

2013

# Consent Support

Contracting Out Resource Consent  
Processing



## **Contracting Out Resource Consent Processing**

---

This guidance note provides councils with tools to decide what to achieve through outsourcing, to make informed decisions, and to set up and manage external processing to minimise cost and risk.

Problem issues are identified, and information on approaches commonly taken by councils are provided to assist in resolving these issues.

Primarily, the note deals with how to organise 'overflow' assistance. It also applies to situations where specialist technical input into resource consents is required and where options for outsourcing the entire resource consent processing function are being considered. Click on the relevant graphic below to learn more.

## **Guidance note**

---

**Determining what the council wants to achieve by outsourcing**

**Outsourcing the whole consent processing function**

**Time frame and cost issues**

**Options for outsourced assistance**

**Preparing a contract**

**Protocols and guidance**

**Selecting a contractor**

**Managing the relationship**

**Building partnerships**

**Performance reviews**

**Contract reviews**

**Checklist**



## Determine what the council wants to achieve by outsourcing

---

Before starting, clearly identify:

- Why the council is considering outsourcing?
- What services does the council need to outsource, and to what extent?

Knowing the 'why' and 'what' will provide a clear basis for selecting a contractor.

Take a long-term strategic view of what is wanted from outsourcing by completing a strategic assessment. Consider these issues in a strategic assessment:

- Does the council still want to be outsourcing in 12 months time?
- What are the future workload predictions? Consider historic trends, economic outlooks, and projected growth. Is it necessary to outsource the entire consent service or would partial outsourcing be sufficient to manage peaks in resource consents? Consent volumes are also related to the plan provisions. Consider whether the plan provisions are likely to change in the near future (through either plan changes or the review process).
- What outsourcing options are there? Will outsourcing to one or more local suppliers create unworkable conflicts of interest, or remove necessary consultant options for the community?
- Does the council need particular technical skills or an increase in general resources? Would it be better to increase in-house resources, rather than outsourcing? Will 'in-house' skills be lost or can 'in-house' skills be enhanced?
- Will the use of an external contractor create tension within the planning department, or with other departments of the council? What type of work do the existing staff want to retain? Staff may wish to retain the more challenging and complex applications to enhance their professional development and maintain job satisfaction.
- What are the views and expectations of the council's managers and politicians?
- Does the council need to consult internally and/or externally? Does the community want the council to retain services in-house?
- What management structure and systems will be implemented to ensure a smooth transition of processing consents between council and contractors?

While a range of approaches to outsourcing exist, a common approach taken is to contract out lower-level applications. These are typically non-notified, controlled and discretionary activity applications, with few complex issues. If the council has been outsourcing for some time without a proper decision-making process, take time to reflect on the experience.



## Outsourcing the Whole Consent Processing Function

---

Some council's have contracted out the full resource consent processing function, usually in conjunction with a wider range of regulatory functions, such as building control, dog control, planning enforcement and noise control. This has been achieved through either a transfer of functions to another local authority or by delegation to a contractor.

A robust decision-making approach is required if you are considering outsourcing the entire processing function. Consider:

- undertaking a full strategic assessment and risk appraisal, including clarifying the significant management requirements
- reading the [Auditor General report](#) and [NZS9213:2003](#) (see below) and following the 'good practice' advice
- consulting with councils that have tried this option, and the contractors in those locations to establish what worked and what did not
- obtaining legal advice to ensure correct RMA and LGA processes are followed, particularly for consultative procedures and delegations
- clarifying legal liabilities and insurance requirements.



