

1. Executive Summary for Audit, Risk and Assurance Committee

The main activities and functions carried out by the People and Capability Group over the last quarter were:

- Conducting workshops on ‘engagement’ and working with managers/staff to put in place meaningful action planning
- Managing Greater Wellington’s interests in the restructuring of the CDEM Group across the region. Implementing the transfer and recruitment of CDEM staff to Greater Wellington
- Finalising the review of the performance management system (P4P), updating training manuals and policies, running training programmes for new and existing managers/staff
- Finalising the ‘People Strategy’ for the organisation which sets out a framework for how Greater Wellington will manage its immediate and longer term people needs
- Managing our remuneration process and initiating the commencement of our annual salary review
- Running interactive workshops with staff across the organisation to focus on employee health and wellbeing
- Providing advice to Council on the proposed remuneration arrangements for elected members in 2012/13
- Working with councillors to develop the Council’s initial representation proposal for the 2013 triennial elections
- Developing the Councillor Information Portal to support the roll-out of iPads to Councillors and the accessing of information in electronic form.

1.1 Highlights for the year in review

1.1.1 Democratic Services

The review of the Council’s representation arrangements was undertaken for the first time in six years. This resulted in the Council resolving its initial representation proposal on 13 June 2012.

2011/12 was the first full year of the new Democratic Services team structure. The new team reviewed the Council’s Code of Code and Standing Orders, and led Greater Wellington’s input into the Remuneration Authority’s review of the remuneration setting process for elected members’ remuneration and the Department of Internal Affairs’ review of the Local Authorities (Members’ Interests) Act 1968. Democratic Services also coordinated the preparation of the Council’s submission on the Local Government Act 2002 Amendment Bill.

Democratic Services also worked with General Managers to put in place new delegations required as a result of changes to Greater Wellington’s management structure.

We have almost completed the development of the Councillor Information Portal, which represents a transition from a paper based information environment for Council and committee meetings to information being accessible electronically. The portal will be operational with effect from the commencement of the August 2012 round of meetings.

1.1.2 Human Resources

The People Strategy identifies the framework for managing Greater Wellington’s immediate and longer term people needs. It also sets out the general direction that we will take to secure and develop our staff to deliver a sustainable and successful organisation. The highlights for the year are reported against the elements of the People Strategy.

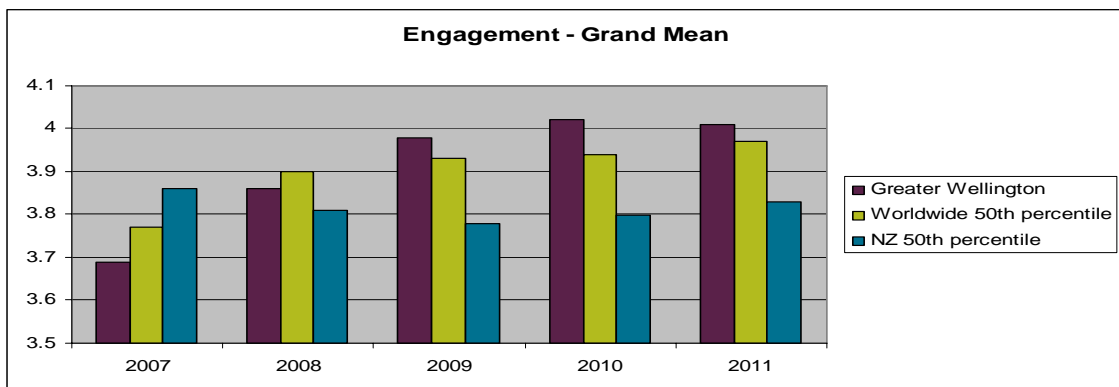
(a) Effective Leadership Capability

Strong leadership is required to develop and champion the overall culture and values of Greater Wellington. Leaders are the key to engaging, motivating and guiding our people, and inspiring them to be part of the future of Greater Wellington.

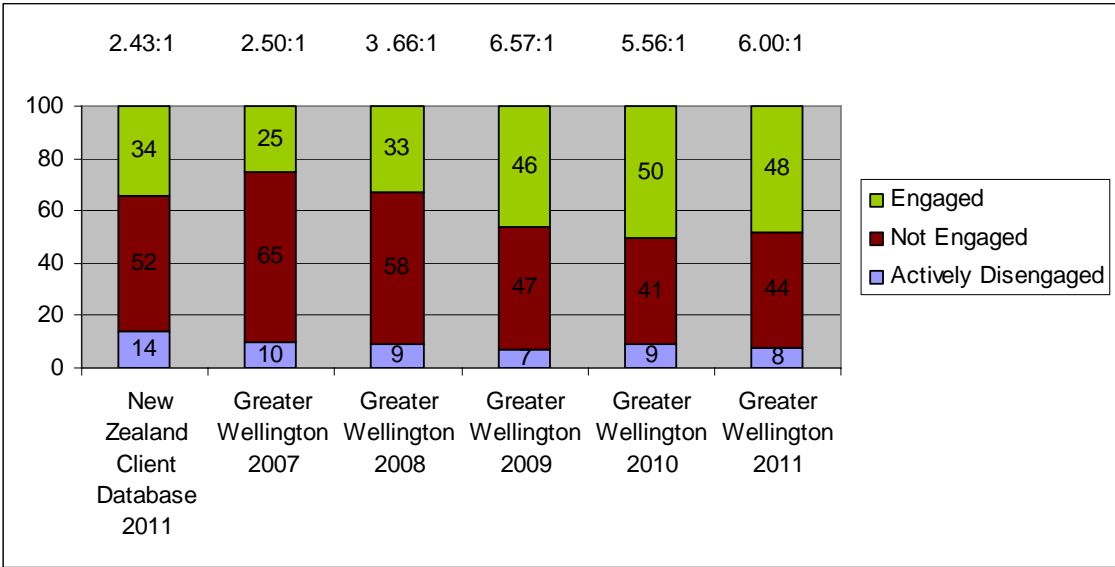
To grow and enhance our leadership capability, we have continued running our “Greater Managers” management development programme. We are in the fourth year of this programme and the vast majority of our existing managers and team leaders have completed it, with seven groups having completed the programme during the last year. The programme is now open to staff who have been identified as having management/leadership potential.

Engagement is a key aspect to motivating and guiding our staff. We completed the fifth year of our engagement programme and the high level results indicate that we have stalled in our engagement journey. There have however, been significant improvements in engagement for areas of the organisation which were previously ‘at risk’ in terms of their engagement levels. This has obviously been offset by more highly engaged teams dropping back.

Our overall engagement score, represented by the grand mean, has increased since 2007 as follows:



Our engagement index profile which shows the ratio of engaged to actively disengaged staff has varied over the five years (see graph below). In 2011, this ratio was 6:1 meaning that for every six engaged staff, there is one actively disengaged staff member. The ratio that is required to offset the impact of an actively disengaged staff member is 4:1. It is encouraging to see an increase in the number of engaged staff and a decrease in the number of actively disengaged staff.



(b) Effective Organisational Structure

It is crucial that the organisation is structured to ensure that we deliver the appropriate outcomes to our stakeholders, there is an effective arrangement of resources (including people and technology) and that there is workflow and accountability.

Any structural changes within the organisation must be reviewed and implemented to achieve these objectives. These changes must be managed professionally and be legally compliant.

There were major organisational structural changes during the past year to create a new Biodiversity Department, separate the Water Supply function as a new Group, increase capability in the Public Transport Group and restructure accountabilities, increase capability within the Water Supply Group, move the Parks Department into the Environment Management Group and create a new Development Group to oversee organisational projects.

There were also changes in the CDEM function across the region to consolidate this function into one organisation and to clarify accountability to the Chair of the CEG (Coordinating Executive Group). It was agreed that Greater Wellington would be the ‘employer’. An extensive review and change management process was put in place to manage the transition of these staff from Territorial Authorities to Greater Wellington. The new CDEM group – WREMO, came into effect on 1 July 2012.

(c) Highly Effective People

Having the right people capability is key to achieving Greater Wellington’s goals.

