



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

Land Transport Procurement Strategy

2024 - 2027

Adopted:
Review:



TABLE OF CONTENTS

1. Executive Summary
 - 1.1. Summary Statements
 - 1.2. Recommendations
 - 1.3. Corporate Ownership
2. Policy Context
 - 2.1. Policies
 - 2.2. Strategic Objectives
 - 2.3. Strategic Outcomes
 - 2.4. Waka Kotahi Requirements
 - 2.5. Other
3. Procurement Program
 - 3.1. Program
 - 3.2. Risk Identification
4. Procurement Environment
 - 4.1. Market Analysis
 - 4.2. Procurement Spend & Profile
 - 4.3. External Procurement Impacts
5. Work Program Delivery
 - 5.1. Confirmation of Strategic Objectives
 - 5.2. Procurement Approach
 - 5.3. Advanced Procurement
6. Implementation
 - 6.1. Capability & Capacity
 - 6.2. Performance Measuring
 - 6.3. Communications

Appendix A

- LGA Section 17a review

1. Executive Summary

1.1. Summary Statements

The Central Hawke's Bay District Council is a predominantly a rural council with several small settlements and a large road network that stretches from the Ruahine mountains in the west to the pacific coast in the east. It is situated between Hastings District Council to the north and Tararua District Council to the south. The network consists of 1265km of roads, 256 bridges and large culverts along with a multitude of other vital assets along the network. The network has geographical challenges due to the variety of soils, land contours, age of infrastructure and a small rating base. The District is experiencing growth both in the rural areas and Our urban centres have experienced some growth.

Due to these challenges, it is imperative that council get their procurement right to ensure it meets the needs of the residents (rural and urban) and gets the best value for public / money possible. Council considers itself a smart buyer and as such is open to innovative ideas to reach their goals. We may depending on advancements in procurement wish to enter into discussions with Waka Kotahi on a case-by-case basis to discuss the use of "advanced components" in our procurement as required

1.2. Recommendations

1.2.1. Council requests that Waka Kotahi:

1.2.1.1. Endorses this procurement strategy

1.2.1.2. Approves the variation of not publishing estimates before or during the procurement process

1.2.1.3. Approves the use of in-house resources at the current level and at an increased level should it provide value in delivering the objectives and outcomes of this strategy

1.3. Corporate Ownership

1.3.1. This Land Transport Procurement Strategy has been endorsed by the Central Hawke's Bay District Council and will form part of the overall Council's procurement plan

2. Policy Context

2.1. Policies

2.1.1. The following policies and documents will have an influence on this procurement strategy

- The Central Hawke's Bay District Council's procurement policy

- The Government Policy Statement (GPS) produced by Central Government which sets out the government’s priorities, objectives and funding levels for land transport across NZ
- The National Land Transport Programme (NLTP) produced by Central Government which contains all activities to be funded over the next 3 year period
- The Long Term Plan (LTP) produced by Central Hawke’s Bay district which provides a 10 year focus of projects and services that will be provided to the rate payers and how they will be funded
- The Regional Land Transport Plan (RLTP) which is a 10 year view of the HB Regions transport activities in the next 3 years
- The Activity / Asset Management Plan (AMP) produced by council which details the levels of service required to deliver on outcomes and preserve the asset for the future in line with the ONF
- The Waka Kotahi Procurement Manual which sets the requirements 2which must be followed when acquiring goods and services funded by the National Land Transport Fund (NLTF)
- The One Network Framework (ONF) which sets parameters for levels of service per road classification
- Council’s Land Transport Strategic Framework (LTSF) – the overall guiding document for all land transport activities

2.2. Strategic Objectives

2.2.1. CHBDC has an overarching set of strategic objectives which has been developed in consultation with the residents of the district which sets the tone for community aspirations This is known as THRIVE which has at its core the following tenants – Trust, Honesty, Respect, Innovation, Valuing People and Excellence. These form the basis of how we work together with all of our suppliers and have become an integral part of our procurement offerings.

The District’s vision is “Central Hawke’s Bay is a proud and prosperous district made up of strong communities and connected people who respect and protect our environment and celebrate our beautiful part of NZ”

Our objectives are:

- A proud district
- A prosperous district
- Strong communities
- Connected citizens
- Smart growth
- Environmental responsibility
- Durable infrastructure

2.2.2. The Council’s approach to procurement is aligned with the MBIE procurement model and places a high value of a balanced approach with emphasis on the complete process

especially the project initiation and approach. This will ensure Council continues to have a good understanding of procurement; opportunities for improvement and innovation are recognised and implemented, and can enhance performance while providing value for money

2.3. Strategic Outcomes

This strategy is modelled on the Ministry of Business, Innovation and Employment procurement model which has 8 steps to plan, source, and manage procurement to ensure the best results are obtained

To ensure the objectives are met Council has adopted the following strategic outcomes which are measured throughout the life on any procurement

- 2.3.1. work together as one team through partnerships and collaboration across all facets of our work. This includes not only those who supply services through procurement but those internal and external agencies we interact with on a regular basis
- 2.3.2. customer excellence by engaging with our customers to deliver value and exceed expectations
- 2.3.3. Thinking smarter by encouraging a culture of innovation and continuous improvement from all levels of all organisations involved
- 2.3.4. A team where all members go home safely each night to their whanau
- 2.3.5. The district is able to enhance performance while maintaining whole of life costs and provide value for public

2.4. Waka Kotahi Requirements

Waka Kotahi requires that all Local Authorities have a procurement strategy that documents our long term integrated approach to the procurement of transport activities funded under Section 20 of the Land Transport Management Act and Amendment Act 2013

The use of this strategy and its components will ensure the council has a fair and transparent process when investing in the network which passes both Waka Kotahi and other government requirements and audits.

By using standard, clear procurement offerings, advertising them on the Government Electronic Tendering System (GETS) and early engagement with the market will enable the Council to ensure fair competition among suppliers and encourage smart suppliers to make CHBDC a client of choice.

Council will also use the ONF performance criteria and reporting tools to compare the state of the network in relation to the targets and to our peers. This will be one of the ways we will measure value for money and outcome realisation. Council will also use formal public feedback to gauge the effectiveness of its investment

2.5. Other

2.5.1. Safety

Council has “safety” as its number one focus in its Land Transport Strategic Framework. Standard practice has always been to ask for a “Safety Plan” from the supplier in each procurement which will continue. CHB has a more involved hands on approach to safety with each of its suppliers, whereby full safety reports are provided to the council’s safety officer on a regular basis. Land Transport contract managers are an integral part of the “tool box” meetings of each of the suppliers and regularly audit the safety of the crews in the field. If a safety issue arises the supplier is required to report it and then fix the issue. This is then audited in future site audits to ensure the supplier has fixed the issue. All supplier safety plans and issues are reported to the Council Health & Safety manager (separate from Land Transport) who reviews them. The Health & Safety Manager has a hands on role and also conducts field audits with senior supplier safety officers to ensure we are all identifying critical risks and putting procedures in place to remove or minimise them. This regime will be clearly documented in each of our procurements so there is an understanding of our requirements in the industry

2.5.2. Environment

As CHB is a largely rural council with over 1200 km of roads with varied geography from mountains in the west, flat plains in the centre and rolling hills toward the coast it is a challenge to reduce emissions to protect the environment. Council does require an environmental plan with each procurement which ensures that the supplier can adequately respond to any immediate environmental issues in their work areas. As a lot of the equipment used in conducting the work required to meet our objectives and outcomes has not been converted to low emission technology council will be looking to each supplier to be innovative in their submission on how they can contribute to lowering emissions and contributing to a cleaner environment. Light fleet conversion to reduce emissions will be looked at favourably in each procurement setting. As part of the environmental plans from suppliers the use of low carbon products will be highly considered when appropriate to use. Council will also look to utilise native vegetation in replanting appropriate areas.

2.5.3. Broader outcomes

Council also values broader social outcomes and will where possible have suppliers who have fair and clear employment standards for their staff and who also hire sub-contractors who have the same. As part of the contractor’s submission on how they will contribute to the broader outcomes, council looks for suppliers who buy locally and hire local sub-contractors if appropriate and cost neutral. As the road maintenance and renewal industry is facing unprecedented shortages of skilled human resources council in its procurement will be looking for suppliers who have strong skills development planning strategies which they use, and clear development pathways for progression within the supplier’s company. This includes the consideration of companies who are offering apprenticeships to increase the number of people within the industry. Where appropriate these will be used as a weighted criteria within procurement offerings.

Suppliers will also be encouraged to increase gender and cultural diversity within their organisations. Depending on the offering these may become part of the evaluation criteria.

Central Hawke’s Bay District Council has adopted the Hawke’s Bay Progressive Procurement Framework and have used this on the Provincial Growth Fund projects and the 3 waters upgrade projects

3. Procurement Program

3.1. Programme

This section lays out the elements of our programme

3.1.1. Programme

The District’s Land Transport work programme is varied and comprised of Maintenance, Renewal, minor improvements, capital works and preventative activities which encompass all the land transport assets. Procurement offerings span between short term (less than one year) to multi-year (5 years) depending on how best value for money can be obtained while reaching the Council goals. The one-year offerings will be for specific one-off projects around the network while the longer multi-year contracts will be used for the larger endeavours with repeatable work streams.

The last LGA s17a review was completed in June 2019 by Infracure.

