

Kāinga Ora-Homes and Communities
Monitoring Framework

June 2021

Introduction

Context and Background

The monitoring framework relates to the monitoring relationship between the Ministry of Housing and Urban Development (HUD or the Ministry), Kāinga Ora - Homes and Communities (Kāinga Ora), and responsible Ministers (Minister of Housing and Minister of Finance).

In its monitoring role, HUD advises and assists Ministers with appointments to the Board, setting and clarifying expectations, and reviewing the performance of the Board and Crown entity overall. The Treasury has a role in monitoring balance sheet impacts.

The role of the Kāinga Ora Board is to be the governor of the entity and the Minister's primary agent for ensuring the organisation is achieving its objectives. The Board has wide-ranging responsibilities, including setting the organisation's strategi direction and annual performance expectations (in conjunction with Ministers), managing risk and ensuring compliance, and maintaining appropriate relationships with key stakeholders.

A productive three-way relationship is required between the responsible Ministers, the statutory entity and the Crown monitor for overseeing organisa ional performance. HUD provides constructive challenge and insight to Kā nga Ora and to Ministers.

Purpose and Scope

The key purpose of the monitoring function as outlined in legislation is "to assist the responsible M nister to carry out his or her role" to "oversee and manage the Crown's interes in, and relationship with a statutory entity and to exercise any statutory responsibilities".

The Mi isters role includes finctions and powers to review the entity's operations and performance, request information for review or otherwise, participate in the places of setting the strategic direction and performance expectations, and monitoring performance.

In practice this mans actively engaging with Ministers and the Board to set Kāinga Ora's strategic dection, communicate Ministers expectations and to review Kāinga Ora's governance capability, operations and performance to ensure responsible Ministers are well advised on these matters.

The purp se of the monitoring framework is to provide guidance to the monitor to determine the focus and extent of monitoring activities, with an emphasis on major pp tunities and risk.

It helps the monitoring team to understand what to monitor. It outlines how HUD gets visibility and understanding of the areas it needs to, to advise Ministers on the Crowns relationship with the entity and how to exercise their statutory responsibilities, functions and powers.





Monitoring Framework

The main **governing legislation** for Kāinga Ora is:

Crown Entities Act 2004

Kāinga Ora Act 2019

U ban Development Act 2020

The Kāinga Ora strategic outcomes that contribute to the government's housing and urban development outcomes (GPS-HUD) are

- (a) Sustainable, inclusive and thriving communities support good access to jobs, amenities and services
- (b) Good quality, affordable housing choices meet diverse needs
- (c) Partnering with Māori ensures Māori interests are protected and their needs and aspirations are met and allows Kāinga Ora to fulfil its obligations in respect of Te Tiriti o Waitangi
- (d) Public housing customers live well in their homes with dignity, stability, and the greatest degree of indep indence possible
- (e) Environmental wellbeing is enhanced and preserved for future generations
- (f) System transformation is catalysed and delivered

The Kāinga Ora operating principles relate to:

- Public housing solutions that contribute positively to well-being of tenants
- Housing supply meets needs
- Well functioning urban environments
- Stewardship and sustainability
- Collaboration and effective partnerships

The Ministry monitors to provide an objective and independent view to responsible Ministers that

Kāinga Ora's delivery is aligned to housing outcomes and they are delivering as a world class landlord Kāinga Ora is facilitating, coordinating and delivering urban development outcomes

Risks are managed and mitigated effectively

Crown interests are protected

Ministerial expectations are being met

To monitor effectively the Ministry needs to have visibility and understanding of:

Kāinga Ora organisational health

Seek as surance over eight key areas

Strategic direction
 Māori and Treaty

Governance and Waitang

eadership 6. Risk and Assurance

4. Financial Management 8. Technology and D

How the Kāinga Ora opera ing principles are operatio alised and con idered

Seek assurance that the operating principles are being lived in practice.

Kāinga Ora delivery

Seek assurance, across three delivery categories, about how outputs and outcomes are delivered; and by measuring delivery through performance metrics.

- Core business (output classes)
- Investment Management (investment portfolios)
- Capital programmes and projects

Monitoring advice to Ministers is enabled by:

Productive relationships

Feedback and escalation mechanisms

Monitoring principles







Monitoring Principles

The monitoring framework is underpinned by the principles below which are used to guide monitoring relationships and activity.



Constructive, collaborative, respectful

Working together to a chieve better housing and urban development outcomes for New Zealanders. Both monitor and entity are open in their respective dealings with each other. Both parties share timely information that supports progress towards outcomes.



Clarity

All parties understand what is monitored, how it is monitored, when it is monitored, how information is used and what they can expect when risks / issues a exidentified through monitoring activity. The roles and responsibilities of both the monitor and monitored entity are clearly understood, and the policy and monitoring roles of HUD are clearly delineated. HUD supports the monitored entity to respond to risks and issues.



Open communication

Both parties communicate transparently and are able to raise issues as required to enable trusting and productive relationships.



Propo tionate

Mon toring efforts are proportionate to risk and prioritised based on ris s



Respect of information

Information is used for the purpose collected, and any request use it for another purpose is discussed with the monitored agency. There is transparency around what information provided and what is used for.



Continuous learning

Parties will worktogether to improve how the monitoring relationship adds value.



Independence

Objectivity is maintained in car ying out monitoring activities.



Dynamic approach

Both parties are responsive to new circumstances and system change.