Greater Wellington has identified the importance of selecting and developing managers and staff at the opportune time. To do this we need to continually review our changing business requirements (over both the short and longer term) and translate these business requirements into “people” requirements.

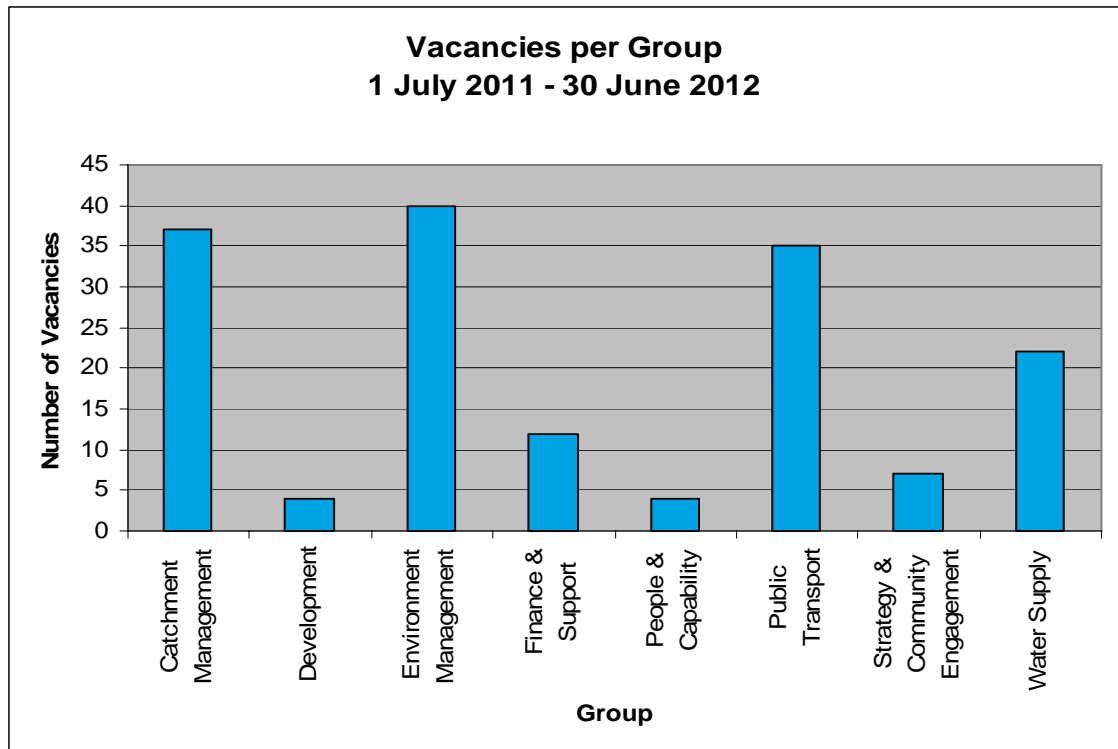
(i) Selection

We have continued to advertise our own vacancies and manage our own recruitment processes for the majority of vacancies. We have utilised recruitment consultants who are on preferred supplier agreements for specialist roles and for roles which have been difficult to recruit.

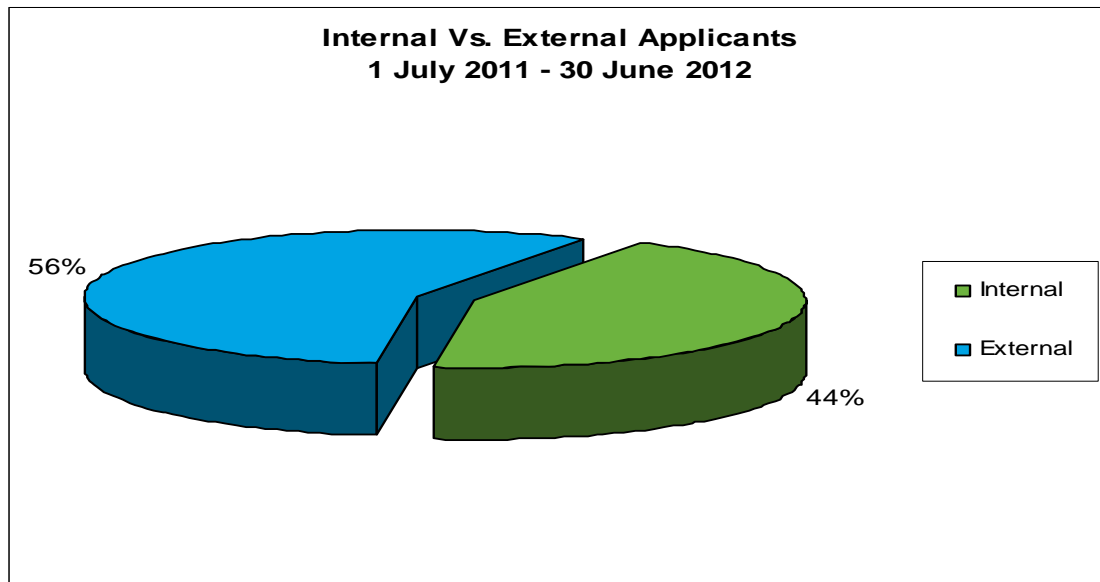
The preferred supplier arrangements were reviewed during the year to ensure that they continue to be aligned with our organisational requirements and the rates still competitive.

The Applicant tracking system (springboard) has been a great enhancement to the recruitment process as we are now able to email recruiting managers an electronic link to applicant information, and report on key recruitment statistics.

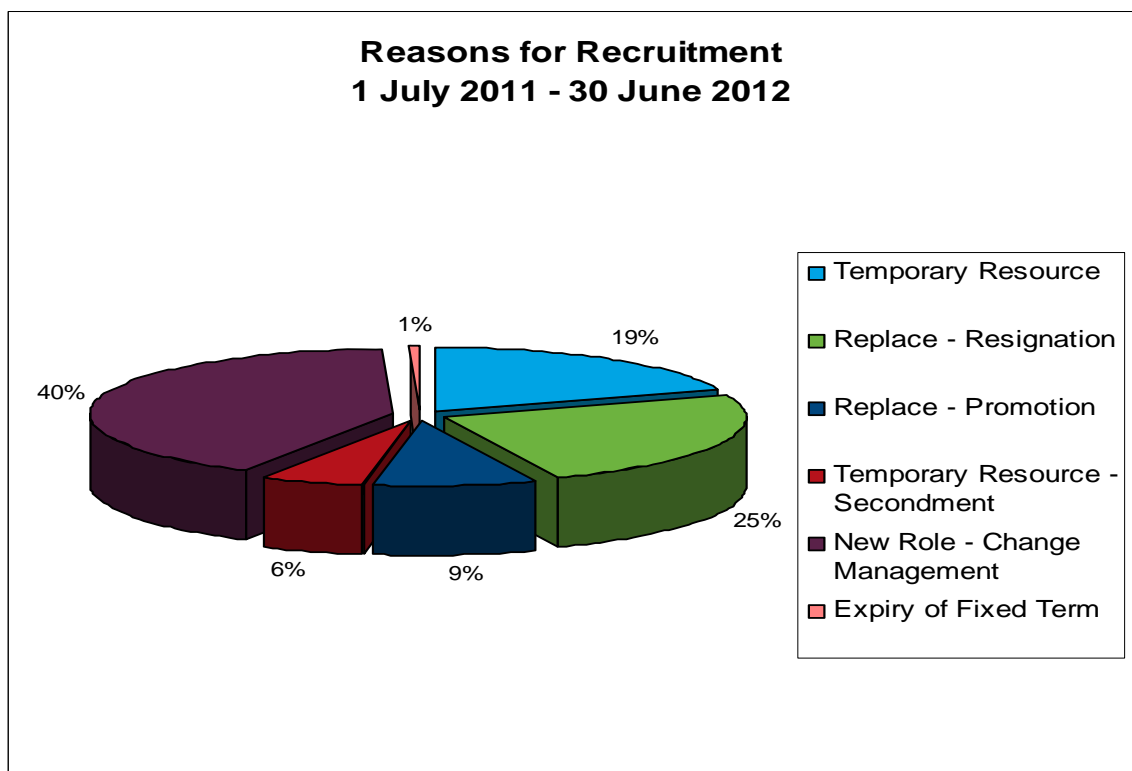
An overview of the key recruitment statistics for the year show that there have been a large number of vacancies recruited during the year (refer to the Vacancies per Group bar chart).



