

Open Spaces

Service Delivery Review

Section 17A Local Government Act

August 2020



Ashburton
DISTRICT COUNCIL

Table of Contents

Table of Contents.....	2
Document Control	2
Definitions	3
Acronyms.....	3
Executive Summary	4
1.0 Introduction	6
2.0 Background	7
3.0 Governance Arrangements	10
4.0 Funding Arrangements	11
5.0 Review of Service	13
6.0 Detailed Service delivery assessment - Public Conveniences	18
7.0 Detailed Service delivery assessment - Cemeteries.....	23
8.0 Detailed Service delivery assessment – Open Spaces	29
9.0 Service Delivery – Domains and other properties.....	45
Conclusion.....	48
Appendix 1: Recommended Business Improvement Programme	49
Appendix 2: Implementation of the Open Space Strategy (2016-26).....	50
Appendix 3: Suggested Draft MOU between Reserve Boards and Council	Error! Bookmark not defined.

Document Control

Author	Change	Date of Issue	Version
Paul Wilson (Xyst Limited)	First Draft	6 August 2020	1.0
Steve Fabish	Final Approval	7 September 2020	1.1

Definitions

- **Funding arrangement** - involves the manner in which the financial resources are provided to support a service, including both the mix of revenue and capital sources and any arrangement or agreement that governs the provision of these resources (contracts, trust deed, etc).
- **Governance arrangement** - revolves around who has the right to make binding decisions about the overall objectives for the provision of the service, and set the strategic framework in which the service operates. In the local authority context, governance options fit into two broad categories – political or arm’s-length.
- **Service delivery arrangement** - describes the body and agreement between agencies for service provision.

Acronyms

ADC – Ashburton District Council

CCO – Council Controlled Organisation

CCTO – Council Controlled Trading Organisation

LGA – Local Government Act 2002

RMA – Resource Management Act 1991

SCP – Special Consultative Procedure as per section 83 of the Local Government Act 2002

SDC – Selwyn District Council

SOLGM – Society of Local Government Managers

TA – Territorial Authority

TDC – Timaru District Council

Executive Summary

The provision and maintenance of the open spaces in Ashburton district is currently delivered by an in-house team, who provide the full range of cemetery, parks and recreation and public convenience services under the collective umbrella of “open space”.

A service delivery review is a process of determining whether the existing means for delivering a service remains the most efficient, effective and appropriate means for delivering that service. Section 17A of the Local Government Act 2002 requires that a service delivery review should periodically assess “the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good quality local infrastructure, local public services, and performance of regulatory functions”.

In 2017 the Council undertook a “first-pass” desktop service delivery review as it had been more than six years since the service was last reviewed. The trigger for this review (2020) was a resolution of the Council’s Finance and Business Support Committee directing staff to “*undertake a full and independent review of the levels of service and associated costs for the Open Spaces activity (excluding Stock water races)*”. As such this review is voluntary and not required by a change in level of service, expiration of contract or time that has passed since the last review.

A core recommendation of the 2017 review was to establish and fully scope the existing levels of service provided and the associated costs of providing them. Unfortunately there has been little progress on this which has limited the level of cost analysis that has been able to be undertaken by this review. Work has now started on quantifying the extent of the services provided at what service level and at what cost but it will take some time before more robust financial information is generated.

This review has considered the costs of providing open space activities of public conveniences, cemeteries and open space at present at a high level and has compared these costs with other territorial authorities who provide services via a Council Controlled Organisation (CCO) or outsourced model. It has considered the costs and benefits of each option and found that the current option of providing services in-house is the most cost effective option at present across all three areas of activity.

In addition this review has considered current operating practices and compared these against best practice. This has enabled a range of business improvement projects to be identified including some areas of significant risk which need to be prioritised for implementation.

In summary, the services delivered in-house by the open spaces team are highly regarded by the community with exceptionally high levels of resident satisfaction. While the open spaces team is delivering the service to a high standard at a low to moderate cost, it is operating under a ‘business as usual’ approach despite facing the ever increasing challenges of growth, financial pressure and accountability for providing a safe workplace and public environment.

The team is currently at capacity at an operational level and has been unable to progress the necessary planning and business improvement projects in any tangible way over the last six years as it deals with the day-to-day transactional issues of open space management.

Increased resourcing and improved focus will be required to work through the prioritised programme of issues required to mitigate risk and manage the challenges ahead.

Recommendation

This report recommends that:

1. The activities of public conveniences, cemeteries and open space continue to be provided using predominately the in-house resources of the Ashburton District Council.
2. Staff resourcing be increased in public conveniences by one part-time position, cemeteries by one full-time position and open spaces by two full-time positions.
3. Responsibilities under the open space manager are reorganised to provide improved focus on business improvement, asset management and operational management if and when staff resources are increased.
4. Increased funding be made available to implement a programme of business improvement work as identified in Appendix 1 of this report, with the priority placed on management of the district's tree asset.
5. Competitive service agreements are put in place for the key suppliers including trade services and professional services to improve the efficiency of procurement, implement service standards and reduce costs.

1.0 Introduction

1.1 Why is Council reviewing this service?

A service delivery review is a process of determining whether the existing means for delivering a service remains the most efficient, effective and appropriate means for delivering that service. The legislation requires that a service delivery review should periodically assess “the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good quality local infrastructure, local public services, and performance of regulatory functions”.

The last review was undertaken in 2017 and consisted of a “desktop analysis” only in order to meet the statutory timeframes. The June 2017 meeting of the Finance and Business Support Committee received the last Section 17A review and recommended to Council that “Council undertakes a full and independent review of the levels of service and associated costs for the Open Spaces activity (excluding Stock water races)”.

1.2 What might Council gain from carrying out this review?

The potential benefits of undertaking a service delivery review include:

- **Efficiency gains** - In reviewing the funding, governance and service delivery arrangements for a particular service, Council may identify cost savings or a reduction in resource requirements, improving the cost-efficiency of the service.
- **Improvements in services** - Council may identify ways to improve the service delivered to the community.
- **Improving relationships** - with other local authorities, community groups and private sector providers.
- **Better understanding of available options** - Improving the understanding of the options for this service is a valuable exercise even if Council decides not to make any changes, guarding against complacency.

1.3 Scope of the Review

This review provides a full and independent review in accordance with Section 17A of the LGA and the resolution of council for the delivery of the open spaces’ activity (**excluding Stock water races**).

The open space functions subject to this review span a broad range of activities. These activities are:

- parks and garden maintenance including gardens on roads and roadside mowing
- parks and open space planning including requirements under the Reserves Act 1977
- cemetery operations
- playgrounds
- street trees
- public toilets and town centre cleaning

In addition to the requirements of the Section 17A Review, we have reviewed the overall state of planning and administration of the open space function and made a number of business improvement recommendations. While this is outside of the scope of the Section 17A report it has been included for completeness and as a number of these business improvement projects will be essential for improving information for any future reviews.

2.0 Background

2.1 National Context

The main piece of legislation for administering public reserves in New Zealand is the Reserves Act 1977. This Act is listed as one of the enactments of the Department of Conservation under the Conservation Act 1987¹. Advising the Minister of Conservation is the Department of Conservation who are Government's principal advisors on reserves and public reserves.

Under the Reserves Act, territorial authorities are given the ability to act as a 'reserve administering body' reflecting central government's devolution of responsibility to councils. The Minister of Conservation delegated a number of powers under the Reserves Act to councils in 2013 including the power to approve reserve management plans, reclassify reserves and grant leases and licences under certain circumstances.

2.2 Open Spaces

For the purpose of this review open space is considered to be:

Council managed or owned areas of land or water that offer unrestricted access to the public for the purpose of amenity, recreation or enjoyment for people in the district. This excludes buildings, swimming pools and public conveniences that may be located in open space areas (Ashburton District Open Spaces Strategy 2016-26).

The review includes cemeteries, gardens, open spaces and parks as a single open spaces service.

2.3 Open Spaces Legislation²

Burial and Cremation Act 1964: The Burial and Cremation Act 1964 sets out the broad range of statutory roles and responsibilities that territorial authorities have in relation to burial and cremation activities. Section 4 prescribes a duty on local authorities to ensure sufficient provision is made "for the burial of the bodies of persons dying within its district, to establish and maintain a suitable cemetery". The Act provides for the sale of exclusive rights of burial and the setting aside of burial grounds for religious denominations and defence force personnel. Provision is also made for the establishment of bylaws to regulate burial practices, such as depth and position of graves, timing of burials and to control the erection of monuments and other memorials.

Civil Defence Emergency Management Act 2002: This Act covers the role and responsibilities of local government and other government agencies such as the police in the event of a civil defence emergency. Section 85 (1) (g) assigns the responsibility for the recovery and identification of human remains to the police. The police may liaise closely with territorial authorities who have powers to undertake the emergency disposal of the dead.

Heritage NZ Pouhere Taonga Act 2014: Graves, tombs, urupa, church yards, cemeteries or private burial grounds, which have been associated with human activity for more than 100 years, are considered to be archaeological sites in terms of the Historic Places Act 1993. Such sites may

¹Reserves Act Guide, 2004' Sourced 02.04.2017 from <http://www.doc.govt.nz/Documents/about-doc/role/legislation/reserves-act-guide.pdf>

² Sourced from the Parks & Recreation and Cemeteries Activity Management Plans 2013

not be destroyed, damaged or modified without authority from the Historic Places Trust which may withhold approval or impose such conditions as it deems appropriate.

Health and Safety at Work Act 2015: This Act is intended to reduce and minimise harm to both people working in and those moving around places of work. There are obligations within the Act for employers and other controllers of places of works. Council has multiple obligations for open space activities with regard to employees, contractors and also the public to manage safety.

Local Government Act 2002 (LGA): States the purpose of local government and provides a framework and powers for local authorities to decide which activities they undertake and the manner in which they will undertake them. For open spaces it provides for local authorities to assume a broad role in meeting the current and future needs of their communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

Reserves Act 1977: This sets out the management and administration requirements for all land in the district held under this Act and of particular relevance are:

- Part II: Acquisition of land for Reserves (Sections 14-15)
- Classification and Purpose of Reserves (Sections 17-18, 23-25)
- Management and Control of Reserves (Sections 26-39)
- Functions of Administering Body – Management plans (Sections 40-41)
- General Powers of Minister and of Administering Body (Sections 42- 52)
- Powers (other than leasing) in respect of recreation reserves.
- Leasing powers in respect to recreation reserves.
- Powers in respect of historic reserves.
- Powers (including leasing) in respect to local purpose reserves.
- Farming and other leases (Sections 71-74).
- Afforestation (Section 75).
- Part IV: Financial Provisions.
- Offences (Sections 93-105).
- Bylaws (Sections 106-108).

Resource Management Act (RMA) 1991 and Amendments: Provides a statutory framework for Local and Regional Authorities to administer and balance land development with sustainable management of natural resources. The RMA focuses on the effects of activities on the environment rather than on the activities themselves.

Health Act 1956 – This places a duty on every local authority in Section 23 to, improve, promote and protect public health within its district. This involves identifying potential health risks and ensuring that these risks are managed to within acceptable levels. Section 25 requires a local authority to provide cemeteries and other sanitary services for the benefit of its district. Section 86 in Part 3 of the Act which covers infectious and notifiable diseases provides for burial or cremation within a nominated time period if a body is considered by the Medical Officer of Health as being dangerous to health.

Burial and Cremation Act 1964 (and the Burial and Cremation Amendment Act 2016): Sets out the requirements for local authorities to provide and maintain cemeteries and the provisions of the interment of human remains and management of cemeteries. This Act is under review and it is possible that the private sector will have greater opportunity to provide cemeteries, potentially reducing demand for public cemeteries or opening up alternative options for cemetery management.

2.4 Local Context

Ashburton district is located on the eastern side of the South Island with the Pacific Ocean coastline making up its eastern boundary, the Southern Alps the western boundary, the Rangitata River to the south and the Rakaia River as the northern boundary. The district has a land area of 6,175 square kilometres.

The district has a population of 33,423 in 2018 with some 45% of the population living in the main town of Ashburton.³ The population of the district has grown by 7.6% since 2013, with 4,450 residents moving to Ashburton from elsewhere in New Zealand and 2,118 residents moving to Ashburton from overseas. The median age of the population is 39.8 years, slightly older than the national median of 38 years. The population is projected to age at a slightly slower rate compared with other districts in Canterbury. This reflects that the district is likely to have a stable working-aged population which will assist with the impacts of an inevitable ageing population.

2.5 Organisational Overview

Ashburton District Council is the territorial authority for the Ashburton district. Based in the township of Ashburton, Council has approximately 302 employees.