The current contracts are noted below, and all will be renewed during the life of this procurement strategy

<i>Activity</i>	<i>Term</i>	<i>Expected Procurement within this strategy</i>
Road Maintenance	3 + 1 + 1	Yes
Road Re-seals	3 + 1 + 1	Yes
AWPT	2 + 1 + 1 + 1	Yes
Minor Structural Renewals	2 + 1 + 1 + 1	Yes
Street Lighting	3 + 1 + 1	Yes
Line Marking	3 + 1 + 1	Yes
Professional Services	3 + 1 + 1	Yes

<i>Contract</i>	<i>Commencement Date</i>	<i>Supplier Selection Method</i>	<i>Delivery Model</i>
Road Maintenance	July 1 st , 2025	Price Quality	Traditional
Road Maintenance	July 1 st , 2025	Price Quality	Traditional
AWPT	July 1 st , 2025	Price Quality	Traditional
Minor Structural Renewals	July 1 st , 2025	Price Quality	Traditional
Street Lighting	July 1 st , 2023	Price Quality	Traditional

Line Marking	November 3 rd , 2025	Price Quality	Traditional
Professional Services	December 1st, 2025	Quality	Traditional

Most of the services procured by Land Transport are straight forward and well understood by the industry suppliers so our general approach will be to use a price – quality procurement method.

3.1.2. Complexity

Although our work is well defined for the industry and procurement offerings range from < \$500k to > \$4,000k the district in cooperation with Waka Kotahi will explore opportunities for the use of advanced components should they prove to deliver value for public / money. Some of the work (maintenance) continues throughout the year while some of the work is season specific and each offering will require its own procurement approach if we are to obtain value for money and long lasting solutions to the road issues. The market varies in size but is generally healthy with several players for each of our offerings. There are a few situations where Council has and will continue to use speciality suppliers as they provide the most optimal and best value for that particular situation.

3.1.3. Specialised Skills

Some activities will require specialist skills including professional services which will be procured through either the professional services contract or through collaboration with other local authorities, Waka Kotahi or other partners. Our general approach with professional services has been quality based which has yielded great results and we will continue to use this approach

3.2. Risk Identification

With all of Council procurement, there are numerous risks which have to be carefully managed or allowed for. Below are 5 of the highest priority procurement risks:

- Council being a small player in a market that encompasses the Hawke’s Bay Council’s, Waka Kotahi and neighbouring Tararua District who have more lucrative offerings, there is the potential that we would pay a higher price just to attract competition. Having set budgets, offering multiple contracts, and ensuring the supplier market understands these limitations prior to and throughout the procurement will minimise the risk.
- Due to procurement in other disciplines (3 waters) there is the potential that the suppliers will not be able to resource the regular routine work. Offering longer term and surety of work through term contracts will assist in minimising the risk
- There is always the risk of getting a supplier who is poorly aligned to the council outcomes and objectives. A comprehensive procurement offering detailing what the council is expecting in outcomes and objectives as well as on the ground performance will minimise the risk of poor performance and poor alignment and outcomes. Council deems it is important that suppliers are on the same pages as the

council in their understanding of the deliverables within each procurement and developing good working relationships is one of the easiest ways to ensure success.

- Financial Risk of not being able to afford the services, to be mitigated by ensuring the suppliers understand that we have a fixed budget and amounts of work and types of work may vary depending on variability of prices. Other mitigation will include combining budgets where appropriate, careful scheduling of work, and work prioritisation

4. Procurement Environment

4.1. Market Analysis

The following section details the supplier market as it relates to the activities carried out on the road network

4.1.1. Professional Services

The Professional Services market although having numerous suppliers is being challenged by the amount of work that is happening in the area – road works, 3 waters construction and residential development. The current players that are capable of meeting the requirements of Council are:

- o GHD
- o Stantec
- o Becca
- o WSP

In our last professional services offering council attracted 3 potential suppliers during the tender period. There is potential to broaden our offering by including professional services for other work streams within council.

4.1.2. Road Maintenance

There are numerous well established companies in the Hawke’s Bay Region who have experience in, and provide road maintenance services to the local authorities and Waka Kotahi. This work has been well contested in the past but the future is uncertain due to the resource shortage and the amount of other types of work being offered. Although often having a multi-year road maintenance contract, allows a company to secure other work and build their company so it is a strong selling point. The major players are:

- o Downer
- o Fulton Hogan
- o Higgins
- o Quality Road Services (QRS)

4.1.3. Renewals

The renewals component of the works to be offered is a bit different in that 3 of the 4 players in the maintenance arena also compete for renewal works. There are additional players in the market who have in the past secured work from council. The other players are capable of providing a range of the renewal services and have often been used in the past as sub-contractors by one of the major players. The most prominent of these local players are listed below

- o Russell Roads
- o Barker Contracting

- Stringfellows
- McNatty Construction
- Lattey's Group

4.1.4. Other

Two of our regular activities which are offered as multi-year contracts have a small market due their specialist nature and we have averaged only 2 potential suppliers each offering. This does allow for fair and transparent competition but on a reduced size in comparison to our other offerings. The small size of these procurements is likely the reason there are not more suppliers. These contracts are Street Lighting Maintenance and Line Marking.

Council also has small offerings that are generally a one-off project which attracts local suppliers such as dangerous vegetation control and even though small offering we generally get at least 2 suppliers for each offering

4.2. Procurement Spend & Profile

Council will continue to use the profile below in procuring services for land transport activities

Programme	Average Spend	Price Quality	Lowest Price	Direct Appointment	Quality Based
Maint & Ops	\$4,688,000	X	X	X	
Renewals	\$7,298,000	X	X	X	
Capital Works	\$1,000,000	X	X	X	
Professional Services	\$1,000,000	X	X	X	X

The following table provides a view of the projected long term spend

	20/21 (\$000)	21/22 (\$000)	22/23 (\$000)	23/24 (\$000)	24/25 (\$000)	25/26 (\$000)	26/27 (\$000)	27/28 (\$000)
Maint & Ops	\$4,634	\$5,020	\$5,140	\$5,263	\$5,395	\$5,535	\$5,684	\$5,843
Renewals	\$7,298	\$7,919	\$8,109	\$8,304	\$8,511	\$8,733	\$8,968	\$9,219
Capital	\$1,000	\$1,144	\$1,171	\$1,199	\$1,228	\$1,261	\$1,296	\$1,332

Note: The values in the tables above are approximate and are based on the 2021 -24 budgets. This will change with the next NLTP / LTP

4.3. External Procurement Impacts

The Central Hawke's Bay District Council has always faced the risk of being impacted by other organisations procurement in the land transport field. This has been compounded in recent years by several factors including the massive amount of work taking place within the 3 waters area, along with substantial subdivision development offering similar types of work. This combined with the nationwide resource shortage often leads for higher prices and less competitors.

5. Work Program Delivery

5.1. Confirmation of Strategic Objectives

The objectives sought from this procurement strategy will be included in each procurement offering. The strategy will be referenced in the creation of each opportunity to ensure the opportunity reflects Section 2 of this document. This approach provides the best opportunity to allow us to focus on continuous improvement in meeting the needs of our communities while practising good asset management. Each offering will also contain a quality assurance plan which is supplemented by the Council's MSQA to provide assurance that the outcomes are being met and allow for early intervention if required to keep the outcomes front of mind throughout the delivery of the work

5.2. Procurement Approach

5.2.1. Procurement plans

Procurement plans will be produced for each of the procurement offerings. The detail of each procurement plan will be determined by the complexity and value of the procurement. This will be done at the project initiation where all activities will be categorised as High, Medium or Low which indicates a combination of the complexity, risk, strategic importance, and value of each offering. The procurement plans will be presented to the council for sign off prior to initiating the procurement cycle.

5.2.1.1. High Level Procurement

These will generally be of high value (greater than \$1m) or work that is non-routine to the industry. These procurements will require a detailed procurement plan which will encompass a detailed review of the previous procurement with lessons learned and documented. These will be incorporated into the next offering to assist in defining the supplier selection method and the terms of the procurement offering

5.2.1.2. Medium level Procurement

These will generally be of lesser value or work or work that has minimal well qualified players within the industry (street light maintenance). The procurement plan will be less detailed but also will take advantage of lessons learned from previous procurements. This will generally be in the form of a description of the services, the size of the market, and any relevant qualification required

5.2.1.3. Low Level Procurement

These are generally for one-off simple services and of low value and risk to the council's outcomes. These generally contain a brief explanation of what is to be procured and why and are approved at a lower level than governance

5.2.2. Combinations of Procurement

Council has set up a process where all the major contracts (except professional services) will expire at the same time. Although a bit more difficult and work intensive to carry out the procurement it offers council the opportunity to bundle several contracts into one offering, or break a current offering into multiple offerings. This allows council to evaluate all possible scenarios to ensure their outcomes are met and the assets well maintained

5.2.3. The council will continue to use the staged delivery model as it has proven advantageous in the past. It offers a variety of supplier selection methods which are all applicable depending on the size and complexity of the procurement offering. This provides for a fair level bidding field for all of the services we procure, and it is well understood by suppliers within the industry

5.3. Advanced Procurement

- 5.3.1. The use of in-house professional services where appropriate will be used to better bridge the gap between out-sourced solutions and the local requirements. This is critical to retain corporate knowledge and plan for the future.
- 5.3.2. The council also chooses not to release estimates for work to be done to avoid having the market use the estimate as a target thus driving higher than warranted prices
- 5.3.3. Waka Kotahi pre-qualification process will be used whenever it is prudent to do so. This simplifies supplier selection and ensures those tendering have the ability to deliver the services
- 5.3.4. Council will continue to work with Waka Kotahi to improve its procurement and explore advanced options when they can be proven to deliver better value than traditional methods
- 5.3.5. Council will also look to standardise the language and special provisions in their procurement offerings to provide clarity and certainty of what is expected from the market

6. Implementation

6.1. Capability & Capacity

Current State – Desired State

The council has a small group of in-house staff to provide some of the unsubsidised activities and some of the contract management. The majority of the specialised professional services are provided under a professional services contract which does have risks as suppliers are changed through successive procurements

Council is trying to increase its in-house capability in contract management and data knowledge but with a lack of resources nationally, and a low ability to pay higher rates has struggled in this area. Due to the nature of our work hiring specialists like structural and geotechnical engineers is beyond the capacity of the council to sustain

6.2. Performance Measuring

Each procurement will have its own set of performance measurements both for the physical works and for the strategic outcomes which will be laid out in a monitoring regime that fits the profile of the individual procurement

6.3. Communications

This procurement strategy has been reviewed by the Chief Financial Officer of the Council to ensure it complies with the Council's Procurement Policy and will be presented to council for approval once it is endorsed by Waka Kotahi.

