

### 3. BANKS PENINSULA DISTRICT COUNCIL ADMINISTRATIVE REVIEW

**Officer responsible**  
City Manager

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The purpose of this report is to summarise the findings of an analysis of service delivery functions currently provided by Banks Peninsula District Council to their residents, and to determine if those services could be provided at lower cost - with equal or better quality of service - by integrating service delivery operations with the Christchurch City Council.

Perhaps the primary reason for this review of joint service delivery is best described in a document sent from the Controller and Auditor-General to the New Zealand House of Representatives. In a section entitled *"Do councils have the capability to meet the demands placed on them?"* he states:

*"... community aspirations and expectations of their local authority may be quite different as between (for instance) a small local authority and a larger urban local authority. ... we are seeing some adjoining Councils sharing administrative support, or jointly providing a service (e.g. libraries). Moving forward requires overcoming parochial interests and political hurdles. I believe that sharing and joint effort will become a developing trend."*

*D J D Macdonald  
Controller and Auditor-General  
May 2002*

The Christchurch City Council and Banks Peninsula District Council are a perfect representation of a large, urban authority that possesses specific skill sets beneficial to a smaller, adjacent rural authority. A cooperative integration of services would positively impact both Councils.

#### BACKGROUND

In recognition of the opportunity for mutual benefit, in late 2001 Banks Peninsula District Council requested consideration of integrating administrative service delivery with the Christchurch City Council. In February 2002, the Christchurch City Council directed that the City Manager undertake to investigate the possibilities of negotiating a contract for services with Banks Peninsula District Council. The Council resolved:

*"That the City Manager work with the Banks Peninsula District Council to investigate ways of improving efficiency of administration and service delivery through closer collaboration and/or combined administration and service delivery arrangements, and report back to the Council's Strategy and Finance Committee."*

The City Manager appointed Gordon Ryan and Chris Kerr to conduct the review in concert with Banks Peninsula assigned staff. Terms of Reference were developed and the review commenced with a series of meetings between BPDC's General Manager, senior staff and the Christchurch review team.

The review was jointly conducted by both Council management teams. It was quickly recognised that a limited, piecemeal transfer of administrative functions from a small number of departments would provide minimal, if any, savings for BPDC. The option developed as the one most likely to achieve the desired outcome was one which involves:

- The retention by BPDC of a Chief Executive and a small team of staff primarily to provide customer service in Akaroa, Little River and Lyttelton and to service BPDC as an elected body and to manage the contract with CCC.
- The provision of most service delivery activities and specialist advice to BPDC on levels of service and asset management by CCC staff under contract.

An analogy could perhaps be drawn with the model used in our own servicing of Community Boards where a locally based service centre team manages advice to the Board and Tuam Street staff provide specialist advice and most implementation.

The potential savings of such a model are considerable but so too is the reduction in the number of BPDC employees. Given this, a Banks Peninsula District Council seminar was held at Little River to discuss findings and to determine the level of political support for continued review. The Banks Peninsula District Council indicated that they considered the review should continue.

## **IMPACT ON CCC OPERATIONAL UNITS**

A summary of the impact on our operational units is as follows:

- The tasks to be undertaken to service BPDC are generally similar to those for the city. Many CCC systems could be readily extended to cover BPDC area.
- Following a transitional period, much of the BPDC workload could be absorbed with no additional overhead costs and a relatively small number of additional staff. That is, there are significant economies to be found from combining the operations. (An exception is ESU where it is seen as likely that most of the staffing level of BPDC would be needed to handle the workload in the longer term.)
- A period of operational transition of up to two years would be needed to merge the operations. The full savings potential would not be available until after this time.
- The net savings potential to BPDC after CCC contract charges are subtracted, and following operational transition, are estimated at \$700,000 to \$1,100,000. The apportionment of this amount would need to be the subject of negotiations between the two Councils.

In light of the magnitude of potential savings to BPDC operations, it is recommended that the Christchurch City Council support this initiative, in principle, subject to satisfactory negotiation between CCC and BPDC management.