Council delivers on 12 service areas to the community via 35 activities that are directly attributable to Section 10 of the LGA 2002. These activities fulfill the purpose of local government to enable democratic local decision-making and action by, and on behalf of, communities, and to meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. A further five areas support Council to deliver these activities. These are: community relations, customer services, finance, human resources and information support.

Ashburton District Council has a vision of “The district of choice for lifestyle and opportunity”⁴. The community outcomes underpinning this vision are as follows:

- residents are included and have a voice
- a district of great spaces and places
- a balanced and sustainable environment
- a prosperous economy based on innovation and opportunity

Four strategic priorities are also identified:

- plan and provide fit-for-purpose services
- work with the community and engage in meaningful conversations
- lead the community with clear and rational decision-making
- represent the district on regional / national issues and partner with others when needed.

³ Ashburton Community Profile – profile.id

⁴ Annual Plan 2019-20

3.0 Governance Arrangements

The open space activity is governed by the Council with input from two standing committees, a community board and 11 reserve boards.

The **Community Services Committee** is one of five standing committees of Council. This committee provides oversight of Council's community services, open space and recreation amenities in a manner that promotes the current and future interests of the community. The committee has no delegated authority to make decisions. Its role is to consider and review matters of strategy, policy or significance in its sphere of Council business, and (if appropriate) to make recommendations to full Council.

In addition the **Audit, Risk and Finance Committee** maintains an overview of the financial management and performance management framework as included in the Council's LTP, Annual Plan and Annual Report documents.

The **Methven Community Board** provides feedback to Council on issues as they relate to the Methven community, to make annual submissions on expenditure within the Methven community and to make recommendations to full Council on matters of interest or concern to the Methven community. It has no delegated authority to make decisions.

There are also 11 **Reserve Boards** that are subcommittees of Council. These boards manage specific reserves as separate shared governance entities under delegation from Council with limited decision-making powers.

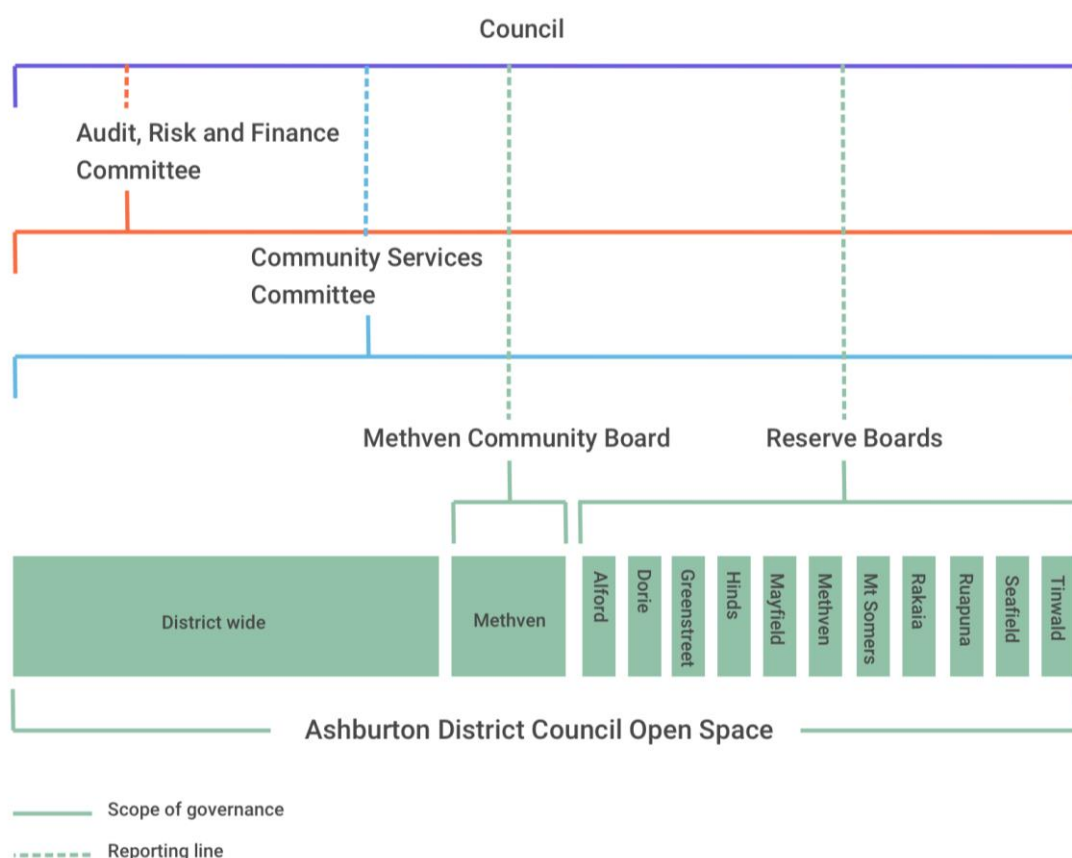


Figure 1 Governance structure

4.0 Funding Arrangements

The open space activity is funded as shown in Table 1. The funding arrangements for reserve boards and reserve/campgrounds managed by the property division are outside of the scope of this review but are included in the following tables for completeness.

Table 1 Funding of Council Activities (2019-20 Annual Plan)

Service	Uniform annual charge	General rate	Targeted rate	Fees and charges	Dividends and interest	Transfers from Reserves
Reserve Boards		50%	50%		Yes	
Reserves/Campgrounds		50%		50%	Yes	Yes
Public Conveniences	80%		20%		Yes	
Cemeteries		20%		80%	Yes	
Open Space		50%	50%		Yes	Yes

Funding is predominately from rates with limited revenue from user charges. The exception to this is cemetery charges which recovered \$261,000 in 2018/19 representing 78% of cemetery operating costs from interment fees.

There are no other significant sources of external revenue to offset the cost of service delivery. The Council has a Sports Field and Domains Usage Policy which sets out the required fees and charges for exclusive use of sports fields and domains. However, no revenue is currently collected as there is no system in place between open space and property to take sports field bookings and administer allocations and charges.

There are a number of grazing licences and leases for property located on reserves. These rentals are collected by the property department and do not directly contribute to the funding of open space.

The Reserves Act 1977 (s78) requires that “All money received by way of rent, royalty, or otherwise in respect of any dealing with any reserve...be held by the administering body and applied for the purposes of this Act”. It would be appropriate to capture all revenue earned from reserve lease, licences and concessions into a specific cost centre to show the total revenue earned.

4.1 Operating Costs

The current (2019/20 Annual Plan) annual operating budget for delivery of the entire open space activity is \$4,241,000. The actual expenditure in 2018/19 was \$3,694,000. The 2018/19 accounts have been used throughout this report as they are audited accounts and enable accurate comparison with other councils’ audited accounts for the delivery of open space services.

Total operating expenditure has increased from \$2,995,000 in 2013/14 to \$3,694,000 in 2018/19 representing an average increase of 4% per annum or 23% over the last six years, against the Labour Cost Index and Producer Price Index increase of 10% over the equivalent period⁵.

⁵ Stats NZ Economic indicators All Salary and Wage rates LCIQ.SG33Z9 – Public Sector and PPI Inputs SQNMN2100

Public convenience operating costs have increased substantially with a 50% increase in costs between 2007/18 and 2018/19. However, investigation by Council's finance department suggests that this is a change in accounting treatment rather than an actual significant cost increase. Certainly from an operational standpoint there has been no substantial change to funding or service levels over this period.

Table 2 Operating Expenditure (ADC Annual Reports/LTP)⁶

Service	2017/18 Actual \$000	2018/19 Actual \$000	2019/20 AP \$000	2020/21 LTP \$000
Reserve Boards	471	585	624	652
Reserves/Campgrounds	934	846	905	828
Public Conveniences	418	629	566	568
Cemeteries	342	337	468	417
Open Space	2,743	2,728	3,207	2,833
Total Operating Expenditure	4,908	5,125	5,770	5,298
Total Operating Expenditure (Open Space)	3,503	3,694	4,241	3,818

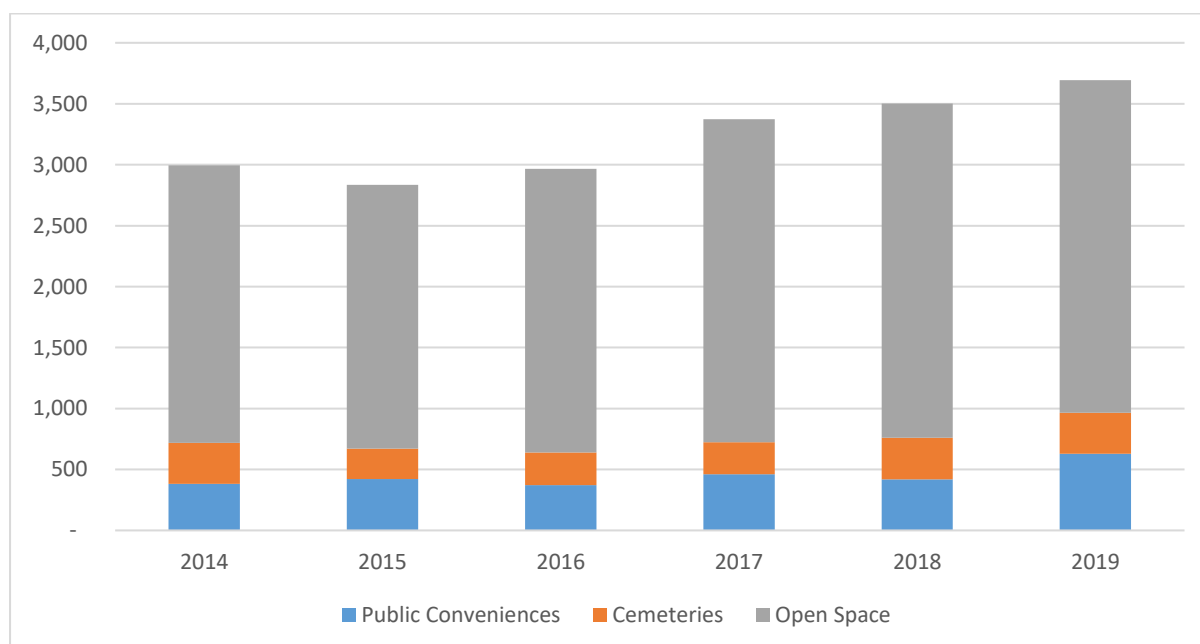


Figure 2 Total Operating Costs 1 July 2013 - 30 June 2019

Capital expenditure is relatively modest with \$1.9 million spent in the 2018/19 year and budgeted spending of less than \$650,000 p.a. in each year thereafter. The level of capital and renewal expenditure is unlikely to be keeping pace with asset renewal requirements given there is a lack of a comprehensive asset register, condition rating and valuation.

⁶ Infrastructure depreciation is included the OPEX figures.

Significant projects in the last year have included the Ashburton Cemetery Extension and an extensive programme of work is proposed in the Ashburton Domain via the Draft Ashburton Domain Development Plan and this work is funded in the current LTP.

Table 3 Capital Expenditure (ADC Annual Reports/LTP)

Service	2017/18 Actual \$000	2018/19 Actual \$000	2019/20 AP \$000	2020/21 LTP \$000
Reserve Boards	587	180	146	20
Reserves/Campgrounds	1,833	1,078	0	0
Public Conveniences	349	148	190	193
Cemeteries	46	1,603	62	40
Open Space	242	212	398	343
Total Capital Expenditure	3,057	3,221	796	596
Total Capital Expenditure (Open Space)	637	1,963	650	576

5.0 Review of Service

5.1 Introduction

Section 17A of the LGA02 requires Council to review the cost-effectiveness of the Open Spaces activities' current arrangements for governance, funding and service delivery. This section details potential options for each of these elements which are common across the three activities of public conveniences, cemeteries and open space.

In the first instance, the Service Delivery Reviews take a 'first-pass' at the options outlined in Section 17A. These have been aggregated to three high level options:

- 1. In-house service delivery** – ADC officers are responsible for delivering the service, while Council governs, making decisions about policy and funding.
- 2. Outsourcing** – Some or all of the activity is outsourced to a third party contractor, including other councils or CCOs.
- 3. Shared service arrangements with other councils** – This would include entering into shared service arrangements for some or all of the activity, through a joint committee, CCO or merger.

The available options are introduced below and then a more detailed analysis of issues and options is presented under the separate activities of:

1. Public Conveniences
2. Cemeteries
3. Open space

5.2 Available Options

5.2.1 In-House Service Delivery

Delivering services through an in-house option (LGA, 2002 S17A (4a)) means that ADC is responsible for the governance, funding and delivery of the service. The delivery of services in-house is often the result of history, in the sense that the activity has always been delivered in-house.

