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Taupō District Council

Independent assessment report | July 2022

An independent assessment report issued by the Independent Assessment Board for the CouncilMARK™ local government excellence programme. For more information visit www.councilmark.co.nz



GREAT LAKE TAUPŌ
Taupo District Council



A measure
for better
community value.

* Period of assessment: April 2022

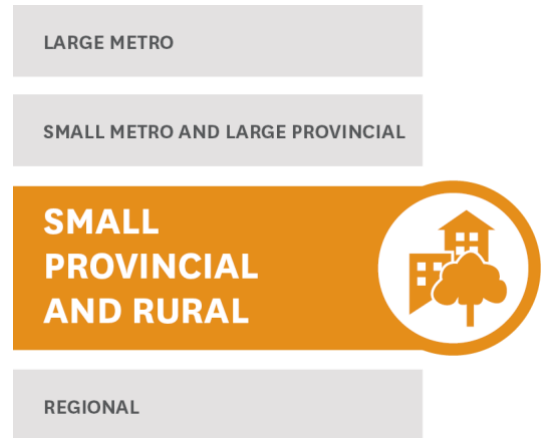
Assessment Summary



AT A GLANCE



Taupō District enjoys continued economic growth driven by agriculture, forestry, geothermal energy and tourism.



SERVES
39,576

PEOPLE², A MIX OF
76.4% EUROPEAN/PAKEHA
29.9% MĀORI
3.2% PASIFIKA
4.9% ASIAN
2% MELAA/OTHER
(>100% DUE TO MULTIPLE ETHNIC SELECTION)



POPULATION TREND
GROWTH³

MAKES UP⁴
2.36 %

OF NEW ZEALAND'S TOTAL LAND AREA³
REPRESENTING Taupō district from
Rangipo and Tūrangi through to
Atiamuri and Mangakino.

6,334 km²

New Zealand's largest lake, Lake
Taupō is 616KM²

\$31,000¹
AVERAGE HOUSEHOLD INCOME

\$2,721m

GROSS DOMESTIC
PRODUCT¹

RESPONSIBLE FOR

794km

ROADS⁴ WITH

93%

SEALED ROADS⁴

1. <https://ecoprofile.infometrics.co.nz/taupo>
2. <https://www.stats.govt.nz/information-releases/2018-census-population-and-dwelling-counts>
3. <https://www.stats.govt.nz/information-releases/subnational-population-estimates-at-30-june-2021-provisional/>
4. <https://councilmark.co.nz/results/north-island/waikato-regional-council/taupo-district-council/https://www.taupodc.govt.nz/repository/libraries/fd:25026fn3317q9slqvgym/hierarchy/Council/Plans%20and%20strategies/AMP/TDC%20Transport%20AMP%202021.pdf>



Council's current context

Taupō District was first assessed under CouncilMARK in 2018, at which time it was noted that if rapid population growth continued, it would place significant pressures on the Council – particularly its infrastructure and finances. These pressures are now very evident.

- > Public and legislative demands for improved drinking water standards has hastened the need to improve the district's smaller water supply networks.
- > The continuing evolution of Council's relationship with iwi has heightened expectations around the management of wastewater and stormwater discharges to rivers and lakes.
- > Proliferation of residential developments has created competing expectations around managing urban sprawl while also putting in place the necessary facilities and infrastructure to service these areas.
- > Ongoing investment in the Taupō township has generated expectations for proportionate investment in Tūrangi.
- > National and international constraints on materials and labour supplies is challenging the viability of many capital projects, both in terms of workforce capacity and financial affordability.
- > The Council is generally responding well to these challenges. However, it will need to ensure its next Long Term Plan effectively accounts for the major changes happening to local government and Covid-19 impacts, so the community has a clearer picture as to what the district will look like, and the Council's role in achieving that.

Key challenges and opportunities

The story of Taupō District over the past few years is, despite the impacts of Covid-19, one of positive growth and development that most rural districts would be envious of. However growth brings challenges and for Taupō District, these are many and varied. Of particular note:

- > In supporting the continued growth and prosperity of Taupō, the Council will also need to be mindful of maintaining the viability of smaller communities with appropriate levels of council investment.
- > There are significant opportunities to get measurably better returns from the Council's extensive investment assets.
- > The Council needs to establish greater integration between project management and delivery through developing the capacity and capability to deliver important capital works relative to the increasing demand for critical infrastructure.
- > There is a communication disconnection to be overcome regarding the positive progress being made by Council and the perceptions of progress in some sections of the community.

