



AGENDA

Additional Council Meeting

**I hereby give notice that a Meeting of the Kapiti Coast District Council
will be held on:**

Date: Thursday, 10 October 2019

Time: 10.00am

**Location: Council Chamber
Ground Floor, 175 Rimu Road
Paraparaumu**

**Wayne Maxwell
Chief Executive**

Kapiti Coast District Council

Notice is hereby given that a meeting of the Kapiti Coast District Council will be held in the Council Chamber, Ground Floor, 175 Rimu Road, Paraparaumu, on Thursday 10 October 2019, 10.00am.

Council Members

Mayor K Gurunathan	Chair
Cr Janet Holborow	Deputy
Cr Mark Benton	Member
Cr Angela Buswell	Member
Cr Mike Cardiff	Member
Cr James Cootes	Member
Cr Jackie Elliott	Member
Cr John Howson	Member
Cr Michael Scott	Member
Cr Fiona Vining	Member

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1 WELCOME**2 COUNCIL BLESSING**

“As we deliberate on the issues before us, we trust that we will reflect positively on the communities we serve. Let us all seek to be effective and just, so that with courage, vision and energy, we provide positive leadership in a spirit of harmony and compassion.”

I a mātou e whiriwhiri ana i ngā take kei mua i ō mātou aroaro, e pono ana mātou ka kaha tonu ki te whakapau mahara huapai mō ngā hapori e mahi nei mātou. Me kaha hoki mātou katoa kia whaihua, kia tōtika tā mātou mahi, ā, mā te māia, te tiro whakamua me te hihiri ka taea te arahi i roto i te kotahitanga me te aroha.

3 APOLOGIES**4 DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA**

Notification from Elected Members of:

4.1 – any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting, and

4.2 – any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968

5 PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA**6 MEMBERS' BUSINESS**

- (a) Public Speaking Time Responses
- (b) Leave of Absence
- (c) Matters of an Urgent Nature (advice to be provided to the Chair prior to the commencement of the meeting)

7 REPORTS

7.1 INDEPENDENT ORGANISATIONAL REVIEW SUBCOMMITTEE REPORT BACK

Author: Mark de Haast, Group Manager

Authoriser: Sean Mallon, Group Manager Infrastructure Services

PURPOSE OF REPORT

1 The purpose of this report is as follows:

- a) To seek Council's consideration and approval of the Subcommittee's recommendation to appoint external consultants' MartinJenkins, to undertake the independent organisational review of the Council.
- b) To seek Council approval to authorise the Chief Executive to reassign up to a further \$183,000 plus GST, from the 2019/20 Annual Plan budget to help fund the total estimated costs of the independent organisational review.
- c) To seek Council approval to delegate to the Chief Executive, or his delegate, authority to enter into all discussions as is necessary to successfully contract MartinJenkins to undertake the organisational review.

DELEGATION

2 Only the Council has the authority to consider this matter.

BACKGROUND

3 Council has met on the 27 June 2019 as well as on the 8 and 29 August 2019, to consider the independent organisational review. Key Council resolutions (decisions) from these meetings are outlined below separately.

Full Council meeting of 27 June 2019 – key resolutions

4 On 27 June 2019, the Council approved the commencement of an independent organisational review to include the following in its scope:

- a) internal culture of the staff organisation, including staff satisfaction and turnover;
- b) relationship and interface between governance and the staff organisation;
- c) relationships with key stakeholders and the interface between the staff organisation and ratepayers;
- d) the effective delivery of the Open for Business programme; and
- e) the capacity and capability of the staff organisation to deliver the Council's objectives in a cost effective and efficient manner.

5 At that same meeting, the Council further agreed to the following:

- a) A Subcommittee consisting of the Mayor, Chief Executive or alternate, three Councillors, Cr James Cootes, Cr John Howson, and Cr Janet Holborow and a mana whenua representative from the ART Confederation to be appointed by the Confederation, and be established immediately to oversee the process and the appointment of the independent reviewer for approval by Council;

- b) The Subcommittee to develop the Terms of Reference for the independent review based on paragraph 4 (a) to (e) above, as soon as practicable for approval by Council;
- c) The Chief Executive brings forward suggested entities/organisations for the Subcommittee to consider along with other suggestions in the procurement process;
- d) The Subcommittee reports back to the Council to recommend the selection and appointment of the entity/organisation contracted to deliver the review;
- e) The Subcommittee reports regularly to the Council on progress of the review;
- f) The review preferably be completed in time to report to the last Council meeting on 26 September 2019 or earlier; and
- g) The Council noted that decisions around the management of the unbudgeted spend for this review would be determined once the cost and timeframe for the review was determined.

Full Council meeting of 8 August 2019 – key resolutions

- 6 At its meeting on the 8 August 2019, the Council:
- a) noted that there is no funding for this organisational review in the 2019/20 Annual Plan and authorised the Chief Executive to reassign \$10,000 (plus GST), from the 2019/20 economic development budget of \$25,000 (plus GST) for Major Events Feasibility works;
 - b) noted that further funding for the Organisational Review will be required (for example, the costs of the reviewer), and will be the subject of a later report;
 - c) approved the Subcommittee to appoint a suitably qualified Terms of Reference Advisor and delegated authority to the Chief Executive to enter into any such contract(s) as advised by the Subcommittee; and
 - d) approved the appointment of a suitably qualified Probity Advisor and delegated authority to the Chief Executive to enter into any such contract(s) as advised by the Subcommittee.

