

LTCCP – Countdown to 2009 Notes from Workshop/Discussion Groups

Good Practice and Other Assistance for 2009

1. **If you had your choice of any three good practice resources to help you prepare your 2009 LTCCP what would they be (in order of priority)?**

The “top five” priorities for good practice products identified in the Seminars were:

- *performance management framework* (linked with levels of service including levels of service for activities other than the provision of network infrastructure);
- defining “best” practice, “good” practice and the “minimum” standard (some added clarification of the standards Audit will apply to this);
- good practice in communicating the strategic choices (i.e. the top of the so-called iceberg) to the community;
- a web “portal” populated with good practice from all sources (SOLGM/NAMS/DIA etc); and
- *guidance on LTCCP amendments.*

Other requests from the Seminars included:

- updates of existing guidance (e.g. Jigsaw, Knowhow etc);
- *an IFRS compliant model annual report;*
- guidance on what the term “sustainability” really means in practice;
- better definition of the role of “the project manager” and guidance on managing an “LTCCP project”;
- training modules for non-planning staff (or others with minor/peripheral involvement in the LTCCP) as to what an LTCCP is, why it is important etc;
- training modules for elected members (there was some suggestion that this could be in a similar form to the training packages for elected members on the RMA);
- template LTCCPs;
- further guidance on summaries; and
- improved guidance in “linking” community outcomes across council.

Those suggestions that have been italicised are matters where guidance is “in preparation” (SOLGM is lead agency for material regarding amendments and performance management, and Audit New Zealand is lead agency for the model annual report). The Financial Governance workstream being undertaken as part of Phase Two of the Funding Project is also considering the development training

packages for elected members (which may well include at least some aspects of the LTCCP).

Other suggestions will be evaluated by the SOLGM Financial Management Working Party and the Legal Compliance Working Party.

Purpose and Objectives of the Act

2. Do you agree that the Government's policy objectives for the Local Government Act and the general framework of the LTCCP are appropriate?

Both seminars indicated general support for the purpose and intent of the Local Government Act 2002 i.e. local government's role is promoting community well-being. The Christchurch seminar expressed some concerns that this meant there would be some duplication/overlap between the respective roles of central and local government (for example, in promoting social wellbeing).

Some concern was expressed at the Rotorua Seminar that the 10 year time-frame of the LTCCP does not promote strategic planning in the "long" long-term (i.e most network infrastructure has lives of 80-100 years or more) and there were suggestions that the Local Government Act needs to be more strongly linked with the Resource Management Act.

3. The survey results suggest a general view that the balance between the costs and benefits of the LTCCP process need to be changed. Do you agree?

4. To what extent is there scope for a focus on maximising the benefits rather than just focusing on the costs? To what extent is there scope for reducing costs through changes in practice (and to what extent can sector organisations play a role in this through coordinating development of good practice tools)?

Participants suggested that some of the costs in the 2004 and 2006 LTCCP rounds were more in the nature of "one-off" costs (e.g. establishing planning systems, filling in gaps in the asset management information and systems and the like which should not require as much time and resource to prepare the next time around. Both sets of participants suggested the "jury was still out" on the question of cost until the three year cycle has been completed and more is known as to whether annual planning processes are smaller in scale under the

new legislation. The frequency with which the statutory triggers for determining an amendment are activated and the degree of cost in preparing amendments is also seen as one of the likely drivers of cost over the next three years.

There was some suggestion at the Rotorua seminar that the costs of complying with the LGA were not as significant as some were making out, and were small in scale compared with other requirements – drinking water standards and the cost of preparing and managing district plans under the RMA were two frequently cited examples.

Rotorua participants raised the costs of consultation as an issue and considered that the legislation was now very “consultation-heavy”. Consultation carries a cost both financial and non-financial (e.g. opportunity cost of staff time and of time members of the community spend preparing submissions, attending meetings etc). Christchurch participants also added that there were costs involved if excess consultation meant some communities were experiencing “consultation fatigue”.

Christchurch participants also added that future costs will depend on where “compliance standards” are set i.e. is there some minimum standard in the legislation or (as Audit tend to suggest) is the standard based on industry defined good practice.

5. Do you agree that SOLGM’s focus in terms of the Local Government Commission review should be on promoting amendments that streamline rather than fundamentally challenge the LTCCP framework? To what extent can specific legislative provisions be identified as driving unnecessary costs, and the sorts of change that would reduce these costs?