Roles and Responsibilities

The diagram belows ummarises at a high level the roles and responsibilities of the people and organisations involved in the monitoring process. A productive three-way relationship between responsible Ministers, entity and monitor is crucial

Accountable to public and Parliament for entity performance. Manages Crown's interest RESPONSIBLE MINISTERS and relationship with entity. Responsible for appointing Board members, participating in settings trategic direction and expecta ions and monitoring and reviewing performance. **BOARD** Acts on behalf of Responsible Ministers of u fil their role and protect the Crown's ownership **HUD MONITORING TEAM** interest in Kāinga Ora. Assists the Minister with overseeing the delivery and performance of Monitors balance sheet impicts for entities focused on borrowing, capital structure and THE TREASURY the implications of hanges in the entity's balance sheet for the Crown accounts. Facilitates access to information related to capability, performance, delivery and risk. Ensures KĀINGA ORA LEADERSHIP that risks and issues identified are responded to effectively and that there is accountability **TEAM** for these responses.





High level monitoring approach

Our monitoring approach sets out how the monitoring framework will operate in practice. It outlines the activities und rtaken, anticipated inputs to sport these activities, and the expected range of outputs. The focus of monitoring activities will be confirmed each year through the annual montring plan and in any specific focus area monitoring plans

Käinga Ora s delivery is aligned to housing outcomes and they are delivering as a world dass landlord

Käinga Ora is facilitating, coordinating and delivering urban development outcomes

Risks are managed and mitigated effectively Crown interests are protected



rganisational Health

nerating Principles

Delivery

Seeking assurance of the multiple dimensions above, is provided through the below activities and outputs:

Core monitoring activity

This 'regular' activity ensures Kāinga Ora complies with the Crown Entities Act 2004, and Ministers are supported to meet thei statutory obligations

Board appointment

Planning & direction settin

Reviewing the performance of the Board and entity

Focus area activity

Activity may be specific to a new programme (of significance), a specific monitoring assessment, or a deep dive exercise

Focus Area 1

Focus Area 2

The **influences** that impact the level of monitoring and its prioritisation include:

- Risks identified
- Ministerial expectations (including those related to legislative change and policy decisions)
- External agency focus, e.g. Audit NZ
- Monitoring function capacity

Inputs that contribute o monitoring activii sand outputs, and support advice to Ministers include, but not limited to:

Whole fGov strateg es, GPS LOE, Cr wn/HUD purchasing plans and policies Kā nga Ora Stra egy, SOI, LTIP, SPE, f nctional strategies, plans, papers, policies, reporting

Independent assessments, reports

Other quantitative & qualitative data and information

Ministry engagement and stakeholder perspectives

Monitoring Outputs





Core monitoring activity

This diagram represents the standard monitoring activity that will be undertaken, most of which aligns to the annual eporting cycle. It decribes the core activities, outlines examples of information that contribute to the monitoring process and the expected outputs that will be produced

HUD advises and assists responsible Ministers with c re monitoring activity Reviewing the performance of the Monitoring **Board appointments** Planning & dire tion setting **Board and Entity** Activities Appoint and maintain an effective Board Set and carify expectations Monitor delivery and performance Kāinga Ora annual, Cab net decis ons for Other reporting, e.g. Engagement and insights Candidate engagement, GPS HUD. Pub ic quarterly, programmenew Crown nvestment, audit reports PIF from key stakeholders interviews, due diligence specific reporting, Housing Plan, HAP, o approved policy reviews. ICR reports reporting required for and Kāinga Ora Chair checks MA HI select comm, findings direction funding agreements Monitoring Inputs Draft Statement of (examples) Monitoring assessments Performance Independent and self as a result of an area of Exit interviews Board paper review **HUD** induction Expectations (SPE)/ Board evaluations focus Statement of Intent (SOI) Trend analysis Monitoring Draf Letter of Expectations Skills assessments Quarterly performance briefings Outputs Feedback on SPE Advice to Ministers Annual Report briefings (examples) Feedback on SQL Board appointment process Advice on specific opportunities or issues Advice to Ministers Feedback to Kāinga Ora





Focus area framework

A focus area may be specific to a new programme (of significance), an assessment, or a deep dive exercise. Any one area of find cust may be monitored differently from a nother depending on the nature of the activity and the reason for it being targeted. The outputs for each focus are may be different and might be incorporated into core monitoring outputs.

Generic domains of focus

This 'focus area framework' sets out generic areas that guide where monitoring will focus. These are across the eight organisational health domains, and key delivery areas

Specific focus areas

Sets out specific areas of focus to assess entity capability and performance within the generic domains. These will align with the entity maturity, strategic direction and operating context

Monitoring Inputs

(examples)

Monitoring Outputs

(examples)

Monitoring plan

Outlines overall monitoring priorities for the year

Organisational health Delivery Strategic Governance and Financial P rtnerships Significant programmes of work direction **leadership** management Org nisational Riskand Technology and Mā ori interests Higher risk programmes of work capabilityand data assurance ... capacity Focus Area 1 Focus Area 2 Focus Area 3

- Entity delivery r port ng
- Programme o rganisational reporting o assurance and risk
- Moni oring plans
- Cros -agency terms of reference, joi t programme plans

- Engagement with entity, stakeholders, board members
- Responses from Exec and Board
- business cases

Significant project/programme

- Informations haring with Kāinga
 Ora and its Board
- Advice to Ministers

- Input in to business cases
- Ongoing analysis, review as sessment, monitoring against findings

Annual monitoring plan



