

Coromandel - **Surfing the** ***“Community Empowerment”* Wave**

A Case Study of Council Change





Introduction

In Thames South, small dairying communities of around 1,100 people in 2012 were facing a \$16M water upgrade to their two of the Coromandel's 11 water schemes. Mayor Glenn Leach of the Thames Coromandel District Council (TCDC) still shakes his head over it,

"A bill of \$35,000 for every ratepayer out there - It was nuts! With Community Empowerment in place we now went to the community first to ask what they needed, rather than what we'd been doing - putting up an engineering solution first and asking later when the rates bill hit. Our Water Services staff have turned this around and done a fantastic job." Partnering with a representative community group, the actual needs were defined over BBQs in the Puriri Hall, and TCDC is now seeking regional council consent for a solution one-third of the original cost.

Coromandel is well known for its sandy bays, surfing, Pohutukawa trees and strong views on protection of the environment. But right now TCDC is demanding attention not only for its beaches but its balance sheet. The Thames South example is one of dozens across the Coromandel which TCDC is hailing as a success of its new 'Community Empowerment' model. Community Empowerment - or returning power to the people to decide - is about moving the 'good examples' that every council has into the everyday way of operating right through the Council, and delivering community solutions cost effectively.

Community Empowerment Delivering More for Less

Surprising many observers recently with two years of consecutive rates decreases, Coromandel had drawn a line in the sand in the local government sector. The Taxpayers Union recently noted that TCDC had the lowest operational expenditure per rateable property in Waikato and according to the Council, Coromandel people enjoyed the lowest total average rates and one of the lowest net debt per rateable unit in the Region in 2013. Council aims to keep average rates below 2010 levels into the future.

But stepping back into the grips of GFC recession in 2009, the forecast was much stormier. After putting in three large environmentally-leading sewerage plants on its Eastern Seaboard to cater for Peninsula growth, Council found itself stranded with high debt as the tide of growth went out. Communities such as Thames on the Hauraki Gulf faced rates running at 14% above the national average.

Today's balance sheet success is just the first benefit from a change to the way TCDC is redefining 'Council' in New Zealand which Mayor Glenn Leach, Chief Executive, David Hammond, and his team call, 'Community Empowerment'. Although much of that model focusses on partnering with communities, Mr Hammond comments that it had to prove itself financially.

"Our change had to deliver on the balance sheet too. Community Empowerment included a complete review of how we budget, prioritise capital and position business cases in decision-making at the heart of its success. It is a contradiction to many who expected Community Empowerment to be a free-for-all of funding community 'wish lists'."

Background

Coromandel's journey toward Community Empowerment began at the 2010 elections. The community wanted a big change to how TCDC operated and voted with the ballot box to get that change. Only one existing elected member survived the election. The community voted in a new team led by Mayor Glenn Leach dedicated to community empowerment and to changing the culture of the council organisation to make this truly effective.

Mayor Leach says,

"I was on Council from 1989-95 and at that time we had a very devolved system of Boards, like Southland. The Council moved away from these roots of democracy and inclusiveness. Power had to be returned to the people. But to get this through after the election meant hard decisions had to be taken about who could lead this process. It would be massive. We had to stay tough at the top because it was a fight to bring this change. I take my hat off to our elected members who stayed united and strong through some very lonely times."

Mayor Glenn came into office with his team's vision already drafted for staff six months before the election. It was bold, visionary and had far-reaching implications. The blueprint for Community Empowerment was set and tested through the wave of public opinion at the ballot box. Now it was time to deliver.

Mr Hammond comments,

"When I was handed the exciting opportunity to develop a new model in January 2012, the biggest problem I faced was to turn what Council was expressing into a new organisation design that met Coromandel's needs and would actually work operationally. We were doing something not done before in New Zealand to this extent, so there were no 'cut and paste' solutions out there. In honesty, we are still working through some of the transition issues in 2014."

The problems at election time were identified as:

- Slow decision-making from council particularly with those things affecting local areas;
- Communities feeling that the decisions, budgets and policy development of the Council had become too centralised and distant from their communities, aspirations, and were in fact stymying the pace of local development;
- Access to council staff was felt to be 'managed' - not open and accessible - making the sense of partnership with communities a one-way process, as defined by council willingness to engage. Not true partnership with them;
- Costs not under the level of control that the newly elected council was seeking;
- A philosophy that was seen of the Council organisation promoting district (centralised) leadership and service delivery as the best and most efficient way to grow Coromandel.

