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Committee Wellington Regional Strategy Committee  
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## WRS Review process

### 1. Purpose

This report provides the Committee with the Chief Executives Group's proposed approach and timeline for the refresh of the Wellington Regional Strategy (WRS) and sets out issues and options relating to governance, funding and monitoring of the WRS.

### 1. The decision-making process and significance

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act (LGA) 2002.

#### 1.1 Significance of the decision

Officers have considered the significance of the matter in relation to the LGA requirements, taking into account the Council's significance policy and decision-making guidelines which are based on the statutory requirements. Officers recommend that the matter be considered to have low significance in terms of the Act's requirements.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

### 2. Background

Following the independent review of the Wellington Regional Strategy (WRS), on 30 June 2011 the Committee recommended that the function of regional economic development should be continued (Report 11.296). In making this recommendation, the Committee also supported the review recommendation that to fully recognise the benefits of such a region-wide approach to economic development, it is important that the Strategy itself be refreshed and that changes are made to the governance and implementation arrangements.

The Committee decided that several matters raised in the review report needed to be addressed prior to the drafting of the statement of proposal.

The remainder of the recommendations in the review report would be considered as part of the refresh of the Strategy itself. The matters identified are:

- Agree on the process for continuing the function of regional economic development
- Governance arrangements
- Funding
- Changes to monitoring and reporting of WRS activities
- Process and timing of WRS document refresh.

At its meeting the Committee also agreed on the process for the development of the Statement of Proposal that is required to go into Greater Wellington's Long Term Plan 2012-2022. **Attachment 1** sets out the process that was agreed.

The first step in this process is the development of an issues and options paper discussing the matters set out in the bullet points above.

The intention is that the WRS Committee adopt and release the issues and options paper for consideration by councils and the Grow Wellington Board. The independent members of the Committee might also wish to collectively consider the issues and options. Feedback will then be collated and reported back to the Committee at its meeting on 27 October. The matters to be included in a Statement of Proposal, which will form part of Greater Wellington's Long Term Plan, will then be confirmed at the December meeting of the Committee.

## **2.1 Process described in the mediated agreement**

The mediated agreement between Hutt City Council, Upper Hutt City Council and Greater Wellington included the following clause (Clause 1.2):

*That GW will cease to carry out the function of regional economic development on 30 June 2012. Prior to 30 June 2012, if GW wishes to carry out the function of regional economic development after 30 June 2012, it must undertake the process set out in section 16 of the LGA 2002 or such other process that applies at the time.*

Initial e-mail correspondence between Greater Wellington and Upper Hutt and Hutt City councils has indicated that the parties do not believe that the Section 16 process under the Local Government Act is the optimal way to progress the WRS. However, the Hutt councils highlighted several matters that would have to be addressed as part of an alternative process. These are:

- engagement with key business leaders in the strategy refresh
- a cap on funding
- a three-yearly independent review
- consideration of changes to governance arrangements

- a shift to a smaller number of punchy measurable projects, and
- a sense of urgency to address the issues of critical importance to the region.

Further discussion on these matters will be required as the process progresses.

### **3. Process and timing of Strategy refresh**

Details of the process and timing of the WRS document refresh were to be included in the Statement of Proposal, and the refresh itself was not scheduled to start until the 2012-2013 financial year. However, refreshing the WRS document has become more urgent following the recent regional governance discussions by the Mayoral Forum. In addition, informal conversations with the newly-appointed Chairperson of Grow Wellington have identified a short term need to clarify for the Board, the Committee's expectations of their activities.

The assumptions underpinning the Strategy refresh and a draft approach and timeline are set out below.

#### **3.1 Assumptions**

- 1) This is a refresh, it is not 'starting again'.
- 2) The Martin Jenkins Report reviewing the delivery of the WRS is a starting point. The key elements identified that need changing are:
  - Strengthening programme management and executive support to the Committee
  - Establishing an evaluation and monitoring plan across the Strategy
  - The role of the Committee needs refining in order to help drive the Strategy
  - Fewer activities more closely aligned with resource allocation and priorities
  - Developing a better relationship between the Committee and Grow Wellington

### 3.2 Draft project outline and timeline

Tasks	Date	Phases & Outcomes
Agree approach	26 September 2011	<p><b>Phase I</b></p> <p>Key outcomes:</p> <p>By December 2011 agree on elements of governance and funding for Draft Statement of Proposal for Long Term Plan</p> <p>By February 2012 Final Statement of Proposal for Long Term Plan</p>
Develop scope and appoint consultants	October 2011	
Meet with key funding organisations (e.g. Ministry of Science and Innovation, NZ Trade and Enterprise)	October 2011	
Workshop with SORT and Chief Executives Group	14 October 2011	
Workshop with WRS Committee and Grow Wellington Board to get indication of possible direction of WRS i.e. scope of Strategy	27 October 2011	
Workshop with key stakeholders	November 2011	
Environmental scan e.g.: <ul style="list-style-type: none"> <li>- review previous work</li> <li>- assumptions underpinning current WRS</li> <li>- megatrends</li> <li>- resource flows</li> <li>- other regions' economic development strategies</li> <li>- key issues facing Wellington region</li> <li>- review councils' economic</li> </ul>	October – early December 2011	