Full Council meeting of 29 August 2019 – key resolutions

- 7 At its meeting on the 29 August 2019, the Council:
- a) considered the Subcommittees draft terms of reference for the independent organisational review as provided in Appendix 2 to Report (Corp-19-885) and approved an amended draft terms of reference for the independent organisational review.
 - b) noted there is no funding for this organisational review in the 2019/20 Annual Plan and at the time of writing the report (Corp-19-885), the total estimated cost of the independent organisational review was \$170,000 plus GST.
 - c) authorised the Chief Executive to reassign up to \$40,000 of the \$100,000 of unbudgeted additional revenue in 2019/20, received from Mackays to Peka Peka (M2PP) in lieu of undertaking lining works on several stormwater pipes they installed as part of the overall project, to help fund the total estimated costs of the independent organisational review.
 - d) noted that should further funding for the independent organisational review be required, additional funding from the 2019/20 Annual Plan Budget will need to be identified for Council approval and will be the subject of an additional report.
- 8 At the same meeting, the following recommendations lay on the table, to be reconsidered, if appropriate, at the next Council meeting to be held on the 10 October 2019:

- a) that the Council authorises the Chief Executive to reassign up to a further \$25,000 plus GST from the procurement improvement programme budget in the 2019/20 Annual Plan to help fund the costs of the Procurement Advisor.
- b) that the Council authorises the Chief Executive to reassign up to a further \$30,000 plus GST from the coastal adaptation budget in the 2019/20 Annual Plan to help fund the total estimated costs of the independent organisational review.
- c) that the Council authorises the Chief Executive to reassign up to a further \$20,000 plus GST from the districtwide planning budget in the 2019/20 Annual Plan to help fund the total estimated costs of the independent organisational review.
- d) that the Council notes and accepts the risks identified of reassigning a total of \$175,000 from the 2019/20 Annual Plan budget as noted in report (Corp-19-885).

Chief Executive Deliverables

- 9 Since 27 June 2019, the Chief Executive has assigned the Group Manager Corporate Services and the Corporate Business Improvement Manager, to provide procedural advice and to best support the Subcommittee to complete their Council mandated duties, as set out above.
- 10 Once the independent reviewer has been appointed by the Council to undertake the review, the Chief Executive has assigned the Corporate Business Improvement Manager to provide the necessary support and/or assistance to the reviewer so as to best ensure that the review is completed within the approved timeframe.
- 11 A recommended procurement process was included in the report “*Proposed Independent Organisational Review (Corp-19-845)*”, on the agenda for the Council meeting of 27 June 2019. The Chief Executive advised the Council at the same meeting that an open competitive tender process would be appropriate.
- 12 The Chief Executive has reassigned Council’s Procurement Specialist (currently engaged to complete the Council-wide procurement improvement programme), to advise the Subcommittee on a procurement process that is compliant with the Council’s procurement policy and procurement manual.
- 13 The Subcommittee was provided with a list of several entities/organisations, to consider carrying out the organisational review.
- 14 It is noted that the Chief Executive tasks as per paragraphs 5 (a) and (c) of this report, as mandated by the Council, are complete.
- 15 Following the last Council meeting on 29 August 2019, the Chief Executive appointed the Group Manager Infrastructure Services as his alternate to the Subcommittee for the tender evaluation phase.

DISCUSSION

Subcommittee Deliverables

- 16 Since the last Council meeting on the 29 August 2019, the Subcommittee has been primarily focused on the open competitive tender process, including proposal evaluations, shortlisting of suppliers and the selection of a recommended supplier for the independent organisational review for Council consideration and approval on the 10 October 2019.
- 17 The open competitive tender process has required the Subcommittee to individually commit significant time and effort in order to successfully achieve a preferred supplier recommendation to the Council on 10 October 2019.
- 18 Requests for proposals closed at 5pm on Thursday 19 September 2019. A total of 11 separate proposals were received. Consequently, a further time commitment of one and a half days was required from the Subcommittee. Critical to the procurement process was consistency and full

participation by the Subcommittee members. Unable to accommodate this additional time commitment due to pre-scheduled meetings at Parliament and others, the Mayor formally withdrew from the Subcommittee on Friday 20 September 2019, and nominated Councillor James Cootes as the new chairperson of the Subcommittee.

- 19 When Council appointed the Subcommittee on the 27 June 2019, the review was to be preferably completed in time to report to the last Council meeting on 26 September 2019 or earlier. Therefore, it is clear that the Council had no intention for the Subcommittee to continue beyond recommending to Council appointment of a preferred supplier for the independent organisational review.
- 20 It is therefore noted that the Subcommittee's tasks as per paragraphs 5 (a), (b), (d) and (e) of this report, as mandated by Council are now complete.

Procurement Process Summary

- 21 Preliminary dialogue was carried out with three selected suppliers to seek feedback about the high level scope for the review and to explore what a typical organisation review might entail, what the expected costs might be, and how long the review might take. Insights from the preliminary dialogue were utilised in the development of a detailed terms of reference, facilitated by an External Advisor and completed by the Subcommittee. The detailed terms of reference informed and formed part of the Request for Proposals (RFP) document.
- 22 A RFP was advertised on the Government Electronic Tender Service (GETS) on 29 August 2019. The deadline for proposals was 19 September 2019 at 5pm. Eleven (11) proposals were received prior to the deadline, and none were received late.
- 23 Proposals were evaluated using the Weighted Attribute method. The criteria for evaluation included methodology (weighted 20%), capability to deliver (weighted 50%), capacity to deliver (weighted 10%), and total cost (weighted 20%).
- 24 A shortlist of three proposals was identified on 25 September 2019 and these suppliers were invited to present their proposals to the Subcommittee on the 27 September 2019. External consultants' MartinJenkins, were selected by the Subcommittee as the preferred supplier for recommendation to the Council.
- 25 Reference checks for MartinJenkins have been completed and these confirmed the Subcommittee's recommendation.
- 26 The independent organisational review is expected to commence on the 14 October 2019 and take three months to complete. MartinJenkins will report directly to the new Mayor, until such time as alternate arrangements are made by the new Council.
- 27 Council's Probity Advisors, Audit New Zealand, have completed their Procurement and Probity Assurance Review. Audit New Zealand's main concerns were namely:
 - a) Lack of clear distinction between operational and governance procurement decision making (i.e. Subcommittee Councillors' are able to vote in favour of their own procurement recommendations). However, this risk was reduced by way of a well-managed supplier evaluation, shortlisting and preferred supplier selection process that included full attendance from the Procurement Advisor and Audit New Zealand; and
 - b) The procurement process timeframes were extremely short and did not allow for any delays and/or complications that would be typically expected from procurement of this nature.
- 28 Overall, Audit New Zealand are satisfied that the procurement process to select a provider for the independent organisational review has been conducted in accordance with

recognised good practice and with due regard to probity. Their final assurance report is attached as Appendix 1 to this report.