A large proportion of these vacancies have resulted from change management processes. This means that there has been a lot of movement internally as staff have taken on new roles (refer to the Internal vs External recruitments graph) below.



The 'Reasons for Recruitment' graph shows that 40% of the vacancies created during the year were due to change management processes.



(ii) Performance management

The performance management system, P4P (Partnership for Performance) was reviewed, following its first year of application. The review sought feedback from managers/staff through focus group meetings to identify aspects of the system which worked well, areas where further improvement/development was required and aspects of the system which were not working.

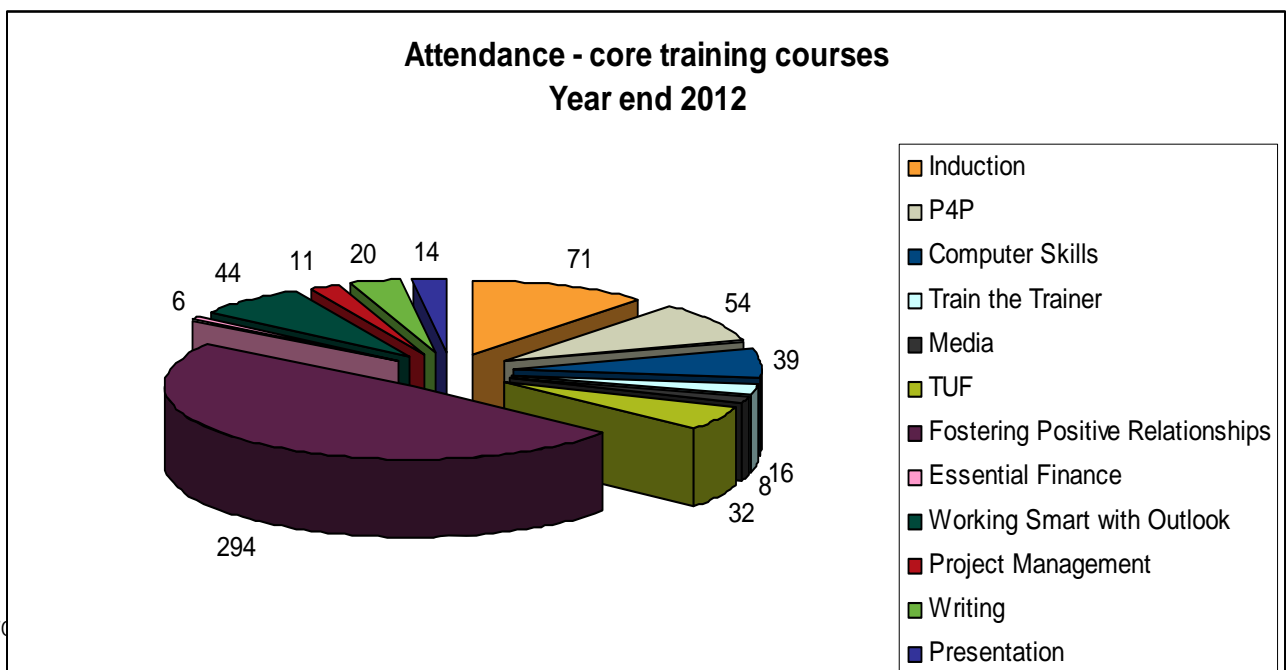
The P4P system has been modified to accommodate changes resulting from the review. An amended policy has been drafted, new training manuals and template documents prepared and training delivered to new and existing managers and staff.

There is a direct link between the P4P system and remuneration. Depending upon the employee's level of performance, they may receive no salary increase, a partial market movement increase, full market movement increase or a performance increase in addition to market movement increase.

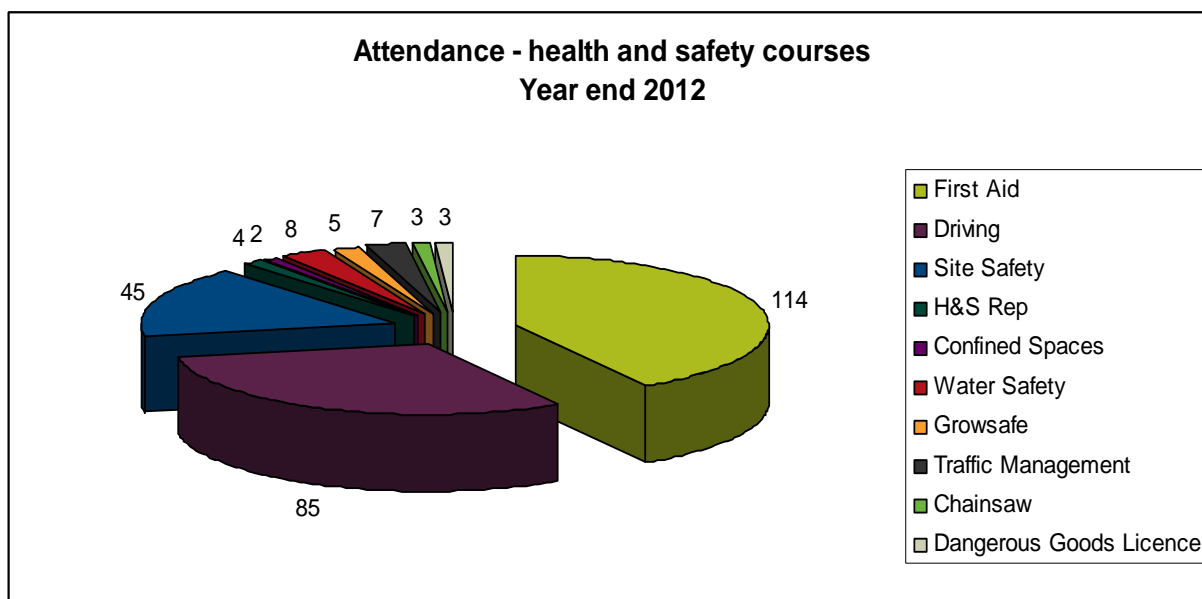
(iii) Learning and development

We have continued to develop new training programmes to meet existing or new training needs within the organisation. During the last year, there has continued to be a focus on the Priority Management Courses which train staff on effective time management techniques by utilising the tools in Outlook. We have also rolled out a programme called 'Enhancing Positive Durable Relationships at Work' to educate staff about harassment and bullying. This programme was mandatory for all managers and staff and was well received.

Our core training programmes continue to be well utilised as demonstrated by the following graph.



The organisation proactively manages its health and safety training and there are a wide number of training programmes offered to staff (see graph below). During the last half of the year, there has been a focus on driver training. Our regular provider for car control is unable to offer public courses due to circumstances outside their control. To fill this need we have run a pilot in-house course, putting participants through a half day theory session and a practical driving assessment. This programme will be rolled out to other staff across the organisation in the next financial year.