In many instances there are obvious reasons for delivering internally, including providing customer-focused service, understanding local needs and issues and maintaining local autonomy with governance and decision-making.

On the other hand, service delivery in-house requires staff recruitment, retention and training costs, which can be challenging in high-skilled positions where retention is often an issue for smaller provincial local authorities. For activities with small teams, covering staff absences can be a concern, particularly in compliance-based activities with legislative timeframes.

5.2.2 Outsourcing

Outsourcing the service delivery of an activity to another person or agency (LGA, 2002 S17 (A) (4) (b) (iii); S17 (A) (4) (b) (iv)) also requires a clear understanding of the governance, funding and delivery structure. A clear rationale needs to underpin why the activity is being outsourced.

Benefits of outsourcing an activity can include greater effectiveness as the contractor is generally considered a 'specialist' in their field with the skills and processes to get the work done efficiently, minimising organisational risk, and a reduction in capital, operational and staff costs (including recruitment, training and retention).

Disadvantages of outsourcing can include a reduced customer-focused service with not having staff based in-house, less understanding of local needs and issues and, depending on the governance structure chosen, challenges with maintaining local autonomy in governance and decision making. Outsourcing also requires contract management including regular procurement, processing claims, reviewing and auditing performance and resolving disputes in the event that the outcomes of outsourcing do not deliver as promised.

5.2.3 Delivery by CCO wholly owned by ADC

Delivery by a CCO would entail governance and funding by Ashburton District Council with delivery by a CCO wholly owned by Ashburton District Council. (LGA, 2002 S17A(4)(b)(i)). Ashburton Contracting Limited (ACL) is a CCO and under this model the open space functions could be transferred to ACL, or a separate CCO wholly owned by the Ashburton District Council could be established.

A CCO model provides a level of independence which encourages the CCO to operate in a more business-like manner including engaging in competitive tendering for work across other councils and the private sector.

Our experience of CCO models in the open space area is that there is considerable duplication of governance and overhead costs with the existing governance and support structures (such as finance, HR, IT) that exist in councils. We have also noted a tendency for council open space management to feel they are not getting best value from the CCO compared to the value that they might achieve on the open market. We have observed such tensions in Nelson City's CCO Nelmac Ltd and Waitaki CCO Whitestone Contracting Ltd. In the case of Waitaki, this cumulated in the council requiring its CCO to tender on the open market for the Waitaki District Council open space maintenance contract which it subsequently lost.

Regardless of whether the CCO is performing well or not, these tensions are unhelpful and the duplication in support services and management leads to costs which can extend beyond financial costs to reputational costs.

Open space is a function that both politicians and the community are actively engaged with. If service delivery is below expectation this can quickly result in dissatisfaction with the CCO which can be difficult to recover from, especially when the Council no longer has the level of control and influence it had with the in-house team.

5.2.4 Shared Services Model

The delivery of a service through a shared model (LGA, 2002 S17 (A) (4) (b) (ii,); S17 (A) (4) (c)), whether it be through a joint committee, CCO or merger with another council, requires a clear understanding of the governance, funding and delivery structure.

Shared services models, when they work effectively, can deliver a range of benefits to local councils and their communities. The key benefits can include:

- cost-efficiencies through economies of scale
- access to specialist expertise
- improvements in service
- improved compliance with regulations and standards

The realisation of these benefits is challenging, and can be constrained by:

- lack of political or managerial commitment
- uncertain benefits
- conflicting objectives
- process complexities

The conditions for successful shared service models have been considered by LGNZ in their 2011 paper titled 'Shared Services for Local Government'⁷. The filters outlined in Part B of the paper assist in the assessment of an activity's suitability for shared service arrangements.

If deemed suitable, then a business case needs to be developed for the activity to determine the type of shared service arrangement. A key part of this process is consultation with affected parties, including a thorough assessment of the commitment of other organisations to a shared service model. Community engagement would also need to be considered early in the process.

5.3 Critical Success Factors

The critical success factors for the options analysis in this review as follows:

- compliance with statutory and regulatory obligations
- value for money
- quality of service delivery

⁷ Sourced 14.11.2016 from <http://www.lgnz.co.nz/assets/Uploads/Shared-services.pdf>

5.4 Initial Options Analysis for Open Spaces

The following summarises the service delivery options considered for the delivery of open spaces.

	Option 1 – In-House (Status Quo)	Option 2 – Outsource	Option 3 – CCO/CCTO wholly owned by ADC	Option 4 –Shared Services
Public Conveniences	✓	✓	x	x
Cemeteries	✓	✓	x	x
Parks and Recreation	✓	✓	x	x

5.4.1 Option 3 CCO/CCTO owned by Ashburton District Council

Given the relatively small scale of the open space operation it is unlikely that the additional governance and support costs would justify establishing a separate CCO or CCTO for open space maintenance only and it is more likely that the open space operations function, operations staff and equipment would be transferred to ACL to operate under the existing governance and administration infrastructure.

Assessment

The [Controller and Auditor General \(OAG\) has provided useful advice](#) for councils considering setting up a CCO or CCTO. The OAG has noted a number of potential benefits that are frequently cited including:

- improved commercial focus – that is, operating a company with a professional board of directors with the objective of achieving greater operating efficiency;
- tax-effectiveness – local authorities can derive tax credits from commercial subsidiaries that pay dividends;
- independence – separation from political direction;
- streamlining bureaucracy, enabling nimbleness and agility – CCOs have less "process" to follow in making decisions than local authorities;
- economies of scale, where shared services CCOs combine several local authorities' similar activities;
- the ability to recruit and retain high-quality board members and staff who might not be available to be members or employees of a local authority; and

The OAG has also noted a number of possible disadvantages including:

- the local authority's lack of direct accountability to the community for the services the CCO delivers;
- tensions between the objectives of pursuing profit and delivering community outcomes;
- additional ongoing costs – the costs incurred by the local authority in monitoring the performance of the CCO, and the CCO's own costs, can increase overall service delivery costs; and

- reduced ability to manage risk – arm's-length delivery can make managing risks to the reputation of the local authority more difficult

We have not considered the effectiveness or otherwise of ACL or its governance and executive capability or capacity to manage the additional open space functions. While it is possible that there would be efficiencies to ACL in bringing in the operational resources of the open spaces team these are unlikely to equal the existing efficiencies within the Council where IT, HR and other support services are already shared.

In our view the disadvantages outlined above are relevant and likely to occur if the service was to be delivered by a CCO/CCTO. We consider the possible disadvantages outweigh the potential benefits.

Given the current regard that the community has for the delivery of open space services and the level of community and political interest in open space functions we consider that the reputational risks are unlikely to outweigh any value-for-money considerations. As such this option is discounted and will not be assessed further in the detailed analysis of issues and options presented below.

5.4.2 Option 4 Shared Services for Ashburton District Council

The Ashburton District Council neighbours the Selwyn District Council (SDC) to the north and the Timaru District Council (TDC) to the south. Both councils provide similar services in the open space activity but these services are delivered different ways.

Selwyn District Council

The Selwyn District Council contracts delivery of its open space operations to Sicon Ltd which is wholly owned by the Selwyn District Council. SDC noted in their last s17A review an intention to “*grow current regional client relationships to develop a shared approach to managing supply chain capability and capacity*”. The SDC has recently renegotiated its open space maintenance contract with Sicon but did not consider any opportunity for regional service delivery.

Timaru District Council

The Timaru District Council contracts delivery of its open space operations via 22 contracts with MidLAND Contracting and Sicon undertaking 90% of the contracted services. Eight other specialist contractors provide the remaining 10% of services.

TDC noted in their last s17A review in May 2017 an option of delivery by a CCO partly owned by Timaru District Council and partly owned by other local authorities as a shared service. This option was not favoured for the following reasons:

- a change to governance or delivery is not feasible at this point as some contracts run for longer than a 2-year period from date of this review (May 2017)
- there has been no significant dissatisfaction from the community with the current model of delivering services via contracts
- potential risks include significant set up costs, risks associated with employing staff, compromising levels of service, potential increase in overhead costs associated with owning equipment and owning/leasing facilities.
- questionable if the size of parks activities, even with those from other local authorities, would be large enough to justify a CCO structure and its associated overheads/set up costs of joint CCO ownership.
- there are likely to be duplication of governance costs

Assessment

Given the current positions of the adjoining councils it is unlikely that there is any significant benefit in pursuing shared services arrangements at this time for the same reasons as TDC notes above. As such this option is also discounted and will not be assessed further in the detailed analysis of issues and options presented below.

6.0 Detailed Service delivery assessment - Public Conveniences

The Council provides 39 public conveniences of which 27 are fully maintained and cleaned by the Open Spaces team; 10 of the remaining 12 conveniences are maintained by the Open Spaces team but cleaning is undertaken by Property or Reserve Boards.

Six public conveniences are premium facilities with high use and frequent cleaning requirements such as East Street and the Rakaia facilities. A further 10 public conveniences are standard facilities in parks and cemeteries receiving daily cleaning while the remaining facilities are of a basic standard with seasonal or twice-weekly cleaning.

6.1 How the service is currently delivered?

The conveniences are cleaned and maintained by nine part-time employees (4.4 Full Time Equivalent staff).

A contractor provides deep cleaning services on a 6-monthly basis and specialist contractors are used for electrical, plumbing, painting and building repairs along with contracted services for drain clearing and septic/vault tank emptying.

The service has historically been provided in-house and has not been market tested.

6.2 What is the cost?

The total annual cost to clean and maintain the public conveniences in 2018/19 was \$628,933 which amounts to an annual cost per facility of \$16,126. This cost is below that of Selwyn District Council (delivered by a CCO) but higher than Timaru District Council (delivered by a Contractor). The service levels and facility types are considered similar with all councils having a mix of high-use urban public conveniences and remote basic public conveniences.

In 2019 the median direct maintenance cost per facility over 17 New Zealand councils was \$9,395 per facility compared to a direct cost per facility of \$11,050 in Ashburton district.

Table 4 provides a comparison of the cost of the public conveniences service in 2018/19 between Ashburton, Selwyn and Timaru District Councils.

Table 4 Comparison of Costs for Public Conveniences

Council	ADC	SDC	TDC
Number of Facilities	39*	44	43
Direct Wage Costs	\$ 178,691		
Cleaning and Maintenance	\$ 252,252	\$ 567,144	\$ 323,656
Direct Costs	\$ 430,943	\$ 567,144	\$ 323,656
Utilities	\$ 5,547	\$ 11,287	\$ 15,554
Rentals/Rates/insurance	\$ 12,348	\$ 11,325	\$ 45,263
Depreciation	\$ 53,018	\$ 115,781	\$ 19,412
Internal Overheads	\$ 127,077	\$ 188,949	\$ 60,908
Internal Costs	\$ 197,990	\$ 327,342	\$ 141,137
Total Costs	\$ 628,933	\$ 894,486	\$ 464,793
Total cost per facility	\$ 16,126	\$ 20,329	\$ 10,809
Direct cost per facility	\$ 11,050	\$ 12,890	\$ 7,527

*Includes all facilities that are maintained to some level by open spaces team

6.3 What works well?

The current service provided by in-house staff results in a very high level of resident satisfaction. As shown in Table 5, 90% of residents are satisfied with Council-provided public conveniences according to the resident satisfaction survey. This is considerably higher than many councils where scores between 40-70% are common.

Table 5 Comparison of Resident Satisfaction with Public Conveniences

Satisfaction	ADC	SDC	TDC
2018/19 Resident Satisfaction	90%	60%	72% ⁸

The staff engaged to undertake this work take pride in the appearance of the public facilities and are well supported as part of the overall Council team. Staff employed for this service reside within the area which they work and are able to respond to needs quickly.

⁸ Result is for 2017/18 as satisfaction was not measured in 18/19

6.4 What are the issues for the future?

The Council has been able to expand the number of facilities recently as a response to rapid international tourism growth pre the Covid-19 pandemic and will require additional resources to maintain and service these additional facilities.

The number of public conveniences is now proposed to remain the same over the next 10 years with the emphasis being placed on the renewal and improvement of existing facilities. There is a heightened awareness of hygiene following Covid-19 and the sanitisation of public facilities is increasingly important.

6.5 What could be improved?

Staff cover

The current level of staffing is such that there is little or no cover to replace a staff member when on leave. Staff absences are covered by diverting other staff from routine cleaning duties which invariably results in a lower level of service overall until the staff member returns.