- 29 It should be noted that both the Procurement and Probity Advisors will be in attendance at the Council meeting to be held on 10 October 2019.

CONSIDERATIONS

Policy considerations

- 30 There are no policy considerations arising directly from the report.

Legal considerations

- 31 There is a constitutional convention in central government, that when the government is in caretaker mode (i.e. pre-election), it does not make any significant decisions. The rationale for this is that it is inappropriate for an outgoing government to attempt to bind a future government.
- 32 In a local government context, there are no such constitutional conventions. However, in practice a similar approach is generally adopted in local government. That is, once nominations are open, a Council will generally not make any significant decisions. The exception to this is where there is some legislative requirement for a Council to make a decision – for example adoption of an annual plan or a bylaw that would otherwise lapse.
- 33 Respectful of the fact that the current Council has requested an independent organisational review, it is important for the current Council to be fully aware that any decisions Council makes at its next meeting on 10 October 2019 regarding the independent organisational review, will bind the new Council in the upcoming triennium.

Financial considerations

- 34 The organisational review will include the total costs of the Procurement Advisor, the Probity Advisor, the Terms of Reference Advisor, the Mana Whenua Representative from the ART Confederation and the Independent Reviewer. The costs of the Council Officer(s) and the Subcommittee Councillors' are already budgeted for in the 2019/20 Annual Plan and will not be included in the total costs of the organisational review.
- 35 There is no funding for this organisational review in the 2019/20 Annual Plan and the Subcommittee has no financial delegation.
- 36 To date, the Council has authorised the Chief Executive to re-assign up to \$50,000 from the 2019/20 Annual Plan budget, to help fund the cost of the independent organisational review as follows:
- a) Up to \$10,000 (plus GST), from the 2019/20 economic development budget for the Major Events Feasibility Fund; and
 - b) Up to \$40,000 (plus GST) of the \$100,000 of unbudgeted additional revenue in 2019/20 from M2PP in lieu of undertaking lining works on several stormwater pipes they installed as part of the overall project.
- 37 The table below shows the total direct costs of the organisational review as at the 27 September 2019 and the total estimated costs to complete the review, at the time of writing this report.

Total Direct Costs	as at 27 September 2019 excl. GST	Total Estimated Costs excl. GST
Procurement advisory services	\$25,898	\$34,650
Probity advisory services	\$9,950	\$15,000
Terms of reference advisory services	\$15,000	\$15,100

Mana Whenua Representative from the ART Confederation	\$4,679	\$5,000
Independent Review Costs	\$Nil	\$138,620
Review cost contingency (say 5%)	\$Nil	\$7,000
Total	\$55,527	\$215,370

- 38 As noted above, the Council noted on the 27 June 2019 that decisions around the management of the unbudgeted spend for this review would be determined once the cost and timeframe for the review was determined. A further \$165,370 needs to be reassigned from the 2019/20 Annual Plan budget to cover the total estimated costs of the independent organisational review, being \$50,000 (already approved by Council) plus \$165,370 to total \$215,370.
- 39 To provide Council with further budget flexibility, Officers' have identified a further **\$183,000** of 2019/20 Annual Plan budget that could be reassigned to help fund the total estimated costs of this review. Officers' have considered only those budgets for planned activities that can be either stopped and/or not commenced. These are discussed separately below.
- 40 **\$25,000** - Given the procurement specialist has been reassigned from the Procurement Improvement Programme, Council Officers suggest that up to \$25,000 plus GST is reassigned from the Procurement Improvement Programme budget in the 2019/20 Annual Plan to help fund the costs of the Procurement Advisor.
- 41 **\$60,000** - M2PP have agreed to pay Council \$100,000 in lieu of undertaking lining works on several stormwater pipes they installed as part of the overall project. This \$100,000 of additional revenue was not included in the 2019/20 Annual Plan and the remaining \$60,000 (\$40,000 already reassigned by Council), could be reassigned to help fund the costs of the independent organisational review.
- 42 **\$30,000** - Council Officers suggest that up to \$30,000 plus GST could be reassigned from the coastal adaptation budget in the 2019/20 Annual Plan to help fund the cost of the independent organisational review.
- 43 **\$20,000** - Council Officers suggest that up to \$20,000 plus GST could be reassigned from the Districtwide planning budget in the 2019/20 Annual Plan to help fund the cost of the independent organisational review.
- 44 **\$14,000** - Council Officers suggest that up to \$14,000 plus GST could be reassigned from the Connected Communities – Think Big grants budget in the 2019/20 Annual Plan to help fund the cost of the independent organisational review.
- 45 **\$16,000** - Council Officers suggest that up to \$16,000 plus GST could be reassigned from the Connected Communities – Energy Efficiency advertising budget in the 2019/20 Annual Plan to help fund the cost of the independent organisational review.
- 46 **\$18,000** - Council Officers suggest that up to \$18,000 plus GST could be reassigned from the Democracy Services - Youth and Sports Awards budget in the 2019/20 Annual Plan to help fund the cost of the independent organisational review.
- 47 Should further funding for the independent organisational review be required, additional funding from the 2019/20 Annual Budget will need to be identified for Council approval and will be the subject of an additional report.
- 48 On an annual basis, the Council rate funds \$150,000 for unbudgeted operating costs arising from uninsured loss events and provides for \$250,000 of capital works renewals/upgrades resulting from uninsured loss events.
- 49 As at 30 June 2019, the Council had a total self-insurance reserve of \$156,000 to offset unbudgeted operating expenses arising from uninsured loss events. The insurance market continues to tighten, in terms of cost and available capacity, and we still have a long way to go to reach the end of the 2020 financial year. For these reasons, Officers have not recommended

that Council authorise the Chief Executive to reassign any of this self-insurance fund to help fund the total estimated costs of the organisational review.