## Timeframe and Cost Issues

---

Many outsourcing decisions are made with a view to achieving better service through shortened time frames and reduced costs. However, these improvements can only be achieved if the council actively manages a number of issues including:

- Time frame commitments are essential when outsourcing contracts to ensure compliance with the council's needs. The addition of extra resources can also help a council meet or improve time frames on the full range of 'current' applications. This usually occurs through outsourcing a number of less complex applications, allowing staff to concentrate on the more difficult applications.
- The use of contractors for short-term assistance can result in additional costs because of the time spent by both council and contractor to come up to speed on council processes.
- Many aspects of the consent processing administration will still need to be carried out by council staff. Tasks that will almost always be retained by a council will include dealing with initial applicant enquiries, receipt of applications, initial checking and entry into the council's systems, peer review, decision making, receipting deposits and/or invoicing applicants, maintaining the council's file system, and ss35 and 35A monitoring and record-keeping requirements.
- Ensuring internal and external costs for the same services are comparable. As planning departments provide a range of services, council time recording systems can fail to capture every activity associated with a particular consent. In addition, the treatment of disbursements such as travel costs, photographs and postage can differ, as can calculations of what is 'overhead' including what is an appropriate cost share of building costs and administrative management. If in doubt, consider getting cost comparisons undertaken by independent financial experts.

It is important to have realistic expectations as to the relationship between quality, time frames and cost. Is it realistic to expect an outsourced service to be faster, cheaper, and of higher quality?



## Options for Outsourced Assistance

---

Consider the following options:

- Consultants - this is probably the most common source of overload and technical assistance.
- One council providing services to another council - the transfer of limited functions between councils, particularly regional and district councils, is not unusual.
- Part-time/lifestyle/retired planners - these planners may accept short-term contract work. However, these contractors may have limited availability and capacity.
- Two or more councils sharing an extra staff member.



## Preparing a Contract

---

This section is for guidance only and should not be relied upon in the absence of legal advice. The input of a contract lawyer is recommended when a contract is being drafted.

The contract is the written component of the agreement between the council and the contractor. The form of the contract can vary widely just as the scope of services can vary depending on the specific needs of each council.

The information below is intended to be an overview of the matters which can be considered for inclusion in a contract. Much of the information is oriented toward more significant consent processing contracts, so users will be able to 'pick and choose' those aspects most applicable to their circumstances.

### Scope of services: The description of what the contractor is to do

The scope of services is the core of any outsourcing contract and needs to be detailed and unambiguous. It should cover:

- The type of applications to be outsourced. This may be primarily simple non-notified applications, applications with complexity and potentially notified, or possibly a combination of both. Alternatively, your outsourcing requirement may be primarily for specialist technical input.
- The specific parts of the process that the contractor is expected to undertake.\* Some councils choose to leave this area more generalised, and you may feel that this level of detail is pedantic. However, in some cases the generalist approach has led to confusion about responsibilities and subsequent inefficiencies in the process.
- How the applications will be issued to the contractor including issues such as regularity, whether the contractor will be notified or expected to check for new applications with the council, and the time frames expected for applications to be uplifted. For example, councils could bundle several similar applications with the same contact person and forward these to a contractor by courier.
- Where relevant, who the Council's legal or other technical advisors are, and the protocols for requesting their services.
- How to obtain input from other council staff, how many working days other staff need for effective input and how to deal with technical comments from council staff, including if non-RMA issues arise.
- The requirements for attending training and up-skilling sessions. A common approach is to require the attendance of the contractor at any meetings and briefings that will impact on their ability to process resource consent applications, including changes to relevant council policy and procedures. State how the contractor will be advised of these meetings.
- Possible circumstances where professional planning opinions differ. It is important to outline processes for managing these differences.
- The requirements and opportunities for feedback into the policy/plan loop if the contract envisages this level of consultant involvement.



## THE RMA QUALITY PLANNING RESOURCE

\* For example, the general requirements for overflow consent processing could include the following:

- checking adequacy of the application in relation to s88, the Fourth Schedule of the RMA and the district plan provisions
- liaising with other relevant council departments
- liaising with administrative staff to arrange notification, hearings, data entry and financial reporting
- providing fee estimates to the council for incorporation as part of any requested estimate of costs by the applicant pursuant to s36(3A)
- dealing with applicant inquiries and liaison with the council's external experts
- carrying out a site inspection, taking photographs, and completing where relevant the council's site inspection checklist
- preparing a s92 request where required
- identifying persons who may be adversely affected and making a recommendation on notification pursuant to ss95A-95F
- dealing with any public inquiries associated with the application
- preparing the s42A report
- appearing at any required hearings
- providing a draft decision with appropriate conditions
- providing advice regarding fee disputes under s357A-D and discounting fees for late applications under the Discount Regulations
- financial reporting.

