

Report No:	RCN12-07-06
File No:	
Date:	18 July 2012
Decision Required	

REPORT SUMMARY

Report to: Full Council
Meeting Date: 26 July 2012
Report Author L McKenzie, Chief Executive
Subject: **Memorandum of Understanding – Shared Services**

EXECUTIVE SUMMARY

The three unitary councils across the 'Top of the South' have a history of collaborating. The Nelson and Tasman Councils already share services; some regional facilities are co-funded and there are other joint initiatives. The Marlborough District is a party to some of these joint initiatives and has had a joint roading operation with Transit New Zealand (now NZTA) since 2000.

The three Mayors have met and considered that there should be a greater commitment to collaborate in procuring goods and sharing services. A Memorandum of Understanding (MOU) has since been drafted for each Council to consider and, if agreed, to adopt. Over the next two weeks each Council will be considering a report similar to this one.

The purpose of the MOU is to obtain a political mandate for a significant step up in the level of cooperation and collaboration between the three councils. Each Chief Executive will be accountable for putting the MOU into effect. The MOU is reasonably high level and it will be up to the Chief Executives and a project team of senior staff to implement it. Council's future agreement to the priorities for shared services, the corporate governance arrangements and the overall work programme will be needed.

RECOMMENDATION

It is recommended that the Council adopt the Memorandum of Understanding on Shared Services with the Nelson and Marlborough Councils.

DRAFT RESOLUTION

THAT the Tasman District Council:

- 1. receives the Memorandum of Understanding – Shared Services Report RCN12-07-06 and;**
- 2. adopts the Memorandum of Understanding – Shared Services**

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1. Purpose

- 1.1 The purpose of this report is to advise Council about an initiative that has been taken by the three Mayors of the unitary councils at the top of the South Island. They want a greater commitment to jointly procuring goods and sharing services. A Memorandum of Understanding (MOU) between the three councils has been drafted and is presented for adoption. The Appendix to the MOU will not be prepared until after the Councils have agreed to the general approach the MOU sets out.

2. Background

- 2.1 In December 2010 a report on 'Shared Services Options for the Nelson Marlborough and Tasman Councils' was prepared by Leigh Auton (Auton & Associates). That report was intended to be the first stage of a process of developing and implementing shared services arrangements. It described the situation as it existed in 2010, set out a project framework and proposed that some candidates for shared services be evaluated by a working party of officials. The work was never progressed, probably due to relationship issues. A list of the possible candidates for shared service from the Auton Report is attached as Appendix Three.
- 2.2 Andrew Besley (Marlborough District Council Chief Executive) raised the issue again in January this year in a memo to the three Mayors, Keith Marshall (Nelson City Council Chief Executive at the time) and Dennis Bush King (Tasman District Council Acting Chief Executive). His focus was on shared services rather than joint procurement. Once again, timing made up-take difficult. The outcome he sought was to have each council endorse an agreed strategy should there be a commitment to consider the potential of sharing services.

- 2.3 Following the amalgamation poll result and my appointment, the three Mayors and Chief Executives met in Nelson to pick up Andrew Besley's initiative. I was asked to draft the attached Memorandum of Understanding (Appendix One) and to seek the approval of the three Mayors and Chief Executives prior to referring it to each Council to consider and adopt. We are at that point.

3. Present Situation/Matters to be Considered

- 3.1 Nelson City Council and Tasman District Council already collaborate on a range of projects, programmes and shared service (see Appendix Two). The MOU provides a platform to allow the two councils to further engage together in areas where there are opportunities for improved and more resilient services, or value for money and savings, or good quality local infrastructure, local public services and performance of regulatory functions.
- 3.2 The next step in the process will be for each Chief Executive to assign a staff member to a project team to conduct a complete assessment of where these opportunities may lie. Jamie Lyall, (Marlborough) Susan Edwards (Tasman) and Arlene Akhlaq (Nelson) will form the project team. The Chief Executives will need to stay actively involved.
- 3.3 Roding is a favoured candidate for assessment as a shared service. Marlborough's experience will assist greatly. The project team's approach to the work and in assessing options will need to be well thought out if it is to succeed. For example there are some things that the councils could do jointly that are best described as 'enabler's of future shared services' such as having a common IT platform, financial systems, and procurement policies and so on. The MOU is an enabler.
- 3.4 Some initiatives such as a consistent approach to building consents or aligned regulatory policies will produce benefits for citizens rather than the Council. Then there are typical shared services such as regional wastewater and potentially solid waste. The project team will need to understand the differences, rank the candidates, prepare the business cases, design the new service and implement it.
- 3.5 Some arrangements for the corporate governance of this work will be needed. Examples exist elsewhere such as Bay of Plenty Local Authorities Shared Services Ltd (a stakeholder board). Programme or project managers will need to be assigned. While this may sound bureaucratic, success will not come if someone or some group is not made responsible and given the resources.

4. Financial/Budgetary Considerations

- 4.1 The work will need to be done from within existing budgets. If external help is needed, which is likely, the Chief Executives agree that up to \$100,000 in total could be applied from current consultancy/professional advice budgets.

5. Options and Evaluation

- 5.1 The options include –
- the status quo
 - an increased commitment to shared services
 - a 'go it alone' approach
- 5.2 The status quo is a light handed approach. The opportunities are taken as they are presented. There is an expectation that people will look for opportunities to improve services and cut cost but there is no explicit political mandate or Chief Executive accountability. Staff are accountable for their performance within each organisation rather than what they also achieve across the shared services partners. An increased commitment to shared services needs to have those missing elements. The MOU is intended to achieve those things. A go it alone approach is self explanatory. Engagement with our neighbours would be minimal.

6. Significance

- 6.1 This is not a significant decision under Council's Significance Policy. It may have a localised significant impact on communities of interest, however these impacts will not be identified until further into the project. Providing benefits to the people and communities in each district is to be the prerequisite to everything that is done.

7. Recommendation

- 7.1 It is recommended that the Council adopt the Memorandum of Understanding on Shared Services with the Nelson and Marlborough Councils.

8. Timeline/Next Steps

- 8.1 The project team has met to consider how it will proceed once the Councils have agreed with the approach. They are likely to take 2-3 months to develop

a basis for assessing candidates and then report back to the Council's on the with recommendations and the priority for change.

9. Draft Resolution

THAT the Tasman District Council:

- 1. receives the Memorandum of Understanding – Shared Services Report RCN12-07-06 and;**
- 2. adopts the Memorandum of Understanding – Shared Services**

Appendices:

Appendix One – Memorandum of Understanding

Appendix Two – Current Shared Services between Nelson City Council and Tasman District Council (Excerpt from Long Term Plan 2012-2022)

Appendix Three – Initial Projects for Consideration (Excerpt from Leigh Auton Report March 2011)