The Council had an active Community Board system but recognised that to make Boards effective in leading their communities, the traditional Board model also had to change in areas including leadership inclusiveness, delegations, budgeting and support of Boards.

Although there had always been examples of how TCDC had worked with communities, Coromandel people were calling for them not to be examples anymore, but to become the norm of how Council did its work. TCDC's inspiration came from how its Area Offices and library services operated. The genesis of the new Community Empowerment model and future culture was already in action in places like Whangamata. "The model was so successful out on the beachfront that the voters demanded it redefine the whole way we do council," says Hammond.



Developing the Community Empowerment Model

The biggest challenge was bringing the Community Empowerment culture all the way through the Council organisation, including with services delivered by District-wide contracts. On the other hand TCDC had to provide more staff, reliable systems and robust reporting frameworks to Area Offices who would be required to deliver more services - and all within a mandate to reduce organisation costs. Some observers point out that a handbrake was applied to projects as consistent and reliable project management procedures were rolled out for all Area Offices. However, this view is countered by Whangamata's Community Board Chair, Mr Keith Johnson's experience,

"In my view, more 'local' projects have been completed under the first year of Community Empowerment, with contemporaneous reductions in rates, than had been completed in several prior years of convoluted and expensive bureaucracy," observes Keith.

Mr Hammond comments,

"I believed we could change, and as I've watched public opinion toward councils in New Zealand I knew we had to do it. Innovation in our local government sector is urgently needed. People today want better customer service, more cost restraint, more involvement in decisions and transparency; they demand real partnership with councils. TCDC is surfing a wave with this Community Empowerment and almost all of local government is on a different wave. But in my view our wave is gathering energy and will be the norm for councils in the decade ahead. Staff who move beyond just being comfortable with Community Empowerment to embracing it are future-proofing their careers in our sector. And at the same time, they are helping build Coromandel faster and with much more engaged communities in that process."



Some of the biggest changes TCDC made to the structure to set a new Community Empowerment model in place were:

- An integrated model of governance and leadership where decision-making genuinely includes Board chairs in all meetings and workshops and direction is set together;
- Mission and vision becoming key words of the Council to formally set direction and style;
- Decision-making and planning returning to local areas over local services;
- Community Board Plans being developed to guide annual and three-year direction and priorities;
- Budget delegations returning to local areas;
- Raising seniority of Area Management staff to Tier Two, and resourcing local Area Offices to make decisions at the right level of expertise and delegation;
- Bringing on-board staff who would be able to adapt to the new way of working and drive this culture through their own areas;
- Driving a culture of cost restraint in budgeting which demands other innovative and partnership solutions be found;
- Introducing a consistent framework and systems for project and capital management from any Office of the Council throughout the Peninsula.

With the strength of mandate for Community Empowerment, TCDC elected members were looking for a model which allowed decision-making to return to local areas as well as being confident in their elected District decision-making roles. The model manages this seamlessly. Based on an agreed strategy document, elected Council resolved a list of 25 recommendations in 2012 which mapped out the relationship between District and local roles and established the Community Empowerment model in place. The tenet was that 'Local manages local services, District manages district services', and District also retained a monitoring role over all in an agreed way.



Implementing the Community Empowerment Model

Central to TCDCs model was defining 'Local' and 'District' services. Some 11 activities including Parks, Airfields, Harbours, Halls, Libraries, Social and local Economic Development went back to local Community Board leadership and budget development with a Tier Two senior manager leading a staff team in each Area for support. The funding for each of these activities is taken back to the local Area and even extends to their ability to set different revenue and funding methods in each Area. Where it makes sense to have a District-wide contract for a service (such as Parks) the contract management remains centrally prepared and monitored, but Board Areas define their own levels of service for each Area and fund locally. Board work programmes and priorities are locally managed and based around a Community Board Plan, which allows monitoring by the elected District Council. Capital projects have stringent controls and are still subject to monitoring by both Audit and Infrastructure Committees of the District Council. A new framework of project management is successively being introduced for consistency and reliability across the District, which now includes all Project Managers being trained in PRINZ 2.