### General terms

The general terms of the contract support the scope of services and cover many of the procedural issues. The council may have a standard set of professional services contract terms that can be easily modified to suit.

Matters to cover in this part of the contract, and some possible approaches, include:

#### Duration and termination

- Consider a fixed-term contract with an option for renewal or extension, as this provides more impetus for reviews.
- Include a clause for termination following a notice period, but without requiring a reason. This is commonly used to facilitate changes to the contract due to a number of minor issues of non-performance.
- Include an immediate termination clause for substantive issues of non-performance or conflict. Examples include breaches of contract terms, inability to meet time frames, bankruptcy, drug dependency, failure to report without reasonable excuse, sale or significant changes to the contractor organisation, or unavailability of listed contractor personnel.
- An alternative to the above, which many councils use, is a standing arrangement whereby applications are forwarded to consultants as and when necessary, and so long as contractor performance is satisfactory. There is no fixed duration to the contract. If performance is not satisfactory for any reason, the consultant may find that they receive fewer or no applications to process. In such a case, it is good practice for a council to advise the consultant what aspect of their





## THE RMA QUALITY PLANNING RESOURCE

performance was unsatisfactory, rather than leave them wondering why the flow of applications has dried up.

- Define the requirement for the return of all hard and electronic copies of council records on termination of the contract.
- State that the contractor's liability for acts or omissions remains for a specified period after the end of the contract.

### **Reporting and communication**

Communication is a key issue. Agreed procedures will avoid misunderstandings and make the process of dealing with a contractor seamless for applicants.

To assist in clear communications, council staff should:

- state the conditions for use of council's or the contractor's letterhead and other branded communications, and what types of communications need to come from whom
- state the requirements for the contractor entering information into the council's reporting, time recording, and time frame systems
- state expectations of contractor's interface with applicant (e.g. file note conversations/contact prior to site visits/requests for additional information)
- state the IT systems being used by the council to ensure compatibility.

### **Public and media contact**

Public consultation and media liaison is crucial to some applications, particularly when they are large and complex. Members of the public may require aspects of the application to be explained to them, and require advice on the submission, hearing and appeal process. There may also be significant media interest so clearly defined protocols for dealing with public inquiries should be provided.

- Define whether the contractor should be available to answer questions from applicants, the media, or the public at large. Generally all media enquiries made to a contractor should be forwarded to council.
- Provide a copy of the council's media policy to the contractor and ensure it is understood.
- Require the contractor to make the application file available for public inspection.

### **Ownership of resources**

Specify the council's resources to be provided and, where relevant, include a requirement that these are returned either at the end of specific consent processing or at the end of the contract period.

These items could include:

- the use of council systems and resources including whether office accommodation, telephone, electricity, secretarial and other services and equipment are to be provided on a regular or ad hoc basis
- original or duplicate copies of relevant property and application files



## THE RMA QUALITY PLANNING RESOURCE

- the necessary templates and electronic formats for reports, and any protocols for deviating from them
- access to council staff and legal or specialist advice.

### **Confidentiality and security**

Councils have obligations to record all information and keep it secure. Having an external contractor complicates this process. In addition, contractors can become privy to internal policy decision making, including internal guidelines on notification, and sensitive commercial information associated with applications.

Consider the following options to ensure confidentiality requirements are met:

- require the contractor to work from council's offices
- specify in the contract that the contractor must keep accurate and separate records, and that they are secure at all times
- include an explicit confidentiality clause in the contract
- specify in the contract that a breach of confidentiality will result in the immediate termination of the contract.

### **Conflicts of interest**

Ensure contractors are obligated to self-police these areas, and that conflicts of interest are promptly identified and discussed with the contract manager. Conflicts of interest can arise either with particular applicants or with particular issues. The fundamental position must be that potential conflicts of interest are disclosed. Where ongoing contractual arrangements are in place, it is advisable for the contractor to be upfront about areas where conflicts may arise. Divulging this type of information may avoid unnecessary delays when allocating resource consent applications.