(d) **Workforce Planning**

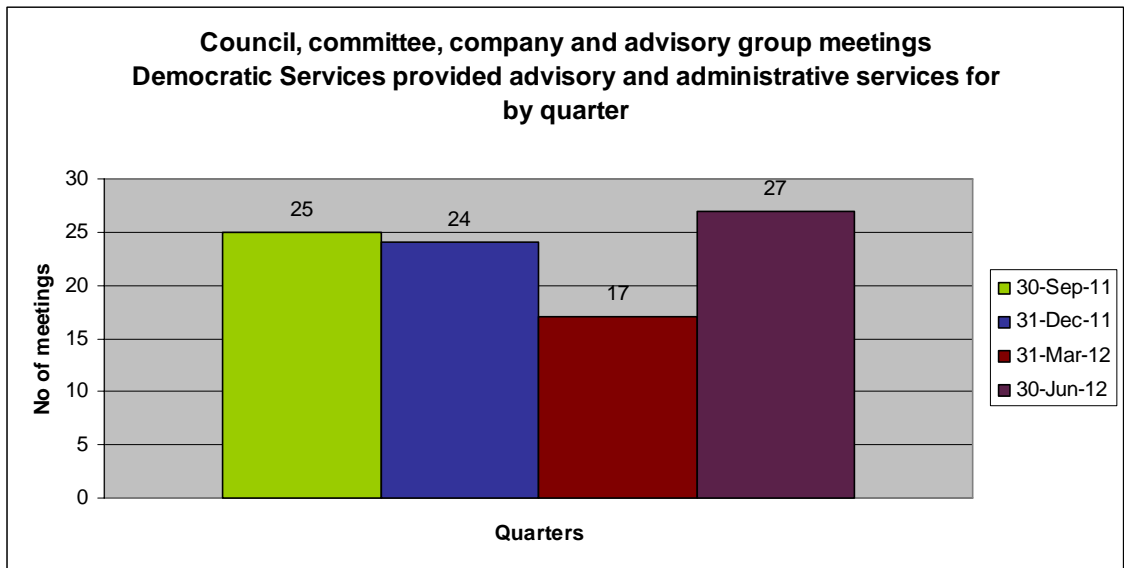
We have commenced a project looking at how we can actively plan for our current and future workforce requirements. This is particularly important as economic and labour indicators strongly show that there are increasing skills shortages, despite the growing unemployment trends, and a reducing workforce due to an aging population. This latter point also presents difficulties for organisations, such as Greater Wellington, when aging staff members are unable to competently fulfil the physical requirements of their jobs.

This project has been put on hold during the last few months due to staffing changes within the Human Resources Department.

1.2 Quarterly Report on Democratic Services

1.2.1 Servicing of meetings

During this quarter Democratic Services provided advisory and administrative services to 27 Council, committee, company and advisory group meetings. The following graph shows the number of meetings serviced by the Democratic Services Department over the past 12 months.



1.2.2 Representation review

On 13 June 2012 the Council resolved its initial representation proposal for the 2013 triennial elections. The proposal provides for the election of 14 members from six constituencies, with the Wairarapa Constituency to be represented by two members.

The proposal was publicly notified on 16 June 2012 and submissions closed on 16 July 2012. Eight submissions were received. The submissions will be heard by the Representation Review 2012 Hearing Committee on 2 August 2012, and the Council will consider the Committee's recommendations and resolve its final proposal on 21 August 2012.

1.2.3 2012/13 remuneration

At its meeting on 2 May 2012 the Council resolved its proposal for the allocation of the elected members' remuneration pool for 2012/13. On 30 May 2012 the Remuneration Authority advised that it had approved the Council's remuneration proposal; actioning of the approval must await the Authority's issuance of a formal determination, which is expected in late July 2012.

The Remuneration Authority has yet to notify the outcome of its review of local authority remuneration setting for elected members.

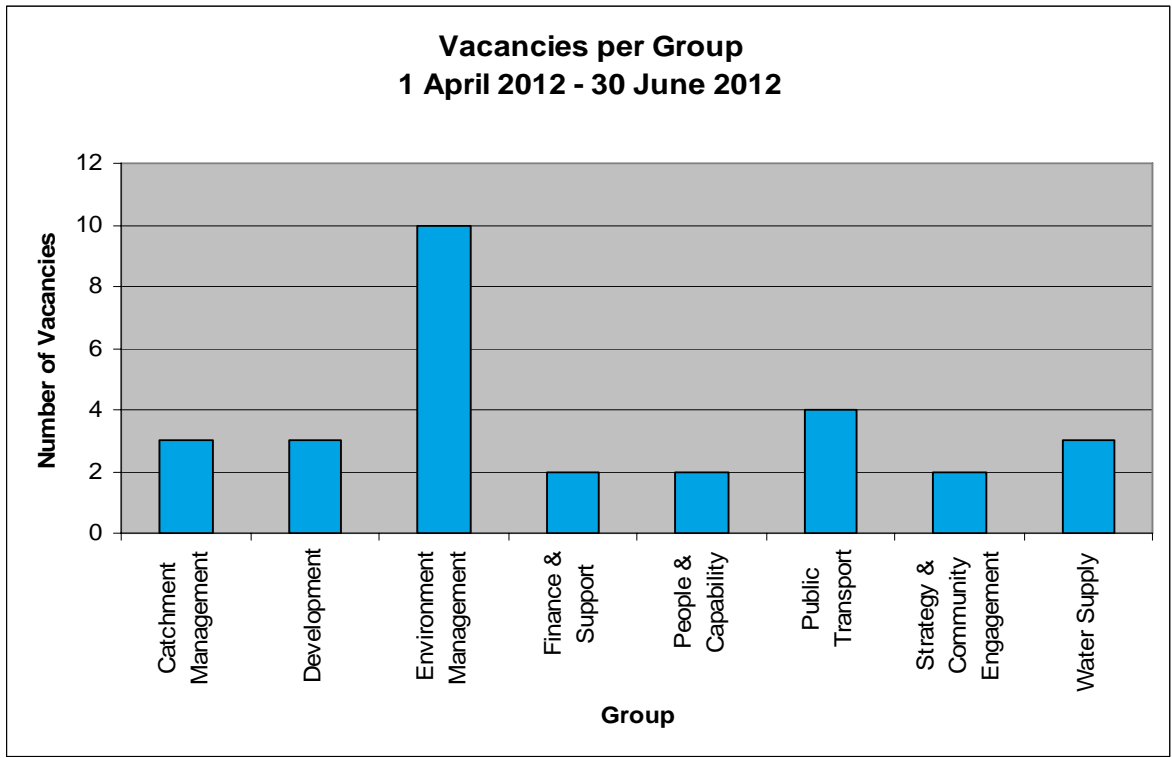
1.3 Quarterly Report on Human Resources

1.3.1 Recruitment

(a) Vacancies

The number of vacancies per group is outlined in the following graph. There have been a large number of vacancies in the Environment Management Group with four roles in the

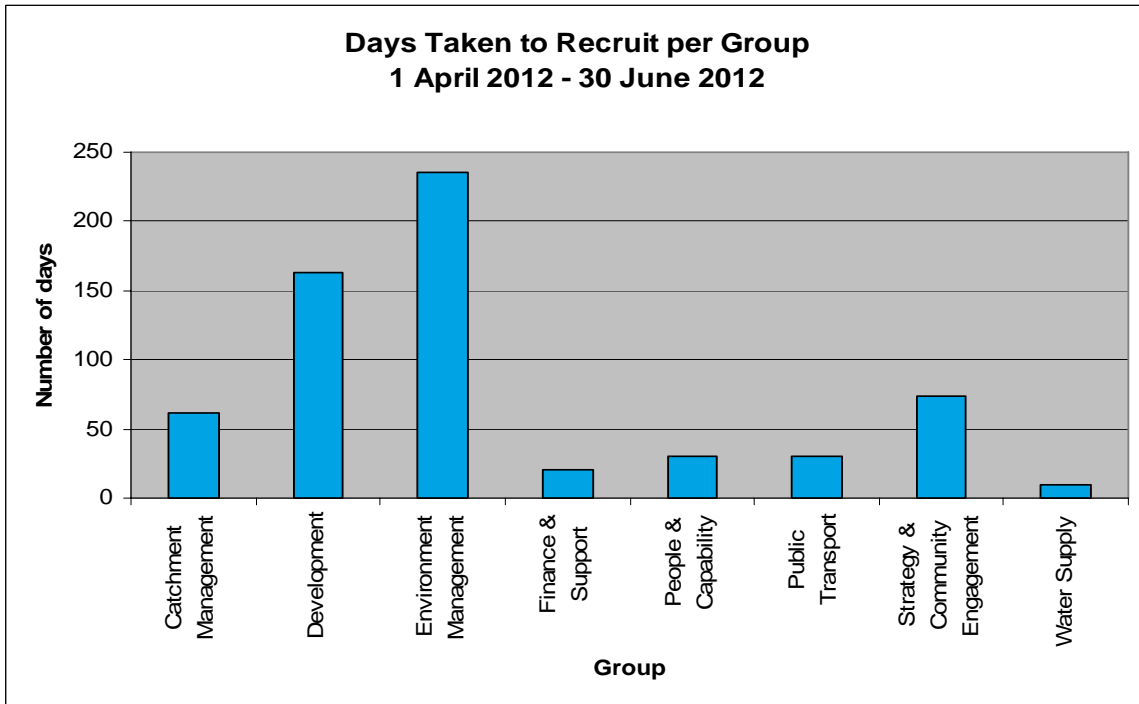
Parks Department, a number of fixed term roles for specified projects or tasks and vacancies created by internal secondments.



