

8. RICCARTON SERVICE CENTRE LEASE EXPIRING

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PURPOSE OF REPORT

1. The purpose of this report is to seek the Board's recommendation to the Council on a reduction in the levels of service provided at the Riccarton Service Centre.

EXECUTIVE SUMMARY

2. The Council currently operates a small service centre inside the New Zealand Post (NZ Post) shop on Riccarton Road. The lease agreement is a month by month arrangement, and NZ Post has given notice to the Council to vacate the area set aside for the service centre effective 1 February 2010 as the whole operation is being rebranded and renovated, requiring the space the Council currently occupies.
3. In order to minimise the impact on customers, the Council is negotiating with Kiwibank to provide a rates payments service at this location only, and a hot-line telephone to the Council Call Centre. Analysis of the transactions history over the last three years indicates that rates payments accounts for about 75 percent of the core council services provided. Hence the approximate reduction in the 2009-19 Long Term City Council Plan (LTCCP) Levels of Service would be 25 percent at that site. This reduction would be mitigated by the proximity of the Fendalton and Sockburn Service Centres, and by the provision of the "hot-line".
4. The current LTCCP makes provision for a new library and service centre at either Halswell or Hornby. Once this is in place the interim solution proposed at the Riccarton Service Centre would be discontinued.
5. The two affected staff members would be redeployed to the Civic offices, thereby reducing the need for casual staff to cover peak demand periods around the service centre network. The union have been advised.

FINANCIAL IMPLICATIONS

6. The reduction in levels of service would result in significant annual net savings arising from the savings on the lease, and the saving of two full time employees. The savings would be off-set by the transaction costs charged and some one-off establishment charges and some technological work. The projected charges are commercial-in-confidence, but the net annual savings would be in the order of \$70,000.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

7. No. LTCCP budgets include the provision for full services at the Riccarton Service Centre.

LEGAL CONSIDERATIONS

8. The effect of section 97 of the Local Government Act 2002 (LGA02) and the Council's Significance Policy.

Have you considered the legal implications of the issue under consideration?

Section 97

9. Section 97(1)(a) and (2) of the LGA02 provides that "a decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the local authority, including a decision to commence or cease any such activity" can only be taken by the Council if the decision is explicitly provided for in the Council's LTCCP and the statement of proposal for the LTCCP.
10. Although this decision involves the alteration of a level of service provision, it is not necessarily a "significant" alteration of a "significant activity" for the purposes of section 97 (although as noted below it is a matter the Council will treat as significant under its Significance Policy).

11. The Riccarton Service Centre, and service centres in general, are not listed as strategic assets of the Council in the Council's Significance Policy, and do not appear to be a "significant activity" of the Council.
12. The Council in relation to strategic assets notes that it is the assets in total not the separate elements of the assets that will trigger the section 97 provisions (as they concern strategic assets).
13. It is consistent to treat the significant alteration of a significant activity in the same way. If this proposal affected the level of service provision to all of the Council's service centres then it would likely be a significant alteration of a significant activity, but a reduction in level of service to one service centre will not trigger the requirement in section 97(1)(a), that the decision be provided for in the Council's LTCCP.