The strategy will then be available on the council's web page for viewing by the public and industry who will be able to ask for clarifications if they are unsure of any particular point within the document.

As part of our procurement process for all offerings a link to the strategy will be included and prospective suppliers will be encouraged to familiarise themselves with it to assure themselves they understand the council outcomes and objectives

Appendix A – Section 17a Review



INFRACURE

INFRASTRUCTURE SUPPLY TEAMS THAT WORK

Commercial in confidence – this report contains sensitive commercial information that may inform future Council procurement decisions

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Contents

Executive Summary.....	16
1. Review scope and purpose	21
2. Review approach.....	21
3. Background	21
4. Current market environment – Land Transport	23
5. Current operations.....	29
6. Service Delivery Drivers, Opportunities, Risks and Issues	40
7. Findings and options	44
8. Recommendations summary	48
Appendix 1 – Insource / Outsource considerations.....	50
Appendix 2 – NZTA description of governance.....	53
Appendix 3 – LTP Funding.....	55
Appendix 4 – Executive Summary NCC/HDC Joint s17a review	56
Appendix 5 – Service Delivery Drivers	59
Appendix 6 – Reference documents.....	Error! Bookmark not defined.

Executive Summary

Introduction and purpose

Central Hawkes Bay District Council (Council) own and maintain an urban and rural road network made up of 862 kilometres of sealed and 402 kilometres of unsealed roads, 265 bridges, 7,907 culverts, and 68 kilometres of footpaths. It delivers Land Transport services through a mix of insourced and outsourced professional services, and outsourced physical works. The two largest physical works contracts for maintenance and reseals are due to expire in June 2020, and this has prompted Council to undertake this section 17a (s17a) review of how it delivers Land Transport services. The purpose of the s17a review is described as follows

“A S17a 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.”

Once completed, the next s17a review should be scheduled to be undertaken within six years unless there is an extraordinary event such as Council changing its delivery model, or a major contract expiring earlier than six years.

Process

The review has been an iterative and collaborative process undertaken with key stakeholders as follows:

- 1) **Current practice and market in New Zealand** – summary of current service delivery practice in New Zealand
- 2) **Current delivery method** – reviewing the current operation and how it could improve to meet future demand
- 3) **Report** – review findings and recommendations.

Findings

Council’s future Land Transport requirements are relatively predictable in terms of LTP funding, and asset management drivers. However there are areas of uncertainty that are driving an increasing need for flexibility and agility including:

- The impact of changing requirements resulting from NZTA reducing its activity in major projects. This may lead to increased opportunities for local Councils to work more closely with NZTA e.g. on safety and improvement projects on local roads and highways, integrated cycleways or education
- The organisational change impact on Council if 3 waters infrastructure is moved to a central or regional model e.g. how it will impact on Council’s programme management and corridor planning functions capability and delivery
- Ongoing uncertainty around availability of suitably qualified personnel for engineering and professional services functions, and if Council or its suppliers will be the preferred employer for those candidates at any given point in time
- The impact of infrastructure clients maintaining a largely uncoordinated approach to managing the regional supply chain
- The impact of relatively sudden (positive and negative) changes to demand e.g. successful Provincial Growth Funding application(s), or natural disaster

Overall, the review has found that Councils' current Land Transport service delivery model has the flexibility and agility to respond to likely and known demands. Council's Land Transport team has good relationships with the supply chain and other regional partners, which mean it is well placed to make a greater contribution to regional cooperation. The current delivery model can support current strategic initiatives including:

- Contributing to, and benefiting from, improved 3 waters programming to optimise activity in the road corridor such as centralised programming through a programme management office (PMO) desk
- Leveraging the flexibility within the professional services contract to develop the best mix of in house and outsourced planning and engineering support
- Increase integration across the Community Infrastructure and Development Group
- Improving strategic alignment of programme and project funding and prioritisation to community outcomes
- Supporting Councils strategic suppliers initiative

There isn't a governance, funding, supply chain or staff issue that signals a requirement for fundamental change but the drivers for increased flexibility and agility mean there should be improvements sought including:

- Increasing Councillors understanding of how they should influence Land Transport strategy and gain assurance that delivery is strategically aligned, effective and efficient
- Increased integration of all of Councils work programmes and activities in the road corridor
- Maintaining momentum on Council's strategy to integrate strategic suppliers to help identify efficiencies from planning through to resourcing and delivery, and to improve and standardise contract performance management across Council
- Increased transparency of Land Transport financial performance particularly with regard to 3rd party funding optimisation
- Increased regional cooperation to improve supply chain depth and resilience and to identify and capture further project synergies and efficiencies e.g. bridges, cycleways and education
- Ongoing improvements in knowledge management including regular reviews of insourced and outsourced activities as and when change opportunities occur, such as when staff or demand changes
- Increased and regular reviews of Council's core competencies (people, process and systems) as an asset owner, network manager and client. Which are common to all services, and which should be outsourced e.g. systems or strategic/tactical/operational asset management planning

The findings in this review have resulted in a number of recommendations for Council to consider and these are supported with a suggested approach to implementation.

Recommendations

The following table summarises the recommendations of this review:

Table 1: Summary recommendations

#	Recommendation	Priority
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1	Governance: that Council review how elected representatives participate in Land Transport strategic planning, and reporting processes to ensure increased alignment with other Council strategic imperatives, and service integration.	Review practices in time to implement for new Councillors in late 2019
2	Governance: that Council review its infrastructure strategy framework to better reflect the influence of the GPS, NLTP and regional coordination for land transport	Align to Council LTP cycle
3	Programming: Council reinforces its strategy to increase programming alignment and constructability across all services delivering in the road corridor	Ongoing
4	Knowledge Management: the Land Transport team continues to prioritise its initiative to capture service delivery procedures and pass learnings through to other services. Consider using this process to develop a standardised approach to role based knowledge capture for all services.	Align to strategic supplier initiative as impacts all services
5	Performance management: Council considers how its new performance framework for internal teams and strategic suppliers will capture Land Transport and other services contribution to community outcomes	Align to strategic supplier initiative
6	Strategic alignment: Council continues to reinforce Project Thrive objectives and values with its supply chain partners as the anchor for decision making, relationship management and performance management	Align to strategic supplier initiative
7	Procurement strategy: Council expands scope of the Land Transport procurement strategy to include all infrastructure services and address: <ul style="list-style-type: none"> • Regional cooperation • Regional supply chain management – 2nd/3rd tier supply to be managed including securing resource commitments • Rationalising all services delivery in the road corridor • Social procurement initiatives • Cost and affordability • Supplier relationship management and contract management • Flexible approach to resourcing engineering and professional services during contract terms • Approaches for minor or major CAPEX 	Align to transport procurement strategy cycle
8	Regional supply chains: Council champions regional procurement and supply chain forums to expand scope of discussions to include all infrastructure services	To be considered
9	Corridor Planning: in addition to integrated procurement (recommendation 6), consider how to strengthen oversight of planning, programming and integrated activities in the road corridor	Align to strategic supplier initiative as impacts all services
10	Regional cooperation: Council consider the opportunity to increase its leadership in infrastructure regional cooperation and if it wishes to prioritise regional cooperation and resource accordingly	To be considered
11	Competency development: Council consider the development of a professional services competency (capability and capacity) framework that informs future hiring or outsourcing decisions.	To be considered

12	That Council endorses the continuation of the current services delivery model for Land Transport with the next review to be completed by November 2022	To be considered
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Making improvements

Figure 1 describes how work streams can be organised to deliver the recommended improvements to Land Transport service delivery. The diagram helps illustrate that improvement initiatives are not limited to the Land Transport function and will require increased collaboration with other internal and external partners to be successful e.g.