(b) Days taken to recruit:

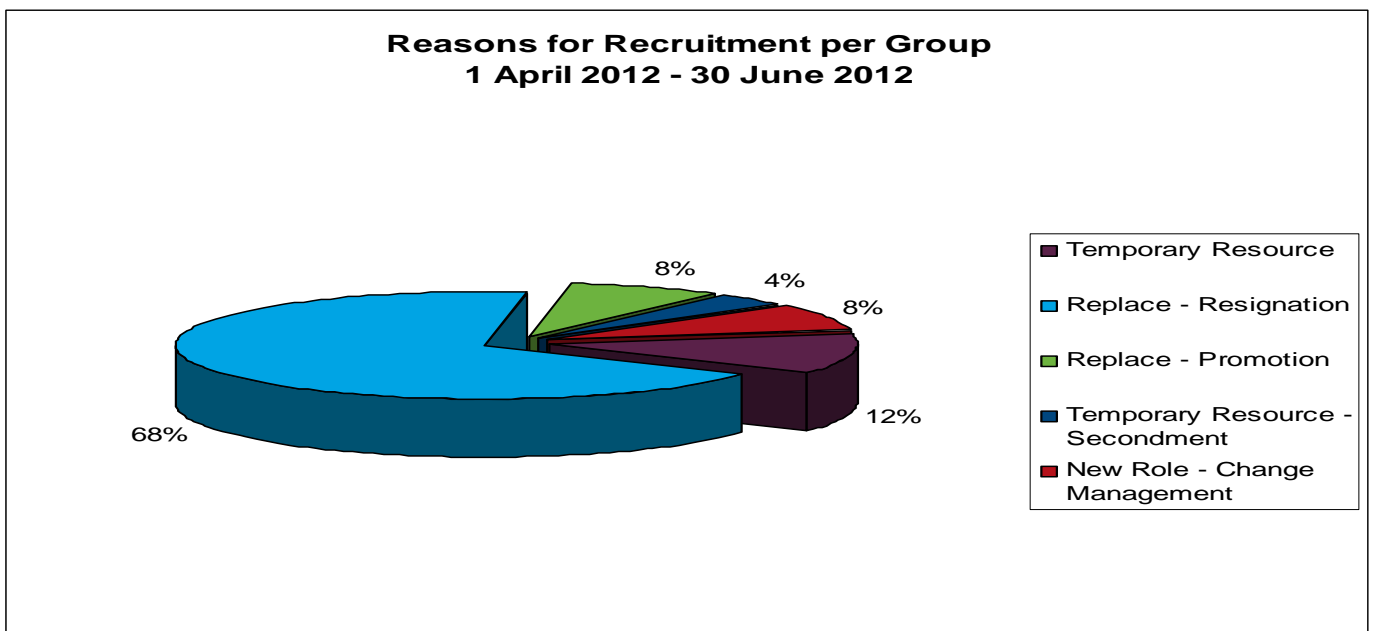
The 'Days Taken to Recruit per Group' (graph below) provides an overview of how long it has taken to recruit the vacancies within the Group. Obviously where there have been a large number of vacancies, the number of days will be high. In the case of the Environment Management Group there have been several roles within the Parks Department which have been difficult to fill, such as a Principal Ranger role and two Park Ranger roles.

In the Development Group, the vacancies have been created as a result of the transfer of the CDEM function to Greater Wellington. There were a number of new roles created in the new WREMO structure which did not get filled through the transfer process.



(c) Reason for recruitment

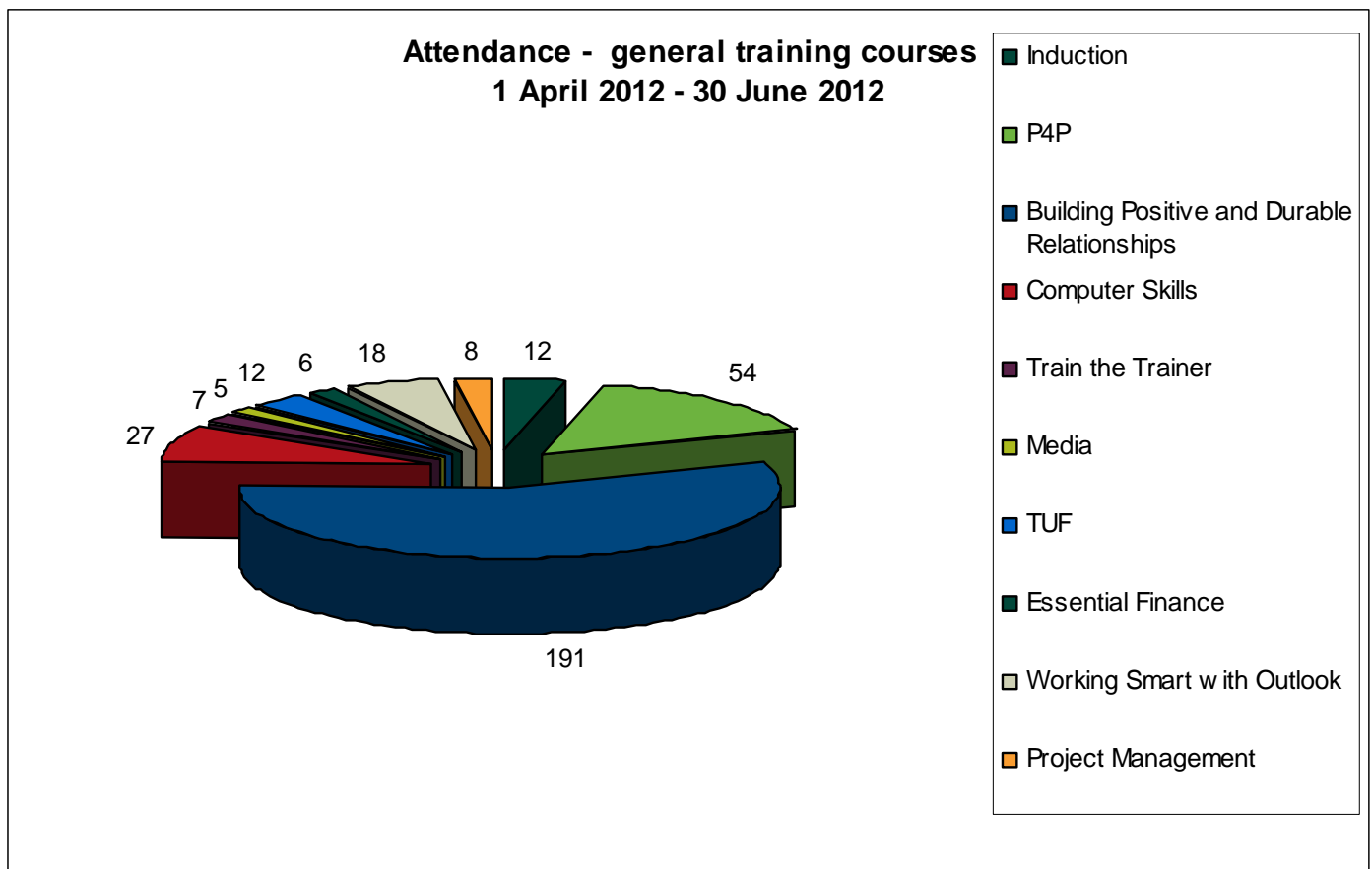
The following graphs identify the reasons for recruitment during the last quarter.