Significance Policy

14. The decision being proposed in this report does not flow consequentially from a decision in the 2009-19 LTCCP (as that indicates the Riccarton Service Centre will be a walk-in customer service providing eight hour a day coverage by Council employees – see p178/9 of the LTCCP). Therefore, in accordance with the Significance Policy the Council will treat this decision as significant.
15. The Policy provides that the Council will consider undertaking a Special Consultative Procedure (SCP) on decisions to "change a level of service specified in the LTCCP or Annual Plan", so it must consider whether or not an SCP is appropriate before it adopts one or more of the recommendations contained in this report.
16. The Significance Policy also states that the Council will not consult, or will tailor its consultation to the circumstances, for situations where failure to make a decision urgently would result in the loss of opportunities which contribute to achieving the Council's strategic directions, or matters that are commercially sensitive. In such circumstances the Council will carry out as much evaluation and consultation as is practicable while either achieving the required timeline or maintaining the appropriate level of sensitivity.
17. There is no mandatory requirement to use an SCP simply because a matter has been identified as significant. However, the more significant a matter, the higher the level of compliance that will be expected in relation to sections 77 and 78 of the LGA02. Section 79 of the LGA02 states that it is the responsibility of a local authority to make, in its discretion, judgments about this and about:
 - (i) the extent to which different options are to be identified and assessed; and
 - (ii) the degree to which benefits and costs are to be quantified; and
 - (iii) the extent and detail of the information to be considered; and
 - (iv) the extent and nature of any written record to be kept of the manner in which it has complied with those sections".
18. Section 77 requires that the Council seek to identify all reasonably practicable options for the achievement of the objective of its decision, and assess those options. Section 78 requires that, at each of the four stages of its decision-making, the Council must consider the views and preferences of those likely to be affected by, or to have an interest in the matter. (See the tables at the end of this report which discuss those matters).
19. The High Court in the Whakatane District Council versus Bay of Plenty Regional Council case stated the Council was free to determine for itself whether the level of compliance with these sections was appropriate. The choice of what are reasonably practicable options for a decision is also for the Council to make.
20. In making a judgment about the level of compliance, and options, benefits and costs, etc, a local authority must consider the significance of all relevant matters, the principles relating to local authorities set out in section 14 of the LGA02, the extent of the Council's resources, and the nature of the decision or any special circumstances in which the decision is being taken that may limit the opportunities to comply to a higher standard.

Section 80

21. Section 80 of the LGA02 enables the Council to make a decision that is significantly inconsistent with any Council policy or plan required by the LGA. In this instance the LTCCP is clearly a plan required by the LGA02 for the purposes of section 80. The Council may make a decision reducing the level of service provision for the Riccarton Service Centre, but as that decision is inconsistent with the LTCCP "full service" intention for the Riccarton Service Centre it must:

"(1) ..., when making the decision, [the Council] clearly identify —
(a) the inconsistency; and
(b) the reasons for the inconsistency; and
(c) any intention of the local authority to amend the policy or plan to accommodate the decision.....".

22. If the Council does not reduce the levels of service then as that would not be a decision that is inconsistent with the LTCCP, section 80 would not apply. If the Council makes the decision to proceed with the option recommended in this report the Council would need to identify the following matters in its decision, in order to comply with section 80:
- The inconsistency is with the proposal to reduce the levels of service at the Riccarton Service Centre to approximately 75 percent of the current service provision set out in the LTCCP.
 - The reasons for the inconsistent decision would need to be recorded by the Council.
 - The Council would also have to identify whether it has any intention to amend the LTCCP in the future, which staff suggest could be done next year, as part of the Annual Plan process.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

23. While the applicable Activity Management Plan in the current LTCCP does not specify the individual services provided at each service centre location, it is implicitly understood that each service centre provides the normal range of services. Accordingly, the ability to pay rates only in this location would be a reduction in the Levels of Service (LOS) – despite the provision of the hot-line connection to the call centre.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

24. Yes. They support the maintenance of a service point at the location specified in the LTCCP, albeit with a reduction in the range of services offered.

ALIGNMENT WITH STRATEGIES

25. While no formally approved service centre location strategy is in place, the model that is being followed is to have service centres co-located with libraries – the Beckenham model. Consequently, this interim solution would be overtaken once a new library and co-located service centre are constructed at either Halswell or Hornby. Provision for this is in the LTCCP in years 2016/17 and 2017/18.

Do the recommendations align with the Council's strategies?

26. Yes.

CONSULTATION FULFILMENT

27. While the Legal Considerations section above identifies that the proposed reduction in LOS is a significant matter, for which a Special Consultative Process may be indicated, it is submitted that in the specific circumstances of this proposal, an SCP is not required. In particular, the proposed reduction in LOS would be only about 25 percent at this service point – one of 11 service points across the city, 10 of which would continue to offer the full range of council services. There are two other service centres within relatively close proximity: Fendalton, a free trip for seniors on a number 19 bus – and Sockburn. Furthermore, a hot-line telephone connection to the Council's Call Centre would significantly mitigate the reduction in LOS and thus reduce the net impact on customers. Consultation would be conducted with the affected Community Board, and the Board invited to conduct its own consultation within its area. This approach could be supplemented by discussions with other interested community groups in order to gain fair view of the community's opinion on the proposal. Assuming the proposal is approved, a suitable brochure would be handed to all Riccarton Service Centre customers explaining the changes to the services and the options available for accessing the services that would no longer be provided at the Riccarton site.