Require that the contractor complies with the NZPI code of ethics or other relevant professional institutes' code of ethics.

### **Availability and accountability**

Consider specifically naming personnel in the contract.

You may prefer to deal with specific individuals rather than any member of a consultancy team. If this is the case, ensure that each individual's role is recorded in the contract and make provision for procedures to be followed should that person not be available at any particular time. Also ensure that the assignment or subcontracting of any of the contractor's obligations to a third party is prohibited.

Individuals can be identified by various methods, including:

- attaching a schedule listing individuals and hourly rates
- simply requesting that a particular person process a consent when allocating it to the consultant company, and seeking confirmation or otherwise of their availability



## THE RMA QUALITY PLANNING RESOURCE

- including individuals in the contract body with hourly rates but further specifying that 'easy' work is to be completed at a minimum hourly rate, or by specific staff within the consultancy - if this approach is taken there should also be a clear process for contractors to get new staff registered on the contract
- specifying a manager for the contract who is responsible for workload coordination, meetings attendance, outstanding accounts, operational issues and general monitoring of progress and communication.

If the use of specific personnel is crucial to the council, a clause requiring the notification of the absence of any nominated personnel should be included, as well as a requirement for requesting changes to the nominated personnel to be in writing. It is also helpful for councils to specify their liaison personnel.

### **Service standards**

Clearly define service standards.

To ensure the success of contracting out services the council must make the expected performance standards clear. Any benefits from outsourcing can be lost through the mismanagement of the contractor's performance. Clear guidelines in the contract will make this process easier and more transparent.

Typically, contracts focus on the following two issues when defining performance standards:

- the time frames for completing stages of the process, usually outlined in a schedule to the contract
- the quality of reports and correspondence. (Note: Some councils have attempted to quantify an acceptable standard, for example, no spelling or grammatical errors for correspondence and not more than 85 per cent content change for reports. Another way is to specify aspects of the process that must be correct, for example, the identification of all aspects of non-compliance and addressing all matters of relevance under the RMA. A third method is a broad statement that the report content and quality must be such that it would sustain the scrutiny of the Environment Court.)

Any deviation from the expected performance standards should also have clear consequences. The council will need to decide what constitutes a breach of the contract terms and immediate termination of the contract, and what can be dealt with in a proactive management process to ensure improvement. It is standard for councils to specify that all defects and mistakes are to be remedied by the contractor at their cost.

The flip-side of this is that the council must also ensure it provides deliverables on time and with the accuracy required from the contractor. Services such as provision of the necessary documentation, timeliness of responses to requests for information, advice on changes in policy and feedback on performance, if performed well, will ensure the smooth operation of the relationship.

## Peer review and audits

Be specific about the peer review and audit process.

Generally, under most contracts there are two parts to the peer review process. A first review takes place within the contractor's organisation to ensure quality standards are maintained. A second review is conducted in-house by the council, which may or may not include making the decision on non-notified applications.

For both processes the contract should specify:

- the individuals responsible
- the stage(s) of the process when the review(s) need to occur
- the time allowed for the review
- the method of signing off the document in question.

When choosing council peer reviewers select staff who are senior, objective, and have experience in peer reviewing work.

It is more efficient to select peer reviewers who will pay attention to substance rather than style. If deficiencies become an issue, an audit of a contractor's work may also be warranted.

## Delegations

Define the extent of delegations with specialist legal input. This includes both officer type delegations under the RMA, as well as any delegated authority to sign letters on behalf of the council. This area has been legally ambiguous and has been the subject of legislative review which should now provide clearer guidance. Check the legal sections below and obtain advice on the legality of any delegations.

## Liability

This can be a difficult area for both councils and contractors to negotiate as it usually attempts to shift risk from councils to contractors.