Growth

Improvements in the number of toilets in facilities such as at Rakaia will create increased workload. While the 2021-31 Draft LTP has a focus on renewal, further toilets are likely especially when international tourism recommences following the Covid-19 Pandemic.

Deep Cleaning

At present, deep cleaning is done under contract with a specialist operator who steam cleans public conveniences on request. The annual expenditure on this service in 2018/19 was \$22,135 for 14 deep cleans of toilet facilities (\$1,581 per clean). The Council could consider undertaking this work in-house which would require the purchase or hire of a steam cleaning unit. We estimate the annual cost based on two deep cleans per toilet at four hours per clean to be approximately \$15,000 p.a for a total of 54 deep cleans (\$448 per clean).

Trade Contracts

At present the council engages various contractors on a job-by-job basis at market rates. These contractors undertake the work as and when they can depending on the urgency of the job and their other commitments. It would be more efficient to undertake a procurement exercise to establish contracted rates for electrical, plumbing, drainage, septic tank cleaning, painting and carpentry. Having contracted rates should offer efficiencies over casual rates and have the added benefit of being able to implement service levels for response times. Contracted rates will also reduce the significant workload involved in administration of purchase orders.

Auditing

The Council has previously implemented a programme of inspection and auditing of cleaning services but has ceased this due to other work priorities. We would recommend a programme of formal documented audits be reintroduced to monitor the condition and quality of work being undertaken.

6.6 What are the Options for delivery?

Two options are considered for the delivery of this service;

Option 1: Status Quo (In-house Delivery)

Under this option the Council would continue to provide daily cleaning and general maintenance with in-house community-based caretakers and utilise contractors for trade services such as electrical and plumbing repairs and for routine deep cleaning and septic tank cleaning.

We consider there is a need to increase staff resources by 0.6 FTE to address the growth that has occurred in the number public conveniences that require cleaning.

Option 2: Contracted Out

Under this option the service would be contracted out – most likely under a separate contract unless the Council elects to contract out the delivery of all open space services under a single contract.

There is a reasonably strong market for cleaning services with two likely scenarios for contracting these services. The first is via a specialist commercial cleaning company and the second is via a main open space contractor who generally directly employs staff to undertake cleaning.

The fact that most open space contractors do not generally sub-contract cleaning indicates that it is more cost effective to undertake this work in-house. Many also use a localised model where local cleaners are engaged as permanent part-time employees to clean public conveniences within the community in which they reside.

It is highly likely that both a specialist cleaning company and a main open space contractor would continue to deliver the service with community-based part time employees given the distances involved in travel.

If the service was contracted out the contract price would need to be less than \$430,943 pa to be more cost effective as this represents the current annual cost of staff, sub-contractors and cleaning and facility maintenance. If the service is contracted out, all of the internal costs will remain.

We have considered contract prices from other councils which vary widely and are in the range of \$22-\$49 per clean and \$260- \$1,050 per 6-monthly deep clean. Based on the current service level and cleaning frequency we would expect a contract sum between \$257,000 to \$585,900 per annum **excluding** building maintenance costs.

The Council staff engaged in cleaning services are considered vulnerable workers under employment legislation and if this service was to be contracted out, the employees will be able to choose whether to transfer to the new employer on their existing terms and conditions. If they choose to do this, they will become employees of the new employer as if nothing had changed.

The employment cost of the Council-employed cleaners will be a factor in the pricing of any contracted cleaning services.

Analysis of Options

Activity	Public Conveniences
Summary of current service delivery model	Governance, funding and delivery by Ashburton District Council. Service is delivered in-house with a trade services and deep cleaning contracted out on a job-by-job basis.

Delivery Option	In-house	Contracted Out
Status Quo	Yes	No
Feasibility	Yes	Yes – requires a 12-month transition period. Affected staff are considered vulnerable employees and would transfer to contractor. Establishment cost estimated \$25,000-\$50,000 for procurement and transition.
Community views and preferences	Very high levels of satisfaction with existing level of service	Likely risk of lower level of satisfaction with service levels.
Cost of option	\$430,943 (direct cost)	\$257,000 to \$585,900 per annum excluding building maintenance costs.
Assessment of benefits and risks	<ul style="list-style-type: none"> • high levels of satisfaction • median cost of service delivery compared with CCO and Contracted option • responsive service 	<ul style="list-style-type: none"> • possible lower levels of satisfaction • high risk that service may cost more or be underpriced resulting in service risk • can be slow to respond
Enhancements to Status quo	<ul style="list-style-type: none"> • increase staff by 0.6 FTE • bring deep cleaning service in-house • implement service contracts for trade services 	

Recommendation

While the Council may be able to provide this service at a lower cost by outsourcing the service we do not consider that the cost will be significantly lower and could possibly be higher than the current cost.

The service currently being delivered by the in-house staff is to a very high standard and is clearly well regarded by the residents of the district.

In our experience, contracting this service out is likely to see a drop in standards which may damage the reputation of the Council. Contracting out the service will also require an increase in the level of performance monitoring and auditing by the Council which may erode some of the potential cost savings from contracting the service out.

We consider that the current in-house arrangement is delivering a high level of service at reasonable value and it is recommended that option 1 (status quo) continue.

Given the savings possible in undertaking deep cleaning in-house and the issues raised with staff cover and growth we consider there is a business case to consider an additional part time permanent employee (0.6 FTE).

We also recommend the Council undertakes a procurement exercise to establish service agreements and contracted rates for electrical, plumbing, drainage, septic tank cleaning, painting and carpentry.

7.0 Detailed Service delivery assessment - Cemeteries

The Council provides and maintains 11 open cemeteries where interments can take place. These are located at Ashburton, Methven, Rakaia, Chertsey, Mount Somers, Ruapuna, Alford Forest, Winslow, Hinds, Waterton, and Barrhill. The Council provides this service with in-house staff.

In addition to the cemeteries that are open for interments, five closed cemeteries are maintained.

The Ashburton Cemetery has recently undergone a significant expansion and opportunities for Muslim burials and natural burials are now available.

The open spaces team provides the full cemetery service including cemetery planning, administration (receiving applications, granting interment warrants and record keeping), grave digging and interment and grounds maintenance. Customer enquiries, including receiving and assisting with applications for pre-purchasing of plots and genealogical research, are managed from the Parks Office in the Ashburton Domain.

Based on current rates of interment and population trends it is anticipated that approximately 115-130 burials and 80-90 ash internments per annum will need take place in the coming years.

7.1 How the service is currently delivered?

The cemetery services are delivered in-house and the following staff resources are involved:

Administration/record keeping – 0.3 FTE (office based)

Grave digging/Interments – 1.0 FTE Sexton,

Assistance from open spaces team for grave digging- 0.25 FTE

Grounds maintenance is currently undertaken by the mowing and gardening staff in the open space team.

The cemetery records management system is a module of Technology One and provides an electronic record of interments to support the physical cemetery records.

The service has historically been provided in-house and has not been market tested.

7.2 What is the cost?

The gross cost of cemetery services in 2018/19 was \$338,246, comprised of direct costs of \$310,670 and internal costs of \$27,576. Revenue of \$261,521 was received in cemetery user fees and charges providing an average net cost per interment of \$146 which is a cost recovery rate of 77%.

When compared with Selwyn and Timaru District councils, Ashburton provides the lowest net cost of interment. The gross cost of interment (before fee recoveries) is well below that of Selwyn District Council where the service is delivered by a CCO and above that of Timaru District Council where the service is delivered by an independent contractor. Table 6 provides a comparison of the operating costs of cemeteries by Ashburton, Selwyn and Timaru District Councils.

Table 6 shows that the total operating cost per hectare of cemetery is also the lowest of the three Councils compared.

Table 6 Comparisons of cemetery operating costs

Cemetery Activity	Ashburton District Council	Selwyn District Council	Timaru District Council
Average Ash Interments Per year (2011-2016)	77	45	110
Average Burials Per year (2011-2016)*	112	107	165
Hectares of Maintained Cemetery (2016)	35	50	27
User Fees and Charges	\$ 261,521	\$ 302,213	\$ 325,508
Burials and Maintenance	\$ 310,670	\$ 406,555	\$ 294,156
Direct Costs	\$ 310,670	\$ 406,555	\$ 294,156
Utilities	\$ 877	\$ -	\$ 1,564
Rentals/Rates/insurance	\$ 4,974	\$ 1,678	\$ 5,621
Depreciation	\$ -	\$ 23,073	\$ 7,986
Internal Overheads	\$ 21,725	\$ 138,198	\$ 82,293
Internal Costs	\$ 27,576	\$ 162,949	\$ 97,464
Total Costs	\$ 338,246	\$ 569,504	\$ 391,620
Cost Recovery	77%	53%	83%
Direct gross cost per Interment*	\$ 1,644	\$ 2,675	\$ 1,070
Total gross Cost per Interment*	\$ 1,790	\$ 3,747	\$ 1,424
Total net Cost per Interment*	\$ 146	\$ 1,072	\$ 354
Total cost per hectare	\$ 9,664.17	\$ 11,390.08	\$ 14,504.44

*Excludes Ash Interments

**Note this cost includes general maintenance of cemetery grounds and is not the direct cost of burial.

7.3 What works well?

The current service provided by in-house staff results in a very high level of resident satisfaction. Table 7 shows that over 96% of residents are satisfied with Council-provided cemeteries according to the resident satisfaction survey. We would expect satisfaction to be in the order of 80% for cemetery services.

Table 7 Comparison of satisfaction with cemetery services

Satisfaction	ADC	SDC	TDC
2018/19 Resident Satisfaction	96%	70%	n/a

The Council's Sexton is a very experienced and knowledgeable practitioner and is supported by the Supervisor Trees, Turf and Training who has an overview of cemetery operations and the Office Assistant who is responsible for cemetery administration. At present cemetery administration is also supported by a part-time fixed-term casual position.

The current service is considered cost effective and there is a good working relationship with the local funeral directors who have no issues with the management of the cemeteries.

Interments take place Monday to Saturday which is common place across cemeteries in New Zealand.

7.4 What are the issues for the future?

Key issues for cemeteries in the context of service delivery include:

- changes in population age profiles with a predicted ageing population and consequent increase in the number of deaths each year. The number of deaths is expected to rise from 260 per annum in 2018 to 320 per annum in 2037.
- the level of community preference for burial or cremation.
- community preference for different choices in memorial type, pre-purchase of burial plots and the design, facilities and services provided.
- preservation of the heritage values associated with cemeteries.
- the heightened risk of a pandemic or other natural disaster.

7.5 What could be improved?

Staff cover

The current level of staffing is such that there is little or no experienced cover to replace a staff member when on leave. Staff absences are covered by diverting two mower operators from mowing and gardening duties and while these staff have received training in safe operations they do not necessarily have the experience and knowledge to effectively manage the highly sensitive issues that can occur in cemeteries. Diverting these staff also places additional pressure on cyclic mowing operations which can make it very difficult to sustain the required frequency of cuts and cause a reduction in service standards.

We have reviewed the staffing levels in other in-house council cemetery operations and these are summarised in Table 8. As can be seen, Ashburton is providing a good rate of interment per cemetery staff.

Table 8 Comparisons of staff resources for interments in cemeteries

Cemetery Staff	Ashburton District Council	Gore District Council	Timaru District Council	Invercargill City Council
Average Burial and Ash Interments p.a. over 5 years	189	112	274	365
Cemetery staff	1.5	2	1.5	3
Interments per person p.a.	126	56	182	121

We consider that it is important to appoint an Assistant Sexton who would be trained as both a successor to the Sexton, if he were to leave or retire, and provide improved coverage during periods of leave. Assistance would still be required from the wider open spaces team when one of the cemetery staff was on leave, but it would ensure that the impact was limited and that a skilled and knowledgeable person was always attending to each interment. The lack of an Assistant Sexton is a significant risk to the Council's cemetery operations in our view.

Coverage is also required in the office administration area for when the Office Assistant is on leave. At present this is provided by the Supervisor (Trees, Turf and Training).

Standard Operating Procedures

There is a lack of documented standard operating procedures for all steps in the interment process from first contact with the Funeral Director through to interment and disinterment. Work has commenced in developing a documented procedure to assist in managing recording keeping and interment processes.

GIS Mapping

The current cemetery plot maps are paper based and cannot be searched electronically. Other councils such as Thames Coromandel District Council who are using the same cemetery management module (Technology One) and GIS (ArcGIS) have implemented electronic plot maps via their GIS system. This enables customers to search and locate graves and ash plots and significantly reduces the potential for error between paper-based records and electronic systems.