- 50 Council adopted its Annual Report for the year ended 30 June 2019 on 26 September 2019, and received a “clean” audit opinion from its auditors, Ernst & Young. As reported to the Operations and Finance Committee on the 15 August 2019, the Council achieved a rates funding surplus of \$1.74 million. This consists of water rates funding surplus of \$864,000 and rates funding surplus of \$880,000 for all other rates funded activities.
- 51 Council’s water account is a closed account and the rates funded surplus has resulted in the water account deficit now being \$500,000 unfavourable compared to a deficit of \$1 million as planned. The remaining rates funded surplus is not included in the 2019/20 Annual Plan and cannot be used to help fund the total estimated costs of the independent organisational review.
- 52 Lastly, officers have not offered any salary underspends from staff vacancies to be reassigned by the Chief Executive to help fund the total estimated costs of the organisational review. This is because contractors are, or will be, used to backfill all permanent staff vacancies until such time as they are filled permanently. Any vacancy savings on salary budgets will be used to offset the cost of the contractors that are required in the interim.

2019/20 Annual Plan budget reassignment risk considerations

Procurement Improvements

- 53 It should be noted that reassigning \$25,000 (2019/20 Annual Plan budget of \$50,000), of the procurement improvement programme will slow down the planned development and implementation of further procurement tools, procedures, strategies and training by six months, further delaying planned uplifts to council-wide procurement capability and support. This was reported to the Audit and Risk Committee on 12 September 2019 for noting.

M2PP stormwater pipe re-lining (Reassign an unbudgeted \$100,000 of revenue from 2019/20)

- 54 It should be noted that Council Officers have inspected the pipes and they do not require any remedial work currently, but there are several pipes with small cracks that will need to be monitored over the next 5-10 years.

Coastal Adaptation

- 55 It should be noted that reassigning up to \$30,000 of the coastal adaptation budget (2019/20 Annual Plan budget of \$408,000), could potentially result in this work progressing slower than planned and/or reducing Council Officers’ ability to provide information/resource to support public participation in the community conversation. In addition, this budget reassignment could also potentially reduce the resource available for the science/technical work necessary for this work.

Districtwide Planning

- 56 It should be noted that reassigning up to \$20,000 of the districtwide planning budget (2019/20 Annual Plan budget of \$1million), could potentially reduce Officers’ ability to respond promptly to upcoming national direction, including that intended to address housing shortages (i.e. the National Policy Statement on Urban Development). This budget reassignment could also potentially result in reducing Officers’ ability to obtain technical input and complete hearings to resolve Proposed District Plan (PDP) appeals and variations. Lastly, this budget reassignment could also potentially reduce Officers’ ability to prepare Plan changes ready to progress once the PDP is operative.

Connected Communities

- 57 The Think Big Grants programme is a Youth Council initiative that is planned to be delivered in the fourth quarter of 2019/20. It should be noted that reassigning up to \$14,000 of the Think Big Grants budget (2019/20 Annual Plan budget of \$14,000), would require re-scheduling The Think Big Grants programme to the first quarter of 2020/21, and same for future years.

- 58 \$29,000 is included in the 2019/20 Annual Plan Budget for No.8 Wire Week and Community Gardens activities. There is no intention to undertake energy efficiency advertising in 2019/20. As with recent years, this budget was intended to fund additional No.8 Wire Week and Community Gardens activities. It should be noted that reassigning up to \$16,000 of the Energy Efficiency advertising budget (2019/20 Annual Plan budget of \$16,000), will result in no additional No.8 Wire Week and Community Gardens activities in 2019/20. Youth and Sports Awards
- 59 Due to ongoing challenges in generating interest and applications, the Youth and Sports Awards have been placed on hold, pending a review. The Kāpiti Coast Sports Awards budget was used to fund event management support for the Lions Club, that ran the awards. The Lions Club no longer runs the event. It should be noted that reassigning up to \$18,000 of the Youth and Sports Award budget (2019/20 Annual budget of \$24,400), would still enable a review of the Council's awards activities, including the Civic and Community awards. Implementation of any review findings will only occur in 2020/21.

Tāngata whenua considerations

- 60 The ART Confederation has appointed a representative to the Subcommittee.

SIGNIFICANCE AND ENGAGEMENT

Significance policy

- 61 Whilst this review has gained some public interest, it does not meet the thresholds under Council's significance and engagement policy.

Publicity

- 62 Once the contract with MartinJenkins has been signed, the Council will issue a media statement.