Separately consider the issues of liability and insurance. Many councils state in contracts that a contractor must have a certain amount of insurance, without actually stating what the contractor is liable for. Professional indemnity insurance is insurance that protects professionals against liability claims resulting from negligent work. Insurance covers a risk, for which the contractor is liable. Without specifically addressing liability in the contract, this issue remains arguable. Simply saying that a contractor must have a certain level of professional indemnity insurance may imply liability to a certain level, but does not explicitly say so. Further, consider how realistic it is to transfer risk to the contractor - it is likely that council's managers and insurers will retain control of any liability situation. If the contractor's work is closely peer reviewed, and council officers make the actual decisions, then there may need to be some sharing of liability.

Common approaches include:

- requiring the contractor to rectify minor defects at no cost to the council or applicant
- close peer reviewing and decision making by the council, with the contractor having only limited liability
- the contractor having an unlimited liability and it being up to the contractor how much insurance they have
- the contractor having limited liability, with a specific level of insurance being required (usually \$1M).

Include a requirement for the contractor to have general public liability insurance. Public liability insurance is a general term applied to forms of third party liability insurance with respect to both bodily injury and property damage liability. It protects the insured against claims brought by members of the public.

Require both types of insurance to be held for a specified period after the end of the contract.

Provide copies of the council's written health and safety policy, brief the contractor on specific OSH requirements, and request evidence of the contractor's health and safety policy and record.

### **Fee expectations**

There are two critical elements in avoiding difficulties arising over fee expectations:

- the method of calculating the amount of payment
- the timing of invoice and payment.

In terms of calculating the amount for payment, the majority of councils choose to pay an hourly rate - this ties in with the specification of personnel and their individual hourly charge-out rates. For overflow consent processing, a few councils choose to set a maximum expected fee for particular types of consents with a process to follow if it is exceeded. This is usually based on complexity but generally excludes high complexity applications which require a higher degree of management, as each application must be assessed and graded as the first step. Having different payment rates for different types of consents adds a layer of administrative complexity, but may help to ensure the contractor is applying the right level of professional expertise to each consent. Another way of dealing with this is to specify that low complexity consents cannot be charged out at a rate higher than that specified for the junior planner.

- State whether the contractor is to invoice on an aggregate basis - which may be suitable for secondment-type services - or to provide invoices for individual applications. Specify the level of detail required on invoices, including:
  - individuals who have completed the work, hours and rates
  - an itemised breakdown of tasks undertaken by individuals (and the time involved)
  - details of any disbursements



## THE RMA QUALITY PLANNING RESOURCE

- order numbers and application numbers
- reference to the amount of any fee estimate.
- Include common invoice dispute resolution processes, which should be available from other council contracts. Ensure the cost of these processes is consistent with the fee value of the work - don't commit to an unnecessarily onerous process for a few hundred dollars.
- Define whether the contractor will respond to invoice queries from applicants, formal s357 (A) - (D) objections and fee discounts under the Discount Regulations. If so, state whether the time taken will be paid by council.
- Note whether a discount of fees is expected (and if so how much) when a consent application does not meet the RMA's timeframes and the council is required to discount its charges.
- Include dates by which invoices must be received and the date they will be paid. For example, an invoice may need to be received by the 5th of the month in order to be processed in council's systems for payment on the 20th of the month. However, if the council is going to be issuing an invoice to the applicant for further payment, the contractor's invoice may be needed very quickly, for example 48 hours after a hearing or, in the case of a non-notified application, upon completion of processing.

Section 36(3A) of the RMA states that a council must provide an estimate of any additional charges beyond a fixed fee (e.g. for consent processing) if requested to do so. Therefore contractors should be advised to be prepared to provide such estimates for the consents they are processing if so requested.

### **Timeframes**

Specifically state the time frames that must be met.

Clearly these time frames need to be tied to the scope of services. Allow time at the beginning and end for administrative processing within council, and again at the end for peer review and decision making. Guidelines may be:

- one working day for collection of the application from council and identifying any potential conflict of interest
- three working days for information assessment
- three working days for an affected party/notification determination
- 10 working days for reporting.