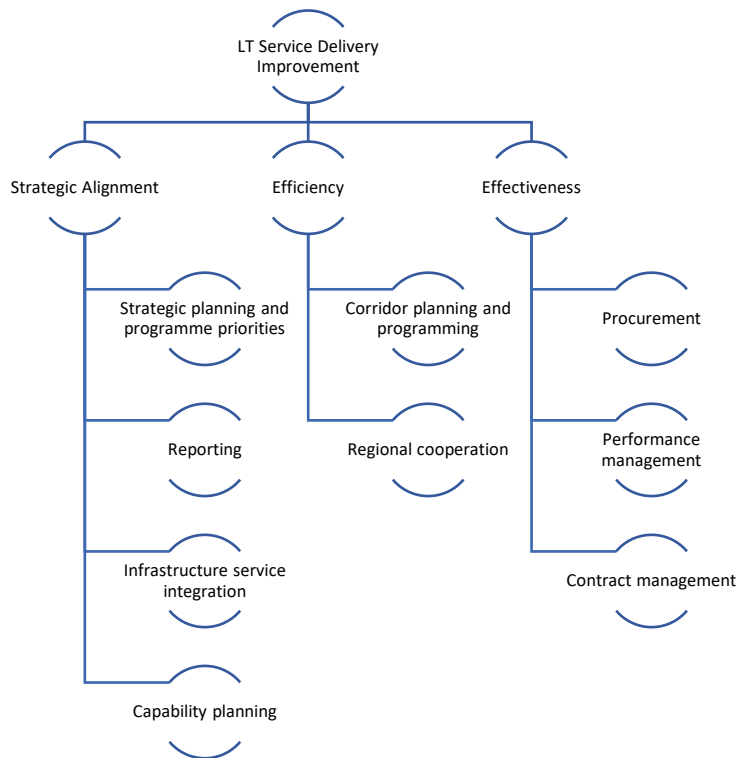
- Standardised and integrated approach to strategic planning, reporting and performance management – working with other Community Infrastructure and Development services
- Internal strategic alignment for major suppliers – common contracting, contract management and performance management for suppliers delivering cross multiple services
- Internal alignment for programme management – the potential for a central PMO desk
- Supply chain partnering for capability and capacity planning – working with clients and suppliers to develop a common view of what’s needed regionally

The work streams and their specific initiatives are:

1. Strategic alignment – increased integration of Land Transport activity into the infrastructure group:
 - Strategic planning and programme priorities – planning land transport activity and works programming in the context of other infrastructure activity in or near the road corridor to identify and capture potential supply chain and delivery efficiencies
 - Reporting – harmonise financial and activity reporting across the Community and Infrastructure Development group
 - Infrastructure service integration – consider opportunities to standardise and/or centralise activities within the Community and Infrastructure Development group e.g. contract management, financial reporting, programme management
 - Capability planning – maintain a capability development plan (people, systems and processes) including regular reviews of what is insourced or outsourced based on Council and its suppliers capabilities at the time
2. Efficiency – avoiding duplication and waste:
 - Corridor planning and programming - the Community and Infrastructure Development group adopting a ‘single desk’ approach to activity planning and delivery in the road corridor including other agencies and utility supply chain partners
 - Regional cooperation – working with client partners to develop an orderly approach to supply chain management in the region and avoid demand peaks and troughs, capability gaps and cost uncertainty
3. Effectiveness – delivering services on time, cost and quality
 - Procurement – a ‘one organisation’ approach to supply chain engagement and management managed through a single strategy for the Community and Infrastructure Development group
 - Performance management – a consistent, transparent and fair approach to supplier performance management that is focused on business improvement more than activity audit

- Contract management – a consistent approach that ensures Council’s suppliers meet or exceed their contracted obligations, and capture learnings and innovations that benefit all parties for future services delivery

Figure 1: Service delivery improvement work streams



Procurement

This review has been triggered by the pending expiry of physical works contracts and will inform the development of an NZTA complying procurement strategy and subsequent procurement plans. Council staff have commissioned its Land Transport Professional Services advisor (Stantec) to develop a procurement approach for physical works contracts and this review’s findings and recommendations should inform that process.

Conclusion

The road corridor is a complex environment from governance through funding, programming and delivery. Core asset management, renewals and maintenance activities are well understood, but there are many variables which will require Council to continually increase its capability in multi-service delivery, supply chain relationship management, a widening range of asset and non-asset based services (such as safety education), and organisation competency development.

Council’s current Land Transport capability provides a good foundation to build growing infrastructure services and regional integration to deliver on the objectives for Project Thrive.

1. Review scope and purpose

The scope of this report is Central Hawkes Bay District Councils (Council) Land Transport service delivery.

The statutory purpose of the report is to complete a Section 17(a) review of service delivery as required under the local government act. The Section 17 requirements are described as follows:

“A S17a 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 management purpose of this review is to establish which delivery model is most likely to mitigate risks, and optimise service delivery for Land Transport services in the medium to long term.

2. Review approach

The following methodology has been used to identify options and their relative merits for Council to consider.

- 4) **Current practice and market in New Zealand** – summary of current service delivery practice in New Zealand
- 5) **Current delivery method** – summarising the current operation together with its performance and cost and a view of future demand.
- 6) **Delivery options** – delivery options are identified for consideration against the outcomes
- 7) **Options assessment** – identify a preferred option, or shortlist of options, to be recommended to Council for detailed consideration.
- 8) **Report recommendations** – review findings and recommendations.

3. Background

Council owns and maintains the district road network. Network maintenance and renewals are funded by rates with substantial funding assistance from the New Zealand Transport Agency (NZTA). The current Funding Assistance Rate provided by NZTA has risen from 58% to 60% and will be in effect until 2023.

The Local Government Act 2002 and Land Transport Management Act 2003 provide the framework under which Council operates a land transport network within the District. Council’s land transport network consists of 862 kilometres of sealed and 402 kilometres of unsealed roads, 265 bridges, 7,907 culverts, and 68 kilometres of footpaths. To ensure road safety Council has a large number of signs, street lights and lane marking to aid the road user to safely navigate their way around the district. Council’s transport assets are valued at around \$670m (total replacement cost as at 30 June 2017 excluding land under roads).

Council currently delivers services using a model where physical works are outsourced and planning, and asset, contract, programme and financial management activities are shared across a mixed in house and outsourced team. This model is common in New Zealand with the mix of responsibilities for engineering, contract management and financial and asset

management determined in large part by the capability of the individuals in the in house team.

For physical works Council has two major term contracts for maintenance and reseals, minor term contracts for lighting, vegetation control and road marking, and project based contracts for other capital works.

The significant contracts in place are summarised in Table 1 below. The contract terms reflect Council’s agreement to extend the maintenance and reseals contracts to July 1 2020 to allow the opportunity for a combined contract to be considered in the procurement plan.

Table 2 CHBDC Significant Land Transport Contracts

Activity	Provider	Contract term and estimated annual value
Professional Services	Stantec	Five years commencing December 1 2018 \$1.5m pa
Road Maintenance	Downer	Five plus three years commencing July 1 2014. Agreed one year extension to 1 July 2020 \$5.0m pa
Reseals	Higgins	Four plus two plus two commencing April 1 2011. Agreed extension to 1 July 2020 \$1.5m pa
Lighting	Pope Electrical	Commenced August 2018. This is a 2 year contract with the possibility of 3 one year extensions \$ 77,000 per annum
Road marking	Orsborns Road Markers	Commenced August 2018. This is a 2 year contract with the possibility of 3 one year extensions \$96,000 per annum

Council completed s17a reviews for 3 waters and parks and property in 2017 and procured new contracts for these services in 2018. Council also procured a new professional services contract for Land Transport in 2018.

The new contracts include the provision for Council to bring all of its strategic infrastructure suppliers into a more collaborative and integrated delivery team. This influences the Land Transport s17a review as it is Councils intent to grow its capability in programme delivery to become more efficient – particularly in the road corridor where many internal and external stakeholders create and maintain assets.

Council’s regional partners are Hastings, Napier and Wairoa Councils who together with CHBDC make up the Hawkes Bay Local Authority Shared Services (HBLASS) group. NZTA are a significant partner and Tararua, Manawatu and Rangitikei Councils are southern and western neighbours.

4. Current market environment – Land Transport

This section outlines the current market environment for Land Transport service delivery to inform an understanding of:

- 1) The infrastructure supply chain and the opportunity for local suppliers
- 2) Sourcing options, comparative benefits and practice
- 3) Governance and funding
- 4) National and regional service delivery models in use

4.1. Infrastructure supply chains

The diagram below illustrates how infrastructure supply chains are structured with clients and master contractors being supported by trades, sub-contractors and materials providers.

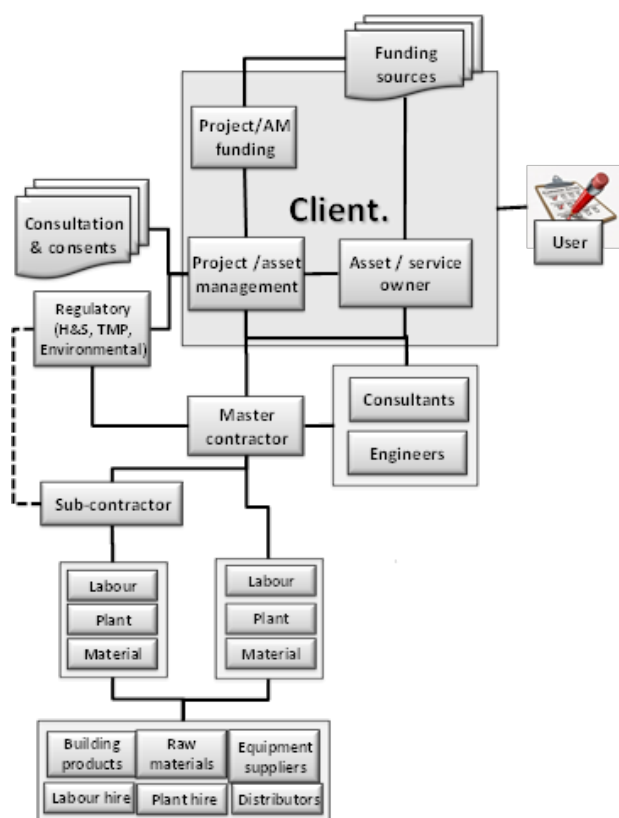
The purpose of this diagram is to illustrate supply chain dynamics that are considerations in the in-house / outsource service delivery decision plus any subsequent procurement and contract management decisions made if outsourcing:

- **Client:** the client will determine requirements (outcomes, specifications, scope, LOS and performance measures) and will therefore have a significant influence over culture and behaviour in the supply chain. Clients need to understand what capability they have or will require to effectively manage either a contractor, engineer or an in-house team

- **Consultants and engineers:** clients supplement their own resources and technical expertise with professional services suppliers and can range from ad hoc project based contracts to fully outsourced network and programme management

- **Master Contractor:** these contractors generally coordinate a range of services such as for a maintenance contract or capital project. They are typically regional branch operations of a national contractor but can sometimes be a local contractor or CCO. Some contractors sub-contract larger portions of work than others, and some own plant while others lease. Larger operators often have vertically integrated services to include materials (e.g. bitumen) and specialist subbies. In some jurisdictions they subcontract to each other.