Commonly used terms

Term	Definition
Asset Management Plan	A tactical plan for managing a council's infrastructure and other assets to deliver an agreed standard of service.
Infrastructure	Local and regional roads, pathways and cycleways, drinking water, wastewater and stormwater assets, sports and recreation facilities (parks, sportsgrounds, green spaces etc), community and tourism facilities (playgrounds, public toilets, libraries, museums, galleries and public art etc), town centres, and other facilities.
Local Government Act 2002	The legislation that provides a framework and powers for councils to decide which activities they undertake and the manner in which they will undertake them.
Long Term Plan	The document required under the Local Government Act that sets out a council's priorities in the medium to long-term.

Assessment Summary

continued...

OVERVIEW

Council has made significant progress since its 2018 assessment, maintaining business momentum during the district's growth while at the same time undertaking a substantial reorganisation of executive management. While numerous opportunities for further improvement remain, the past four years has set the Council on a positive trajectory for success.

RATING



Key findings

Like all of local government, Council is emerging from the adverse effects of Covid-19 on the community, and on tourism in particular. However, Council will continue to face a multitude of new challenges in the form of three waters reform, heightened partnership expectations from iwi and unabated population growth. For the good progress made so far to continue, Council will need to:

- > *More clearly and specifically articulate the vision for the district, and in particular for Taupō, in a manner the business community and wider population can embrace and support.*
- > *Ensure it has sustainable sources of revenue relative to the volume of expenditure anticipated that does not place undue reliance on rates income.*
- > *More effectively communicate Council achievements to its community through a better performance measurement framework.*
- > *More closely manage capital projects from inception so they are appropriately prioritised relative to Council's financial capacity along with the internal and external capability needed to deliver them.*

Period of assessment

The on-site assessment was conducted 27-28 April 2022.



Governance, leadership and strategy	Financial decision-making and transparency	Service delivery and asset management	Communicating and engaging with the public and business
Better than competent	Performing well	Better than competent	Better than competent

STRENGTHS

Positive and constructive relationships are evident amongst elected members and with the executive management.

An exceptionally clear and well-focused Financial Strategy, complemented by a very able finance team to implement it.

An Infrastructure Strategy that is well-aligned to the Financial Strategy and lays out a sound long-term plan for investment.

A very strong and effective working relationship has been established with local iwi.

AREAS OF IMPROVEMENT

Stronger ownership of strategic and operational risk by elected members and executive management respectively.

Greater discipline in setting realistic budgets to reduce ongoing capital and operational underspends

Developing more robust business cases for major capital investments, coupled with stronger capital project reporting.

Refreshing and implementing communication plans and strategies to more effectively inform and engage with business and community interests.

Leading locally

Governance, leadership and strategy

Mayor, councillors and staff share a maturing vision for the future of the district and enjoy strong relationships with iwi and the community. Council operates as a cohesive organisation with a collective commitment to improving the four well-beings¹ of the district.

Priority grading

Better than competent

< The assessment highlighted that both the Council and residents are heavily invested in delivering improved outcomes for the district. While the Council's vision is understood, and generally supported, greater specificity is needed as to how day-to-day operations will deliver desired outcomes. >

Setting the direction for the community

The 2021-31 LTP articulates a vision 'to be the most prosperous and liveable district in the North Island'. To deliver this, effort is needed to articulate the means and details of what it looks like and how it will be achieved. That is especially so for the wider business community who provide investment and employment opportunities, and for whom details of the vision are not clear. Council is respected for its accessibility and preparedness to engage across the community, and that can be enhanced by a shared and specific vision for the district. Iwi are appreciative of their growing inclusion and Council's willingness to engage on a

broad range of issues. Five key strategies underpin the vision and these should be continuously tested to evaluate progress.

Creating confident elected members

The impacts of Covid-19 placed a demanding workload on elected members that is testing their ongoing commitment to the role. Despite that, their efforts and aspirations are cohesive and internally supportive. There is a sound working relationship between elected members and Council staff. Previous criticism of capacity is actively addressed through training and induction of Councillors. The Mayor and CEO enjoy a high degree of trust and cooperation with respective roles of governance and management respected. Elected members feel their views are discussed and considered as they often reflect views in their local communities.

Effective working relationships

Recent changes to the staff organisational structure has resulted in clearer areas of responsibility and access for elected members. Regular updates from staff, and meetings between the Mayor and CEO, have improved the provision of information to elected members and Council's decision-making capacity. High standards are expected of Councillors and staff. A Code of Conduct is actively utilised to ensure all views are accommodated and decisions are binding. The recent decision to build a new Council administrative centre will correct five years of dislocation for staff and improve access for the community. It also reflects a positive, coordinated solution involving iwi and the wider community.