## Protocols and Guidance

---

As an alternative to covering all matters in the formal contract, several councils, have developed less formal protocols and guidance documents that are appended to contracts. Matters covered include:

- how different council processes are to be undertaken
- how to interact with other council departments
- how to interact with the contract manager
- how peer reviews and feedback will occur
- what to do with electronic and hard copy files at the completion of a consent
- how the council's electronic and financial systems work
- processing guidelines for different types of consents

These documents can be invaluable for recording the less tangible matters that are important for the smooth operation of the council's systems and for reducing risk. It is also easier to alter a non-contractual document to adapt to new and improved procedures. They are usually very council specific as they are strongly based on a particular council's procedures. Councils may be prepared to share these documents with other practitioners in the interests of best practice.



## Selecting a Contractor

---

Councils use many methods of selecting an outsourcing contractor. These include:

- **Registrations of interest and/or tendering** - this is a more transparent process, and councils generally have good access to experienced people to administer tendering processes. Registrations of interest are a moderately formal method of producing a short list of contractors. They can be generated through public advertisements or by asking selected consultants to prepare a statement of relevant skills and experience. Registrations of interest are typically requested prior to asking for tenders from the short listed contractors.
- **Requests for proposals** - this can be undertaken for either the initial set-up, or on a regular basis. Requests for proposals are more formal, involve the preparation of an offer of service, tender, or bid, and may leave scope for contractors to show innovation in their approach to the work.
- **Direct approaches** - a contractor of choice can be approached, formally or informally. This approach is commonly taken if specialist skills are being sought. However, there may be legal or policy limitations on the value of work that can be undertaken by a contractor without an open, formal process - check this before proceeding.
- **Previous experience** - a planner who has previously worked at the council may be preferred due to their knowledge of systems.
- **Previous performance** - there are obvious advantages in going back to a contractor who has performed to expectations on a previous occasion.

Prior to awarding new contracts or renewing existing contracts, it may be appropriate to trial several current and potential contractors over a month or two to ensure that contractors are able to deliver the required outputs in terms of cost, quality, and timeliness, and to confirm that council is receiving the best service possible.

If a more informal approach is being considered, such as a direct approach, ensure that the Council's documentation of the expected deliverables is adequate to clearly inform both the council and the potential contractor. There is a clear advantage in developing the contract, including the scope of services first, and using it as the basis of obtaining the proposal(s) from the contractor(s). By developing the contract first, and providing it to prospective contractors, both the council and the contractors are aware of the terms, and by responding are committing to complying with them.

The selection criteria will depend to a large extent on the type of services required. When selecting a contractor to provide specialist skills, technical skill will be very important. Some general selection criteria may be:

- availability of an appropriate skill mix
- processing experience
- adequate quality control procedures
- value for money
- capacity to meet the council's workload requirements
- the ability to integrate into the council's systems
- responsiveness for overflow processing
- quality of references from previous clients.





## THE RMA QUALITY PLANNING RESOURCE

Councils often engage more than one contractor, for both technical input, and overflow work. This can have the advantage of spreading the workload across several contractors, providing contingencies if there is a conflict of interest or if a contractor is unavailable. This is particularly the case for larger councils where there is a significant outsourcing workload.

For smaller councils, there may be a strong desire to form a close relationship with one or two primary contractors in order to minimise risk and maximise integration into the council team. Potential advantages with an exclusive contract include reduced management input and possibly the opportunity to negotiate a better rate. Ensure there is scope for review of exclusivity in the event of poor performance. Also consider what conflicts of interest are being created, and whether the council risks becoming a dominant purchaser in the local consultant market. This may lead to fewer choices and greater cost for other sectors of the community.

Feedback from councils has shown some dissatisfaction with the level of experience and skill shown by some consultants. This can be as a result of not understanding or communicating each other's needs, and a lack of specificity in contracts. In addition, it is important for councils to understand that consultancies need to make a profit, and that in most instances senior planners will need to charge more than junior planners. Over-emphasising potential cost reductions will almost inevitably lead to junior consultants undertaking the bulk of the work, possibly with inadequate senior supervision.

Being realistic about fee expectations assists in managing both the council's and the consultant's expectations. Take these matters into account particularly when the council issues the request for service and selects the service provider.