Participants seemed happy with this approach i.e. changes should be aimed at streamlining the framework rather than seeking a new framework.

Community Outcomes

6. To what extent have the other “players” in your community (e.g. central government, the voluntary sector) taken ownership of the community outcomes in terms of “making them happen”? What do you think the keys to success for ongoing engagement and securing commitment to action with these players might be?

Most participants felt that central government involvement in the process of 'defining' community outcomes was patchy. Some departments have actively got involved in the processes, others had limited or no involvement. Involvement also shows some variation from authority to authority (often based on whether Departments had an office in the district/region). Rotorua participants in particular highlighted a lack of a "whole of government" approach and suggested that "for the LGA to work we all need to play by same rules". Both sets of participants (but especially Christchurch) felt that there has been little central government involvement post definition of the outcomes.

Christchurch participants note that Iwi also tended to participate in the development of community outcomes, but prefer to choose particular projects or priorities to focus on rather than working across the entire set of outcomes.

Participants made the following observations about the ways to get other parties interested in progressing outcomes:

- central government in particular appears more interested in the regional approaches
- continued communication and relationships important i.e don't just make contact when you "want something"
- all activity managers need to understand the potential that is created by the relationships developed during the outcomes process.

7. What in the legislation with respect to community outcomes would you like to see changed? How would this promote the purpose of the Act?

Both seminars expressed some cynicism about the degree to which community outcomes were being used in central government's planning processes. Both seminars tended to support putting obligations to promote social, economic, environmental and cultural well-being into the legislation. Both groups suggested improved involvement and greater commitment by central government desirable – though this was made as an "aside" rather than in any expectation of legislative change.

Some Rotorua participants expressed discomfort with the requirements to monitor and report on progress towards achieving community outcomes from the standpoint that if the council is seen to be reporting on them, then the council will be held responsible for them. There were suggestions this requirement was based on the "intervention logic" models favoured in some overseas jurisdictions and by central government in this country, and some suggestion this model was not necessarily working. This group appear to favour removal of the requirement to monitor and report against community outcomes. Others at the same seminar

suggested that legislative change was unnecessary, but rather clarification of the expected standards for reporting would be useful.

Section 91(2) implies that communities may, if they wish, “discuss the relative importance and priorities of identified outcomes.” Participants at Rotorua were not clear as to whether this was an expectation or not, and whether it is the outcomes themselves or the actions that need to be undertaken to promote outcomes that should be prioritised (or both).

8. What progress has your council and other players made in determining how to monitor and report on progress against community outcomes?

Most councils/groupings of councils have gone a long way towards developing a framework for monitoring and reporting (e.g Waikato councils and MARCO, Bay of Plenty and COBoP. Most appear to have indicator sets agreed upon – some have suites of indicators. It was not clear whether other councils were undertaking other forms of monitoring.

Both Rotorua and Christchurch expressed concerns about gaps in the stock of information at regional level.

The Christchurch Seminar had some discussion about techniques for monitoring and reporting progress against community outcomes. There was a general view that reporting cannot just be a set of indicators with no context e.g. reported crime in one rural community is decreasing but is this because crime is really decreased or because the Community police have been reassigned and there is no-one to report crime to.

Some participants felt their current challenges lay more in identifying what outcomes or actions are priorities and where differences can be made. Some concern was expressed that the sector may be trying to do too much – partly spurred on by concerns that reporting against community outcomes may see the council held responsible for the lack of progress. Some workshops/seminars and guidance on this was considered useful.

The Audit Process

9. To what extent are issues around the cost of the audit requirement a reflection of the audit process itself, or the disclosure requirements of schedule 10? Explain your answer.

10. What implications might removing the audit requirement have for the preparation of future LTCCPs in terms of cost, transparency and readability of documents, the degree of rigour that goes into the preparation of the documents and the information that underpins the document?

There was a general view that the audit of LTCCPs had added value to the process. Audit input had:

- ensured councils were complying with the legislation;
- ensured matters such as inflation (i.e. compliance with the best information requirements of FRS 42) and depreciation (i.e. compliance with the section 100 requirements) were properly addressed;
- promoted some degree of consistency in standards;
- promoting some breakdown of the silo mentality in some councils and ensuring that information that was “in heads” was captured “on paper”.

Direct audit costs were not seen as the main driver of costs in preparing LTCCPs in most councils – the main cost was more in staff time (including the opportunity cost of things “not done”). To this extent, it appears it was not so much the audit process in and of itself, as the volume of information generated by the disclosure requirements, that acted as a cost driver. Christchurch participants in particular noted that even if the audit requirement were removed, councils would still be working to schedule 10.