RECOMMENDATIONS

- 63 That the Council considers and approves the Subcommittee's recommendation to appoint external consultants' MartinJenkins to undertake the independent organisational review.
- 64 That the Council notes the findings and recommendations from Council's Probity Advisor, Audit New Zealand, as detailed in Appendix 1 to this report.
- 65 That the Council notes that the Subcommittee will cease with effect from the 10 October 2019.
- 66 That the Council notes there is no funding for this organisational review in the 2019/20 Annual Plan and at the time of writing this report, the total costs of the independent organisational review is estimated to be \$215,370 plus GST.
- 67 That the Council notes that, at the time of writing this report, up to a further \$165,370 plus GST is required from the 2019/20 Annual Plan budget to fund the total estimated costs of the independent organisational review.
- 68 That the Council notes that Officers have identified a further **\$183,000** plus GST that can be reassigned from the 2019/20 Annual Plan budget. This exceeds the \$165,370 of additional budget required simply to provide the Council with some budget flexibility, in the event of additional costs being incurred for this review.
- 69 That the Council notes and **accepts the risks identified** of reassigning a total of **\$183,000** from the 2019/20 Annual Plan budget as noted in this report.
- 70 That the Council authorises the Chief Executive to reassign up to a further **\$25,000** plus GST from the procurement improvement programme budget in the 2019/20 Annual Plan to help fund the costs of the Procurement Advisor.
- 71 That the Council authorises the Chief Executive to reassign up to **\$60,000** of unbudgeted revenue in 2019/20, received from Mackays to Peka Peka in lieu of undertaking lining works on several stormwater pipes they installed as part of the overall project, to help fund the total estimated costs of the independent organisational review.
- 72 That the Council authorises the Chief Executive to reassign up to a further **\$30,000** plus GST from the coastal adaptation budget in the 2019/20 Annual Plan to help fund the total estimated costs of the independent organisational review.
- 73 That the Council authorises the Chief Executive to reassign up to a further **\$20,000** plus GST from the districtwide planning budget in the 2019/20 Annual Plan to help fund the total estimated costs of the independent organisational review.
- 74 That the Council authorises the Chief Executive to reassign up to a further **\$14,000** plus GST from the Connected Communities – Think Big grants budget in the 2019/20 Annual Plan to help fund the total estimated costs of the independent organisational review.
- 75 That the Council authorises the Chief Executive to reassign up to a further **\$16,000** plus GST from the Connected Communities – Energy Efficiency Advertising budget in the 2019/20 Annual Plan to help fund the total estimated costs of the independent organisational review.
- 76 That the Council authorises the Chief Executive to reassign up to a further **\$18,000** plus GST from the Democracy Services Youth and Sports Award budget in the 2019/20 Annual Plan to help fund the total estimated costs of the independent organisational review.
- 77 That the Council delegates to the Chief Executive, or his delegate, authority to enter into all discussions as is necessary to successfully contract MartinJenkins to commence the independent organisational review.

APPENDICES

1. Audit New Zealand Procurement Process Assurance Report



W131SA1

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

3 October 2019

Level 2, 100 Molesworth Street
Thorndon
PO Box 99, Wellington 6140

Mark de Haast
General Manager Corporate Services
Kapiti Coast District Council
Private Bag 60601
Paraparaumu 5254

Dear Mark

Report: Assurance over the procurement of a Consultant to undertake an Independent Organisational Review

Audit New Zealand was engaged to provide independent assurance services to Kapiti Coast District Council (the Council) in relation to the procurement process to select a Consultant to undertake an Independent Organisational Review.

Background

The Council wanted to ensure that the processes it adopted complied with good practice and were applied as documented. Our review was designed to assist in achieving that goal by providing independent assurance over the procurement process.

Scope and approach

The scope and terms of our engagement were set out in our proposal dated 6 August 2019 in response to your request. In particular, it was agreed that our assurance services will consider whether:

- Key stages of the procurement are in accordance with planning for the process.
- The processes are consistent with accepted good practice for the procurement of professional services.
- Any obvious potential risks that are identified during the course of the process are managed and/or mitigated.
- Conflicts of interest are managed well as a process and in terms of any disclosures.
- The issue of probity is addressed to ensure the integrity and consistency of the process so that no parties are unfairly treated.

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Out of scope

Our assurance review did not include:

- Assurance over the actual result of the procurement process (this is the role of the evaluation team and the Council as approving authority for the contract).
- A review of, nor full assurance over, the processes to identify and mitigate or manage conflicts of interest at senior executive/approving authority level.

Basis of our assurance

Our assurance is provided on the basis that the Council has:

- made available all information that is in Council's possession, which is relevant to these services; and
- advised us of any circumstances that have arisen during the course of the procurement that may be material to and significant in relation to our assurance.

Summary of work done

Our conclusion on the probity of the procurement process to select a Consultant to undertake an Organisational Review has been informed by the following inquiries, observations and reviews of material provided by the Council.

Planning

We reviewed the draft procurement plan (v0.2), received at the time we were engaged. We met with and provided feedback to the GM Corporate Services and the Procurement Specialist on 16 August 2019.

We raised an issue with respect to the description of the role of the Organisation Review Sub-committee in the procurement and evaluation. The Organisation Review Sub-Committee effectively had the role of Evaluation Panel. This arrangement is unusual and potentially compromises the governance role of the elected members who are on the Organisation Review Sub-Committee.

The procurement plan identified pre-tender market engagement activity that had been carried out to inform the planned approach to an independent organisation review. Initial conversations were held with 3 suppliers. We discussed the approach with the GM Corporate Services and the Procurement Specialist on 16 August. Copies of the planning and preparation for the supplier conversations as well as the records of the dialogue held in each case were provided to us. We reviewed and concluded that the conversations had followed a pre-determined script and had been fairly conducted. This activity allowed KCDC to gather information relevant for preparation of the RFP and Terms of Reference as well as an indicative budget. The Terms of Reference were released as part of the RFP documentation and budget information was released through the tender Q&A responses. As a result

we were satisfied equitable access to relevant information had been achieved for all potential respondents.

A further update to the procurement plan (v0.4) was provided to us. We had no further issues however we note that as the final version of the procurement plan it has not been formally approved.

Tender documentation and communications

On 30 August 2019 we received the approved RFP documents released on GETS on 29 August 2019.

On 2 September 2019 we performed a retrospective review of the RFP documents and provided feedback to the Council. Overall, the RFP was a suitable document to elicit appropriately structured responses from the market for evaluation. Our main observation was the tight timeframe involved for completion of the evaluation process.

A single point of contact was nominated in the RFP for any queries that prospective tenderers might have and an email address was provided. We reviewed all of the questions and responses and there were no probity issues arising.

Tender closing

The closing date for submission of RFP responses was 5pm on 19 September. 11 responses were received directly by the Procurement Specialist prior to the deadline and all were forwarded to the Sub-committee for evaluation.