To resolve potential fee expectation issues, consider drafting a contract that:

- specifies individuals and rates by name
- specifies workload commitments by named individuals
- specifies the contractor's internal review procedures.



## Managing the relationship

---

Large councils tend to have a greater number of contractors, a greater volume of work, and potentially greater risks. Accordingly, more formalised contract management may be needed. Major urban councils will often share knowledge and procedures if requested.

Do not underestimate the time and resources required to effectively manage a contract. Feedback from councils shows this is routinely underestimated. Incorporating the contractors into council processes and maintaining regular workloads can reduce this issue.

The contractual relationship will be enhanced if contractors are provided with regular opportunities for up-skilling, regular performance reviews and peer review. It is also important to include contractors in email circulations (e.g. team meeting minutes or internal best practice guidelines) to keep them up to date with the changing internal environment.

The nature of these tasks requires that they are undertaken by someone with appropriate experience, skills and authority within the council.

Consider an appropriate mix of people skills for the contract manager. Communication skills, objectivity and fairness are important. Previous consulting experience may be beneficial.

## Building Partnerships

---

Developing a partnership type of relationship is beneficial to both the contractor and council. Building a partnership confirms that trust and goodwill is of primary importance to both parties. Councils need to consider the time contractors invest in the set-up phase of a long-term contract and it is therefore important for councils to honour the commitment to maintain a level of work that is forwarded to the contractor.

Routinely, matters outside the scope of services in the contract arise, or the contractor is required to use their judgement in the absence of specific instructions. At these times, a partnership ideology is invaluable.

Deal with potential conflicts early, openly and in good faith. Contractors do not like losing clients, especially when they are not sure why, and councils may risk losing a great deal of knowledge and skill.



## Performance Reviews

---

Getting the best from a contractor requires feedback on performance, both informal and formal. Informal reviews and feedback can effectively be undertaken as a part of the peer-review process.

Use review and feedback to see whether the council's systems can be improved or if the terms of the contract may need to be reviewed. Remember that steady incremental improvement is usually far more effective than attempting larger infrequent changes.

Ongoing (weekly/monthly) discussions between the contact persons in both organisations can assist with small changes and updates on current practice procedures.

## Contract Reviews

---

Ensure the contract is reviewed regularly, in terms of both the services being provided and changed legal or processing requirements.

Review contracts if any of the following occur:

- the scope of services has changed
- the contractor's personnel has changed
- it has been more than six months since the last review
- council's consent processing or consent administration procedures have changed.

Experience has shown that outsourcing for one purpose can grow into different levels of service without positive decisions being made, or reviews taking place. An example may be a short-term secondment - initiated while a council staff member is on leave - that continues after the staff member returns, possibly along different lines.

When these situations occur, it is important to take a step back, and complete a review. Ask:

- Has a strategic assessment been completed?
- Is the contract still appropriate?
- Is the council still getting value for money?
- Are internal skills and feedback into the policy/planning equation being lost?
- Would it be better to increase in-house resourcing?

## Checklist

---

Use this checklist to ensure that all the contractual issues have been covered before selecting a contractor:

- Define the scope of services and level of services with key agreed performance indicators.
- Prepare a draft contract before selecting the contractor(s).
- Ensure there are appropriate council staff available to administer the outsourced consents process. These staff need to be able to objectively peer review, answer questions about council procedures and systems, and identify performance issues.
- Ensure appropriate compatibility of IT technology for delivery of services from contractors.

Selecting a contractor:

- Establish processes for inviting offers of service and developing selection criteria.
- Request and assess offer(s) of service.
- Identify potential areas of conflict of interest.
- Select the contractor(s) and sign contracts.

After selection:

- Set up administrative matters, such as computer logins, access cards, financial systems, and administrative procedures.
- Provide templates, any procedural policies, and written delegations.
- Undertake an induction or orientation with the contractor to introduce them to the relevant people, places and processes.
- If possible, trial a few consents to iron out any procedural matters and clarify the level and style of service required.
- Diary the first review.