Enhancing risk management

Risk management has been improved through the appointment of independent audit and risk committee members, and the development of a sound risk management plan. However, the Council still has considerable work to do to establish an effective risk identification and management culture within the organisation. There is a strategic risk document that lists risk themes, with some themes having been fleshed out into the sub-risks/operational risks. However, no overall operational risk

¹ S.10 of the Local Government Act states the purpose of councils is "to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future."

register exists nor is the existing risk document updated. Council would benefit by investing in an appropriate tool to monitor and report on risks, and those individuals with immediate responsibility for risk management receive relevant training.

Focusing on health, safety and wellbeing

There is a concise Health and Safety Strategy and a strong health and safety culture with an emphasis on wider staff wellbeing. While elected members are currently briefed quarterly, there would be benefit in providing monthly, easily updated and readable descriptions of health and safety activities and incidents. This would provide a greater visibility across a range of measures throughout the district. Compliance software (Damstra) is used to capture the health and safety data and efforts to link a digital record would be useful. To facilitate this there is also a need to annually update health and safety policy and manuals.

Managing the organisation

The Mayor and CEO have a constructive relationship and both are accessible to elected members. As a long-serving staff member, the CEO has a good understanding of both the organisation's history along with the priorities and challenges it now faces. The location of staff across several offices has adversely impacted a cohesive working environment and, coupled with the impact of Covid-19, has required resolute effort to sustain effective Council operations. Regular internal meetings among staff and elected members has maintained good communication.

Changes to the executive management structure have been made to form a more cohesive organisation. While these changes are still bedding in, the willingness to meet expectations is evident from internal staff discussions and community feedback.

Early iwi involvement in decision making is sophisticated with that engagement a priority for building trust between elected members, Council staff and iwi. The creation of Māori Wards in this triennium has assisted representation and inclusion. The experience of local iwi in engagement with the Crown and Council has proven beneficial in providing agreed outcomes. Iwi acknowledge the willingness of the Mayor, councillors and staff to engage early and thoughtfully. There is also a willingness to include Te Ao Māori in processes to complement wider Council decisions.

Informing council decisions

The Council enjoys a good level of communication with the community on policy considerations. However, recent community survey results are mixed on some issues and remain an ongoing

challenge for Council to remedy. Satisfaction with public involvement with Council decisions sits at 45% for the general public and 30% among Māori. Given recent challenges, the results are not surprising but more work is needed to lift community satisfaction to a higher level.

The most recent survey (July 2020) showed better results for satisfaction with Council information (60%) and ease of access to that information (62%). However, those views are significantly lower for residents outside Taupō. Further efforts to engage more widely are likely to benefit the Council's understanding of and eventual delivery of services. However, the Council is overall open and demonstrates a capacity and willingness to engage.

Strengths

A cohesive group of elected members.

Maturing and trusted relationships with iwi.

Positive relationships between elected members and staff, with respective boundaries understood and generally respected.

A strong all-of-council approach to addressing and improving community outcomes.

Areas for improvement

Core documentation on Council strategies and processes needs updating and alignment.

A whole-of-organisation risk register is needed, using appropriate risk management tools that allow for constant evaluation, rating and mitigation of risks.

Timelier Health, Safety and Wellbeing reports (monthly) would act as a valuable check on Council operations.

Investing money well

Financial decision-making and transparency

Council has set a clear long-term financial vision for the district through its Financial Strategy and enjoys good day-to-day financial management from a very able finance team.

Priority grading

Performing well

< The financial picture for Taupō District is challenging and complicated, but also one that provides considerable cause for optimism given the diversity and resilience of its economic base. Council is playing an effective role in the district's economic future through sound stewardship of its public assets, prudent financial management, and effective long-term financial planning. >

Planning and evaluating financial goals

Council has developed an excellent Financial Strategy. It is comprehensive, well-articulated and well-integrated with the Infrastructure Strategy. The Strategy identifies the key issues facing the district with 18 clear goals identified and themed around matters such as Financial Prudence, Levels of Service and Contingency Planning. Key goals are identified such as selling surplus land to reduce debt, increasing third party revenue and maintaining expected levels of service. It proposes options to address each goal and outlines a preferred way forward. Although some assumptions need to be tested in light of recent international and domestic events, the finance team were aware of the issues and understood what they need to do to respond.

The Strategy highlights the significant capital investment across the district made in the past 20 years, such as the East Taupō Arterial (ETA), an upgrade of the AC Baths and upgrades to water and wastewater treatment plants across the district. That has resulted in relatively high gross debt levels, and has been aggravated by lower than projected revenues, partly as a consequence of a slow-down in property development and building activity. Council has responded to this by selling some investment assets to reduce debt, introducing a new funding model and deferring less critical capital projects. As a consequence, debt has reduced from a peak of \$168m in 2014 to \$147m by 2020, with levels of service generally maintained.