## **CCC UNITS AND FUNCTIONAL AREAS OF INTEGRATION**

In addition to financial considerations, contract negotiations would also address which specific functions are to be contracted. Primarily, these will consist of specific functions within the following operational Units: City Streets; City Water and Waste; Parks and Waterways; Environmental Services; Property; Libraries; Leisure; Community Relations; Corporate Services; Financial Services; Information Management and Technology. A list of specific job functions that will be included in the negotiation for contract services is attached.

In addition, it should be noted that BPDC legal support should remain within the purview of BPDC, contracted separately to a consulting legal firm, and that the CCC Legal Services Unit should not be involved in this work. Where CCC Units are managing BPDC issues which require legal advice, they should obtain outside consulting advice under the direction of the BPDC Chief Executive and at a cost external to CCC's defined contract charges.

## **STAFFING ISSUES FOR BPDC**

In addition to the operational areas of work, a determination regarding human resource issues should be addressed prior to contract resolution. Staff reductions have been discussed with senior management at BPDC and CCC. It is proposed that a solution be negotiated between both local authorities that takes into consideration existing and future staffing levels at BPDC. It should be recognised that the single most important aspect affecting potential cost reductions is the level of staff remaining after integration of services. In order to achieve maximum savings, it is proposed that BPDC staff levels be divided into three distinct groupings as follows:

- One group of employees would remain within BPDC employ. This includes a Chief Executive who would be the primary administrator of the contract with CCC and would provide direct support to the BPDC along with a Council Secretariat, Customer Services personnel, and general administrative support.
- A second group of BPDC employees would immediately transfer to CCC in direct support of contract work.
- A third group of BPDC employees would be offered either voluntary redundancy or transfer to CCC (with eligibility to CCC internal recruitment). Several points should be noted:
  - There will be transition tasks for which some of these BPDC personnel would be well qualified during the transition phase.
  - CCC internal recruitment will occur during the transition timeframe for which these BPDC employees will be eligible and likely well qualified.
  - BPDC employees that transfer to CCC will remain BPDC employees, paid by BPDC, until such time as they obtain CCC position placement.
  - Any redundancies that occur during the transition phase (including BPDC employees that are working temporarily at CCC) will be determined and effected by BPDC.

Within the parameters of the above suggestions, Banks Peninsula Councillors and management may choose to vary the distribution of resources in accordance with their desire to retain, or contract out, specific services and/or personnel. To reiterate, the level of savings to be achieved is directly proportionate to the staff reductions achieved. Each of these issues - job functions, staff reductions, costing factors, and exact financial savings - will remain undetermined until such time as negotiations are completed.

#### **BENEFITS TO CHRISTCHURCH CITY**

The benefit to be derived by Christchurch City from an integration of services with Banks Peninsula District Council are seen from several perspectives, each of which supports the premise of the Controller/Auditor General in his report to the legislature.

- Banks Peninsula provides a recreational resource for many city residents and enhances Christchurch's tourist market. Good standards of facilities such as parks, wharves and public toilets are a benefit to the city.
- A large number of BPDC ratepayers are Christchurch residents who own property - and pay rates - within the BPDC. These people will benefit from the efficiency gains.
- We have the opportunity to be a "good neighbour" at no added cost to CCC ratepayers while at the same time, considerably increasing opportunities to the BPDC ratepayers.
- CCC charges for service will cover direct costs and provide for a contribution to overhead.

#### **BANKS PENINSULA DISTRICT COUNCIL - STATEMENT**

Attached is a copy of a statement from the Mayor and Councillors of Banks Peninsula District Council which was tabled at the meeting.

- Recommendation:**
1. That the Christchurch City Council support a contract along the lines set out in this report, subject to satisfactory negotiation of the precise scope of services, the specific number of employees to remain in Banks Peninsula District Council employ and to transfer to Christchurch City Council employment, and financial and transitional items.
  2. That a working party consisting of the Mayor and Councillors James and Wright be appointed to assist the staff in the negotiations.
  3. That the working party report back to the Strategy and Finance Committee.