7.6 What are the Options for delivery?

Two options are considered for the delivery of this service;

Option 1: Status Quo (In-house Delivery)

Under this option the Council would continue to provide cemetery administration, interments and cemetery maintenance with in-house staff. Assuming our recommendation to increase operational staff from 1.5 to 2 persons is accepted, the annual operating cost for cemeteries will increase to \$388,000 p.a.

Option 2: Contracted Out

Under this option the service would be contracted out under a single contract for the delivery of all open space maintenance services.

There is a strong market for the delivery of open space maintenance services and this is discussed in more detail in the following section on delivery of open space maintenance.

We do not consider that a stand-alone cemetery operations contract would be desirable or viable as the contract would be relatively small and result in inefficiencies.

As shown in Table 9, we consider it unlikely that a contractor will be able to deliver burial services at a rate significantly different to that of in-house services.

Cemetery operations represent one of the highest risk functions performed by local government with respect to service failure and as such there is a level of comfort obtained by having in-house staff to deliver this service where their training and skill is known.

Our assessment, shown in Table 9, of the likely cost of a contracted service for interments only, is \$130,550 p.a. based on recently tendered rates for a similar local government contract.

Table 9 Estimate of Interment costs with contracted service

Service	Number (actual 19/20)	Average Market Rate	Total
Casket Burial	85	\$1,400	\$119,000
Ash Burial	66	\$175	\$11,550
Interment Only Cost			\$130,550
Cemetery Maintenance	35 ha	\$8000/ha	\$280,000
Total			\$410,550

In addition to the interment costs shown in this table, there is the cost of maintaining lawns, roads, trees, gardens and the edging of berms giving an estimate for the total annual cost of contracted cemetery services of \$410,000 compared with the current direct cost of \$310,000 p.a.

Analysis of Options

Activity	Cemeteries
Summary of current service delivery model	Governance, funding and delivery by Ashburton District Council. Service is delivered in-house with cemetery ground maintenance undertaken by open space team

Delivery Option	In-house	Contracted Out
Status Quo	Yes	No
Feasibility	Yes	Yes but only as part of a larger open space maintenance contract – requires a 12-month transition period.
Community views and preferences	Very high levels of satisfaction with existing level of service	Risk of lower level of satisfaction with service levels or critical service failure with severe reputational damage
Cost of option	\$311,000 (direct cost)	\$410,000 p.a.

Delivery Option	In-house	Contracted Out
Assessment of benefits and risks	<ul style="list-style-type: none"> • high levels of satisfaction • low - median cost of service delivery compared with CCO and Contracted option • responsive service • specialist skills and local knowledge 	<ul style="list-style-type: none"> • possible lower levels of satisfaction • high risk that service failure especially during start up • potential loss of local knowledge resulting in increased risk
Enhancements to Status quo	<ul style="list-style-type: none"> • increase staff by 1.0 FTE • improve record management • implement GIS plot management 	

Recommendation

The service currently being delivered by the in-house staff is to a high standard and is very well regarded by the residents of the district.

While contracting out cemetery services relieves Council of the some of the issues associated overtime and staff management, the loss of direct control of staff carries with it some risks if a contractor is unable to deliver the service to the required standards within the required timeframes.

Contracting out the service will also require an increase in the level of performance monitoring and auditing by the Council and carries with it a higher risk of service failure in this critical area of Council's work.

We consider that the current in-house arrangement is delivering a high level of service and represents good value. It is recommended that option 1 (status quo) continues.

We consider there is a business case to consider an additional full- time apprentice or Assistant Sexton. The additional cost of this position would be approximately \$50,000 p.a. Having two full-time staff to manage the district cemeteries would provide improved cover during leave or absences and would enable the cemeteries to be more self-sufficient in on-site maintenance reducing the workload on the remaining open spaces team.

We also recommend that a project to digitise cemetery plot maps be programmed with Council's GIS team.

8.0 Detailed Service delivery assessment – Open Spaces

The Council manages some 425 hectares of parks and reserves and at least 116 hectares of additional open space amenity areas within the district. This additional open space includes land owned by Waka Kotahi (NZTA) and KiwiRail that passes through the district and has been improved and maintained by Council for aesthetic reasons. It also includes a number of other Council landholdings including street gardens, car parks, civic properties such as library, art gallery and civic buildings, the EA Events Centre, pensioner housing (in Methven and Rakaia) and a variety of storm water assets.

The services delivered under the Open Space function include:

- amenity horticulture (garden maintenance and nursery production)
- arboriculture (tree management)
- mowing
- loose litter and litter bin servicing
- facility maintenance
- town centre cleaning
- playgrounds, skateparks and outdoor fitness equipment
- sports fields
- pensioner housing ground maintenance
- walkways
- ecological restoration/biodiversity
- open space planning

The parks and open space department also manages the operational side of stock water which has not been included in this review. However, it should be noted that stock water management involves three of the management/administration staff of the open spaces team including the Open Space Manager (0.1 FTE), the Supervisor (0.2 FTE) and the Office Assistant (0.3 FTE).

8.1 Rationale for service delivery

Council is required to provide open spaces services as they are a part of Council's local infrastructure and public services function. These are considered a 'core service' as per Section 10 of the Local Government Act 2002.

The Long Term Plan 2015-25 outlines the rationale for the delivery of open space services as;

To provide the district with a network of open green spaces which will combine a mixture of neighbourhood parks, sports parks and garden parks therefore ensuring that the community at large is able to enjoy sports, leisure and recreation.

To safeguard our environment and support our local business and visitor industry

The overall objective for the provision of open spaces is "To provide the district with a network of open green spaces that contribute towards the beauty and enjoyment of the area for residents and visitors alike".

8.2 How is the currently service delivered?

The parks and open space network is managed and maintained by 28.3 staff (FTE) including one third-tier manager, four forth-tier staff comprising an open space planner (0.8 FTE), office assistant, two supervisors and 23.35 field staff (mower operators/gardeners/caretakers).

The activity has been overseen by the Group Manager, Service Delivery. A new Group Manager Community Services has recently been appointed and open spaces will form part of the Community Services Group.

Council currently delivers the majority of open spaces services in-house. A range of independent contractors provide other services including professional services such as landscape architecture, ecology, archaeology, surveying, traffic management, recreation planning and project management.

A number of other specialist contractors provide services such as security, fencing, animal and plant pest control, arboriculture, trade services (electrical, building, plumbing, mechanical, etc), fertiliser spreading and turf renovation when skills, equipment or resources do not permit these tasks to be undertaken in house.

The service has historically been provided in-house and has not been market tested.

Table 10 Total Staff Numbers 2017 -2020 for the Open Space Function

Full Time Equivalent Staff*	2017	2020	Change
Open Space Manager	1	1	0
Open Space Planner/Supervisors/Administration (Tier 4)	3.8	3.8	0
Open Spaces Operational Staff	18	23.35	29%+
Total FTE	21.88	28.30	29%+

*Excludes cemeteries and cleaning staff but includes management time for these activities and stock water

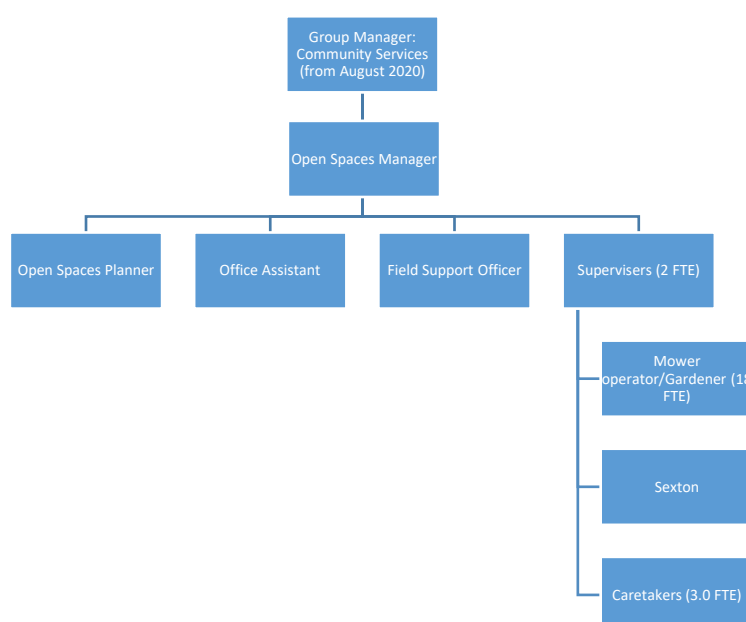


Figure 3 Staff Structure

8.3 What is the cost?

The total cost of open space services in 2018/19 was \$2,728,000 comprised of direct costs of \$1,819,000 and internal overhead costs of \$909,000. There is negligible revenue generated from fees and charges. Revenue from leases and licences is accounted for the property function.

Table 11 shows a comparison of the area of actively maintained open space (open space that is mowed or otherwise actively maintained rather than total open space which included natural areas with minimal maintenance). When compared with Selwyn and Timaru District councils which deliver their open space function by CCO and outsourced contract respectively, Ashburton's total and direct cost per hectare compares favorably.

Table 11 Comparisons of Open Space Maintenance Costs (2018/19)

Open Space	ADC	SDC	TDC
Hectares of actively maintained Open Space	268*	347	429
Direct Salary and Wage Costs (management) ¹	\$404,000		
Direct Salary and Wage Costs (operations) ¹	\$1,194,000		
Operations and Maintenance	\$221,235	\$1,943,536	\$3,386,989
Direct Costs	\$1,819,235	\$1,943,536	\$3,386,986
Utilities	\$61,593	\$68,295	\$37,328
Rentals/Rates/insurance	\$57,475	\$278,261	\$57,459
Depreciation	\$338,770	\$1,121,865	\$670,111
Internal Overheads	\$435,101	\$993,543	\$806,738
Internal Costs	\$908,765	\$2,461,964	\$1,571,546
Total Costs	\$2,728,000	\$4,405,500	\$4,958,532
Total cost per ha	\$10,179	\$12,695	\$11,558
Direct cost per ha	\$6,788	\$5,600	\$7,895

* 268 hectares is the estimated area of actively maintained open space. This area is likely to be underestimated given large areas of NZTA and KiwiRail land maintained.

Table 12 shows the increased cost of employment of staff between 2017 and 2020. There has been a 29% increase in the cost of employment over this period equating to a 7.25% increase per annum. This is due to increased numbers of operational staff as the district grows and additional reserves are created or other land is brought into maintenance.

Table 12 Total Employment Costs for Open Spaces 2017 -2020

Total Annual Employment Cost including kiwisaver, allowances and overtime*	2017	2020	Increase
Management and administration staff	\$392,000	\$404,000	3% increase
Operational staff	\$848,000	\$1,194,000	41% increase
Total annual employment costs	\$1,240,000	\$1,598,000	29% increase

*Excludes cemeteries and cleaning staff but includes management time for these activities and stock water

Table 13 provides a comparison of staff levels with two other councils that deliver open space services in-house. The ADC Open Spaces team manages a greater number of hectares of open space per person than Taupo District or Gore District councils.

Table 13 Comparison of staffing levels (excluding toilet cleaning/stock water)

Staff	Ashburton District Council	Taupo District Council	Gore District Council
Manager (Tier 3)	1	1	1
Planning/Asset Mgmt. (Tier 3/4/5)	0.8	2	0
Operations Supervisors (Tier 4 or 5)	2	7	1
Office Admin Support	0.7 ¹	1	1
Field Staff	23.5	33	16
Total	28	44	18
Open Space	541	610	221
Hectares/staff	19.3	13.9	12.3

¹At present, office admin support is being supplemented by a casual position providing an additional 24 hours per week from May 2020 to October 2020. This has not been included in the above figures.

8.4 Information Gaps

As noted in the improvement section (8.7) below, there is a significant gap in asset information held by the open spaces team which makes analysis of the cost effectiveness of the current service very difficult. In order to understand the current cost effectiveness of service delivery it is necessary to:

1. Know the quantity of assets maintained to a particular service level

The open spaces team only has a very broad understanding of the general areas maintained by the team with no accurate information on area of mowing, gardens, quantity of trees, etc.

(A project was initiated in June to more accurately map the assets maintained by open spaces.)

2. Understand the costs of providing the services

The open spaces team completes a comprehensive timesheet however no analysis is done on the cost of providing services. In some cases staff are using outdated or incorrect codes which makes analysis difficult with low levels of confidence. The general ledger and job-costing structure does not support cost analysis according to service level.