STAFF RECOMMENDATION

It is recommended that the Board recommend to the Council to:

- (a) Approve the reduction in Levels of Service at the Riccarton Service Centre.
- (b) Agree that no Special Consultative Procedure is required.
- (c) Approve the arrangement with Kiwibank to provide a rates payment service and telephone service as an interim solution until such time as the library and service centre community hub is established at Halswell/Hornby.

BACKGROUND (THE ISSUES)

28. The Riccarton Service Centre has an interesting history that goes back to amalgamation in 1989, when it was established as an interim service centre and sub-service centre associated with Sockburn. The first significant hint at a rationalisation of service centres was the Councillor Close Report of the Organisational Development Working Party (17 July 1991). This proposed "*The existing temporary suburban service delivery structure should be permanently replaced...by a combination of 28 outlets, being Civic Offices, Sockburn, Linwood and Papanui, and a network of 24 basic-service agencies, with NZ Post adopted in principle as the external agency network*". An interesting and key research finding in the report that drove the report's main recommendation was that "*only a third of citizens ever visit any Council office, and about two-thirds of them do so only for simple cash transactions*". The report therefore concluded that the capital invested in the service centre network could not be justified. Despite this analysis, nothing happened, and the network of service centres has actually increased over the intervening years.
29. The next documented attempt at rationalisation occurred in 1996, with the report "Suburban Service Delivery Beyond 1996". In essence, this report set in motion the co-location of service centres with some libraries, and this model was supplemented by the Moen Report of 1999 that proposed the delivery of walk-in counter services by integrating the customer services staff within the libraries staffing structure. This was actually implemented in some locations, but over time the staffing model unwound, but the co-location concept continued, of which Beckenham is the classic example.
30. As part of the development of the 2006-16 LTCCP, it was proposed that NZ Post provide all financial transaction services carried out at service centres. As well as generating significant savings, this would have provided a more logical and demographically driven service point network, and would have resulted in the closure of all the suburban service centres, with the service point at Civic Offices retained.
31. Council endorsed this proposal in the draft LTCCP, but reversed it at the adoption stage. Council further resolved that the Riccarton sub agency be retained.

32. This brings the narrative to the present situation and circumstances of the Riccarton Service Centre, whereby the Council has given a very clear message that it wishes the service centre network to remain controlled by the Council and be staffed by Council officers. There was also endorsement of the co-located model that works so effectively at Beckenham, Papanui, Shirley and Fendalton.
33. The following points summarise the present situation at Riccarton:
- A sub-service centre has operated from within the NZ Post Shop on Riccarton Road since amalgamation in 1989. It was intended to be a temporary arrangement. It offers the full range of Council services, processing about 17,000 financial transactions per annum. Of these, 57 percent are rates, nine percent parking tickets, nine percent dog registration payments, and 15 percent is revenue generated from photocopying services.
 - Council pays an annual lease, which has been on a month by month basis. Because of the uncertainty of continued occupation, significant staff effort has been expended in attempts to secure suitable alternative accommodation in the immediate area. This has included reviewing possibilities within Council-owned sites, including the former town hall and the Riccarton Library. These have proven unsatisfactory primarily on cost grounds in the case of the former town hall, and the lack of space (and no budget) to co-locate with the Riccarton Library. Leasing alternative commercial was discounted as being too expensive, given that this would be an interim arrangement.
 - NZ Post has now advised that the Council presence will terminate on 1 February 2010.
 - The nearest service centre to Riccarton is co-located with the Fendalton Library. This is a free trip for pensioners of about three kilometres on a number 19 bus.
 - It would be cost-effective to contract Kiwibank to provide payment services just at this location. A billpay proposal is being considered to provide a rates payments service and a telephone link to the call centre. Contracting out other financial services as part of this arrangement is not favoured due to their relative complexity (dogs registrations and infringement payments can be awkward) and relatively low volume.
 - There would be a staff saving of two full time employees. However, these staff members would be retained and work in the Civic Offices, with an equivalent saving in the casual staffing that would no longer be required.
 - There is a manual rates receipting service provided by Civic Video in the Hornby Mall. Last financial year Council paid \$2,650 for this service, representing about 3,500 rates payments. These are then processed by back-office. This service will be continued until such time as there is a service centre presence in either Halswell or Hornby.

