

Consultation on participating in a Regional Sector Shared Services Council Controlled Organisation

What is the proposal?

Hawke's Bay Regional Council (HBRC) is asking the community for feedback on this proposal to participate in a council-controlled organisation (CCO) with other regional and unitary councils. The new CCO would support shared services and collaborative activities in the regional sector.

What is a CCO?

A **council-controlled organisation** can be a company, partnership or trust arrangement for the sharing of profits, union of interest, co-operation, joint venture or other similar arrangement in which one or more local authorities, directly or indirectly, controls the organisation.

Background

The 16 regional councils and unitary authorities in Aotearoa New Zealand work together on areas of shared interest.

They now wish to take this arrangement a step further by creating a shared services company.

This is in response to:

- ▶ increased demands from central Government to deliver a broad range of reform packages
- ▶ capacity and capability challenges, and competition between councils to attract and retain staff
- ▶ expectations from our communities for councils to do more with the same, or less.

This change will lead to improved outcomes from investment in national programmes of work. It will also improve access to specialist and expensive resources, reduce costs and share risk.

What will the structure be?

This organisation is intended to be a company with up to 16 shareholders – the 16 regional councils and unitary authorities in New Zealand.

The company will be created by restructuring Regional Software Holdings Limited (RSHL), a current CCO created by six regional councils for this purpose. The six existing shareholders do not need to consult.

Depending on the final adopted structure of the CCO, HBRC may hold shares or some other form of ownership. HBRC will contribute to the operating costs of the CCO. These contributions will replace existing contributions to national programmes, and will be at a similar cost.

HBRC will maintain part-ownership of the CCO as long as it continues to operate, and while HBRC continues to use the services provided by the CCO.

Scope of work

As an extension of the current model operated by RSHL, the new CCO will provide a framework for collaboration between the shareholders and across the regional sector. It will support the procurement or development of shared solutions in a manner that provides greater consistency in how councils operate their core processes. This model will provide a more cost-effective alternative than individual councils can achieve on their own.

The CCO will operate by facilitating collaborative initiatives between councils and through managed contractual arrangements.

The initial scope of activities for the company is limited to pre-existing shared service programmes. A business case will be developed for any additional service that is not part of the original company. This will be approved by the shareholders prior to any new service/s proceeding. The investigation of any new services will be fully funded by the councils that wish to promote that service.

Performance targets

Performance targets relate to the level of services that the company will achieve to deliver on its stated outcomes. It is envisaged that these targets will change as new services are developed.

- ▶ Customers will be surveyed annually to ensure that there is at least 75% satisfaction with the services provided.
- ▶ Expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the shareholders.
- ▶ The organisation will demonstrate material benefit to the regional sector and shareholders.

Benefits of joining

The CCO is intended to be the delivery mechanism for projects identified by the regional sector special interest groups (SIGs) and prioritised by the regional sector chief executives through the Regional Council Collaboration (ReCoCo) programme. RSHL is already well placed to deliver this.

- ▶ RSHL is already responsible for the management and delivery of sector programmes with an annual budget of \$2.5-\$3 million.
- ▶ RSHL also has a good track record of delivering technology projects, such as the original design and build of the Integrated Regional Information System (IRIS) regulatory software.

Involvement in the CCO won't initially require any additional funding. Operating costs will be covered by the existing ReCoCo subscription fees paid by all regional councils. Additional costs are incurred when each council decides to participate in and contribute funding towards a work programme.

That will be a decision for each council to take with any additional funding contributions. This will then be approved following consultation by the participating councils under their annual or long term plans.

HBRC has a long-standing relationship with RSHL, which has delivered benefits through access to:

- ▶ cost-effective solutions that are specifically designed for the unique functions of a regional council
- ▶ a sector-wide body of knowledge of business processes in the IT, regulatory, biodiversity and land management functions of a regional council.

This CCO proposal is an appropriate next step in the evolution of the long-standing relationship with RSHL.

Upcoming work programmes

The first CCO work programme of significance to HBRC is the IRIS Next Generation programme. This programme will deliver sector alignment through consistent good practice business processes embedded in modern extensible software. The scope of the programme covers the regulatory, land management and biodiversity functions of regional councils.

Partnering with RSHL for future system implementations will enable HBRC to leverage the collective capabilities of all councils, to mitigate project delivery risks associated with current talent shortages. For more information on RSHL and IRIS Next Generation visit rshl.co.nz

Why are we consulting?

HBRC is consulting with anyone who may be affected or have an interest, and encourages any member/s of the community to provide their views on the proposed participation in the CCO through this consultation process.

HBRC must consult prior to becoming a shareholder of a CCO. This is stated in section 56 of the Local Government Act 2002.



What is the process from here?

- ▶ **29 April 2022**
Consultation opens
- ▶ **15 May 2022** (8pm)
Consultation closes
- ▶ **1 June 2022**
Hearing for submitters to present their views in person
- ▶ **29 June 2022**
Decision made by HBRC





There are a number of ways to share your views with us on this proposal.
Please read the consultation document before having your say. Thanks for taking the time to get involved.

First name: Last name:

Email:

Address:

If you are submitting as the official spokesperson on behalf of an organisation, please give the organisation name here:

Do you support Hawke's Bay Regional council participating in a regional sector shared services Council-Controlled Organisation (CCO)?

Yes No Don't know

Please give your reasons below (optional)

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Need more room? You can attach extra pages, just make sure they include your name and address.

Do you wish to present your submission to the Regional Council at a hearing on 1 June 2022?

Yes No If yes, please provide a daytime contact number and/or email address

Privacy Statement - Submissions are public information. Your name and feedback will be included in public documents as part of the decision-making process. All other personal details will remain private. This information will be held by Hawke's Bay Regional Council but only for the purpose of this consultation process.

One submission per individual.

Online: hbrc.govt.nz, search: #consultations or scan our QR code on this form

Email: haveyoursay@hbrc.govt.nz

Post: Hawke's Bay Regional Council, Private Bag 6006, Napier 4142

Hand deliver: 159 Dalton Street, Napier

**HBRC must receive your submission by
8pm on Sunday 15 May 2022**