(A project was initiated in August to improve job costing and it is hoped that this will be implemented for the coming LTP)

3. Use industry standard service levels or standards to enable benchmarking between other councils and contracted market rates

Open spaces have been categorised according to a national classification system but there are no agreed and documented service standards at present.

(Service standards have been included in the Open Spaces Activity Management Plan for adoption by Council in the 2021-31 LTP)

It is important to note that the lack of asset and reliable financial information has limited the extent to which a robust analysis of the cost of service delivery and service delivery options could be undertaken for this Section 17A review. Implementation of the projects initiated since June will greatly assist in future Section 17A reviews or business improvement projects if they are completed.

We note that the previous Section 17A review undertaken in 2017 has as its core recommendation “Service levels need to be fully scoped to understand the current levels of services provided and the associated costs of providing them. It is suggested that this is best to be undertaken by independent provider who can audit the activity, with a focus on activity/frequency and associated costs. Ideally this work should be done prior to the development of the 2018-28 Long Term Plan to enable Council to approach the conversation of any changes to levels of services with the community in an informed and evidence-based manner.”

This was not progressed and is unlikely to be progressed unless additional resources are provided to undertake this work.

8.5 What works well now?

Horticultural Standards

The Council can be very proud of the horticultural standards achieved in its parks and open spaces. There are extensive areas of annual beds, spring bulbs, shrub gardens and woodlands throughout the district which are generally maintained to a high standard. The Council has improved large areas of State Highway and KiwiRail land to enhance the appearance of the district for residents and those passing through the district. These areas have been improved with substantial tree plantings and spring bulb displays.

Team Culture

Our observation of the open spaces team is that it is a busy, productive workplace with a positive team culture and work ethic. This is supported by the wider Council organisation which is inclusive and supportive of the work the open spaces team does. The team takes pride in the work it delivers and this is justified given the generally high standards of presentation achieved.

Resident Satisfaction

The current service provided by in-house staff results in a very high level of resident satisfaction. Over 95% of residents were satisfied with parks and open spaces according to the resident satisfaction survey in 2018/19 and the current level of satisfaction is 92%. Table 14 shows that this level of satisfaction is higher than both Timaru and Selwyn District councils where service delivery is outsourced. Table 15 shows that is the highest level of satisfaction of 24 councils reviewed for this report (being members of the Yardstick Benchmarking Programme).

Table 14 Comparison of satisfaction with parks

Satisfaction	ADC	SDC	TDC
2018/19 Resident Satisfaction with parks	95%	81%	92%

There is little evidence that resident satisfaction is significantly different under in-house, CCO or outsourced service delivery. We assessed the reported resident satisfaction with the open spaces of 24 councils. This showed that the median satisfaction score for councils with in-house delivery is 87% which is not significantly different than those with delivery via a contractor (86%) or a CCO/CCTO (85%) as shown in Table 15.

Table 15 Comparison of Resident Satisfaction with various delivery options

Council	in House	CCO/CCTO	Contracted
Ashburton	95%		
Gore	94%		
Napier	89%		
Wellington	87%		
Porirua	83%		
Taupo	78%		
Opotiki	70%		
Waitomo		90%	
Rotorua		88%	
Selwyn		81%	
Matamata Piako		78%	
Timaru			92%
Central Otago			89%
Gisborne			87%
Western Bay of Plenty			84%
Waikato			83%
Dunedin City			80%
Median Satisfaction	87%	85%	86%

Open space planning

The Council has a well written and modern strategy for the management of the district's open space. The strategy includes a significant programme of work and the issues with delivery of this programme are discussed below. Open space planning is supported by the Strategy and Policy team of Council and major projects such as the Ashburton Domain Development Plan and the review or development of reserve management plans including public consultation are supported or led by the Strategy and Policy team. As long as there is good communication between the two teams and work is appropriately prioritised we see no issue with this.

8.6 What are the issues for the future?

The key issues for open spaces in the future include;

- Improving management of the Ashburton tree asset with improved knowledge of the extent of trees and their associated values and risks
- Increasing emphasis on biodiversity improvements requiring expansion of planting and restoration programmes and on-going maintenance
- Maintaining the affordability of open space maintenance for ratepayers by increasing efficiencies in operations through improved equipment, techniques and management rather than necessarily increasing staff
- An increasing number of vested reserves which the parks and recreation team are planting, mowing and maintaining. This includes taking on additional areas of non-Council land such as the State Highway entrances and KiwiRail land. A lack of good quality maintenance mapping means that the extent of assets maintained and any changes cannot be accurately assessed.

8.7 What could be improved?

Tree Management

The Council has a substantial and ageing street tree asset with extensive avenue plantings, woodlands, and street and park trees. The Council also has a large collection of memorial trees which have been planted in various parks, reserves and public areas to commemorate special events. The Council has protected some 76 individual or groups of trees as protected trees under the District Plan. While some of these trees are on private land the open spaces team may assist with pruning and other maintenance works when requested.

The open spaces team currently undertakes some ground-based arboriculture work in-house but engages two experienced local arborists on a project-by-project basis for specialist tree work or where the scale of the project is beyond the skills or resources of the team. The market for arboriculture work is strong with several large companies based in Canterbury as well as the two experienced local contractors mentioned above.

There is a complete absence of information on the number, age and condition of the existing tree asset but clearly Ashburton has an extensive and ageing tree asset. It is remarkable that there is no policy, plan, strategy or specific cost centre/budget in place for trees (other than a specific job number for heritage trees) and that there is no dedicated resource, such as an arborist/tree officer, to manage the tree programme and respond to public complaints and enquiries.

The risk associated with trees should not be underestimated. There have been several unfortunate fatalities and serious injuries associated with trees on public land in recent years including a fatality in Queenstown in 2017 (farm shelter belt tree on road reserve), a fatality in Rotorua in 2018 (urban street tree) and serious injuries to a family in Queenstown in 2019 (tree on Marginal Strip). Below are the

recommendations of Coroner Bain following a fatality caused by a tree managed by the Rotorua Lakes Council (RLC) in 2018⁹

1. *The Court proposes to adopt, a number of recommendations that have been put forward to it by the family of Mrs Butterworth. This is a tragic accident. The RLC are to be commended for their approach they have taken to meet with the family and to consider the various criticisms and adopt practices which are aimed at preventing a similar accident occurring under similar circumstances. This Court therefore recommends that:*
 - a. ***The RLC adopt a policy setting out how it manages the maintenance, management and risk assessment of trees.***
 - b. ***The policy referred to above, should have that as overriding concern, the management of public health and safety risks, rather than prioritising the amenity or historical value of trees.***
 - c. ***The policy should also:***
 - i. ***Respond to and investigate complaints and concerns raised regarding public trees.***
 - ii. ***Identify from its own investigations, and those initiated by public concerns, any trees which are dangerous.***
2. *Where a tree is identified as being immediately dangerous, the danger must be removed by taking any action necessary to do so, including preventing access to areas, carrying out maintenance on the tree, or removing the tree.*
3. *Any maintenance carried out on trees must have regard to the tree's health, expected lifespan, and the practicability of long-term maintenance required to ensure its safety.*
4. ***The RLC maintain a publicly accessible tree register which identifies assessments and maintenance carried out on individual trees, expert recommendations made regarding the trees, and whether those recommendations have been implemented.***
5. ***That a suitably qualified individual with necessary training and expertise to be able to ensure compliance with the policy, engage tree contractors, and critically analyse the advice and recommendations received from tree contractors and arborists, be employed.***
6. ***The policy, and the RLC's adherence to it, shall be annually audited.***
7. *It is noted by the Court that the RLC is currently complying with most of these recommendations, including in particular the recommendation in paragraph 11 above, and is close to full compliance.*

Decisions of the High Court have also noted that councils have “an additional duty to not only undertake inspection and maintenance, but to take reasonable steps to prevent or minimise known hazards on its land from causing damage to its nearby neighbours”

Given the significant investment in trees, their associated risks and the level of public interest it is critical that the Council moves to develop a full register of:

- what trees it is responsible for managing
- the age and condition of each tree
- the risk associated with each tree
- the work required to be undertaken with trees and the priority

Having established the extent and nature of the asset, it needs to develop:

1. A policy to guide the removal of existing trees including appropriate delegations to support officers with decision making

⁹ Butterworth [2019] NZCorC 63 (19 December 2019)

2. A strategy to guide new planting and the sustainable management of the tree asset given the value of trees and the cost of maintenance.
3. A contract for arboriculture services to ensure the programme of tree maintenance can be delivered at best value and in a more programmed and less reactive manner.
4. Processes to schedule and record inspection and maintenance actions associated with trees.

The work is currently managed by the Supervisor (Turf, Trees and Training) with approximately 0.2 FTE resource being applied to tree issues. Additional resources will be required to undertake the work required above.

Open space planning

As discussed above the Open Space Strategy includes a significant programme of work with some 70 individual prioritised actions listed as well as a number of special projects. In our opinion, this work has not been adequately budgeted for or programmed to enable delivery.

In our view, the programme of work set out in the Open Spaces Strategy was overly ambitious for the level of resource available. This has been compounded by an over-reliance in doing things in-house (either through a lack of budget or inclination) which has resulted in projects not progressing in a timely way. It is evident that planning and improvement projects are being overtaken by operational/reactive demands.

The Open Space Strategy sets out that high priority projects are to be implemented by 30 June 2017 and medium term actions are to be implemented by 30 June 2021. We have extracted the high and the 20 medium priority actions and provided a summary of progress with achieving the actions in Appendix 3 of this report. We have not analysed the remaining 48 projects that were listed as either on-going or long-term projects to be completed by 30 June 2026.

Since adoption in 2016, only 3% of actions have been completed and Council will need to consider if the outstanding and remaining actions are still priorities and, if so, what level of resource will be required to deliver them in a timely way.

The current resource of a part-time open space planner (0.8 FTE) is inadequate to deliver the identified priorities in-house and consideration should be given to greater use of consultants to implement the project type actions with the support of the open space planner.

In addition to the projects identified in the open space strategy, the open space planner has identified a number of other policy needs including:

- Landscape Code of Practice for new subdivisions (in-preparation)
- Art and Sculptures Policy/Public Art Guidelines
- Memorial Seats and Plaques Policy
- Tree and Vegetation Policy (discussed further under tree management)

The priority of these projects against those in the open space strategy or other pending needs (such as the review of reserve management plans) is unclear.

Asset Management

There is a significant gap in the Council's knowledge of the quantity, scope and condition of the assets being maintained. There is currently no complete asset register to provide an overview of the assets owned and maintained by the Council. The lack of a comprehensive asset register and detailed mapping of the location, quantum and service standards for individual areas under the Council's maintenance limits the effective management of the district's open space as:

- the age, condition and performance of individual assets is unknown
- renewal programmes cannot be budgeted for with accuracy

- asset valuations and depreciation funding cannot be accurately established
- responsibilities for individual areas are unclear
- the costs associated with service delivery of particular functions/service levels cannot be calculated
- institutional knowledge is at risk of being lost when staff leave as work areas are not documented
- service delivery options cannot be properly assessed as there is no defined specification or schedule of quantities.

Steps are being taken to rectify this gap with asset data collection and mapping having being completed for the Ashburton urban area but additional resources are required to complete this work.

Ideally the Open Space Planner or an assets officer should take overall responsibility for maintaining the Activity Management Plans including maintaining asset registers, service delivery mapping and a register of open space.

Financial Management

At present budget management is not adequately delegated beyond the Open Space Manager such that the supervisors are not and cannot be accountable for the financial management of budgets within their areas of responsibility. The financial system is very complex such that performing basic queries and reports requires both knowledge and regular practice. Currently the open spaces team is wholly reliant on the assigned Financial Accountant to provide reports in either hard-copy or electronic format.

The current general ledger and job ledger structure does not support analysis of costs and while detailed timesheets are completed, there are frequent errors with incorrect job codes which degrades the quality of reporting and analysis, if such analysis was carried out. The hierarchy of general ledger accounts and job numbers has become confused over time and there are a number of job codes that are no longer relevant.

Ideally the general ledger and job ledger should enable the analysis of the cost of delivering specific services to the specified service level. Steps are being taken to make improvements in this.

While, with improvements, the current manual timesheet system could work to improve job costing it is somewhat archaic and electronic timesheets are now common place. Many contractors use enterprise resource planning and customer relationship management software applications such as Microsoft Dynamics Field Service to schedule routine work, manage reactive work, manage customer relations and track job costs. If Council is considering a move to electronic timesheets for field staff it should also consider the other business needs for the open spaces team before proceeding.

