision and identifying desired outcomes through extensive public involvement.
4. Drawing up an action plan to implement the vision.





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A Steering Group was set up, consisting of three councillors from each participating local authority, plus an iwi representative. A Project Team was set up consisting of two staff members from each local authority, the project leader, and a communications officer.

A regional document will be produced as a result of the community outcomes identification phase, and will include a vision and an action plan. Each local authority will then prepare an individual LTCCP, detailing its contribution towards achieving the desired outcomes for the region, and reflecting its own area's priorities. The project is expected to take slightly more than two years, with a target completion date of June 2005.



Case Study 9: The Regional Council Information Technology Consortium

Who Is Involved?

Horizons*, Waikato, Taranaki, Southland, West Coast, and Otago Regional Councils.

What Led To The Joint Arrangement?

The Regional Council Information Technology Consortium came about from an arrangement between Waikato and Horizons Regional Councils to exchange database modules in 1996-97. Horizons Regional Council briefed a group of regional councils on its information technology (IT) strategy, which led others to express interest in joining the Consortium. A number of factors led the other Regional Councils to join, including that:

- it enabled them to upgrade their IT infrastructure;
- they have common statutory responsibilities, information needs, and business processes; and
- at the time, there were few software products available to meet the needs of Regional Councils.

How Does It Work?

The Consortium is designed to enhance the IT capability of the members through collaborative application development. This lowers software costs and facilitates the development and uptake of systems faster and more cheaply than if each local authority was doing so alone. A formal agreement exists between the Regional Councils and the Consortium. However, the Consortium has no legal form. It meets once a year, at the annual conference for Regional Council IT managers.

* Horizons Regional Council is the trading name of the Manawatu-Wanganui Regional Council.





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To gain entry to the Consortium, Regional Councils can either develop a module that is equal to the value of an entry price, pay the entry price, or combine the two to reach an equivalent value. The entry price is calculated primarily according to rates income, but also takes account of factors such as the number of staff, the number of PCs, and the level of Consortium investment to date.

Regional Councils in the Consortium create modules according to agreed, established development methodologies. Once a Regional Council has developed a module, it must make the module available to all members of the Consortium in return for a payment of 10% of the software development cost. Regional Councils may also share the costs of developing a common module.



Case Study 10: Shared Staffing in Taranaki

Who Is Involved?

South Taranaki District Council and New Plymouth District Council.

What Led To The Joint Arrangement?

In 2000-01, South Taranaki District Council advertised unsuccessfully to fill the position of Water Supply Manager. The Council approached New Plymouth District Council to determine if it was willing to make a staff member available to fill the vacant position. In March 2001, the chief executives of the two Councils signed a contract for the part-time secondment of a New Plymouth District Council engineer to the position.

Similarly, unable to fill the role of Group Manager Engineering, the South Taranaki District Council again approached New Plymouth District Council, and the chief executives signed a contract for the part-time secondment of New Plymouth District Council's Manager Special Projects in August 2001.

How Does It Work?

Both staff members are still New Plymouth District Council employees. The contract for provision of services requires the Manager Special Projects to attend the South Taranaki District Council office at least two days a week, and carry out South Taranaki District Council work for three days a week, reporting to the South Taranaki District Council chief executive. South Taranaki District Council pays for the time of the New Plymouth District Council staff at agreed charge-out rates. The contract defines the services to be provided, fees payable to New Plymouth District Council, facilities to be provided by South Taranaki District Council, and accountability arrangements. The performance of the staff members is assessed by the respective chief executives.



Benefits of the joint arrangement include:

- South Taranaki District Council has been able to draw on the necessary resources from a partner local authority that has an understanding of common issues in the region;
- South Taranaki District Council staff gain from the broader expertise, knowledge, and experience that the seconded New Plymouth District Council managers are able to bring from their work in a larger local authority;
- the arrangement broadens the management skills and enhances the career development of the two New Plymouth District Council employees, providing fresh challenges. Both employees have stronger managerial roles when working in their South Taranaki District Council capacities. The need to delegate work to junior staff has built up their independence and work experience;
- it maximises the value of managers' time; and
- it strengthens the technical capability of South Taranaki District Council, and has avoided the inefficiencies associated with a new manager taking up the new position.



Case Study 11: Planning the Wairarapa Coastal Strategy

Who Is Involved?

Wellington Regional Council, Masterton District Council, Carterton District Council, South Wairarapa District Council, and the two Wairarapa iwi – Rangitaane o Wairarapa and Ngati Kahungungu ki Wairarapa.

What Led To The Joint Arrangement?

The Wairarapa Coastal Strategy Group was formed in 2001 to devise ways to better manage coastal development in the Wairarapa. Factors leading to the need for a coastal strategy included:

- increasing land development pressures on the Wairarapa coast;
- variable planning provisions in the three local authority District Plans;
- that the local authorities were incurring significant costs in hearing applications and attending appeals; and
- that, in objecting to applications, Wellington Regional Council was increasingly being viewed as taking an anti-development stance on coastal planning matters.

How Does It Work?

Wellington Regional Council arranged a Coastal Forum in February 2001 to discuss issues related to coastal development and to identify options to better address future coastal development. The forum led to the formation of a Wairarapa Coastal Strategy Group, with all four local authorities agreeing to work together to prepare a joint coastal strategy.

The Wairarapa Coastal Strategy Group is made up of two councillors from each of the four local authorities, along with representatives from each local iwi. The group is chaired by the Mayor of South Wairarapa District Council and has met 15 times during the course of the project – on average once every six weeks.





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At its first meeting, the group agreed that Wellington Regional Council would meet all administrative costs, and that other costs incurred by each participant would lie where they fell. Wellington Regional Council identified various options for sharing external costs and the group agreed to a cost-sharing formula based equally on population and length of coastline.

Agendas and minutes of group meetings are sent to each local authority, with councillor representatives reporting back to their individual councils on progress. The group set up a project management team to meet regularly, review progress, assign tasks, and report to the group.



Case Study 12: Water Services Integration in Wellington

Who Is Involved?

Wellington City Council and Hutt City Council.

What Led To The Joint Arrangement?

The feasibility of rationalising the water services functions of the two city councils in the Wellington region had been under consideration for some years, with four proposals considered between 1997 and 2000.

How Does It Work?

A project team was formed, comprising two officers from each of the two city councils. A workshop in August 2001, attended by staff and iwi representatives, established project objectives, criteria, options, and a framework for assessing options. Council resolutions, public consultation, and iwi views gave the staff a mandate to work together to draw up a proposal.

The two city councils directed that any revised proposal should allow participation by other local authorities should they so choose. The other Wellington region local authorities – Upper Hutt, Porirua, and Wellington Regional Council – were invited to participate in the project and to attend project team meetings. They all received agendas and meeting minutes.

The work of the project group culminated in a joint report published in October 2002, called “A Co-operative Approach to the Management of Council Water Services in the Wellington Area”. Public consultation on the proposal took place in October/November 2002, led by a joint panel of councillors. The councils gave their approval to the proposal in December 2002.



Project costs were divided according to a formula reflecting the relative water servicing costs of the two city councils, or, in particular cases, were absorbed into existing budgets. The cost allocation formula was independently reviewed. It was agreed that unit establishment costs would be shared in the same proportion as relative current net expenditure on water services.

A financial analysis of the joint management unit option was carried out, pointing to net savings of at least \$4.1 million in the first five years, and ongoing net savings of at least \$1.6 million a year thereafter. Savings are expected to come primarily from economies of scale and fewer staff.

The joint water management unit was established on 1 July 2003, and will be overseen by a board made up of two councillors from each city council and two independent representatives.



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