<b>Tasks</b>	<b>Date</b>	<b>Phases &amp; Outcomes</b>
development activities		
Workshop with WRS Committee and Grow Wellington Board to test relevance of WRS vision and Key Focus Areas (including determining what is Wellington's place in national economy)	February 2012	
Workshop with key stakeholders	February	
Review WRS activities	February	<b>Phase II</b>
Confirm interim guidance for Grow Wellington (Letter of Expectation)	Early February	Key outcomes:  Confirmation of direction of WRS  By end February 2012 Letter of Expectation for Grow Wellington
Confirm priorities for WRS Committee	June 2012	<b>Phase III</b>
Development of options for Strategy	June 2012	Key outcome:  Agree role and priorities for WRS Committee  Develop options for WRS
New WRS document and measures	September 2012	<b>Phase IV</b>  Key outcome:  New WRS which may need to be consulted on.

## 4. Issues and Options

As discussed in Section 2 of this report, the next step is for the councils in the region to discuss the options for governance, funding and monitoring of the WRS. The issues and options are set out below.

### 4.1 Governance arrangements

#### Current state

The Committee comprises six of the region’s eight mayors, the chair of the Greater Wellington Regional Council, and five independent members drawn from the community. One of the independent members is the chair. The Committee is supported by a Chief Executives Group, Wellington Regional Strategy Office and Senior Officers Resource Team.

#### Issues

The review report suggested that:

- There is a perception of duplication between the WRS Committee, the Mayoral Forum and the Regional Transport Committee
- The role of independent members needs to be clarified.
- There is limited ability for all of the Wairarapa councils to participate in the Strategy
- The size of the Committee be reduced.
- The Committee should participate more actively in the process of setting the strategic direction for Grow Wellington.

Options	Commentary	Issues/Outliers
<p><b>Option 1</b></p> <p>Status Quo</p>	<ul style="list-style-type: none"> <li>• Not every Council represented</li> <li>• Duplication of political roles/entities still exists</li> <li>• The Review concluded that there were too many members on the committee. “The role of the Committee should be clarified and its composition changed, so that it is smaller in size and better balanced as between political and independent members”.</li> </ul>	<p>Role of independent members still needs to be clarified</p>

<b>Options</b>	<b>Commentary</b>	<b>Issues/Outliers</b>
<p><b>Option 2</b></p> <p>Martin Jenkins suggestion that there be less local govt reps, eg:  - 5 local/ 5 independent  - Or 4/4  - Or 4/5 (4 political and 5 independent)</p>	<ul style="list-style-type: none"> <li>• Smaller committee</li> <li>• Balanced number of local govt reps &amp; independents</li> <li>• Not every Council represented</li> </ul>	<p>WRS Review proposed that the Committee considers “the merit of appointing one independent member to both the WRS Committee and the Grow Wellington Board. Role of independent members still needs to be clarified</p>
<p><b>Option 3</b></p> <p>All local govt representatives i.e. 9 councils</p>	<ul style="list-style-type: none"> <li>• All Councils have representation</li> <li>• Easier to look at options of integrating/getting rid of one Committee (e.g. Mayoral Forum or WRS Committee) under this option</li> <li>• No independents to contribute wider perspectives</li> </ul>	<p>Duplication of entities/roles even more evident in this option if no changes are made</p>
<p><b>Option 4</b></p> <p>Nine councils plus five independents</p>	<ul style="list-style-type: none"> <li>• All councils represented plus input from range of skilled independents</li> <li>• Large committee</li> </ul>	<p>Role of independents still needs to be clarified</p>

## 4.2 Funding

### Current state

The EDA rate is capped at \$5million. It is a targeted rate allocated on a fixed-amount basis for residential and rural ratepayers. It is allocated on capital value for businesses. For residential properties, the fixed amount is \$14.00 + GST and rural properties \$28.00 + GST

### Issues

- The Review concluded that the Strategy has suffered from too many activities and initiatives, and that the statements of priority in the Strategy have not always translated into resource allocation and priorities for action.
- The Review highlighted the need for monitoring and evaluation to be given a high priority but these new functions need to be resourced.
- The Review also highlighted that there needs to be an alignment of funding to realistic expectations of external funding.
- The Mediated Agreement specified an overall rate cap. Unless there is agreement to increase funding the money for activities would need to be redistributed.
- The reliance on voluntary council contributions for resourcing projects has led to uneven progress against a number of areas of the Strategy.
- The Review highlighted that for agreed priorities, “elevating key actions to the status of Key Performance Indicators (KPI’s) at the Chief Executive and/or senior officer level would help to clarify accountabilities. This should ensure only those actions accorded high priority, and with budgeted resources, get the green light to proceed.”
- The Review suggested that “for initiatives that rely on council resources, future strategies and/or action plans should make more explicit the expectations about the resource contributions expected of councils. This will help bring a sharpness to prioritisation decisions at a regional level.”