Progress has also been made in decreasing dependency on rates income by growing development contribution revenue from around \$1.5m per annum in recent years to a forecast return of \$7m this year due to the implementation of a new Development Contribution Policy to more fairly allocate infrastructure costs.

Staff acknowledge that *“Council has had a poor record of delivering all of its capital works programme in recent years. As a result we have implemented a new project management framework and have an increased focus on improving the planning and delivery of capital projects.”* Around \$65m of capital projects will be delivered this year – up from \$14m in past years. However, this is still below the planned \$100m and some adjustment to capital planning is needed to address an obvious optimism bias in forecasting of capital works.

Balancing the budget

While no evidence was provided of true zero-based budgeting, the financial strategy, LTP and Annual Plans all demonstrate strong awareness of cost control. There is scope to demonstrate more rigorous and detailed budgeting processes. End of monthly and end-of-year reports show frequent instances of disparities between forecast budgets and actual expenditure. It reflects excessive optimism on the part of operational managers and elected members as to what will be achieved in a year.

The Council's finance team is very ably lead, and the team as a whole has a good understanding of opportunities for tighter fiscal control. Council might benefit from adopting a more forthright stance in challenging the operational teams given the pattern of year-on-year underspends in some operational areas.

Being clear and transparent

The Council provides a detailed explanation of the cost allocations between public and private allocation of costs and between general and targeted rates. While the explanations are fulsome, they lack empirical data to substantiate the assertions made. In the absence of better data, the cost allocations can appear arbitrary and inconsistent.

Monthly financial reporting is good – detailed and clear. Staff provide a good breakdown of activity expenditure against actual and budget and forecast along with comparison against previous year. Improvements could be made to the explanations of financial variances with a greater clarification as to **why** they have occurred, rather than **what** they relate to.

Procurement processes are generally sound, but the write-up of procurement decisions could be improved with greater detail and explanation as to the scorings given and decisions reached.

Managing investments

Council has a relatively broad portfolio of investment assets – both property assets and equities (through the TEL fund). The investment portfolio represents a very important part of its overall financial strategy to manage net debt levels and provide a source of income.

The TEL fund was established from the sale of Taupō Electricity and Taupō Generation, and historically revenue from it has been used to fund Council projects and/or subsidise rates. In 2015 Council decided to use the assets to create a community fund. It has a value of approximately \$65-70m, but is making returns only slightly higher than fixed interest rates, which staff recognise as unsatisfactory.

The property portfolio includes valuable residential land adjacent the ETA, including pensioner housing, numerous forestry blocks and commercially leased properties. A return from the residential land cannot be maximised without external property development advice. The pensioner housing portfolio is in poor condition and inefficiently positioned on what might otherwise be valuable land.

Council also owns, jointly with the Crown, the local airport. It is seen as an important strategic asset, offering an important gateway to the region. However, its financial performance is poor – making ongoing six-figure annual losses, against modest income of a less than \$1m. The impact of Covid on travel notwithstanding, far better financial returns should be expected. Staff have identified other income opportunities including paid parking, leasing land and increasing retail. An effective strategic plan and a more effective governance structure are necessary first steps to achieving this.

It appears Council is not making best use of its investment assets, and critical to maximising returns are: (a) a clear Investment Strategy; (b) a Property Strategy that deals with both strategic/non-strategic and commercial/non-commercial land; and

(c) relevant external expertise to assist with both developing the strategies and providing ongoing investment advice.

Strengths

A highly competent finance team.

An excellent Financial Strategy that is well-aligned to the Council vision and has well-reasoned financial goals.

A strong financial position, with a valuable, albeit under-exploited, investment portfolio.

Very good debt management.

Sound financial reporting.

Areas for improvement

More rigorous budgeting processes to reduce underspends – particularly on capital projects but also in some operational areas.

Engaging relevant external expertise to assist with major investment and development matters, especially the TEL and property portfolios

Improved documentation of decisions relating to major procurement, particularly in providing greater detail and explanations as to evaluation scorings and how decisions are reached.

Increased and appropriate level of resources with the capacity and skills required for managing contracts.

More realistic assessments of project delivery capacity, relative to allocated capex budgets.

Improved financial reporting by providing clear explanations as to the reasons for financial variances to budget.

Delivering what's important

Service delivery and asset management

The scale of growth in the district presents challenges for all Council operations, but particularly for infrastructure. It is therefore significant that both the planning and delivery of infrastructure services within Council remains a focus.