We note that it is unusual for a tender to be listed on GETS but not closed on GETS and for responses to otherwise not close directly with Council. Regardless, we are not aware of any probity issues arising and our inspection of the response register indicated that no late responses were received.

Evaluation

An evaluation briefing of the Evaluation Panel was held on 17 September to ensure they understood the progress with the procurement to date, the planned approach to the evaluation and to provide them with the necessary material for their individual evaluations. We contributed to the briefing to ensure expectations from a probity perspective were well understood. It was a good informative session that left evaluators well placed to carry out their roles effectively.

Following a greater level of tender response than expected, an additional evaluation moderation meeting date was planned and the Mayor excused himself from the evaluation given other commitments. We sought and were provided confirmation by KCDC that there was sufficient breadth of knowledge and experience across the remaining Evaluation Panel members.

The evaluation moderation meetings were held on 24 and 25 September. We attended both days to observe the application of the planned evaluation approach. We observed the Evaluation Panel working collaboratively to reach a consensus view on the scoring of each of the responses. The focus on the first day was the evaluation of non-price attributes. One response was assessed with a score

below the minimum threshold for one of the attributes and so in accordance with the evaluation methodology was excluded from further consideration.

The focus of the second day was reviewing the cost information from each of the submissions and incorporating them into the overall evaluation in accordance with the planned methodology. An error was identified in one tenderer's submission which was corrected for evaluation purposes subject to later confirmation with the tenderer. The Evaluation Panel then decided on the shortlist and agreed the additional clarifications that would be sought through the presentations.

We were provided with copies of the evaluation spreadsheet record at the end of each day and confirmed it agreed with our own records of the agreed scores and the calculation of the overall weighted scores.

The three agreed shortlisted tenderers were invited to present on 27 September. We reviewed the draft email notifications to be sent in each case.

Presentations and finalisation of evaluation

We agreed the approach with the Procurement Specialist and the Evaluation Panel to incorporating any changes to evaluation scoring following the presentations.

We attended the presentations on 27 September and observed their conduct. Expectations for the format and content of the presentations had already been set out in the RFP and reconfirmed in the shortlisting notifications. The presentations were well managed, with an equal opportunity provided to all three tenderers. Each had an opportunity to present further on their submissions and the Evaluation Panel questioned the presenters on aspects of their presentation and submission. All tenderers provided hard copy slide handouts to speak to and these were retained by the Evaluation Panel. There were no issues arising.

Following each presentation, there was time for the Evaluation Panel to discuss and re-assess the scoring for tenderers further. Some adjustments were agreed and made as a result and a preferred tenderer was agreed. There were no probity issues apparent in the outcome of the evaluation.

The Procurement Specialist undertook reference checking for the preferred tenderer for due diligence purposes. We reviewed the results of that circulated to the Evaluation Panel on 2 October and noted no issues impacting the preferred tenderer recommendation.

A summary of the process and the preferred provider recommended by the Evaluation Panel as included in a draft report of the Sub-committee for Council's 10 October meeting was provided to us on 1 October. We reviewed the coverage of the process in that report and confirmed it agreed with our observations and the recommended preferred supplier was consistent with the evaluation result. Council's procurement manual requires formal documentation of the approval to proceed with the preferred supplier in Council's Selection Approval memo. This memo includes a full description of the procurement process undertaken. We recommended that it still be completed and we understand that is now underway and due to be finalised by 6 October.

Identifying and managing risks from Conflicts of Interest (COI)

On 18 August when we were made aware of work performed by an External Advisor on the Terms of Reference, we recommended that a conflict of interest declaration be obtained. This was done and received on 29 August with no issues arising.

On 2 September 2019 we were provided with completed COI declarations for all of the members of the Organisation Review Sub-Committee. Only one potential conflict was identified that would be revisited once tender respondents were known.

Declarations for other staff and advisors supporting the procurement process were received on 12 September and the declaration for GM infrastructure was completed on 17 September. No conflicts were declared.

It is good practice to refresh the COI declarations following tender close when the tenderers are known. This did not happen due to time constraints and was instead done at the start of the evaluation moderation meeting on 24 September. No further conflicts were identified and the potential conflict declared previously was not realised.

Issues arising

We are not aware of any outstanding probity issues as at the date of this report.

Conclusion

In reviewing the processes and assessing compliance with good practice, we applied the standards, principles and best practice guidance set out in our proposal, as well as our understanding of how those principles operate in practice.

Based on the information provided to us by the Council, and the steps we have taken as set out above, nothing has come to our attention to indicate that the procurement process to select a provider for the Independent Organisation Review has not been conducted in accordance with recognised good practice and with due regard to probity.

This final report completes our work on this assurance engagement.

Yours sincerely



Jonathan Roylance
Associate Director, Specialist Audit and Assurance Services

cc Peter Davies, Director Specialist Audit and Assurance Services

7.2 REGULATORY ARRANGEMENTS DURING THE TRANSITION TO THE 2019-2022 TRIENNium

Author: Leyanne Belcher, Democracy Services Manager

Authoriser: Janice McDougall, Group Manager

PURPOSE OF REPORT

- 1 This report proposes arrangements enabling the Council to continue a number of regulatory functions during the transition to the new Triennium.

DELEGATION

- 2 Only Council has the authority to consider this matter.

BACKGROUND

- 3 Voting in the local body elections closes at midday on Saturday 12 October and final results are expected to appear in the Dominion Post on Monday 21 October. Section 115 of the *Local Electoral Act 2001* says “Candidates at a triennial general election who are declared to be elected come into office on the day after the day on which the official result of the election is declared by public notice under section 86.”
- 4 This means that current Elected Members go out of office on Monday 21 October and newly-elected Members come into office on Tuesday 22 October 2019. However, they cannot act as Elected Members until they have made and signed a declaration at the first public meeting of Council (the inauguration), which is scheduled for Thursday 31 October. Decisions on the new governance structure, including appointments to key roles (chairs of committees etc.) are expected to occur at a Council meeting on Thursday 7 November 2019.