Work Programming

There is a basic and variable level of work programming in place across the gardens, turf and trees teams however this seems to have been disrupted during the Covid-19 shutdown and needs to be re-established. Consideration of business support systems such as Microsoft Dynamics Field Service discussed above could be considered to improve work programming and manage reactive work. This would be a significant change over the current manual systems and would need careful consideration of the benefits including impact on job satisfaction as many staff are capable of organising their work independently of a structured programme.

Operations

There is a need to improve the level of analysis of the costs of service delivery (with the aid of improved asset mapping and job costing) discussed above along with looking at business cases for new equipment and methods to undertake routine tasks such as mowing, spraying and other physical

work. The open spaces team currently seems to have little input to capital purchase decisions where such decisions need to be clearly led by the team if they are to improve efficiency.

Capital Works

The capital works programme is modest and is generally managed in-house with some external project support on large projects such as the Ashburton cemetery extension. Staff take satisfaction from delivery of capital projects and on the whole most of the capital projects managed by the team are low risk.

The capital works programme in 2020/21 involves 11 projects in total, four of which have been carried forward uncompleted from 2019/20. The total budget including carry-forwards is \$980,000 with the two supervisors needing to deliver four projects each and the open space planner one project.

Currently there is insufficient forward planning for capital work projects resulting in a high risk of projects not being completed on time and therefore needing to be carried forward, further impacting on the prospects of delivering the following year's programme.

Greater emphasis needs to be placed on having projects designed, detailed and documented prior to 1 July so that they can be implemented within the financial year that they are programmed. This will rely on greater use of external design and project management services to plan, consult and document projects so they are "shovel ready".

Procurement

The purchasing system is taking considerable staff time to manage across support staff, supervisors and managers with many (20-30) low value purchase orders being processed every day. Purchase orders are being created for individual transactions such as a WOF or chainsaw service rather than establishing systems with preferred suppliers to enable reduced transaction/processing costs while retaining probity.

There are also opportunities to establish preferred supplier relationships with professional service providers to reduce procurement costs.

Biodiversity

The Ashburton District Biodiversity Action Plan sets out a number of objectives and actions over a 5-year period that align closely with the Canterbury Biodiversity Strategy. Implementation of the plan is insufficiently resourced and is subsequently falling short (approximately 30% complete) on meeting its objectives and targets, especially those relating to working with private landowners. While responsibilities are shared amongst the Ashburton District Biodiversity Working Group, most lie with the Council.

At present the Open Spaces Manager and Open Spaces planner are members of the Ashburton District Biodiversity Working Group and undertake the majority of the actions assigned to Council.

A National Policy Statement for Indigenous Biodiversity (NPSIB) is currently being prepared and it is likely that Territorial Authorities will be required to identify, map and schedule significant natural areas in their District Plans with regular reviews required. Local authorities will also be required to restore and enhance degraded areas to reverse ongoing loss. Council has previously resolved to prepare a business case for the establishment of a biodiversity officer and this will be included for consideration in the current LTP review.

Responding to the required Biodiversity actions further distracts the open space planner from undertaking some of the core open space functions required.

8.8 What are the Options for delivery?

Three options are considered for the delivery of this service;

Option 1: Status Quo (In-house Delivery)

Under this option the Council would continue to provide all aspects of open space maintenance with in-house staff supported by minimal use of external contractors and consultants. The annual cost with the existing resourcing would be similar to 2018/19 at \$2,728,000.

Option 2: Enhanced Status Quo (improved In-house Delivery supported by specialists)

Under this option the Council would continue to provide all aspects of open space maintenance with in-house staff but with improved resources and supported by greater use of external contractors and consultants.

The following contracted services would be provided externally under a term-contract arrangement:

- sports turf renovation (seasonal/specialist equipment/capital intensive)
- arboriculture (capital intensive/high risk)

The following professional services would be provided externally ideally under a preferred supplier arrangement:

- landscape architecture
- project management
- arboricultural assessment and high pruning
- open space planning support
- asset management support

The following services would continue to be managed in-house:

- turf mowing
- amenity horticulture
- town centre cleaning/custodians
- facility maintenance
- open space planning
- walkways
- ecological restoration/biodiversity

We consider that an additional full-time position (over and above the proposed biodiversity officer) is required within the open spaces team to advance the programme of works identified in Appendix 1. This position would provide an additional resource within the open space management to enable re-allocation of roles and responsibilities to provide improved focus in the following areas:

- tree management
- asset management
- open space planning
- biodiversity (a business case has been prepared for this position)
- operations

We estimate the additional cost of this option to be \$365,000 p.a. as shown in Table 18 below. If this were approved the annual cost of this option would be \$3,093,000.

Table 16 Additional resource requirements

Role	Budget
Parks Officer (arboriculture)	\$80,000
Biodiversity Officer (ecologist)	\$90,000
Biodiversity Opex Budget	\$60,000
Business Improvement	\$135,000
Total	\$365,000
Existing Cost of Service (18/19)	\$2,728,000
Total Cost of Enhanced Option	\$3,093,000

Option 3: Full outsourced delivery

Under this option the service would be contracted out under a single contract for the delivery of all open space maintenance services other than management/open space planning.

Under this option the current supervisor positions would become parks officers/contract managers responsible for monitoring the delivery of the contract, undertaking contract auditing, processing the contract claims, issuing works orders against provisional sums for unscheduled works, managing minor capital projects and resolving customer issues.

Moving from an in-house operation to a full service contract would require considerable change management and establishment cost including the following steps:

- consultation process with staff subject to redundancy on proposal for change
- decision to outsource service delivery or retain in-house option. If outsourced
- preparation of a procurement plan and appointment of probity auditor
- decision on type of contract and preparation of form of contract
- documentation of contract specifications, bill of quantities and service delivery maps
- full procurement process including Registration of Interest (ROI) and Request for Tender (ROT) process
- ROI and ROT evaluation
- contractor appointment, recruitment and establishment
- implementation of customer services systems, works orders and quality auditing
- contractor management

We estimate the above process to require a minimum of 18 months and incur approximately \$150,000 in one-off establishment and procurement costs.

Our ability to estimate the likely cost of an outsourced delivery option is severely limited by the lack of reliable information on the quantity of assets (scope of work) to be maintained. While work has been initiated to fill this gap we have had to use more generalised quantities based on the available data which in turn results in estimates with a low confidence of accuracy.

Table 19 shows our estimate of the cost of fully outsourced service delivery. To arrive at this estimate we have utilised recent contact rates for local government tenders in the South Island. Where specific quantities are known, we have applied the tendered rate to the quantities of assets in the Ashburton district. Where quantities are unknown we have used the cost of the activity/area of actively maintained open space to arrive at a rate and then applied that rate across the estimated 268 hectares of actively maintained open space in the Ashburton district.

Where the above method cannot be applied we have included a provisional sum equivalent to the current spend incurred by Ashburton District Council.

We have not included any allowance for additional staff resources or business improvement costs as identified in Table 18 and as recommended in the improvement section of this report.

Table 17 Cost Estimate for Option 3: Full Outsourced

Activity	Quantity	Rate/unit	Cost
Current Open Space Management and Admin (ADC Staff)			\$404,000
Office Costs			\$20,000
Consultants			\$35,000
Rentals/Rates/Insurance			\$57,000
Utilities			\$62,000
Depreciation			\$339,000
Internal Overheads			\$435,000
Total Internal Costs			\$1,352,000
Contract Costs			
Contract Overheads (H&S, TMP, Reporting CRM etc.)			\$186,000
Routine Works			
Garden maintenance	73,000m ²	\$10.77	\$796,000
Turf maintenance	268 ha	\$3,312	\$889,000
Litter and Refuse	268 ha	\$582	\$156,000
Playgrounds and Soft fall	26	\$3,164	\$82,000
Furniture and Structures	268 ha	\$294	\$78,000
Irrigation	268 ha	\$284	\$76,000
Artificial Surfaces	268 ha	\$466	\$125,000
Spraying, Plant and Pest Management	Provisional Sum	\$99,000	\$35,000
Tree Maintenance	Provisional Sum	\$200,000	\$200,000
Revegetation	Provisional Sum	\$20,000	\$20,000
Unscheduled/Day Works			
Repairs, vandalism, minor improvements etc.	Provisional Sum	\$126,000	\$126,000
Sub-contracts			
Aviary, Security, weather station etc.	Provisional Sum		\$50,000
Materials (on-charged)			
Plant Stock	Provisional Sum	\$25,000	\$25,000

Activity	Quantity	Rate/unit	Cost
Fertiliser	Provisional Sum	\$3,000	\$3,000
Annuals	39,000	\$3	\$117,000
Total External Costs			\$2,964,000
Total Cost Estimate			\$4,316,000

Analysis of Options

Activity	Open Space
Summary of current service delivery model	Governance, funding and delivery by Ashburton District Council. Service is delivered in-house with open space maintenance undertaken by open spaces team

Delivery Option	1. In-house	2. In-house Enhanced	3. Outsourced
Status Quo	Yes	Yes but with added internal and external resource	No
Feasibility	Yes	Yes – requires additional budget provision and recruitment time	Yes - requires minimum 18 months and approximately \$150,000 in one-off establishment and procurement costs.
Community views and preferences	Very high levels of satisfaction with existing level of service	Very high levels of satisfaction with existing level of service maintained	Likely to achieve similar levels of satisfaction over time.
Cost of option	\$ 2,728,000 p.a	\$3,093,000 p.a	\$4,316,000 p.a.
Assessment of benefits and risks	<ul style="list-style-type: none"> very high levels of resident satisfaction low - median cost of service delivery compared with CCO and Contracted option responsive service specialist skills and local knowledge 	<ul style="list-style-type: none"> very high levels of resident satisfaction maintained and enhanced with more responsive staff cost effective option and enables flexibility between external and internal 	<ul style="list-style-type: none"> similar levels of satisfaction may be possible but likely to be some decline value is market tested service levels accurately valued some risk of non-critical service failure especially during start up

Delivery Option	1. In-house	2. In-house Enhanced	3. Outsourced
	<ul style="list-style-type: none"> inability to progress improvement programme due to insufficient resources 	<ul style="list-style-type: none"> resources as needs change improves ability to make strategic and tactical decisions in future over service delivery options additional cost to ratepayer 	<ul style="list-style-type: none"> potential loss of local knowledge resulting in increased risk Note, excludes additional \$365,000 p.a. to progress improvement programme. additional cost to ratepayer
Enhancements to Status quo	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> improved asset management and planning improved tree management and risk management improved capacity in planning and operational areas with reorganisation 	<ul style="list-style-type: none"> improves asset management as required to specify scope of works

Nursery Operation

The Open Space team currently produces the majority of its annual bedding plants in house. These are produced in the plant nursery in the Ashburton Domain. Some 39,000 winter annuals are produced each year. The nursery also grows a number of plants for revegetation programmes and provides support to a number of local biodiversity groups who collect seed or cuttings of rare or endangered species.

The Council has over 1,464m² of annual bedding displays which is a large quantity compared with most councils. It is difficult to identify all the costs associated with the operation of the plant nursery as there is no dedicated cost centre for accounting analysis and it is doubtful that all the costs associated with plant production are isolated to the nursery.

Councils use various models for plant supply including growing in house, purchasing from a commercial grower or using a mixture of the above. Given the lack of financial information we have not attempted to undertake analysis of the efficacy of the in-house operation vs commercial supply. We suggest that improvements are made to the financial accounting system to create a separate cost centre for the nursery and that, once the full costs have been established, the Council then reviews the operation of the nursery. Such a review would consider:

- the cost of production
- the opportunity cost with respect to staff time
- cost savings that could be made via commercial supply arrangements (if any)
- the community and other non-financial benefits of in-house production

- the impact that the proposed reduction in the Domain depot would have on nursery production
- the potential risks and benefits of the Council increasing production to supply plants to neighbouring councils as a shared service.

Recommendation

The service currently being delivered by the in-house staff is to a high standard and is exceptionally well regarded by the residents of the district.

While contracting out the service delivery of open spaces would relieve Council of some of the issues associated over time and staff management, the loss of direct control of staff carries with it some risks if a contractor is unable to deliver the service to the required standards within the required timeframes. There is also a need to provide reasonable provisional sums for unbudgeted work as a result of improvement projects or vandalism. These costs are generally absorbed in an in-house operation whereas they are on-charged in an outsourced operation.

Contracting out the service will also require an increase in the level of performance monitoring and auditing by the Council and carries with it a higher risk of service failure. While service failure is not as critical as in the cemetery or public conveniences area it would likely lead to increased dissatisfaction from residents.

We consider that the current in-house arrangement is delivering a high level of service and represents good value, however we do not consider that it is sustainable in its current form.