Priority grading

Better than competent

< The majority of Council's services are well-delivered and there are good working relationships with most of their customers. However better quality business cases are needed to justify major capital investments and performance reporting needs significant change to demonstrate value for money and achievement of outcomes. >

Planning and evaluating service goals

Council has developed an excellent Infrastructure Strategy that clearly outlines the main themes and issues facing the district over the next 30 years. These include: nationwide reforms of infrastructure; ongoing population growth and demographic changes; the need to better protect the environment; the need to renew ageing infrastructure and ensure it is resilient to adverse natural events; and integrating a Māori perspective in their services.

Knowledge of infrastructure assets had been imperfect with staff acknowledging they previously had very limited knowledge of the condition of underground assets. This resulted in asbestos cement pipes failing regularly. However, investment in condition assessment programmes over the past six years has lifted

condition knowledge to "a B+/A-." That increased knowledge has identified a need to invest more in asset renewals for the next 10 years in order to maintain levels of service.

Council's 30 year view of the district's infrastructure is simple and concise:

- Having sufficient knowledge of all assets conditions to enable accurate forecasting of renewals.
- Ensuring infrastructure is in good condition and meets levels of service.
- Preserving a healthy environment.
- Responding effectively to population changes.
- Effectively managing level of service demands and the impacts of peak holiday demands.
- Ensuring infrastructure is financially sustainable.

Completing an improved Infrastructure Strategy has enabled better Asset Management Plans (AMPs) to be developed. The new AMPs are very thorough and provide a clear understanding of the issues facing Council. Although very detailed, the AMPs clearly lay out all the matters under consideration by Council. Where there are uncertainties on asset condition, a clear plan for improvement exists. In the past, delivery of asset renewal targets has not been achieved, but staff now recognise and are working to build a consistent and manageable pipeline of work to ensure contractors have the capacity to deliver it.

The infrastructure work is underpinned by the Council's Joint Management Agreements in place with Ngāti Tūwharetoa, Raukawa and Te Arawa River Iwi Trust. Central to iwi, and requiring appropriate focus and weighting, is how Council and the iwi authorities will work together to promote the restoration and protection of the Waikato River. Ngāti Tūwharetoa is in a unique position holding legal ownership of most of the waterways and waterbodies in the district while also retaining ownership of most of the private land within the associated catchments.

In order for Tūwharetoa land owners to use their land productively and sustainably, adequate infrastructure and services need to be in place to support its development. Lack of access to good infrastructure is a significant barrier for iwi to increase the productivity of Māori land. Council's planning documents

recognise that and a very effective relationship exists between iwi and staff to develop infrastructure in a manner that benefits both the environment and the aspirations of iwi.

Assessing capability and capacity

The on-site assessment identified a strong and positive culture despite, or perhaps because of, a significant organisational restructuring in 2021. However that restructure has resulted in high staff turnover (20.1%) and lower than expected results in the most recent staff engagement survey.

The restructuring saw a significant reduction in tier two and three managers. Staff generally commented positively on the changes noting, *“We needed change and those that didn’t want to embrace it have moved on,”* and *“...restructuring doesn’t always go well, but people have been listened to through that change. There have been changes to processes, [but] job security was not threatened for most of us.”*

The 2020 survey results were 29% of staff engaged, 53% “ambivalent” (i.e. not actively engaged) and 18% actively disengaged.² The 2021 results were 33%, 52% and 15%, respectively. Whilst that is a slight improvement on the past year, two out of three staff are still not actively engaged with the organisation. The major impediments to engagement include better understanding Council’s mission/purpose, opportunities for staff to grow and develop and staff feeling challenged in their role. Significant frustration arises from the highly fragmented location of staff, and the decision to accommodate all staff within a single building is seen as an important step toward removing operational silos and developing a stronger team culture.

Despite challenges with recruitment in the current market, Council appears to have good skills and capability in all key areas.. With approximately 320 FTEs, Council is a relatively lean organisation when measured against councils of comparable size and activity. They have developed an excellent “Perform and Develop Plan” for each staff member. Comments suggest the theory of the Plan is being well operationalised, with several staff in interviews saying they felt they were given good opportunities to develop.

Assessing service quality (TLAs)

Three Waters

Council has a very capable three waters team which understand their challenges well.

Council operates 18 water schemes throughout the district. The main water networks (Mangakino, Tūrangi and Taupō) are compliant with drinking water standards, but the small-town systems are non-compliant. Some ongoing issues with maintaining bacterial, protozoa and chemical compliance occur due largely to systems not having been upgraded. Water loss within the district networks is also relatively high and does not meeting the KPI set, re-emphasising the need to upgrade ageing assets.