11. Is there some means through which the scope of the audit could be narrowed while still meeting the objectives for requiring an audit? If so, what and how would it operate in practice?

There were several suggested ways in which the audit requirement could be constrained:

- councils that receive clear audit opinions in one round could be exempt from an audit for the next round;
- similar exercises to the 2005 self assessment and control and the audit could focus only on those councils where issues were identified;
- the audit process could be constrained to only go as far as the statement of proposal;
- could the audit be constrained to key parts of schedule 10 (it is not clear which parts, though probably clause two would feature).

12. Assuming the audit requirement is retained in more or less its present form, would there be merit in the sector and OAG agreeing a well-defined set of standards and expectations to assess LTCCPs against? If so, do you have any views on what those standards should be?

There was general agreement with this proposition. However there was also some expectation that “standards” would provide for different sized and resourced councils or that there would be better guidance as to what constituted “the minimum” as opposed to “good” as opposed to “best practice”.

At the Christchurch seminar there was some discussion of the extent to which the “hump” of work associated with the LTCCP audit might be spread over the triennium and hence made more manageable from a process perspective. The concept outlined was that each local authority could, in association with its auditors, develop a work programme focusing on any systems and information issues requiring attention before 2009, based on the results of the 2006 audits. This work could be undertaken progressively to an agreed timetable between now and 2009 and potentially signed off by audit as it was completed rather than waiting for the LTCCP process.

Schedule 10 Disclosures

13. What specific information does schedule 10 require that your local authority did not already produce before the enactment of the LGA 2002?

Both seminars highlighted the following as items that most councils did not produce before production of enactment of the LGA 2002:

- information regarding community outcomes (schedule 10, clause 1) including descriptions of how these will be monitored and reported against;
- levels of service (sic);
- identifying significant negative effects that activities may have on the “four wellbeings” (schedule 10, clause two)
- 10 year funding impact statements;
- Assessments of Water and Sanitary Services (the schedule 10, clause 3 requirement is for a summary of the latest assessment);

The Rotorua Seminar also added the significance policy and section 102 policies “in general” to this list (in all probability this was a reference to the mandatory requirement to have a policy on Maori freehold land, and the discretionary

remission and postponement policies for general land, all other policies were requirements of the 1996 legislation.)

14. How specifically would you simplify the disclosure requirements of schedule 10 of the Act? How would your suggestions promote the purpose of the Act?

Participants at Rotorua suggested the following:

- change the clause 2, schedule 10 requirement from “groups of activities” to activities – service levels and financials become confusing if discussed at the group level, it was noted disclosure at activity level could add to the length of plans;
- remove the requirement to include inflation in financial projections – this is actually a section 111 issue and would probably require some form of amendment to Generally Accepted Accounting Practice.

Christchurch participants suggested there were no particular “king hits” for identifying changes.

Both seminars supported the idea that summaries of most policies should be included in the LTCCP together with details of how further information could be obtained.

Section 102 Policies

15. Are there any section 102 policies you consider unnecessary? If so, which ones and why? Do you think removal of these policies would promote the purpose of the Act? If so, how?

Although it is not a section 102 policy both Rotorua and Christchurch suggested that the section 125 requirement to conduct assessments of water and sanitary services is unnecessary. The requirement is to conduct only “from time to time” and for public services at least much of the information duplicates what is in the schedule 10 disclosures.

Rotorua participants singled out the policy on public private partnerships out as one that should not be mandatory. Some felt the circumstances under which such a policy would be relevant to their authority would not be frequent, or even occur at all. There was general agreement with suggestions in the background paper that this was more like the remission and postponement policies for general land i.e. must have if you want to do it, may have otherwise.

Christchurch participants suggested that a mandatory requirement to have a policy for remission and postponement of rates on Maori freehold land was “overkill” given the low level of such land in many South Island territorial authorities.

Both seminars agreed local authorities should be required to consult only on those policies that change.

16. What would be the advantages and disadvantages of statutory thresholds and/or other standards for determining significance? Would you support the inclusion of such thresholds in legislation or would you prefer the present policy and criteria based approach?

Neither Christchurch or Rotorua specifically discussed this question. Rotorua did however have some discussion as to whether a significance policy was necessary. A significance policy was seen as useful as it focussed attention on matters that were important.