- **Subcontractors:** for Transport these are often regional or local specialist suppliers such as for vegetation control. A client's ability to manage these as efficiently as a master contractor will often be determined by their organisation's capability for health and safety, quality and



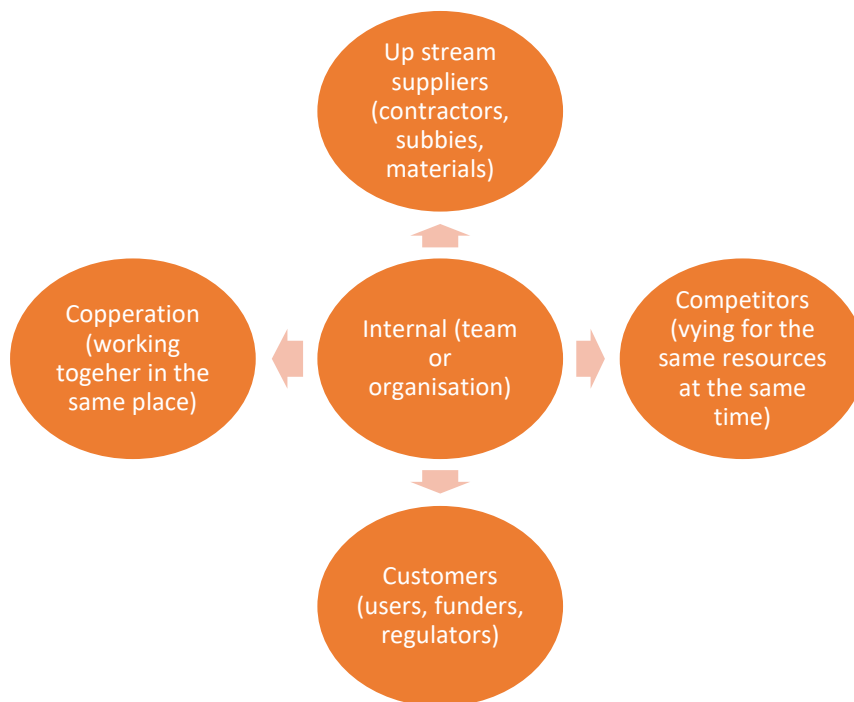
performance management, forward planning (e.g. coordinating grading and spray programmes) and people and task management

- **Materials, labour and equipment:** these are the same for both in-house and 3rd party providers. Council should consider whether they are able to sustainably source and manage any of these 3rd tier requirements more efficiently than contractors or sub-contractors
- **Shared resources:** many parts of the supply chain are shared across 3 waters, Land Transport and Parks and Property services and it's useful if Clients understand these connections - even when they are not directly contracted - in order to avoid conflicting demands and supplier management practices, and/or secure advantages from the whole of organisation spend

4.2. Supply chain partners

Service delivery involves a range of supply chain partners including those that are not managed through procurement activities. Figure 1 below illustrates vertical and horizontal partners that should be considered in a service delivery review.

Figure 2: Supply Chain Partners



4.3. Local suppliers and economic development

Councils see value in local suppliers being engaged in delivering local services. Master contractors rarely self-deliver all services and engage with the local market for seasonal, geographic or niche support for service delivery, as well as materials and machinery servicing. Clients, local contractors and master contractors invariably all employ most of their staff locally leaving the employment perspective effectively neutral.

Master contractors and professional services firms can often add value for economic development in two main areas:

1. Uplift local supplier capability in health, safety and environmental management, reporting and compliance requirements such as for traffic management
2. Creating career pathways for local employees

In an outsourced environment clients can provide opportunities for local contractors in a variety of ways:

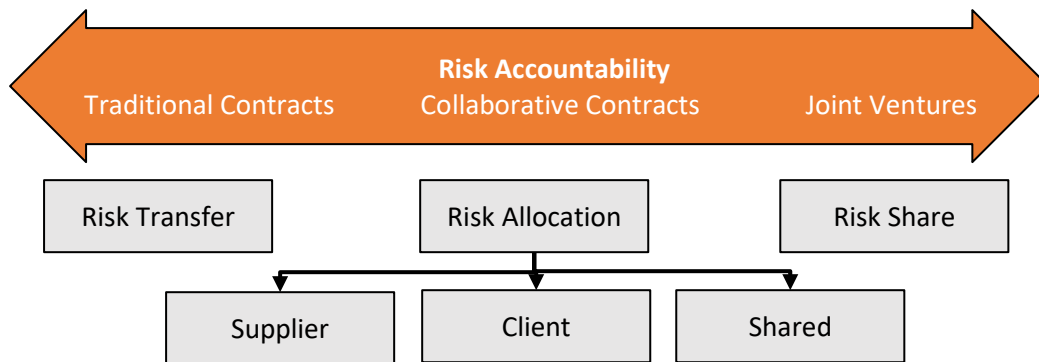
- **Tendering:** local suppliers are never excluded from bidding for clients' tenders and are often supported with an early supplier clarification workshop or interviews. This provides an opportunity for local suppliers to assess their capability and capacity to meet all or some of Council's requirements
- **Supplier panels:** outsourcing directly to a range of specialist or geographically targeted sub-contractors. This comes with its attendant management complexities and distributed accountabilities to manage a larger number of small contracts
- **Introductions:** introducing master contractors to local sub-contractors and suppliers through registration of interest (ROI) processes, or facilitated meetings integrated into the procurement process. This can be further supported by non-price evaluation criteria that encourages their use
- **Nominating named providers:** nominating niche suppliers to the master contractor or lead engineer i.e. it becomes a contractual requirement to use them. This can create issues with performance accountability
- **Required subcontracting:** requiring master contractors to deliver a nominated value, percentage or activity through a sub-contractor. This is used by NZTA in its Network Outcome Contracts (NOC)

Social procurement: many clients are now considering the opportunities afforded through social procurement such as paying the living wage, funding apprenticeships through the contract and requiring contractors to work with volunteer community groups. Social procurement is evolving and its scope can include all the three main wellbeings. It's important for clients to note that many social procurement initiatives require client investment such as sharing the cost of cadetships or paying more for non-glyphosate weed control. It can also include investment with an economic return such as experimenting with recycled materials to replace traditional materials.

4.4. Risk Accountability

Risk accountability is an important part of the decision to insource or outsource with many contracts abandoning the traditional risk transfer approach and adopting a model where accountability is regularly reviewed with a view to it being managed by the party best able to manage it as illustrated in Figure 2 below:

Figure 3: Risk Accountability



This flexibility in risk accountability is reflected through contracts adopting a mix of underlying pricing models that include:

- **Fixed fee** – a monthly or annual lump sum amount to deliver a level of service where the contractor is accountable for all costs and variables. Typically used for programmed works with (relatively) predictable timeframes and volumes.
- **Activity fee** – a rate per measurable unit (each/tonne/m3/visit) where the client takes the risk on quantity or frequency, and the contractor the risk on productivity and materials. Typically used for services such as response works or inspection led maintenance activities e.g. pot hole repairs.
- **Cost reimbursement** – where the client takes the risk on frequency and productivity such as required in an emergency response situation where there are many unknowns
- **Declared margins and overhead** – it is not unusual for all pricing models to be supported with transparency of direct overheads and margin for profit and corporate overhead. This enables regular reviews to focus on cost and protect both client and contractor from abnormally high or low margins if there are changes to the mix of services required

4.5.Sourcing options and comparative benefits

A key aspect of s17a service delivery reviews is to address whether the client should insource or outsource key activities. In this regard it's useful to summarise things to be considered in the options process.

4.5.1. Sourcing options and usage in New Zealand

Prior to the 1989 amalgamations most NZ councils used an in-house led delivery model for infrastructure service delivery including land transport. Since then the market has matured to a mixed model environment where Councils choose from three main methodologies:

- 1) **Complete in-house** – Council provides the full range of services internally albeit with some minor or niche activities outsourced (e.g. heavy earthmoving or geotechnical engineering). This model can be delivered through a department, standalone business unit or Council Controlled Organisation. CCO is the most common form of insourcing physical works in transport networks (e.g. Delta, City Care, Sicon and Infracore), and internal departments for professional services. However the CCO model can transform into an outsource option if the CCO has to bid for work rather than have it awarded directly.