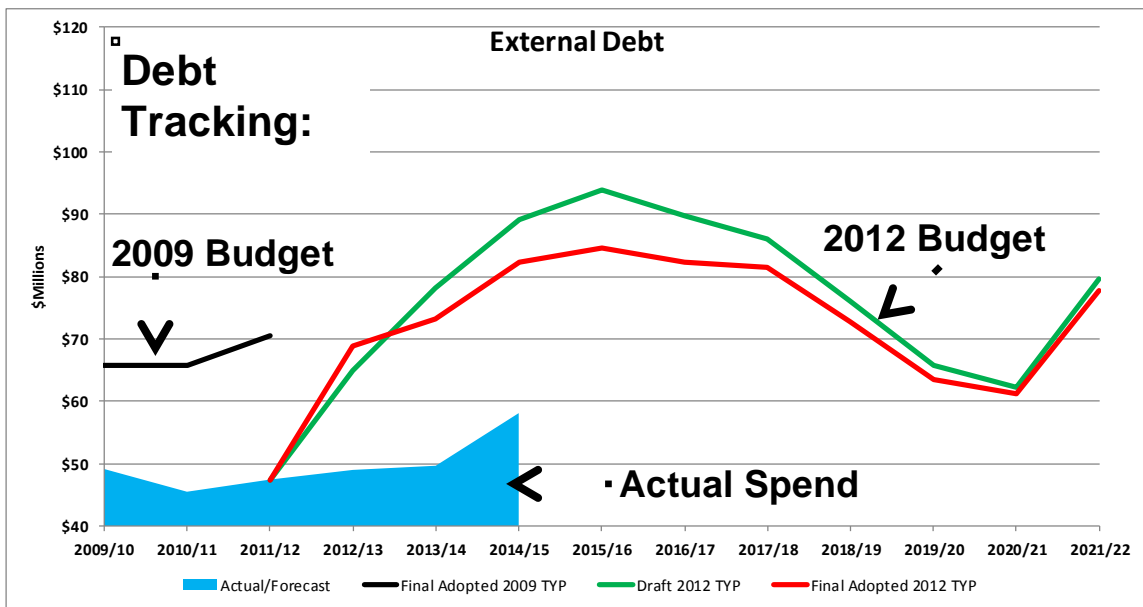


With elected Councillors sitting on Community Boards, and Board Chairs an integral part of Council meetings and Workshops, this relationship has easily worked as one of mutual respect. The Council has several measures in place to assist Boards with priorities. An overall financial envelope is established at the Council level with Board agreement, to assist Boards to understand how much funding is available for local projects. If in the eventuality there was a serious rift between Board and Council over any particular project, there is a last resort 'call-in' provision where the Mayor and Chief Executive can override and take a project back under District Leadership.

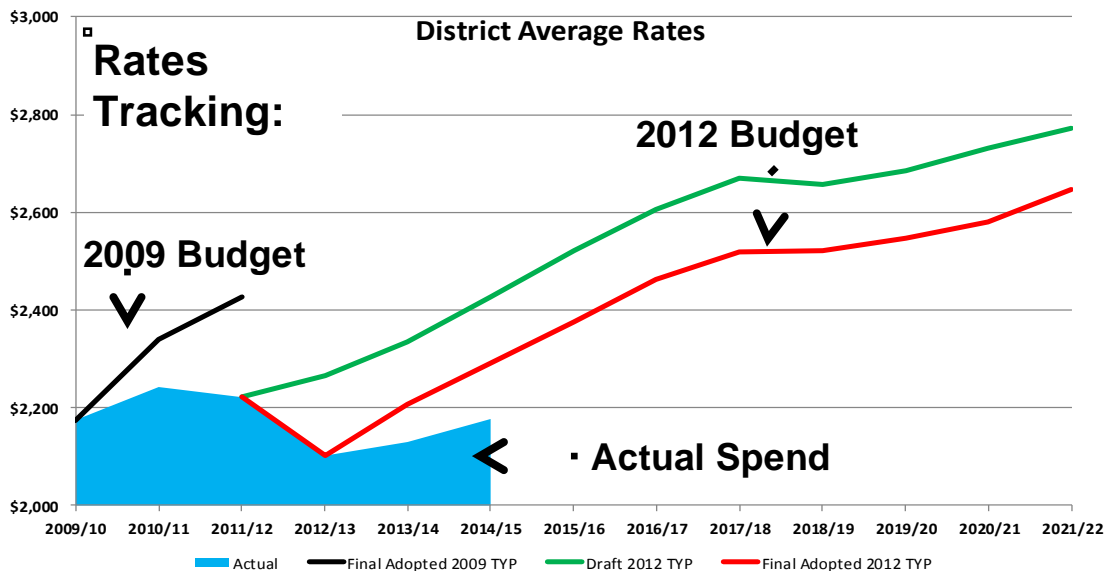
The change impacted on every staff member's way of working. Some staff welcomed change. Many other staff did not fully understand this unique model; some did not agree that it was a better model and felt councils should not even try to operate this way. Adding to the doubts were vocal community critics who had already concluded before it started that the new model was simply the new Mayor's folly and would lead to a Council crippled by personal grievances, falling levels of service and increasing rates as newly empowered communities demanded their 'wish lists' of projects be funded by Council.