1.3.2 Training and development

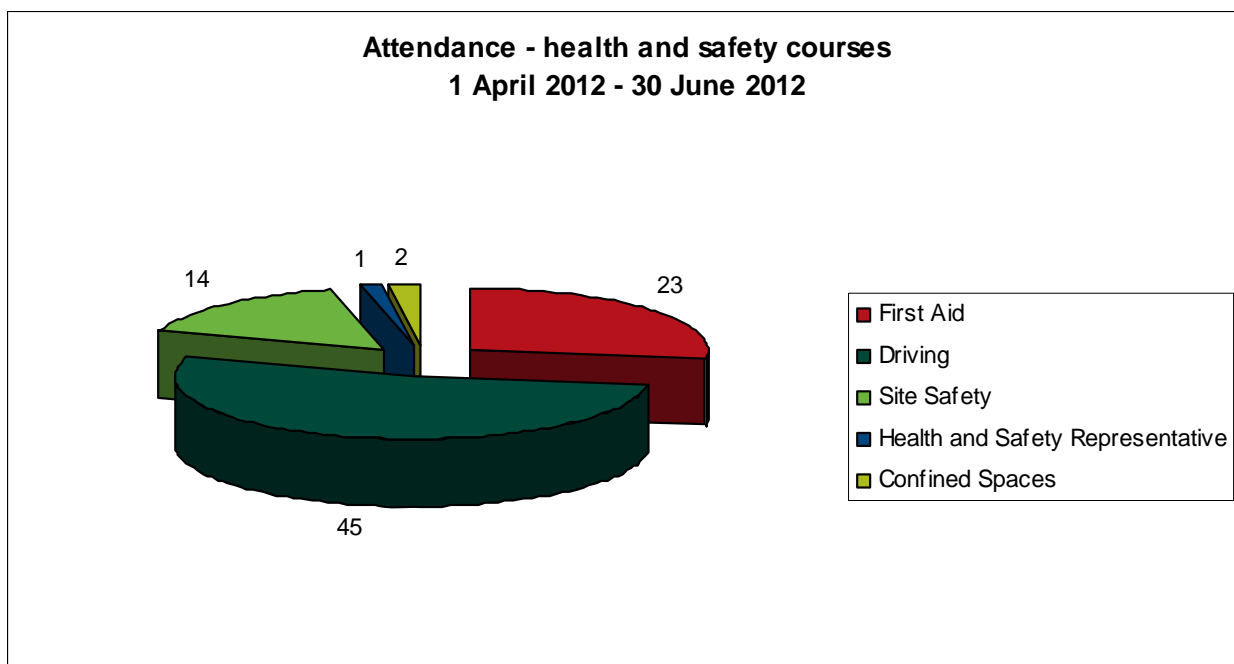
(a) Course attendance

The majority of managers/team leaders and staff have attended the “Fostering Positive Durable Relationships at Work” training sessions. We are in the process of organising additional sessions for staff that were unable to attend previous sessions. These workshops have been delivered by Hadyn Olsen, who is a very experienced trainer and facilitator. Haydn has been able to connect with staff at all levels and across diverse workgroups.



(b) Health and Safety training courses

The focus of our health and safety training courses during the last quarter has been on driving (refer to the following graph). We are currently bedding in the pilot driving training course that we designed for the specific needs of our organisation.



(c) “Greater Managers” management development programme

Seven groups have now completed the “Greater Managers” Programme, which is the majority of existing managers and team leaders. There is only one group of existing team leaders still on the programme. The rest of the groups comprise of new people to the organisation.

Two further groups will be commencing the programme in July 2012. Learning Group 11 will be comprised of Team Leaders and Department Managers who have joined since we commenced the last programme, and Learning Group 12 will be nominees who demonstrate management leadership potential.

1.3.3 Change management – CDEM

The second phase of the CDEM change management process was implemented during the last quarter as a new structure was developed for WREMO. There were a number of new management positions established and these were recruited both internally (across Territorial Authorities in the region) and externally. A number of the Emergency Management Adviser and Senior Emergency Management Adviser roles were filled by transferring staff from Territorial Authorities to Greater Wellington. The employment process was complete and WREMO came into effect on 1 July 2012.

1.4 Report on health and safety

1.4.1 Greater Wellington health and safety activity and performance summary

(a) Key health and safety activity

In addition to our 'business as usual' activities, we have focused on the following health and safety initiatives during the last quarter:

- Following the success of the interactive physical wellbeing workshop run with the Catchment Management Group in March, similar workshops have been rolled out to staff across the organisation. Currently we have run a combined total of three tailored workshops for both field based and office based staff. Further workshops will be run in the next financial year.
- There has been a review of the emergency procedures and related equipment at RCC. A guideline dealing specifically with post-earthquake evacuation procedures is being developed and additional emergency resources have been purchased.
- To ensure that staff are trained in evaluation procedures and the use of emergency equipment, an Emergency Preparedness day is being held on 25 July 2012 for all RCC based staff.

(b) Business group health and safety performance summary

The following graphs summarise Greater Wellington's health and safety performance over the last 12 months:

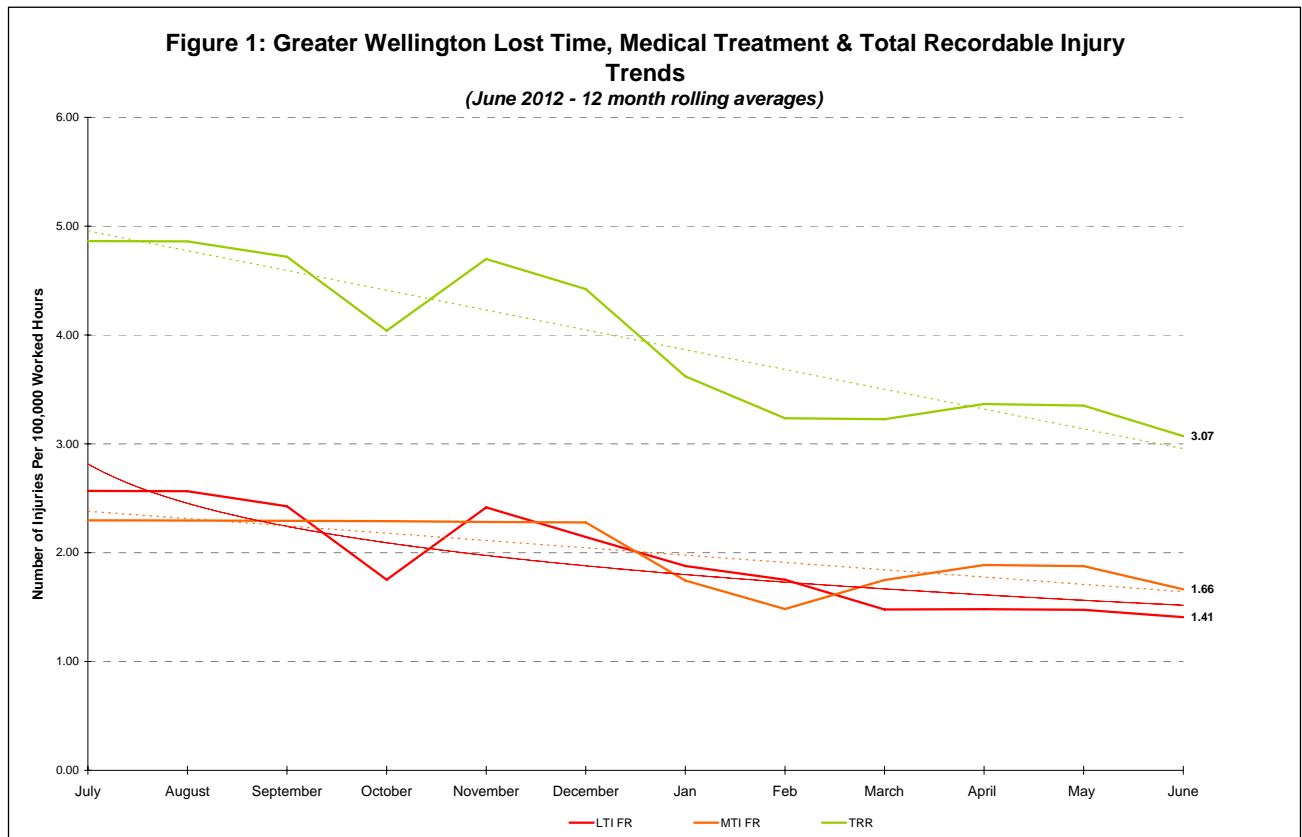


Figure 1 shows the relationship between frequency of Long Term Injuries (LTIs) which result in time off work (LTIFR - Long Term Injuries Frequency Rate) and Medical Treatment Injuries which require treatment by a registered medical practitioner (MTIFR – Medical Treatment Injuries Frequency Rate). The Total Recordable Rate (TRR) is the combination of the LTIFR and MTIFR.

