
REPORT 1A
(1215/52/IM)

**REPORT OF THE FUNDING AND ACTIVITY REVIEW
WORKING PARTY - DRAFT ANNUAL PLAN 2007/08
ACTIVITY REVIEW FINDINGS**

1. Purpose of Paper

The Funding and Activity Review (FAR) Working Party have completed an assessment of the following Activity Reviews:

- 1.5.3 Heritage Development
- 3.1.1 Tourism Development
- 3.6.1 Creative Workforce
- 3.7.1 External Relations
- 4.5.5 Water network
- 4.6.2 Storm water management
- 5.1.1 Archives

The FAR Working Party recommends that the Strategy and Policy Committee accept the officer recommendations for each Activity Review. A summary of the findings are included in this report. Note that the detailed Activity Reviews are available to all Councillors.

2. Executive Summary

The Council made a commitment to complete the activity reviews in the 2006/16 Long Term Council Community Plan (LTCCP). The statutory requirement to ensure alignment of activities with Council outcomes was fulfilled with the adoption of the LTCCP.

The first phase of the process delivered six activity reviews that covered both improvements in efficiency and effectiveness and considered change to the business, in particular the Arts Business Unit. Phase two has considered seven activities and has also focused on achieving improvements in efficiency and effectiveness. The additional emphasis on strategic alignment and options analysis has resulted in some recommendations to merge activities which will potentially change how to deliver our services.

Remaining Activity Reviews will be scheduled as part of phase three for the Draft Annual Plan Process 2008/2009.

3. Recommendations

It is recommended that the Committee:

1. *Note the recommendations of each Activity Review in table.*
2. *Agree that the following changes be made for the 2007/08 Draft Annual Plan and future years include:*
 - a. *Increase C145 External Relations funding by \$100,000 to allow greater emphasis on exploitation for business opportunities*
 - b. *Decrease C582 Creative workforce by \$75,000 to exit some parts of the underperforming celebrating success initiatives.*

4. Background

The activity review process commenced during 2005 as a response to the statutory requirement to review all activities as part of the LTCCP, in particular to ensure alignment of activities to council outcomes. The LTCCP was adopted by the Council in June 2006 and within it there was an extended commitment to continue the review of activities over a three year period, and the CEO gave assurance this would involve a thorough approach. Note that the legislative requirement to review each activity in terms of alignment to council outcomes was met at the time the LTCCP was adopted and the unqualified audit showed full compliance.

Officers from across the organisation have been involved in the activity review process. A common sense approach has been taken to the reviews and where there are activities that do not require a review as they have been subject to previous reviews or are new activities to meet the agreed 23 strategic priorities, then this has been noted. The review of all activities is expected to be completed by early 2008.

Of the 81 activities within the LTCCP:

- Six were reviewed and completed in February 2006
- Seven are considered as part of this report February 2007
- 29 do not require a review as either they are as a direct result of new initiatives or extensive review has already been completed
- Nine are ongoing – including Libraries and Community facilities reviews
- 30 are remaining.

5. Discussion

The activity review process is based on an agreed methodology and the key questions for each review have included:

- should Council have any involvement in the activity at all
- how do the activities contribute to outcome achievement
- should the Council's involvement in the activity be changed
- are the Council's activities efficient and effective.

The overall approach taken has been pragmatic and officers have prioritised those activities that actually would benefit most from review, or to align with other activities. Where activities are clearly interrelated there has been a clustering approach, for example community facilities and libraries.

Phase one

The first phase of activity reviews were presented to the Strategy and Policy Committee on 16 February 2006, prior to the LTCCP. The main implications of phase two reviews were on the refocus for certain activities such as Te Papa funding and the establishment of an Arts Business Unit which was to be funded from within existing resources.

Due to the extensive nature of the Community facilities and Libraries activity reviews these services are to be presented at a Councillor Workshop on 20 March 2007. Note this is a separate workshop and has not been reviewed by the Funding and Activity Review Working Party.