In response, Council has chosen to accelerate its asset renewal process for drinking water in order to become compliant earlier, and has done so by making effective use of Crown funding. Renewal of some water take (and wastewater discharge) consents has been slow, in part due to lengthy iwi negotiations, that should be better factored into future planning.

Taupō District is among best-practice NZ Councils for the extent to which it is managing stormwater discharges. A range of effective treatments are used such as rain-gardens; Enviropods and other proprietary stormwater treatment systems, as well as making use of overland flows through native plantings. Given the sensitivity of the local environment and Council’s relationship with iwi, there is scope for further capital investment – such as the installation of more catchpit filters throughout the network. Council’s work with the regional council and iwi in reducing nitrogen levels in Lake Taupō is a significant achievement.

In addition to treating and disposing of wastewater, Council must reduce nitrogen discharge from wastewater treatment plants into the Lake Taupō catchment by at least 20 percent of 2005 levels by 2020, as part of the Lake Taupō Protection Project. It has achieved this, which is a significant environmental outcome.

Council has adopted a proactive approach to maintenance and condition assessment with increased operational expenditure for cleaning sewers and collecting data to enable more accurate forecasting of renewal requirements. That will help reduce wastewater network blockages and reduce overflows into Lake Taupō and waterways over time.

All three of Council’s resource consents for wastewater discharge have expired. Delays in obtaining these has been due to consultation on places of discharge, types of treatment and types of vegetation to use. However, the current discharges are compliant with the conditions of the expired consents.

Planning and Consenting

Council has developed a “rolling review” of its District Plan and is progressively making it more enabling and responsive to the rapid development in the district. “Taupō District 2050” is a growth strategy that provides a vision of what the district will need in the next 30 years (e.g. increased volumes of industrial, commercial and residential land and the need to intensify to avoid urban sprawl).

External stakeholders commented on the need for balancing the desire to maintain the character of Taupō’s CBD with appropriate opportunities for development elsewhere, with comments such as *“We want to know what the rules of the games are – some people get opportunities for development that others don’t”* and *“The biggest enabler to opening up land for development is the District Plan.”*

The resource consent team is processing consents predominantly within statutory limits and receive generally positive comments

² Council uses a Gallup survey which employs a different methodology to that used by many other Councils.

from external stakeholders regarding their pragmatism and responsiveness.

The construction boom is placing pressures on Council's building resources with statutory timeline for issuing consents not fully achieved (mid-90%). However, Council has done well by retaining building inspection staff in challenging times, and the team has developed a very good reputation. Stakeholders described them as "...one of the best in the country." A 2021 survey identified that over 75% of users said Council met their expectations and 11% said they exceeded expectations. Over 50% considered charges were reasonable (40% no opinion), and over 50% thought Council's online system was easy or very easy to use.

Roading

The district has free draining soils so roads generally last longer than in other parts of the country. Many of the roading assets are in good condition and will not need renewing or upgrading for some years. Given this, much of the focus of the transport work is on safety issues including road-widening and improving intersections.

The district's Transport AMP is very well-aligned to NZTA strategies with good, evidence-based, Investment Logic Maps adopted for their main transport investment proposals. Although the East Taupō Arterial (ETA) has significantly reduced pressures on the town network, an ongoing "pinch-point" with the bridge across the Lake outlet remains. The issue is one that engenders strong local views, but a compelling business case for change is needed prior to investment.

Council obtained \$20m of central government "shovel-ready" project money for a major town centre upgrade which has commenced with substantial traffic improvements around the CBD. One of the upgrade goals is to ensure locals continue to support the town centre by making it more pedestrian and cycle friendly.

Public transport is limited, and the strategic focus is on a more sustainable system. Initiatives to support that include improving shared pathways and developing proposals for a bus service between Tūrangi and Taupō to offer those on lower-incomes better access to job opportunities in Taupō.

Community facilities and services

Council is in the process of replacing a badly out-of-date "Recreation Strategy 2006" with a new strategy. At 62 pages, the draft document is unnecessarily lengthy, but clearly identifies the need to justify the investment in recreational facilities, with four new Investment Principles. It includes numerous actions, clear time-frames, well-defined levels of service and the decision making processes for investment. However, like the 2006 Recreation Strategy, it lacks any clear overarching goal and community health and well-being does not feature in any goals or outcomes.

Taupō enjoys a very good range of cultural and recreation facilities, most of which are in good condition. However, there appears to be a satisfaction issue with only five of the eleven KPIs

being met. Tūrangi has significantly lesser quality community facilities which has led to a proposed Recreation Centre development. With construction costs rapidly rising, it is anticipated that this development may cost in excess of \$26m so a strong business case will be needed to support it.