The team is currently at capacity at an operational level and has been unable to progress planning and business improvement projects in any tangible way over the last six years as it deals with the day-to-day transactional issues of open space management.

The Council is particularly exposed in the area of tree management and this needs to be given urgent attention (ideally in the current 20/21 financial year).

We recommend that the programme of business improvements outlined in Appendix 1 be formalised and that funding is provided for this programme of works in the 2021-31 LTP.

We recommend that a further review of the nursery production takes place once improved financial information is available.

9.0 Service Delivery – Domains and other properties

9.1 Reserve Boards

The 11 Reserve Boards are delegated responsibility for overseeing the management and day-to-day running of certain reserves. Each Reserve Board submits a plan of work and budget to the Council for consideration. The budget is approved via the normal priority based annual plan and LTP. The total operational spend across all boards in the 2018/19 year was \$584,540.

Each board has a Constitution which requires the Board to *“make whatever arrangements necessary for the day to day running of the reserve, all buildings and other assets thereon”* including the *“allocation of grounds for the use of sports bodies, the use and maintenance of these grounds and the use of the reserve generally and any other matters considered necessary”*.

The Boards are not able to employ staff and must follow Council's procurement processes for the engagement of contractors.

In practice the open spaces team provides a range of services and support to the Reserve Boards from the open space budget. The basis for this support is informal and on the basis of goodwill.

Unfortunately, this has resulted in a number of anomalies with the level of time and financial support that the open spaces team offers to each board.

Assets within domains managed by Domain Boards are not captured in Activity Management Plans prepared by open space. Renewal of these assets is therefore not being adequately planned for.

It is recommended that a Memorandum of Understanding (MOU) between Council and each Reserve Board is established to clarify responsibilities, achieve consistency between boards and ensure Council is confident that its Health and Safety obligations are being met. We have provided an example of a MOU as Appendix 3.

9.2 Lake Hood

The Lake Extension Trust Limited (LETL) manages some of the Council-owned open space amenities at Lake Hood. The LETL receives an operating grant (\$275,000 in 2018/19) to assist with the maintenance of these areas. LETL is owned by Ashburton Contracting Limited, a CCTO wholly owned by the Ashburton District Council.

The agreement for management of the Council property at Lake Hood was commenced in 2010 and had an initial management fee of \$100,000 p.a. which was to be adjusted by the consumer price index for each year. LETL is effectively contracted to arrange and supervise all routine cleaning, maintenance, repairs and upkeep of the Council property at Lake Hood including the maintenance, inspection and servicing of public facilities. The maintenance obligations of LETL exclude the maintenance of public roads, footpaths, lighting and drainage vested in the Council.

The public open space maintenance responsibilities at Lake Hood are understood to include turf mowing, tree maintenance and gardens maintenance, furniture and facility maintenance. The area/quantities of these assets is not known.

It is recommended that the public assets at Lake Hood be mapped and assessed to determine the approximate market cost to provide these services and that the service delivery for these assets be reviewed by either:

1. bringing the maintenance responsibility into the scope of the open spaces team with a commensurate increase in resources; or
2. Procuring the on-going maintenance of these assets on the open market including enabling LETL to respond to a request for quotation.

9.3 Commercial properties

The open spaces team has been maintaining a small number of commercial properties including the gardens around The Warehouse in Ashburton. Investigation showed that the cost of providing this service exceeded the revenue being received and this ceased in July 2020. The in-house team is not resourced or structured to provide external commercial services and in our view should not provide maintenance services to the public/commercial which would be in direct competition to local garden/lawn maintenance contractors.

Detailed maintenance mapping may reveal other non-Council property that is being maintained and these should be resolved on a case-by-case basis.

9.4 KiwiRail property

The open spaces team maintains extensive areas of KiwiRail land adjacent to the rail corridor from the Rakaia to the Rangitata River. The Council does not have any formal agreement in place to undertake this maintenance and is effectively working on KiwiRail property without authority which carries with it some liabilities concerning health and safety.

If the Council were to withdraw from this maintenance, then it is highly likely that the land would become unkempt and weed infested and result in a degradation of the overall appearance of the district. KiwiRail will not fund this maintenance but it is nonetheless important that the Council formalises its maintenance of this land via a Beautification lease. Work has recently commenced to scope the areas to be included in a proposed lease.

9.5 State Highways – Waka Kotahi

The open spaces team also maintains some significant areas of State Highway managed by Waka Kotahi (NZTA). These are similar in nature to the KiwiRail land in that their maintenance and planting considerably enhances the entrances to the towns located along the State Highways including Ashburton. Some of this work can be fully funded or part funded by Waka Kotahi so it is important to fully quantify the area and costs of this maintenance to receive the appropriate recovery.

Conclusion

The delivery of Open Spaces is currently delivered by an in-house team, who deliver the range of cemetery services, parks and recreation, public conveniences for Ashburton District Council. This service is highly regarded by the Ashburton community as evidenced by the very high levels of resident satisfaction.

This review of the service delivery options available to the Council, under the legislative requirements of Section 17A of the Local Government Act 2002, concludes that the preferred option for service delivery is to deliver the services in-house as the most cost effective and lowest risk option available to Council based on the information provided to the reviewer.

That is not to say that the status-quo should continue. We note that the core recommendation of the previous Section 17A around costing service levels was not implemented and this has had significant impact on the ability to provide quality data for this review.

This review has, in addition to the previous review, identified a number of high risk areas where the Council needs to apply additional resources and improve processes and efficiencies. We especially highlight the need to take steps to improve the knowledge of the risks associated with the existing tree asset and to put in place additional resources to manage these assets given their value to the district and the risk they may pose to life and property.

There are also risks associated with financial management given the historically low level of accountability given to supervising staff and difficulty of accessing quality financial information.

By putting in place a programme of business improvements, we believe the Council will improve the efficiency and effectiveness of the existing open spaces team and will mitigate many of the risks associated with the management of open space assets. The Council will also be better placed to undertake further reviews of service and improve decision making in the future to ensure best value for households and businesses within the district.

Recommendation

On reviewing the service across the three activities of public conveniences, cemeteries and open space, it is apparent that the current delivery arrangement has evolved over time to meet the changing needs and demands of the community.

We recommend that the current option of delivering the services remains in-house but with increased resourcing and focus on implementing a programme of business improvement aimed at reducing risk and improving efficiency and effectiveness.

If the recommended programme of work is implemented, there will be significantly better information available at the next review to make informed decisions on option for service delivery.

Appendix 1: Recommended Business Improvement Programme

The following summaries the recommended priority actions along with their timing and suggested resource. Where internal resources are suggested these may need to be supplemented with external resources depending on staff resources and other priorities.

Action	Resource	Timing	Estimated Cost
1. Complete maintenance mapping, asset data collection and condition rating (60 hours work completed July/August 2020)	External	2020/21	\$15-20,000
2. Complete GPS inventory and rapid condition and risk assessment of all street trees in district	External	2020/21	\$20-35,000
3. Develop Tree Policy, staff delegations and inspection processes	Internal	2021/22	-
4. Review Open Space Strategy actions and other identified planning priorities and rationalise actions along with work programme	Internal	2020/21	-
5. Develop Standard Operating Procedures for cemetery processes	Internal	2020/21	-
6. Adopt service standards and assign to mapped areas – align financial accounting to service standards	Internal	2020/21	-
7. Convert paper based cemetery maps to Arcview GIS maps with linkage to Techone	Internal	2021/22	-
8. Procure arboriculture services contract	Internal or External	2021/22	\$15,000
9. Develop Tree Strategy	External	2022/23	\$15,000
10. Review sports field charges policy and provide means to implement	Internal	2022/23	-
11. Review fleet and capital plant plan to improve efficiency	Internal	ongoing	-
12. Improve capital planning and budget for project management within capital budgets	Internal	ongoing	-
13. Establish preferred supplier panels and/or service agreements for trade and professional services	External	ongoing	\$25,000

Appendix 2: Implementation of the Open Space Strategy (2016-26)

Open Space Strategy Implementation - High Priority

Objective	Action	Achieved
1.1 Ensure Council has an accurate and thorough record of the district's open space.	Review current information regarding the location, nature, and use of current open space provided by Council and other agencies	Partially Achieved - Areas of Council open space are mapped and categorised but not other agencies
1.2 Shortfalls and surpluses in open space across the district are identified and remedied, where practicable.	Map residential areas greater than 400m away from open space areas	Not achieved
3.1 Council builds partnerships and collaborates with other land management agencies to maximise the use of open space.	Consult with the Ministry of Education and school representatives to discuss potential cycleway and walkway linkages	Not achieved

Open Space Strategy Implementation - Medium Priority

Objective	Action	Achieved
1.2 Shortfalls and surpluses in open space across the district are identified and remedied, where practicable.	Mapping is undertaken which identifies any other shortfalls in the provision of open space.	Achieved
	Assess opportunities to remedy any open space shortfalls, taking into consideration spaces provided by other agencies, such as school sport fields	Achieved – ongoing through assessment of subdivisions
	Develop a 20-year programme that identifies future land requirements, including priority areas.	Not achieved
1.4 Development contributions and other funding or acquisition mechanisms used to provide and manage open space (parks, waterways and street amenity) are set at the	Review the adequacy of current funding mechanisms, in particular, whether they adequately support the demands on open space	Not achieved

Objective	Action	Achieved
appropriate level to meet the communities open space needs and expectations		
2.3 The most efficient approach to the provision of open space areas is utilised.	A review of all playground and sports surfaces across the district is undertaken to determine both the standard of the surfaces, its adequacy, and potential efficiencies in their maintenance and provision.	Not achieved
	Identify opportunities for multiple use of open space and other Council land when addressing shortfalls in open space.	Not achieved
	Build relationships with other land management agencies to work collaboratively when addressing shortfalls in open space.	Not achieved
2.4 Critically assess the value of potential land vestments to meet the Council's Open Spaces Strategy vision.	Establish an assessment criteria framework incorporating all of the Strategy's goals when discussing land vestments to Council from other land owners.	Not achieved
3.1 Council builds partnerships and collaborates with other land management agencies to maximise the use of open space.	Develop a plan with the Ministry of Education and school representatives that identifies opportunities to complement each other's open space activities and avoid unnecessary duplication.	Not achieved
3.2 The use of the open space network for events is encouraged where appropriate	Promote and encourage the use and availability of open spaces in areas across the district for specific events, eg the Council's website is amended to create a 'one stop shop' for promoting the use of open spaces for events and for booking facilities. This includes providing information on the Council's website and the distribution of information to	Not achieved

Objective	Action	Achieved
	organisations such as Experience Mid Canterbury.	
3.4 The management and provision of open space and facilities, meet community needs.	Survey community needs and perceptions of the open space network. This includes consideration of accessibility, quality, quantity, protection and function and where improvements can be made.	Not achieved
4.3 Land used for purposes other than open space make an important contribution to meeting recreation and open space needs, eg rest areas beside rivers.	Develop a plan that provides for the enhancement of connections with waterways and conservation land. This plan should align with the strategy-proposed cycleway objectives and the objectives regarding improving the relationship between urban areas and waterways	Not achieved
	Undertake consultation with other organisations, such as the Department of Conservation and Environment Canterbury, to determine if linkages could be established to enhance amenity and recreational opportunities.	Not achieved
4.4 Open spaces with scenic, heritage, natural and cultural values are made as accessible as possible without comprising their biodiversity values - especially those areas along district waterways, the coast and lakes.	Opportunities to assist in the enhancement of the Lake Hood area shall be encouraged	Partially achieved – new roadside cycle track from Tinwald to Lake Hood constructed 2018.
4.5 Heritage values, including places of cultural significance to Ngāi Tahu, notable trees, and heritage buildings, places and objects, are protected and retained through the provision and management of public open space.	Identify existing and potential heritage features in open space areas.	Not achieved
	Consult with local iwi to identify areas of open space where there is a direct affiliation of cultural linkage;	Not achieved

Objective	Action	Achieved
	Involve and partner with iwi regarding the management of areas of open space;	Not achieved
	Investigate the potential suitability of the Chinese Settlement on Allens Road as an area of open space (refer to Appendix 5 - Special Projects).	Partially achieved – project well underway with discussions now focussed on potential walking tracks and landscaping.
	Identify existing and potential heritage features in open space areas.	Not achieved
4.8 Open spaces are protected and preserved for the use and enjoyment of current and future generations	Where resource consent is required for the development of services, infrastructure, and network utilities on open space areas, full consideration of the impact on open space values will be considered.	Partially achieved – ongoing, eg new bore heads in the Domain and Argyle Park required to be more aesthetically pleasing