Phase two

Each review has provided a sound basis for improving the efficiency and effectiveness as well as raising debate relating to clarity of service delivery – the reviews should be used to reach consensus around what our business really is and how it is aligned to other areas of the Council.

Table 1 below provides a summary of the recommendations from each activity review report considered in phase two. These give rise to a number of improvements in efficiency and effectiveness of services, which in the longer term will provide savings to the organisation. The other major outcome is clarity of service provision, and an assessment against the related strategic outcome. Note that the underlined sections reflect the input and change to recommendations from the FAR Working Party.

Table 1

Summary Recommendations

Heritage Development (1.5.3)

It is recommended that the committee:

- a. Receive the information and agree that officers:*
- b. Develop non-built Heritage strategy and policy, in consultation with relevant groups;*
- c. Prioritise resources to increase the awareness and uptake of the Heritage Incentive Fund;*
- d. Evaluate a more formalised City Heritage preservation decision framework;*
- e. Evaluate future procurement contracts for value for money and quality of work;*
- f. Consider a Heritage Disaster Management Plan for Heritage building protection.*

The FAR Working Party noted the work required to align the three inventory lists that are currently in use and officers are progressing this work.
It was noted that performance measures should assess the awareness of knowledge in relation to heritage listings.

Tourism (3.1.1)

It is recommended that the committee:

- a. Note that while the activities of PWT are supported by the Wellington business community, it is difficult to separate the effectiveness and impact of these activities from the overall impact of the Council, events, the arts and culture sector, the city's development and changes in the tourism industry nationally.*
- b. Note that the promotional programmes continue to be supported by funding from commercial partners.*
- c. Agree that the current strategic direction of tourism promotion be maintained and that the funding provided to PWT from the Downtown levy be maintained at the current level with PWT maintaining or increasing its partnership programme to leverage this funding with commercial partners and with other commercial activity.*
- d. Agree to enhancing tourism promotion activities by allowing:*
 - o PWT to take a lead role in product development facilitation in the city and region. This would include developing an overarching product development plan which would address the issues of destination development and management. This would identify:*
 - Priority areas*

- *The potential impact on visitor numbers or visitor spending*
- *How this might be funded*
- *What resources PWT would require to facilitate this plan*

- *Note that this would be completed in collaboration with Positively Wellington Business, the Wellington Regional Strategy and the Council.*
- *PWT to develop a business case to enhance the i-SITE strategy, integrating it with the medium strategy for online services and wider touch points in the region. This would need to take into account any regional i-SITE development strategies and would consider partnership funding from those parties that receive commercial benefit from participation in such a development.*
- *Note that PWT is strongly supportive of the Council Events programme and the development of the i-SITE aligns with this.*

The FAR Working Party requested an update from the Chief Executive from Positively Wellington Tourism – this is programmed as part of the elected members briefing schedule.

Creative Workforce (3.6.1) update and include note on internationalisation

It is recommended that the committee:

- a. *receive the information and agree that officers:*
- b. *provide a business case to assess the restructuring (and possible merger) of the activity, including potential impacts of any restructure,*
- c. *assess overall responsibility for strategic co-ordination of any merged activities, associated policy priority setting and activity planning be allocated to Strategy & Partnerships,*
- d. *review service provision to ensure that responsibility for service delivery sits in the most appropriate place,*
- e. *ensure appropriate performance measures are put in place to monitor the effectiveness of current and proposed activity plans undertaken, and*
- f. *the City Council exit from some parts of the underperforming ‘celebrating success’ initiatives. Savings are estimated to be \$75,000 annually,*
- g. *Rename the Creative Workforce activity to “Internationalisation” to recognise the range of activities undertaken.*

External Relations (3.7.1 – C145)

It is recommended that the committee:

- a. *Receive the information and agree that:*
- b. *no changes or reductions should be made to scope or level of service for the ‘core’ international relations activity, and consideration should be given to increasing resources by at least \$100,000 to bring about more emphasis on exploitation of business opportunities;*

- c. *effort should be focussed on developing a plan for development and maintenance of the new relationship with Beijing;*
- d. *some form of restructuring (and merger) of the activity should take place to reinforce the strategic intent of the activity from a facilitation of economic growth perspective;*
- e. *a stronger set of relevant performance measures should be developed, and*
- f. *opportunities should be explored for greater co-operation in this area between the councils in Wellington Region.*

The FAR Working Party received additional information relating to the grants provided to the Wellington Xiamen Association and the Wellington Sakai Association.

Water Network (4.5.5)

It is recommended that the committee:

- a. *Agree, pending a review in two years time, to retain the water network activity as it stands, with Capacity managing the water network. (Note: a review will coincide with the completion of the five year 'Provision of services relating to water services' contract term)*
- b. *Agree to develop and implement additional high-level performance measures to assess the 'added value' that Capacity provides to the water network activity*
- c. *Agree that an increased focus be given to water conservation as it is a high priority for the Council.*
- d. *Note that a presentation on the Wellington Water Management Plan will be given at an elected members briefing in April.*

Storm water Management (4.6.2)

It is recommended that the committee:

- a. *Agree, pending a review in two years time, to retain the stormwater management activity as it stands, with Capacity managing the stormwater network. (Note: a review will coincide with the completion of the 5 year 'Provision of services relating to water services' contract term)*
- b. *Agree to develop and implement additional high-level performance measures to assess the 'added value' that Capacity provides to the stormwater management activity*
- c. *Agree to a review of existing stormwater management activity performance measures and targets*
- d. *Note that there should be an increased focus on the protection of property and further information is being requested to be presented at an elected members briefing*
Note that levels of service options are to be considered. This will be included in the 2007 review of the AMP.

Archives (5.1.1)

In the context that the above Information Management Strategy sets the strategic direction for improvements to information management across the council as a whole;

It is recommended that the committee:

- a. *Agree that a business case assess how the Information Management Strategy can best enable effective document management and direct Council wide knowledge capture processes in the context of document lifecycle management;*
- b. *Agree as part of this business case to assess the costs and merits of a public property information service; and*
- c. *Agree to assess resources required to best prioritise, manage and make accessible Council and Community Archives.*

The aim of this being to upgrade the information management practices of the Council as a whole, and of the Archives services both internally to Council and externally to the public.

The FAR Working Party received additional information regarding risks to the Council along with an analysis of the users of the Archival services within Council. Note that the FAR Working Party discussed the resources required to process the community archives collection.

6. Conclusion

The consolidated impact of the phase two reviews is mainly in the area of efficiency and effectiveness. There are tangible savings recommended of \$75k for Creative Workforce and there is a request for increased funding of \$100k for External Relations.

Overall the activity reviews provide very useful contextual/factual documents for specific services delivered by the Council, as well as opportunities for business improvement and improved alignment between services.

Contact: *Cr Shaw, Chair Funding and Activity Review Working Party*

Supporting Information

1) Strategic Fit / Strategic Outcome

The seven activities that have been reviewed are aligned to the Council's strategic outcomes.

2) LTCCP/Annual Plan reference and long term financial impact

The financial impact of the Activity Reviews:

- *Increase C145 External Relations funding by \$100,000*
- *Decrease C582 Creative workforce by \$75,000*

3) Treaty of Waitangi considerations

Not applicable

4) Decision-Making

Results from the review have been presented and decisions are required

5) Consultation

a) General Consultation

A consultation and communication plan for the 2007/08 draft annual plan was adopted by the strategy and policy committee.

b) Consultation with Maori

See above.

6) Legal Implications

Council's lawyers have been consulted during the preparation for the 2007/08 Draft Annual Plan

7) Consistency with existing policy

Not applicable