ISSUES AND OPTIONS

Issues

- 5 Although the period where there are in effect no elected decision-makers is short (approximately three weeks), it would be prudent to allow for the continuation of Council business by making arrangements now, in the areas of:
 - Alcohol licensing
 - Matters relating to the Resource Management Act 1991 (resource consent hearings and hearings regarding variations to the District Plan)
 - Continuation of Joint Committees
- 6 It is not unusual for councils to put in place such arrangements for the period between election results being announced and the first public meeting of elected members.

Issues and Options

Alcohol licensing matters

- 7 Under section 186 of the *Sale and Supply of Alcohol Act 2012* the Council must appoint a District Licensing Committee (DLC). Section 189 of the Act stipulates that the DLC must consist of a chairperson and two members drawn from a list maintained by Council. The chairperson must be either an elected member or a commissioner appointed to the DLC. The current Chair, Cr Fiona Vining, being an Elected Member, will cease to be Chair once she leaves office on 21 October 2019. The implication is that alcohol licences could not be granted during the hiatus period. Therefore, it is proposed that the Council appoint an independent Commissioner for this period. Cr Vining is not seeking re-election but has

indicated that she is willing to be considered by Council as a commissioner for the interim period.

- 8 The current five list members of the DLC were appointed for a term of five years and they remain in power during this period.
- 9 Section 193 (2) of the Act requires that a person being considered for appointment as a commissioner must be of good standing in the community and have the necessary knowledge, skill and experience relating to DLC matters.

Resource consent hearings and hearings associated with variations to the District Plan

- 10 The delegations for Council's resource management powers are under section 34A of the *Resource Management Act 1991*. Section 34A(1) of the RMA provides that Council "*may delegate to ahearings commissioner appointed by the local authority (who may or may not be a member of the local authority), any of its functions, powers or duties under this Act, except the following:*
(a) the approval of a policy statement or plan...;
(b) the power of delegation".
- 11 Section 34A(2) of the RMA provides that:
A local authority may delegate to any other persons any functions, powers or duties under this Act except the following:
 - (a) The powers in subsection (1)(a) and (b)*
 - (b) the decision on an application for a resource consent*
 - (c) the making of a recommendation on a requirement for a designation*
- 12 The delegated authority of the present Operations and Finance Committee, including the authority of the Chair of that Committee to appoint hearing commissioners, will cease on 21 October 2019.
- 13 In order to ensure that the resource management functions of Council are maintained during the transition period following the election, the Council needs to make appropriate arrangements, including the appointment of hearing commissioner/s for any resource consent and District Plan variation hearings.
- 14 Two District Plan variations have progressed to a point where hearing commissioners may need to be appointed during the interim period. Variation 2 involves rezoning Waikanae Beach into the Beach Character zone, and amends set-back provisions across the Beach Character zone. Over the coming weeks further submissions will be called for, and feedback sought from iwi whether it is appropriate to appoint a commissioner with an understanding of tikanga Māori and of the perspectives of local iwi or hapū. Variation 3 involves rezoning a block of land on County Road in Ōtaki to provide increased housing capacity. Further submissions on Variation 3 have closed and iwi have requested that Council appoint a hearing commissioner with expertise in tikanga Māori and the perspectives of Ngāti Raukawa.
- 15 Due to the requirements of the RMA and for the sake of consistency it is proposed that
 - (a) the delegation to appoint independent hearing commissioner/s for hearing either resource consent matters or variation-related matters be provided to the Chief Executive in consultation with the Mayor-elect; and
 - (b) that those Elected Members currently operating as accredited hearing commissioners be appointed as independent commissioners also for these matters rather than in their capacity as elected members.

To be clear, the 'pool' of hearing commissioners includes not just accredited Elected Members but also non-Elected Members i.e. independent hearing commissioners including accredited iwi

hearing commissioners. Elected Members with current accreditation are Cr Holborow, Cr Vining, Cr Elliott, Cr Cardiff, Mrs Prvanov, and the Mayor. In order not to lose their expertise as hearing commissioners during the interim period Council is being asked to appoint them as independent hearing commissioners.

Continuation of Joint Committees

- 16 The Council is a member of a number of Joint Committees:
 - (a) The Wellington Regional Waste Management and Minimisation Plan
 - (b) The Wellington Regional Strategy
 - (c) The Wellington Regional Transport Committee.
- 17 The Council withdrew its membership from the Wellington Regional Amenities Fund Joint Committee, effective from 1 July 2019.
- 18 Legislative provisions establish that any joint committee is deemed to be a committee of each member local authority, and that unless resolved to the contrary by the member authorities, any joint committee is deemed discharged at the end of the triennium. The recommendations at the end of this report propose that two joint committees, (as well as the DLC) be deemed to be not discharged at the end of the triennium.
- 19 The Regional Transport Committee is convened under a different piece of legislation (the Land Transport Management Act 2003) which requires each regional council to convene a joint transport committee anew at the beginning of each Triennium and appointment to this Committee will be covered off separately with the new Council.
- 20 Council will be asked to appoint representatives to the Joint Committees and all other decision-making bodies at the beginning of the new Triennium. Membership of Joint Committees will be part of the new Governance Structure set up by the new Council in early November.

CONSIDERATIONS

Policy considerations

- 21 There are no policy considerations as this is a procedural matter.

Legal considerations

- 22 Legal considerations have been discussed for each issue, and legislative extracts can be found at Appendix 1.

Financial considerations

- 23 The Chair of the DLC position is remunerated as are the District Plan Hearing Commissioners. There is sufficient budget to meet these costs. Costs of resource consent hearings are recovered from the applicant.

Tangata whenua considerations

- 24 There are no tangata whenua considerations.

SIGNIFICANCE AND ENGAGEMENT

Significance policy

- 25 As this is a procedural matter to ensure continuance of governance for key issues during the transition between triennia it has a low level of significance under the Council Policy.