The district's parks are benchmarked against the "Yardstick" national criteria and generally rate well. Council has been very successful in attracting multiple regional and national events to the district, and this produces significant economic benefit.

True service costs for the community facilities are opaque and limited "user pays" apply. Anecdotal and survey feedback is generally very positive, but there is negligible empirical data to assess the quality of utilisation, value for money or opportunities for improvement.

A Community Grants Policy is in place which allocates \$600k per annum, but the application process lacks transparency in terms of eligibility criteria. There is also no visibility of what was granted, or why, in the Annual Report.

The Council has a strong focus on community engagement, with the aim of ensuring communities are "supported and connected." These activities include: building strong local neighbourhoods through the "Our Neighbourhood, Our Future" programme; working alongside Māori to ensure they are informed and engaged in decision making; providing community grants to help achieve community aspirations; and supporting youth through its Youth Leadership programme and Youth awards. One external stakeholder commented, "This council does engagement well and are getting better at it."

Addressing regulation

Council has a stated goal of undertaking regulatory work to "...ensure that our residents are safe and protected from nuisance" but it is not obvious how the compliance activities are contributing to this goal or whether it is being achieved.

No overarching Regulatory Strategy exists to prioritise compliance work is lacking. As a consequence, considerable resources are allocated to modest compliance issues (e.g. 100% of resource conditions are monitored, yet only approximately 5% have any compliance issues). Conversely, there have been in excess of two dog attacks per week for the past five years, yet only two prosecutions have been conducted (securing one conviction) during this time.

This inconsistency with the goal of a safe community stems from implementing compliance activities with a process-based focus, rather than outcomes-based focus, and having KPIs that are entirely time-based rather than being focused on reductions in harm or incidences of non-compliance.

Staff allocated to compliance work, although well-intentioned and committed, appeared to lack the level of technical training needed to fully discharge their responsibilities. Additional training and input from appropriate legal and other expertise would enable them to more confidently carry out their duties.

Accountability reporting

Council's framework for performance reporting is poor, relying almost entirely on surveys of limited value and statutory reporting requirements. Achievement of KPIs is very mixed with Council's activities in Water, Democracy and Planning, and Community Facilities performing particularly poorly. There is a complete absence of any KPIs measuring value for money or determining whether progress is being made towards the outcomes identified in the Long Term Plan. While most of the Council's operations appear to be working well, there is negligible empirical evidence through the KPIs to support this. This is a significant lost opportunity for better accounting for the community.

Establishing a business case for investments

Council has made recent efforts to ensure resources, including staff, are better allocated to projects. It has also adopted a project methodology (based on PRINCE2) that aims to better deliver projects on time and budget, and within scope.

While these are constructive steps, capital project management from the initial investment decision through to ongoing managing and reporting still has a lot of room for improvement. The limited number of business cases that exist are inadequate in identifying a compelling case for change, do not fully assess all options, and contained insufficient financial analysis. While the standard template business case is fine for small capital projects, it is inadequate for major projects, such as the airport terminal expansion and the proposed Tūrangi Recreation Centre.

Generally projects are monitored closely and reported to a level better than many councils. However, these reports could be enhanced by more thorough explanations of variations to scope, budget or programme.

As a positive, Council is becoming better in recognising its capacity constraints (both internal and external) for delivering projects and making appropriate reductions to the capital budgets.

Strengths

Excellent Infrastructure Strategy and very good AMPs.

Very competent Infrastructure team.

Good Building and Resource Consenting teams.

Effective Events Promotions team.

Excellent community service ethic across all operational teams.

Areas for improvement

Establishing a Regulatory Strategy that better prioritises compliance work in a manner that considers public safety and cost-effectiveness.

Considering additional technical expertise to support the Compliance team.

Further progressing capital investment in stormwater management to protect district waterways.

Simplification and more action orientation in the Recreation Strategy.

Adopting the Better Business Case, or equivalent methodology, for major capital investment proposals.

Undertaking better operational analysis of Council's community facilities – patronage, cost of operations etc

Expanding the details provided on capital project reporting, particularly in the Annual Report.

Improving performance accountability reporting.

Listening and responding

Communicating and engaging with the public and businesses.

Council undertakes effective engagement with the community using a variety of media. The interaction with iwi is particularly trusted and effective. Increased dialogue with businesses will help support Council's aspirations and commitment to the district.