THE OBJECTIVES

34. The objective is to retain a Council service outlet in the Riccarton area, albeit with a reduction in the range of services offered. The impact of this reduction would be mitigated by the provision of a hot-line phone to the Council Call Centre. This would be an interim solution until such time as there is a new library and service centre at either Halswell or Hornby.

THE OPTIONS

35. There are three options as follows:
1. Do nothing and accept the loss of all council services to the Riccarton community overall when the Riccarton Service Centre ceases to operate on 1 February 2010. This would mean the closest service points would be at the Sockburn Service Centre and the co-located Fendalton Library and Service Centre.
 2. Continue to seek an alternative site in the area. As detailed above, this option appears to be unrealistic on space and cost grounds.

3. Negotiate a suitable agreement with Kiwibank for a rates payment service at the present site, complemented with a hot-line to the Council Call Centre. This would also have significant financial benefits as outlined above, as well as providing a satisfactory interim solution to the service need.

THE PREFERRED OPTION

36. Option 3 is the preferred option.

ASSESSMENT OF OPTIONS

The Preferred Option

37. Negotiate a suitable agreement with Kiwibank for a rates payment service at the present site, complemented with a hot-line to the Council Call Centre.

	Benefits (current and future)	Costs (current and future)
Social	Maintains a service point in the current location, along with a phone link to the Council's Call Centre. The phone connection to the call centre would be a service not presently available.	There would be a reduction in the range of counter services offered, notably animals and infringement payments would not be available over the counter.
Cultural	Nil	Nil
Environmental	Nil	Nil
Economic	There would be a net saving in service delivery costs in the order of \$70,000 per year.	
<p>Extent to which community outcomes are achieved:</p> <p>No significant impact.</p> <p>Impact on the Council's capacity and responsibilities:</p> <p>Nil.</p> <p>Effects on Maori:</p> <p>Nil.</p> <p>Consistency with existing Council policies:</p> <p>Yes.</p> <p>Views and preferences of persons affected or likely to have an interest:</p> <p>Some opposition is expected as there would be a reduction in the Levels of Service at this location.</p> <p>Other relevant matters:</p> <p>Nil.</p>		

Maintain the Status Quo (if not preferred option)

38. Do nothing and accept an even lower Level of Service to the Riccarton community overall when the Riccarton Service Centre ceases to operate on 1 February 2010. This would mean the closest service points would be at the Sockburn Service Centre and the co-located Fendalton Library and Service Centre.

	Benefits (current and future)	Costs (current and future)
Social	Nil	Loss of all Council Services at this location.
Cultural	Nil	Nil
Environmental	Nil	Nil
Economic	\$93,000 being the lease and FTE savings.	Additional travel costs for customers.
Extent to which community outcomes are achieved: The loss of services at this location with no replacement plan may impact on the community outcome "A well-governed city".		
Impact on the Council's capacity and responsibilities: Nil.		
Effects on Maori: Nil.		
Consistency with existing Council policies: Inconsistent with the 2009-19 LTCCP, which specifies a Service Centre at Riccarton, implying a full range of Council services are available.		
Views and preferences of persons affected or likely to have an interest: The local community is likely to be very unhappy with the withdrawal of Council services from this location.		
Other relevant matters: Nil.		

At Least one Other Option (or an explanation of why another option has not been considered)

39. Continue to seek an alternative site in the area.

	Benefits (current and future)	Costs (current and future)
Social	Maintain the current Level of Service.	If the service centre is in a different location, this may upset and confuse customers.
Cultural	Nil	Nil
Environmental	Nil	Nil
Economic	Travel convenience for customers.	Refurbishment costs, lease costs. These are not precisely known, but high.
<p>Extent to which community outcomes are achieved:</p> <p>No impact.</p> <p>Impact on the Council's capacity and responsibilities:</p> <p>Nil.</p> <p>Effects on Maori:</p> <p>Nil.</p> <p>Consistency with existing Council policies:</p> <p>Yes.</p> <p>Views and preferences of persons affected or likely to have an interest:</p> <p>No opposition likely.</p> <p>Other relevant matters:</p> <p>Nil.</p>		