Engagement planning

- 26 An engagement plan is not needed to implement this decision.

Publicity

27 The decisions will be posted to the Council website.

RECOMMENDATIONS

28 That Council:

- (a) Pursuant to section 193 of the *Sale and Supply of Alcohol Act 2012*, authorises the Chief Executive to appoint Fiona Vining as a commissioner to the role of Chair of the District Licensing Committee, from 22 October 2019 until such time as a new Chair is appointed by the newly-elected Council;
- (b) Resolves that the District Licensing Committee is deemed not to be discharged at the end of the 2016-2019 Triennium, pursuant to Schedule 7, clause 30 (7) of the *Local Government Act 2002*;
- (c) Authorises the Chief Executive the ability to appoint independent commissioners where this is specifically sought under section 34A(1A) (for District Plan variations) or section 100A of the Resource Management Act 1991 (for notified resource consents), in consultation with the Mayor-Elect, until such time as the function is formally delegated by the newly-elected Council;
- (d) Appoints as independent hearing commissioners for resource consent applications as per the relevant provisions of the *Resource Management Act 1991* until the Council resolves to discharge them of their duties:
 Janet Holborow
 Fiona Vining
 Jackie Elliott
 Mike Cardiff
 Jocelyn Prvanov
 K Gurunathan
- (e) Resolves that the following Joint Committees be deemed not to be discharged at the end of the 2016-2019 Triennium pursuant to Schedule 7, clause 30 (7) of the *Local Government Act 2002*:
 The Wellington Region Waste Management and Minimisation Plan
 The Wellington Regional Strategy

APPENDICES

Nil

7.3 REPORTS AND RECOMMENDATIONS FROM STANDING COMMITTEES AND COMMUNITY BOARDS

Author: Joy Murray, Democracy Services Advisor

Authoriser: Janice McDougall, Group Manager

PURPOSE OF REPORT

- 1 This report presents reports and recommendations considered by Standing Committees and Community Boards from 5 September 2019 to 25 September 2019.

BACKGROUND

- 2 Meetings took place on the following dates:

Strategy & Policy Committee	5 September 2019
Audit & Risk Committee	12 September 2019
Paekākāriki Community Board	17 September 2019
Paraparaumu-Raumati Community Board	17 September 2019
Waikanae Community Board	17 September 2019

- 3 In addition, the following meetings took place:

Kāpiti Coast Youth Council	9 September 2019
Kāpiti Coast Older Persons Council	25 September 2019

Strategy and Policy Committee

- 4 The Committee met on 5 September 2019 to discuss the following:
 - Update: Social Investment Report Backs
 - Update: Age Friendly Strategy Development
 - Review of the Beach Bylaw 2009
 - Kapiti Coast District Council Film Friendly Policy 2019 and Screen Wellington Memorandum of Understanding
 - 2018-2021 Policy Work Programme Update

The Committee moved in to Public Excluded session to discuss the following:

- PDP: Omnibus Variations 4 A-H

Audit and Risk Committee

- 5 The Committee met on 12 September 2019 to discuss the following:
 - Risk Management – Business Assurance Update
 - Audit Report to Management for the year ended 30 June 2019
 - Draft Annual Report 2018/19
 - Quarterly Treasury Management Compliance Report
 - Closing Report from Audit for the year ended 30 June 2019
 - Health and Safety Quarterly Report 1 April – 30 June 2019

The Committee moved in to Public Excluded session to discuss the following:

- Annual Tax Update
- Update on Statutory Compliance Issues, Investigations and Status of Council Bylaws 1 April 2019 to 30 June 2019

Paekākāriki Community Board

- 6** The Community Board met on 17 September 2019 to discuss the following:
- Update: Wainuiwhenua Project Update
 - Update: Economic Development Strategy Refresh
 - Consideration of Funding Applications

Paraparaumu-Raumati Community Board

- 7** The Community Board met on 17 September 2019 to discuss the following:
- Consideration of Applications for Funding

Waikanae Community Board

- 8** The Community Board met on 17 September 2019 to discuss the following:
- Update: Verbal Update – Kapiti Community Constable
 - Update: Economic Development Strategy Refresh
 - Waikanae Transpower Project
 - Town Centre Access and Safety – Waikanae
 - Update on Waikanae Library Project
 - Consideration of Applications for Funding
 - Road Naming – Kohekohe Development – Winara Avenue, Waikanae
 - Road Naming – Lupin Developments – 104 Paetawa Road, Peka Peka

Kāpiti Coast Youth Council

- 9** The Kāpiti Coast Youth Council met on 9 September 2019 to discuss the following:
- Zeal Update
 - Councillors Update
 - Work Ready Kāpiti Update & Discussion: Guest Representative
 - Think Big Update
 - Youth Council Member Farewell
 - Recruitment & Interviews Update
 - Upcoming Interviews & Recruitment Camp
 - Youthweek Update
 - Moving forward – Key Areas Discussion
 - Pizza, Pals & Politics – Kāpiti Youth Support Event
 - ZEAL & Youth Council Hui Update
 - Individual Reflection & Evaluation

Kāpiti Coast Older Persons Council

- 10** The Kāpiti Coast Older Persons Council met on 25 September 2019 to discuss the following:

- Road Safety Advisory Group Update
- CWB Advisory Group Update
- Report Back from Workgroups
- Round the Table Discussion

RECOMMENDATIONS

- 11** That Council consider the following recommendation for noting:

That the Paraparaumu/Raumati Community Board requests the Council continues to assist in finding suitable premises for the Kapiti Community Food Bank currently operating in Kapiti Road.

- 12** That Council receives this report (Reports and Recommendations from Standing Committees and Community Boards).

APPENDICES

Nil

7.4 VALEDICTORY SPEECHES

8 PUBLIC SPEAKING TIME

- Covering other items if required
- Public Speaking Time responses