Priority grading

Better than competent

< Council is looking to revitalise this area of activity with a new Communication Strategy, new staff, and clearer priorities for communication and engagement. Its intentions are well-focused, but will require a long-term commitment of resources to ensure success. >

Planning effective engagement

The Mayor and Council, with staff effort, have produced an encompassing LTP 2021-31 that sets out the strategy and plan for the period. The LTP was produced following a wide and inclusive consultation process. Council's vision statement is now overarching and clearer, although it will require commitment to explain its nuances to the community and to local businesses to ensure clarity of purpose and intent.

A variety of media is used to engage the community. Council utilises an open session for the community where elected members listen and discuss relevant issues that enable action-focused results.

The Council Communications Strategy has just been refreshed. It is generally sound and better reflects present-day communication practices than the previous 2006 strategy. However, it is very generic and does not identify any district-specific issues nor is it explicitly aligned to Council's LTP. It would also benefit from being supplemented with specific, time-bound, actions to give the reader a clearer understanding as to what will be achieved from the strategy.

Staff recognise resources are not limitless and so are prioritising "communication" (which they define as "pushing" information to residents generally), after which they can use "engagement" (where specific groups come to the Council to discuss matters) to progress specific issues of concern.

A current issue of particular community concern is housing shortages and the short-term solutions central government is putting in place. Council recognises the extent to which the problem will be exacerbated when borders fully reopen and an inflow of post-Covid tourists seek accommodation in the district. The Mayor and Councillors are actively working with central government agencies to address the issue.

Engagement with iwi and local community groups is well practiced, measured and visible. The use of Te Reo is encouraged in media production and messaging.

Engaging digitally

Council effectively uses a range of social media to complement traditional forms of communication and engagement. The number of "followers" on these platforms (e.g. Facebook) suggests a strong level of interest and engagement. The website is developing well, with a good range of services that can be transacted online as compared with many other councils nationally. It recognises that both online services and digital communication needs further prioritisation to meet community expectations.

Building good relationships

Māori/iwi

The relationship with iwi is excellent, and stakeholders spoken to acknowledged the efforts of Council, including the willingness of Council to embrace marae-based dialogue.

Business

Council created, and partly funds, an Economic Development Agency (“Amplify”) that is at the centre of Council business activity. There are numerous business issues facing the district including a lack of good housing stock for new employees, an unresolved tension between maintaining the vibrancy of the CBD while allowing for retail and commercial development in new subdivisions, and a need to advocate on behalf of businesses to central government. While business stakeholders acknowledge Council is generally a good listener, the relationship would benefit from a clearer and more aligned vision as to how Taupō will be developed into the future. This is likely to include a community-wide discussion on the District Plan and future business zones.

Central government

Council has played a strong lead role in coordinating locally-based central government agencies to share information and help resolve a broad range of local issues. Several of these efforts have manifested themselves more noticeably during Covid and will continue to exercise Council activities and plans for action. Council is well-engaged with wider central government initiatives including three waters and has commenced preparation for its anticipated implementation.

As a major destination for internal and offshore tourism, Council recognises the need for broad engagement with central government and has helped enable important initiatives from these relationships.

Communicating through the media

Although Council has a media policy dealing with process issues, it lacks strategy for dealing with the new media. Although elected members and the CEO understand the benefits of effective communication and the need for constructive media relationships, the development of a coherent strategy would help foster confidence in and support Council’s key initiatives.

Reputation

The Mayor, elected members and staff, the latter led by the CEO, have worked assiduously to enhance the reputation of the district. Their work with the wider community, including closer cooperation with iwi, is noted. However, the results from residents’ surveys suggest that the efforts are either not being given sufficient visibility or are not being appreciated. The latest survey results rates elected members and staff at 43% and 56%, respectively, for doing a “very good” or “fairly good” job; at 45% for Council providing value for money; and at 29% for keeping them well-informed about the district’s long-term vision. Clearly

there are opportunities to better align the achievements being made by the Council with the perceptions being held by sections of the community.

Post-Covid lockdowns, the district is finely balanced with significant opportunities for recovery and growth, contrasted against housing and employment concerns. Council has a role to play in addressing issues of social deprivation, and needs to clearly articulate its role and the expectations of the community.

Strengths

Frequent and broad-based communication across the district.

A trusted relationship with iwi, based on frequent communication and meaningful involvement in decision-making.

Effective engagement with central government agencies that have the ability to positively contribute to district goals.

The relationship with business is open and constructive.

Areas for improvement

Business concerns about the future commercial planning of **Taupō** needs to be directly addressed to achieve a commonly agreed outcome.

Communication plans and strategies need to be updated and refreshed to take account of changing expectations and practices, particularly in social media.

Positive anecdotal feedback needs to be transformed into a more structured process for measuring performance.

Small, but growing, sections of the of the community are looking for additional Council engagement to help address housing and other social issues.

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