"The doomsayers raised valid concerns when we were in the midst of turmoil and change in 2012, but thankfully they did not materialise. We weren't crippled by personal grievances, the following 2013 year had the highest ever public satisfaction ratings with many of our core Council services, and average total rates plummeted to the lowest per property in the Waikato in 2013 as our costs fell significantly," observes Mayor Leach.

The following graphs indicate that movement of TCDC to its community empowerment is associated with some exceptional financial results in debt and rates.



The above graph indicates that with Community Empowerment coming in 2012, TCDC both substantially lowered and flattened expected capital expenditure. The Council also achieved an extraordinary reduction of overall rate requirement. There is a gap between 2012 expected budgets and actual achievement. The Council anticipated financial savings in its 2012 budget (over 2009 projections) but actual delivery under the new model outstripped their best hopes.



The TCDC model of Community Empowerment is not just a drive by communities for more decision-making power and partnerships with their Council. Council made it clear from the outset that the Empowerment model had to lead to a substantially improved financial position without cutting services or degrading assets. It was Mayor Leach's strong belief that Community Empowerment would not lead to budget "blow-outs" but more prudent and innovative financial practices developed in Council.

One of the major areas of expenditure TCDC looked at was capital. The opening quote by Mayor Leach outlines how the Council used Community Empowerment to guide investment in Thames South Waters. TCDC also put in place a rigorous system of capital business planning to ensure confidence in local area capital investment.

Conclusion

In June this year, and on a day which saw coastal roads cut off by a mix by tropical rain and high tides, the Mercury Bay Community Board meeting in Whitianga warmly received the year's achievements - a long list of development projects on community halls, reserves, harbour pontoon, sea walls and beach restorations in places like Kuaotunu, Coroglen, Matarangi and Hahei. Mercury Bay Area Manager, Sam Marshall with his team explained that almost all were done in partnerships with communities and other Council activities such as building services.

"I'm really thrilled that more communities across the Mercury Bay are growing in their ability to lead projects themselves, and in confidence that their Council is genuinely supporting local groups," says Mr Marshall,

who is also a key architect of the Council's Community Empowerment model. The staff supporting very active community engagement of Board Chair Mr Paul Kelly and his team, is proving a winning mix for growing Coromandel as New Zealand's most desirable place to live, work and visit.

In the latest 2014 elections, the community gave a huge endorsement of the Council's change by returning all elected members through the ballot box, apart from one who retired. A key to such large change is survival through electoral cycles to see it embedded deeply enough into the organisation.

TCDC say that the success of their Community Empowerment model is firstly establishing an environment where community partnerships become the norm not the exception, and that change is tied to a genuine commitment to cost constraint. They highlight that other success factors are courage and unity from elected members, an empathetic determination from senior staff to drive change, ensuring that delegations, budgets and decision-making are devolved as far as practicable to local communities, and reinforced through every position of Council as being the way the council is expected to operate. In TCDCs view, the inclusion of Boards in decision-making must be genuine and extensive, leading to integrated leadership of a District around a common vision.