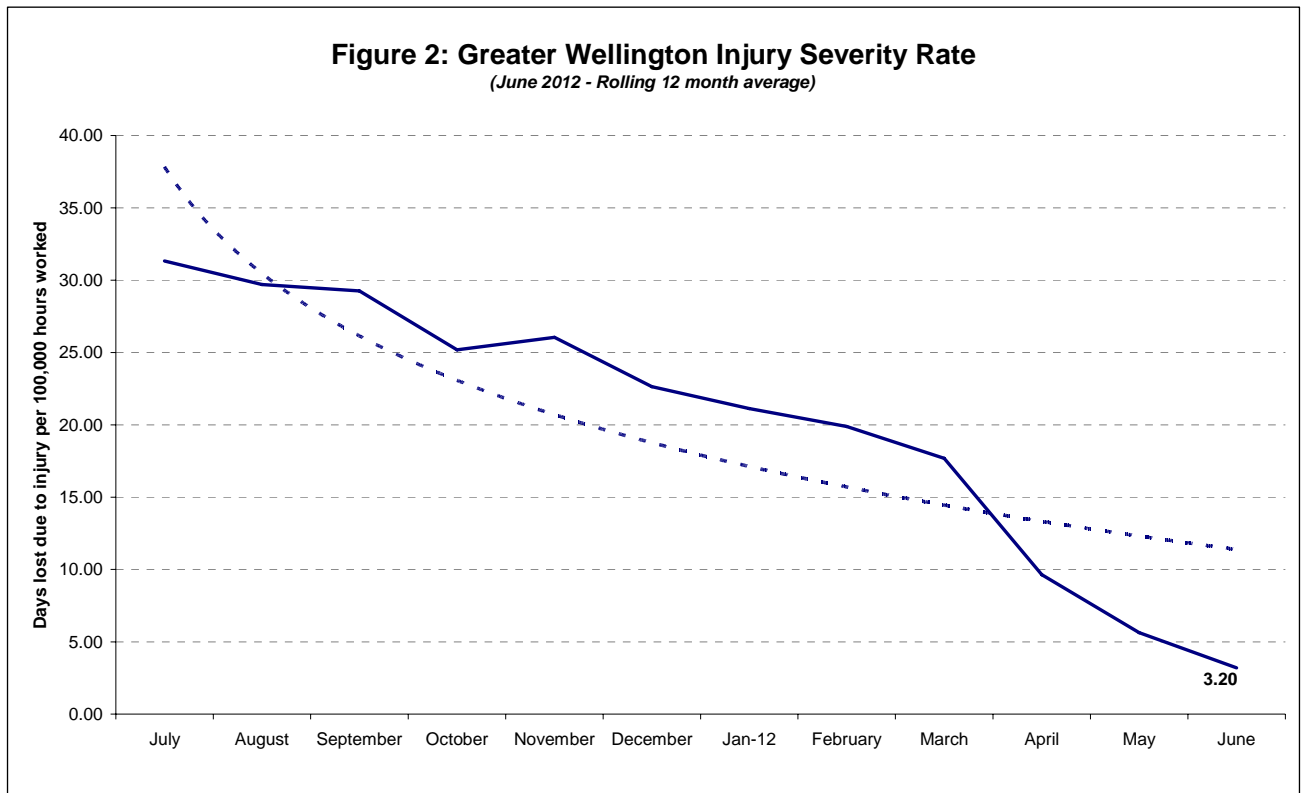
The graph shows that our TRR continues to show a sustained downward trend that began in the first quarter of 2011 - 2012. During the last quarter the LTI Frequency Rate decreased to 1.41 LTI's/100,000 hours worked which is down from 1.48 LTI's/100,000 hours worked at the end of March 2011.

The MTIFR Frequency Rate has also decreased further over this quarter at 1.66 MTI's/100,000 hours worked down from the end of the previous quarter when it was at 1.75 MTI's/100,000 hours worked.

The LTIFR has achieved the year end target of being less than 1.50/100,000 hours worked that was set by the Executive Leadership Team in August 2011. The MTIFR finished slightly above the same target level but has shown a significant sustained decrease from what it was at the same time last year of 2.42/100,000 hours worked. This reflects the work that has been done to improve the safety of our workplaces.

Figure 2 shows the days lost per 100,000 hours worked due to work related injuries. This graph shows that our Severity Rate continues to decrease to 3.20 days lost due to injury/100,000 hours worked. During the last quarter there were no recorded days lost across the business due to LTIs.

2. Group financial summary



2.1 Financial summary

Direct expenditure of \$6.1 million is on budget. All work programmes are running to schedule with the exception of the workforce planning project.

The renovation of Level 5 has cost in excess of \$120,000. \$80,000 was brought forward from the previous year, leaving the Group to absorb the \$40,000 shortfall.

The sale of the departmental vehicle was auctioned shortly after the year closed, leaving a variance of \$10k.

2.2 Group consolidated financial statements

People & Capability Group Financial Performance Statement Year ended 30 June 2012	YTD			Last Year
	Actual \$000	Budget \$000	Variance \$000	FY Actual \$000
Rates & Levies	3,110	3,110	-	2,924
External Revenue	18	18	-	19
Investment Revenue	6	6	-	8
Internal Revenue	3,011	2,991	20	2,584
TOTAL INCOME	6,145	6,125	20	5,535
less:				
Training	329	295	(34)	242
Other Personnel costs	1,416	1,452	36	1,292
Personnel Costs	1,746	1,747	1	1,534
Materials,Supplies & Services	1,550	1,516	(34)	1,449
Travel & Transport Costs	80	122	42	93
Contractor & Consultants	151	180	29	472
Grants and Subsidies Expenditure	-	-	-	-
Internal Charges	2,594	2,558	(36)	2,103
Total Direct Expenditure	6,121	6,123	2	5,651
Financial Costs	1	-	(1)	-
Bad Debts	-	-	-	-
Corporate & Department Overheads	(89)	(89)	-	(68)
Depreciation	43	43	-	49
Loss / (Gain) on Sale of Assets / Investments	-	(4)	(4)	(6)
Total Indirect Expenditure	(45)	(50)	(5)	(25)
TOTAL EXPENDITURE	6,076	6,073	(3)	5,626
OPERATING SURPLUS / (DEFICIT)	69	52	17	(91)
Add Back Depreciation	43	43	-	49
Other Non Cash	-	(4)	4	(6)
Cash Operating Surplus from Operations	112	91	21	(48)
less:				
Total Asset Acquisitions	(59)	(117)	58	(110)
Asset Disposal Cash Proceeds	-	10	(10)	20
Capital Project Expenditure	(90)	-	(90)	(3)
Net Asset Acquisitions	(149)	(107)	(42)	(93)
Net External Investment Movements	-	-	-	-
NET FUNDING BEFORE DEBT & RESERVE MOVEMENTS	(37)	(16)	(21)	(141)
Debt Additions / (decrease)	-	-	-	-
Debt Repaid	-	-	-	-
Net Reserves (Increase) / decrease	36	16	20	162
NET FUNDING SURPLUS (DEFICIT)	(1)	-	(1)	21