- 2) **Complete outsource** – Council outsources services to a master contractor/professional services firm, or a number of direct contracts with smaller /niche providers. These contracts are usually long term (5 years or more) for maintenance/network management and minor renewals, or fixed term/project based for capital works. Contract scope can include a mix of planned and response maintenance, minor upgrades and renewals and major capital project activities.
- 3) **Hybrid mix** – where a Council may adopt a mix of in-house and outsourced activities aligned to their own or regional capability

It is difficult to establish a benchmarked framework for the service delivery decisions that different councils have made, which suggests that Council will need to develop its own. However, there are universal considerations in the outsourcing decision that include:

- **Capital investment** – the cost of investment in capital plant and equipment and its' impact on the balance sheet
- **Core competency** – are the necessary capabilities in people, systems and processes a core competency for the organisation and will they be supported over time (i.e. investment in training and development and systems)
- **Market and supply chain capability** – is there capability in the market to support an outsourcing decision
- **Strategic outcomes** – are there outcomes that can only be achieved by either one model or the other.

Unsurprisingly, it is difficult to find examples of how best to assess the insource vs outsource decision specific to transport network teams. However, a 2007 study at Massey University undertook a comprehensive survey in the context of facilities management which has many similar characteristics to network management i.e. asset management, OPEX and CAPEX led activities and delivering to specifications and levels of service. Within the study there is a summary of insourcing vs outsourcing factors ranked by survey respondents that provides a useful benchmark to assist Council in assessing the pros and cons of outsourcing all or part the current operation. These are tabled in Appendix 1 together with commentary as to applicability and mitigation for the Land Transport operation.

4.6. Governance and Funding

Council owns its roading network and determines the levels of provision and services required to meet its community outcomes within the known constraints of local and external funding. The LTP process largely determines these, and prioritises activities for all of Council's assets that are in the road corridor.

Land Transport Governance seeks to balance the interests of the local and regional authorities and central government who subsidise funding for local roads through NZTA. Central government issues a Government Position Statement (GPS) which informs priorities for the triennial National Land Transport Plan (NLTP). Councils prioritise their activities through their three yearly review of the 10 year Long Term Plan (LTP). In most areas these are coordinated through a regional transport committee which reflects NZTA's regional governance structure. Please see Appendix 2 for NZTA's description of this structure.

Councils then empower their Chief Executive to deliver the programme within the constraints of the Local Government Act, and in the case of Land Transport, the Land Transport

Management Act (LTMA). The LTMA requires Councils to maintain a procurement strategy, and the scope of this strategy and the s17a review intersect at the sourcing decision i.e. whether to insource or outsource all or some of the required services. The Transport Procurement Strategy then goes on to describe how Council will procure outsourced services but this is outside the scope of a s17a review. Both will inform a detailed procurement plan.

NLTP

The National Land Transport Programme (NLTP) is a three-year programme that sets out how the NZ Transport Agency, working with its partners, invests national land transport funding to create a safer, more accessible, better connected and more resilient transport system to keep New Zealand moving.

The NLTP sets out activities that can receive funding from the National Land Transport Fund (NLTF) under the Land Transport Management Act 2003. The NLTP must give effect to the Government Policy Statement on land transport (GPS). Regional Land Transport Plans (RLTPs) developed by local government, must also align with the GPS.

LTP

Transport operational funding is provided for through General Rates, targeted rates, grants fees and subsidies and revenues from fees and charges. Capital funding is through targeted rates, borrowings and reserves, funding assistance (NZTA) and development contributions.

The review has found that Council’s elected members are unsure of the contribution that they should make to setting Land Transport’s strategic priorities in the context of its LTP the GPS and NLTP, and how they can be assured that service delivery is efficient and effective. Land Transport is perceived as a siloed operation that is not yet fully integrated into Council’s Project Thrive strategy, and how it can support other initiatives (e.g. 3 water reticulation in the road corridor). New and emerging funding options other than NZTA (e.g. the Provincial Growth Fund application for bridges), also highlight an increased need for whole of Council strategic alignment.

#	Recommendation	Priority
1	Governance: that Council review how elected representatives participate in Land Transport strategic planning, and reporting processes to ensure increased alignment with other Council strategic imperatives, and service integration.	Review practices in time to implement for new Councillors in late 2019

5. Current operations

Council staff, assisted by consultants, manages the various planning, asset management and financial management aspects of Council’s road asset. All physical work that is carried out on the network is done by Contractors.

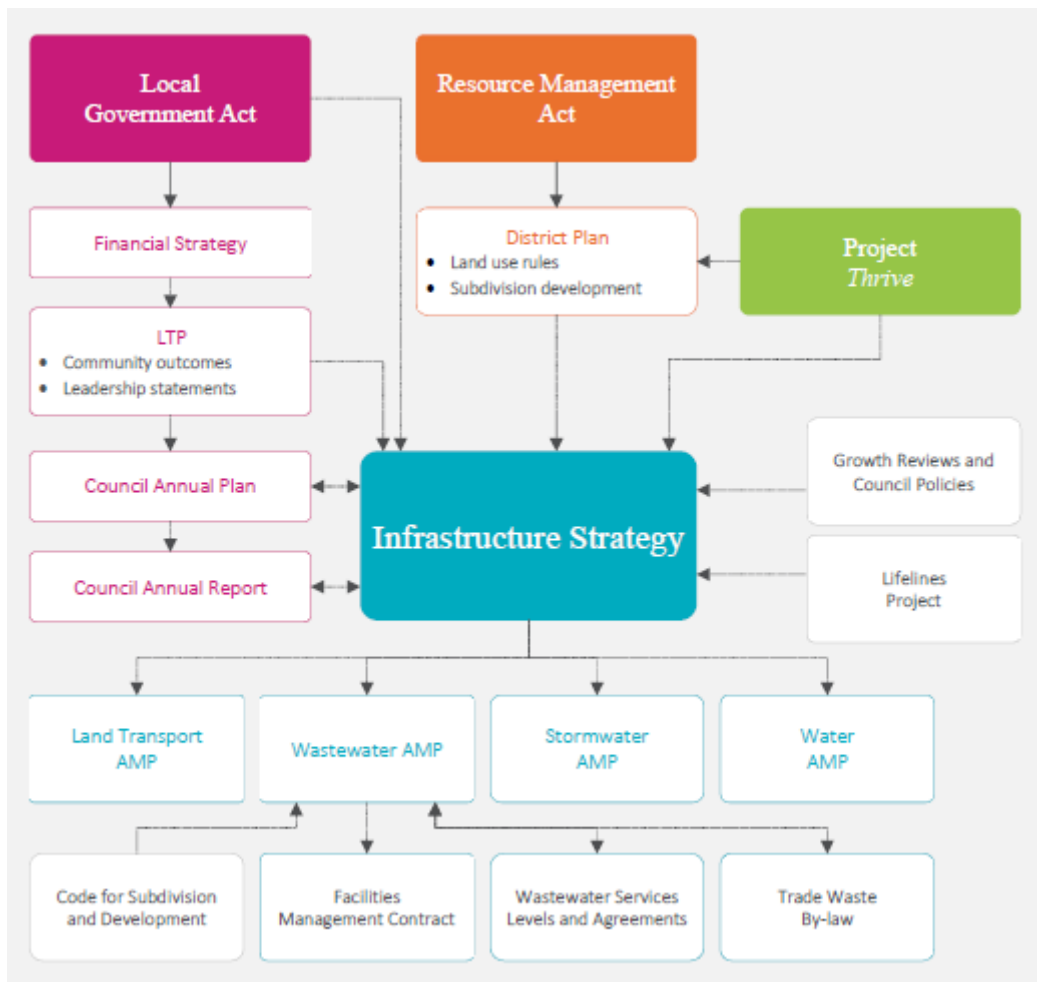
5.1. Governance and strategy

Given that Land Transport governance is largely determined by central government this report focuses on how Council manages its ‘side of the house’.

5.1.1. Council infrastructure strategic framework

As required by section 101B of the Local Government Act 2002 Council maintains an infrastructure strategy that seeks to identify key considerations for the next 30 years. Council’s strategy includes a framework that describes the various planning inputs that need to be considered:

Figure 4: CHBDC Infrastructure Strategic Framework



The current framework does not adequately address the significance and influence of the LTMA, NLTP and Regional Transport committee and future development of the framework could include greater recognition of these.

The 30 year strategy lists the following as key considerations:

- Given future growth estimates indicate medium to high growth related infrastructure planned mainly for water supply and wastewater infrastructure assets in urban areas. This expenditure relates to water supply infrastructure mainly based in Waipukurau and Waipawa but does include treatment upgrades to other supplies.
- Operational expenditure, including the costs of labour, depreciation, materials and maintenance accounts for the majority of expenditure for all four infrastructure asset groups.
- Our expenditure on renewals, across all infrastructure categories is variable over the 30 year period. We know that we have ageing water supply and wastewater in the older settlements of Waipawa and Waipukurau and these will be the focus of our programme of works.
- Our expenditure on maintaining service levels will see us focusing on a programme of upgrades to our water supply schemes to meet the Drinking Water Standards 2005 (revised 2008) and meeting higher standard required for consent conditions at a number of our wastewater treatment plants.
- We have an ongoing programme to address high priority road safety issues.
- We expect that NZTA funding assistance will continue at existing subsidy levels.