<b>Options</b>	<b>Commentary</b>	<b>Issues/Outliers</b>
<b>Option 1</b>  Status quo	Workstreams maintained	
<b>Option 2</b>  More funding from ratepayers	WRS Committee would have options around where to put additional funds to increase outputs, for example; <ul style="list-style-type: none"> <li>• Workstreams maintained or increased (more projects)</li> <li>• More monitoring &amp; support for WRS Committee</li> <li>• Grow Wellington status quo</li> </ul>	General rate increased
<b>Option 3</b>  More funding taken from capped EDA rate	<ul style="list-style-type: none"> <li>• Work levels maintained or increased</li> <li>• Grow Wellington does less</li> </ul>	Possibility of establishing a contestable fund. However, this could result in a scattered approach to economic development
<b>Option 4</b>  More funding (TA's or other such as Central Government)	<ul style="list-style-type: none"> <li>• Work levels maintained or increased</li> <li>• Would potentially need to have all TAs to agree to either fund equitably – possibly need to be done through a LTP or AP</li> <li>• Potential uncertainty around on-going funding if from source other than councils</li> </ul>	If 'someone else' – who will this be?
<b>Option 5</b> Less funds – either: Reduced EDA rate & general rate Or Reduced EDA rate only Or reduced General rate only	<ul style="list-style-type: none"> <li>• Less projects</li> <li>• Less Grow Wellington activity</li> </ul>	More projects would need to be done by TAs

## 4.3 Monitoring, Evaluation & Reporting

### Current state

Grow Wellington undertook its annual Regional Outlook report until 2010. This is now called The Wellington Regional Economy. It measures the economic performance of the Wellington region but is not tied to evaluating the impact of Grow Wellington's activities.

Current reporting by Grow Wellington includes:

- 6 monthly reports to WRS committee
- Draft SOI by 1 March annually
- Annual Report

The Statement of Intent has measures in it but there is a mix of input and output measures. Grow Wellington and the WRS Office produce annual reports but these are not tied to assessing effectiveness of measures.

Some councils gather and report their own local data.

### Issues identified include:

- Lack of clear consensus on what success would look like.
- It is not clear what are we trying to measure - outputs or outcomes.
- The need to focus on key initiatives, with systematic measurement of progress and outcomes achieved.
  - How agreed and measured?
  - Who measures and what?
- There is a need for flow-on reporting to councils.
- WRS Committee needs better information on direction setting and monitoring of progress.
- A Grow Wellington business plan would be useful and should be shared with the Committee

**Options Identified:**

<b>Option</b>	<b>Commentary</b>	<b>Issues/Outliers</b>
<p><b>Status Quo</b> Measurement and reporting by Grow Wellington, SORT/WRS Office progress reports on specific initiatives (no agreed indicators or measures)</p>	<ul style="list-style-type: none"> <li>• Measures by Grow Wellington are not currently adequate</li> <li>• WRS review found status quo not seen as acceptable by most</li> </ul>	<p>Need to define desired outputs and outcomes in more detail in order to support accurate measurement</p>
<p><b>Option 1</b> Establishment of evaluation and monitoring plan across the whole strategy</p> <ul style="list-style-type: none"> <li>• Grow Wellington reporting against annual business plan (quarterly/annually?)</li> <li>• Independent review of Grow Wellington results</li> </ul> <p>Documented programme of WRS projects that can be reported on including non-Grow Wellington projects</p>	<ul style="list-style-type: none"> <li>• Clear priorities and targets at the beginning of each year.</li> <li>• Resourcing is required for the independent monitoring of the business plan.</li> </ul> <p>Other reporting depends on existing WRS office and Grow Wellington resources unless agreement is reached for council's to take on aspects of monitoring. The WRS Committee will need to have greater input to and participate more closely in the setting of the strategic direction for Grow Wellington.</p>	<ul style="list-style-type: none"> <li>• How to avoid duplication that also occurs by individual councils undertaking monitoring and reporting</li> <li>• To minimise duplication and/or Grow Wellington spreading itself too widely the current monitoring by the WRS Office may need further resourcing.</li> </ul>
<p><b>Option 2</b> As for Option 1, plus evaluation of macro programme structured around existing money and resources and outcomes measured against GPI (3-5 year focus)</p>	<ul style="list-style-type: none"> <li>• Appropriate level of resourcing is required.</li> <li>• Additional resource could be funded from the current regional rate. Need to avoid duplication that also occurs by individual Councils undertaking monitoring and reporting</li> </ul>	<p>Councils may need to commit additional resources to the sustainable maintenance of the GPI project.</p>

## 5. Communication

Following agreement by the Committee the Issues and Options paper will be sent to all the councils in the region for their feedback.

## 6. Recommendations

*That the Committee:*

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Agrees the process set out in Section 3 of this report for the Strategy refresh and preparation of the Statement of Proposal to restart the WRS activity.*
4. *Approves the release of the Issues and Options paper to councils in the region for their feedback.*

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**Attachment 1:** Timeline for Statement of Proposal