Year ended 30 June 2012 Capital Expenditure Statement People & Capability Group	YTD			Last Year FY Actual \$000
	Actual \$000	Budget \$000	Variance \$000	
Total Asset Acquisitions	60	117	57	111
Capital Project Expenditure	89	-	(89)	4
Asset Disposal Cash Proceeds	-	(10)	(10)	(20)
Net Capital Expenditure	149	107	(42)	95

2.3 Group financial summary for Audit, Risk and Assurance

2.3.1 Human Resources department financial report

Human Resources Financial Performance Statement Year ended 30 June 2012	YTD			Last Year FY Actual \$000
	Actual \$000	Budget \$000	Variance \$000	
External Revenue	-	-	-	-
Investment Revenue	-	-	-	-
Internal Revenue	196	196	-	-
TOTAL INCOME	196	196	-	-
less:				
Training	320	287	(33)	222
Other Personnel costs	985	911	(74)	821
Personnel Costs	1,305	1,198	(107)	1,043
Materials,Supplies & Services	57	114	57	64
Travel & Transport Costs	12	6	(6)	12
Contractor & Consultants	150	142	(8)	130
Grants and Subsidies Expenditure	-	-	-	-
Internal Charges	175	168	(7)	121
Total Direct Expenditure	1,699	1,628	(71)	1,370
Financial Costs	-	-	-	-
Bad Debts	-	-	-	-
Corporate & Department Overheads	(1,433)	(1,433)	-	(1,371)
Depreciation	7	6	(1)	6
Loss / (Gain) on Sale of Assets / Investments	-	-	-	(7)
Total Indirect Expenditure	(1,426)	(1,427)	(1)	(1,372)
TOTAL EXPENDITURE	273	201	(72)	(2)
OPERATING SURPLUS / (DEFICIT)	(77)	(5)	(72)	224
Add Back Depreciation	7	6	1	6
Other Non Cash	-	-	-	(7)
Net Asset Acquisitions	-	-	-	(29)
Net External Investment Movements	-	-	-	-
NET FUNDING BEFORE DEBT & RESERVE MOVEMENTS	(70)	1	(71)	194
Debt Additions / (decrease)	-	-	-	-
Debt Repaid	-	-	-	-
Net Reserves (Increase) / decrease	-	-	-	89
NET FUNDING SURPLUS (DEFICIT)	(70)	1	(71)	283

2.3.2 Human Resources department financial summary

Direct expenditure of \$1.7 million is \$71,000 more than budget. \$36,000 is due to the timing of training programmes and costs associated with changing the dates of our engagement survey from December to October. \$58,000 relates to recruitment costs which offsets savings under Materials.

2.3.3 Democratic Services department financial report

Democratic Services Financial Performance Statement Year ended 30 June 2012	Full Year			Last Year
	Actual \$000	Budget \$000	Variance \$000	FY Actual \$000
External Revenue	15	15	-	15
Investment Revenue	-	-	-	-
Internal Revenue	840	820	20	634
TOTAL INCOME	855	835	20	649
less:				
Personnel Costs	415	489	74	437
Materials,Supplies & Services	35	21	(14)	16
Travel & Transport Costs	9	7	(2)	8
Contractor & Consultants	2	18	16	93
Grants and Subsidies Expenditure	-	-	-	-
Internal Charges	299	300	1	116
Total Direct Expenditure	760	835	75	670
Financial Costs	-	-	-	-
Bad Debts	-	-	-	-
Corporate & Department Overheads	-	-	-	-
Depreciation	9	3	(6)	6
Loss / (Gain) on Sale of Assets / Investments	-	(4)	(4)	-
Total Indirect Expenditure	9	(1)	(10)	6
TOTAL EXPENDITURE	769	834	65	676
OPERATING SURPLUS / (DEFICIT)	86	1	85	(27)
Add Back Depreciation	9	3	6	6
Other Non Cash	-	(4)	4	-
Net Asset Acquisitions	(54)	(22)	(32)	-
Net External Investment Movements	-	-	-	-
NET FUNDING BEFORE DEBT & RESERVE MOVEMENTS	41	(22)	63	(21)
Debt Additions / (decrease)	-	-	-	-
Debt Repaid	-	-	-	-
Net Reserves (Increase) / decrease	22	22	-	(22)
NET FUNDING SURPLUS (DEFICIT)	63	-	63	(43)

Democratic Services Capital Expenditure Statement Year ended 30 June 2012	Full Year			Last Year
	Actual \$000	Budget \$000	Variance \$000	FY Actual \$000
Total Asset Acquisitions	54	32	(22)	-
Capital Project Expenditure	-	-	-	-
Asset Disposal Cash Proceeds	-	(10)	(10)	-
Net Capital Expenditure	54	22	(32)	-

2.3.4 Democratic Services department financial summary

Direct expenditure of \$760,000 is \$75,000 favourable mainly due to the staff vacancy for the early part of the year. The vacancy has been filled resulting in savings in the current year.

Capital expenditure of \$54,000 funded the departmental vehicle and fit out of the offices. The fit out was budgeted in Elected Members and some of the costs related to furnishing Democratic Services office resulting in a variance of \$22,000 (note 1). This \$22,000 was then funded by Elected Members (see Internal revenue variance Note 2).

The departmental vehicle was in use by another department resulting in a delay in its sales (Note 3).

2.3.5 Democratic Services department business plan performance indicators

Target	Comment
All meetings will be conducted in accordance with statutory requirements and Council policies.	On target
Statutory public accountability processes will be completed in accordance with requirements.	On target

2.3.6 Elected members financial report

Elected Members Financial Performance Statement Year ended 30 June 2012	Full Year			Last Year FY Actual \$000
	Actual \$000	Budget \$000	Variance \$000	
External Revenue	3	3	-	3
Investment Revenue	6	6	-	8
Internal Revenue	1,975	1,975	-	1,949
TOTAL INCOME	5,094	5,094	-	4,884
less:				
Councillor costs	25	60	35	54
Materials,Supplies & Services	1,453	1,381	(72)	1,369
Travel & Transport Costs	60	109	49	73
Contractor & Consultants	(1)	20	21	250
Grants and Subsidies Expenditure	-	-	-	-
Internal Charges	2,119	2,090	(29)	1,867
Total Direct Expenditure	3,656	3,660	4	3,613
Financial Costs	-	-	-	-
Bad Debts	-	-	-	-
Corporate & Department Overheads	1,344	1,344	-	1,303
Depreciation	27	34	7	37
Loss / (Gain) on Sale of Assets / Investments	-	-	-	1
Total Indirect Expenditure	1,371	1,378	7	1,341
TOTAL EXPENDITURE	5,027	5,038	11	4,954
OPERATING SURPLUS / (DEFICIT)	67	56	11	(70)
Add Back Depreciation	27	34	(7)	37
Other Non Cash	-	-	-	1
Net Asset Acquisitions	(95)	(85)	(10)	(63)
Net External Investment Movements	-	-	-	-
NET FUNDING BEFORE DEBT & RESERVE MOVEMENTS	(1)	5	(6)	(95)
Debt Additions / (decrease)	-	-	-	-
Debt Repaid	-	-	-	-
Net Reserves (Increase) / decrease	14	(6)	20	95
NET FUNDING SURPLUS (DEFICIT)	13	(1)	14	-

Elected Members Capital Expenditure Statement Year ended 30 June 2012	Full Year			Last Year FY Actual \$000
	Actual \$000	Budget \$000	Variance \$000	
Total Asset Acquisitions	5	85	80	74
Capital Project Expenditure	90	-	(90)	4
Asset Disposal Cash Proceeds	-	-	-	(14)
Net Capital Expenditure	95	85	(10)	64

2.3.7 Elected members financial summary

Direct expenditure of \$3.7 million was on budget. There are no significant variances from budget.

Capital Expenditure of \$95,000 is \$10,000 more than budget. The re-fit of level 5 was completed at the time of this report. We do not expect significant further expenditure.