These indicate that 3 waters assets will be a focus and likely priority of any discretionary funding. However much of the 3 waters reticulated network lies in the road corridor and therefore Council should benefit from its plans to increase service delivery alignment within the corridor.

#	Recommendation	Priority
2	Governance: that Council review its infrastructure strategy framework to better reflect the influence of the GPS, NLTP and regional coordination for land transport	Align to Council LTP cycle
3	Programming: Council reinforces its strategy to increase programming alignment and constructability across all services delivering in the road corridor	Ongoing

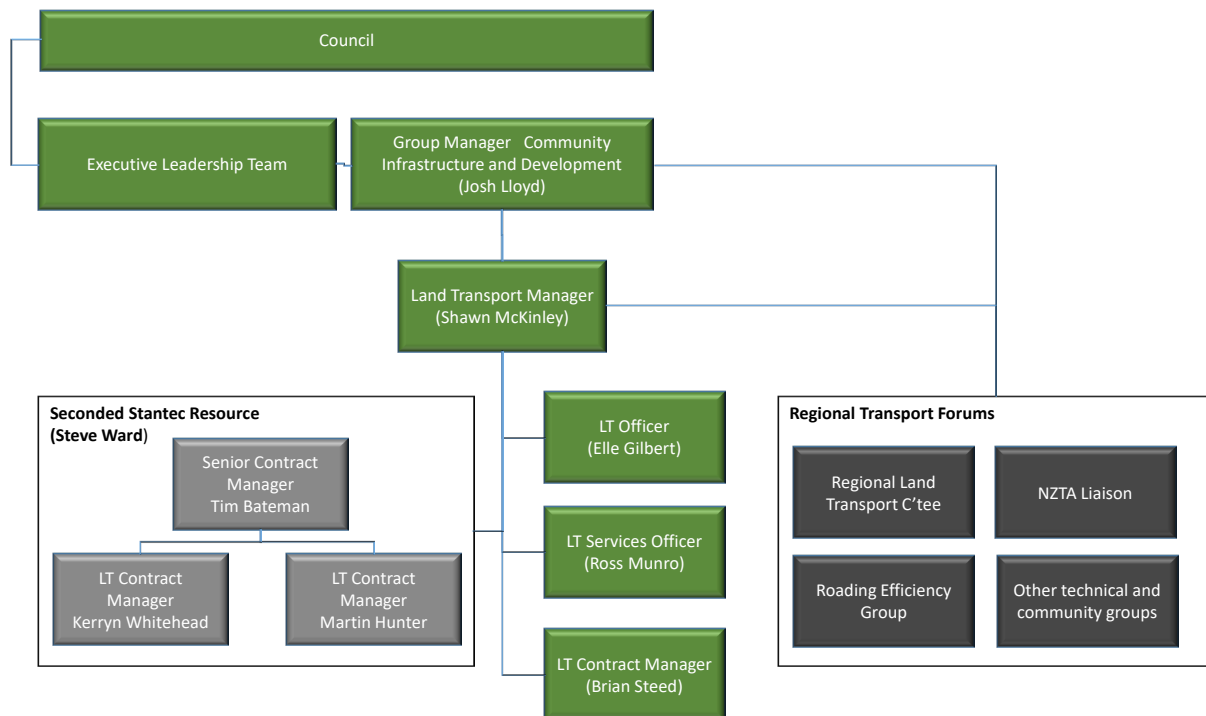
5.1.2. Operational Management

Council’s Land Transport activities are managed through the Community Infrastructure and Development Group which includes the Land Transport Team. There are also regional groups that Council must participate in as part of its governance role over Land Transport.

The Executive Leadership Team (ELT) has been rolling out a leadership approach that seeks to better connect traditional service based silos and integrate decision making across all services. This is particularly important given Council’s priorities for infrastructure where many asset development and maintenance activities all take place in the road corridor.

The structure is illustrated below:

Figure 5: CHBDC Land Transport Reporting Structure



Key accountabilities:

- Shawn McKinley, Land Transport Manager – responsible for the delivery of the programme and all of the services
- Direct Council reports:
 - Brian Steed – responsible for Line marking, street lighting, road side spraying, vehicle crossings and subdivisions (also training / mentoring Elle Gilbert)
 - Elle Gilbert – responsible for above in tandem with Brian, Rapid numbers, GETS, Quality Assurance of all non-contract items
 - Ross Munro – responsible for TMPs, CARs, general enquiries, liaison meetings, vegetation control
- Stantedec:
 - Contract management through seconded personnel (Tim Bateman, Kerryn Whitehead)
 - RAMM data management
 - Contract preparation and investigation
 - Professional technical advice (bridges, other structures, traffic counts, etc.)
 - Procurement and management of various capital works and maintenance contractors
- Downer:
 - Responsible for the physical delivery of all road maintenance services
 - Initial emergency response
 - Dealing with public enquiries
 - Minor renewals (where appropriate)
- Higgins:
 - Responsible for delivery of capital reseals programme

Council's structure is typical of most district councils but highlights one of the risks and issues raised with regard to knowledge management, and subsequently organisation resilience. There is the potential for capability gaps to develop due to individuals having to be across a wide brief of strategic and operational activities and issues. The team is aware of this and reports an ongoing project to capture procedures in a central file.

#	Recommendation	Priority
4	Knowledge Management: the Land Transport team continues to prioritise its initiative to capture service delivery procedures and pass learnings through to other services. Consider using this process to develop a standardised approach to role based knowledge capture for all services.	Align to strategic supplier initiative as impacts all services

5.2. Community contribution and measures

Council’s LTP describes how the Land Transport function contributes to the following community outcomes:

- Proud District
- Prosperous District
- Strong Communities
- Connected Citizens
- Smart Growth
- Environmentally Responsible
- Durable Infrastructure

The measures for Land Transport performance are tabled in the LTP as follows:

Table 3: Land Transport Measures

Land Transport								
WHAT CUSTOMERS WANT/ CUSTOMER VALUE	CUSTOMER LEVELS OF SERVICE	PERFORMANCE MEASURE	BASELINE	YEAR 1 TARGET (2018/19)	YEAR 2 TARGET (2019/20)	YEAR 3 TARGET (2020/21)	YEAR 4-10 TARGET (2019/20)	PERFORMANCE MEASURE REPORTING
The provisions of a safe and secure local roading network that meets the needs of our community	Safety	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	Reducing trend	Reduce total number to 0	Reduce total number to 0	Reduce total number to 0	Reduce total number to 0	Reduce total NZTA accident reporting number to 0 system to produce an annual report
	Quality	The average quality of ride on a sealed local road network, measured by smooth travel exposure	New	Between 85 & 90%	Between 85 & 90%	Between 85 & 90%	Between 85 & 90%	Between 85 & 90% Annual performance reports generated by NZTA ONRC reporting tool
	Quality	At least 20% of the footpaths in excellent condition and no more than 10% of the footpaths in poor condition measured annually	Excellent >74.4% Poor <6.4%	Excellent >50% Poor <10%	Excellent >50% Poor <10%	Excellent >50% Poor <10%	Excellent >50% Poor <10%	Results of annual >50% <10% condition assessment
	Quality	The percentage of the sealed local road network that is resurfaced	8.5%	Between 6 and 8%	Between 6 and 8%	Between 6 and 8%	Between 6 and 8%	Management Reporting
	Responsiveness	The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within 3 working days	87%	100%	100%	100%	100%	100% Request for Service system
	Customer Service	The percentage of users satisfied with the roading service provided	New	90%	90%	90%	90%	90% Independent Community Views Survey

These measures reflect the performance of all parts of Land Transport service delivery from planning through to physical works and maintenance. They should therefore be considered as part of an overarching performance management framework for all of Council’s infrastructure services delivery team.

#	Recommendation	Priority
5	Performance management: Council considers how its new performance framework for internal teams and strategic suppliers will capture Land Transport and other services contribution to community outcomes	Align to strategic supplier initiative

5.2.1. Project Thrive and Strategic Supply Partners

Council’s overarching business improvement strategy is Project Thrive. This strategy is important to infrastructure service delivery and has informed the procurement of major service contracts in 2018 for transport professional services, 3 waters, parks, property and solid waste services. The Thrive objectives and values are forming the foundation of a new approach to strategic relationship management with these major suppliers and it is Council’s intent that major Land Transport physical works suppliers will also be brought into the new relationship framework. Downers, Higgins and Stantec have all been involved in initial workshops and have expressed a keenness to be involved further as the approach rolls out in 2019.

The objective and values are described below:

1. **DOING IT TOGETHER:** Central Hawke’s Bay will be stronger when we work together. Partnerships and collaboration are at the core of everything we do.
2. **CUSTOMER EXCELLENCE:** The communities we serve are our customers. They are at the heart of our decisions, interactions and communication. We’ll engage with our customers to deliver value and exceed expectations.
3. **THINKING SMARTER:** We need to think smarter and better in everything we do. With a culture of innovation and continuous improvement we will add value to our communities.
4. **VALUES:**
 - TRUST – *We create trust by acting with integrity.*
 - HONESTY – *We do what is right even when no one is looking.*
 - RESPECT – *We have respect for each other, our community and our stakeholders.*
 - INNOVATION – *We find smarter ways to do things to produce improved and sustainable results.*
 - VALUING PEOPLE – *We are one team, supporting each other to succeed.*
 - EXCELLENCE – *We deliver exceptional results.*



#	Recommendation	Priority
6	Strategic alignment: Council continues to reinforce Project Thrive objectives and values with its supply chain partners as the anchor for decision making, relationship management and performance management	Align to strategic supplier initiative

5.2.2. NZTA Complying Procurement Strategy

A feature of Land Transport management is the requirement for Council to maintain a NZTA endorsed procurement strategy. The NZTA Procurement Manual prescribes what Council should consider in its strategy and how it should then undertake procurement processes. Council will update its current strategy following this s17a review and has an initial draft underway.

The NZTA Roading Efficiency Group has a procurement sub-committee that provides oversight for the effectiveness of the procurement manual and encourages new and

innovative ideas that may benefit the industry. Council’s Land Transport Manager is currently Chair of this sub-committee.

Some Councils have recognised that there are many common suppliers in the wider infrastructure market for roading, 3 waters, rails and property. In particular, there are often capacity or capability constraints at the subcontracting, trades or materials level that affect all services. This creates a risk that internal clients and regional clients end up competing for the same service and drive cost or capacity constraints. Councils who recognise this have expanded the scope of their complying transport procurement strategy to include all infrastructure.

CHBDC is in this position, which together with the strategic supplier initiative suggests that the scope of the Land Transport procurement strategy should be expanded to include all infrastructure services. Council can then look to use the regional transport forums and/or HBLASS to expand supply chain management discussions to include all related clients, contractors, subcontractors, materials providers, trades and professional services. This in turn could lead to a more coordinated approach to other initiatives such as for social procurement mentioned earlier.

#	Recommendation	Priority
7	<p>Procurement strategy: Council expands scope of the Land Transport procurement strategy to include all infrastructure services and address:</p> <ul style="list-style-type: none"> • Regional cooperation • Regional supply chain management – 2nd/3rd tier supply to be managed including securing resource commitments • Rationalising all services delivery in the road corridor • Social procurement initiatives • Cost and affordability • Supplier relationship management and contract management • Flexible approach to resourcing engineering and professional services during contract terms • Approaches for minor or major CAPEX 	Align to transport procurement strategy cycle
8	<p>Regional supply chains: Council champions regional procurement and supply chain forums to expand scope of discussions to include all infrastructure services</p>	To be considered

5.3. Supply market

Council secures outsourced services from a regional supply market that serves transport clients such as HBLASS councils, NZ Rail, NZTA, Napier Airport and Napier Port, as well as asset and infrastructure owners such as electricity and telecoms companies, property and open spaces clients and industry. Although there are capacity constraints from time to time, the supply market for Land Transport services is competitive and has depth of capability as illustrated in Table 3 below.

Table 4: HB Regional Land Transport Suppliers

Supplier / Service	Maintenance	Reseals	AWPT	Bridges / Structures	Prof. Services	Sub-contractors	Quarries/ Asphalt	Lighting	Line marking	Vegetation control
Downer	✓	✓	✓	✓		✓	✓			
Higgins	✓	✓	✓	✓		✓	✓			
Fulton Hogan	✓	✓	✓	✓		✓	✓			
QRS	✓					✓				
Stantec					✓					
GHD					✓					
WSP Opus					✓					
Beca					✓					
Russell Roads			✓			✓				
Barker contracting						✓	✓			
Schick Construction						✓				
Stringfellows						✓	✓			
McNatty Construction						✓				
Brent Rae Asphalts						✓				
Roadrunners									✓	
Osbornes Linemarking									✓	
Centralines								✓		✓
Pope Electrical								✓		
East Coast Electrical								✓		
AL Management										✓
Superior Exterior										✓

One of Council’s supply chain challenges is to position itself as a more attractive client than other regional clients who are in the main are offering higher volumes of work which risks CHBDC not being prioritised by some larger suppliers. Land Transport is Council’s largest activity area by spend (refer Table 4 below), but 3 waters is its strategic priority through the Big Water story.

The strategic supplier initiative will help position Council as a preferred client, and a large part of that is to leverage the size and predictability of the Land Transport programme to support contractors and professional services firms’ investment in Council as a client.

This reinforces the value of a whole of infrastructure approach to Councils procurement strategy and the development of integrated corridor planning and programme management.

Table 5: CHBDC 30 year Infrastructure budget

INFRASTRUCTURE ACTIVITY	OPERATIONAL EXPENDITURE	CAPITAL EXPENDITURE
Land transport	\$205m	\$369m
Water supply	\$63m	\$52m
Wastewater	\$65m	\$44m
Stormwater and drainage	\$10m	\$23m

Total	\$343m	\$488m
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#	Recommendation	Priority
9	Corridor Planning: in addition to integrated procurement (recommendation 6), consider how to strengthen oversight of planning, programming and integrated activities in the road corridor	Align to strategic supplier initiative as impacts all services

5.4. Financial

5.4.1. Land Transport LTP Funding

Council completed its three yearly LTP review in 2018 for the 2018/28 period and funding and key assumptions are summarised in Appendix 3. The LTP also notes the following funding considerations:

- Council increased the Catastrophic Events Fund over the last three years to over \$2m to be able to meet the requirement of replacing significant roading assets in the event of a catastrophic natural event. This increase is required to meet the drop in NZTA funding levels for emergency work from 90% to 80% of any one event and was funded from Land Transport Rates.
- However Council receives significant subsidy (60%) from the New Zealand Transport Agency towards the upkeep of Council's roading infrastructure.
- This level of subsidy determines the level of rate funding required each year and the ability of Council to maintain its roading asset.

NZTA Funding

The level of funding received from the New Zealand Transport Agency to subsidise maintenance and renewal of our roading network is a significant amount of the revenue for the Council. Council applies to NZTA on a three yearly basis for funding and the funding for the 2018-21 period was approved in May 2018. The Council has assessed the risk of alterations to the funding as low based on previous history of successful funding approval and an increase matching NZTA expectations.

Table 6: CHBDC NZTA Subsidy

\$'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
NZTA Subsidy	6,870	7,053	7,234	7,883	8,072	8,265	8,471	8,691	8,926	9,175

As with most Councils, the Land Transport funding and claims process is a business as usual function where professional services suppliers and main contractors can assist through their own activity and claims reporting. Some interviewees are looking for assurance that Council is optimising its NZTA claims processes.

5.4.2. Financial Performance

The last full year financial report indicates that Land Transport financial performance is good as illustrated below:

Table 7: CHBDC Land Transport Financial Performance

	Annual Plan	Updated Operating Budget	Actual	Variance
Opex	4,704,421	7,009,833	7,643,166	109.03%

Capex	7,955,628	8,653,656	7,688,360	88.85%
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Some interviewees expressed concerns about the transparency and timeliness of financial reporting including forward commitments to assist with cashflow management. This should be relatively easily resolved with support from ELT to set expectations and direction. Integrated infrastructure programme management would also assist in this regard by capturing forward works phasing.

5.5. Regional relationships

5.5.1. Working groups

In addition to Mayoral and Chief Executive forums, Council staff participate in a number of regional Land Transport focused cooperative and collaborative forums which are summarised in Table 7:

Table 8: Regional Land Transport Working Groups

Group	Notes
Regional Land Transport Committee and sub-group of Regional Technical Advisory Group	Looks at regional priorities
Roading Efficiency Group (REG)	Addresses ONRC, procurement and data issues
HBLASS	No significant Land Transport at this stage
NZTA Liaison meeting	Provides forum to compare forward works programmes
Public utilities coordination meeting and Utilities Access Code	Engages with all asset owners in the road corridor
Road safety action planning	Engages with police and NZTA
Traffic management coordinators	Seeks to align regional traffic management activity for major events and disruptions

It is difficult to assess the value of these forums for Council, however anecdotally they are useful in:

- Building relationships at various levels within Councils, NZTA, Police and other stakeholders which then provide a foundation for cooperation for planned and reactive activities
- Increasing communication across strategic and operational teams
- Shared knowledge and learnings
- Informing the development of business cases for improvement projects

As per the recommendation in 5.2.2 above there is also an opportunity to increase the value of these groups by expanding the scope of those that consider the supply chain to include other infrastructure services and clients.

5.5.2. NZTA

NZTA has a significant influence over Council's land transport service delivery through FAR funding (currently approximately \$7.0m per annum), regulatory requirements such as COPTTMS, and asset management through ONRC.

NZTA's regional representative indicates that it values its relationships with CHBDC staff and views Council as a proactive partner in terms of regional cooperation and collaboration. NZTA will be increasing its efforts in this area in the near future which will provide additional opportunities for Council to benefit from a regional approach to things such as:

- Alignment of tenders
- Shared delivery of NZTA's Low cost/Low risk programme for works less than \$1.0m
- Shared use of Council's contracts to deliver works such as slip removal for NZTA
- Market capability development including NZTAs NOC contract local supplier participation which is running at approximately 30%
- Sharing forward works programming (cited lessons learned from planned works for Waipawa bridge)

NZTA have some concerns about medium to long term market capacity and capability as the current programme of major projects is completed. Although central government indicates that spend levels will not drop, the type of resource required to deliver (say) a \$50m highway improvement is different from the resource required to deliver \$50m worth of safety improvements. There is also some concern about depth of professional services in the region. NZTA has a commitment to regional cooperation and the regional manager has personal measures in this area. There is a general feeling from NZTA that while there is much discussion it has yet to develop into significant value add collaboration across the region, due in part to legacy issues from failed amalgamation processes.

The above further suggests the benefit of increased 'corridor -led' regional supply chain planning as per the recommendation in 5.2.2 above.

5.5.3. Regional Councils (HDC and NCC)

Invitations to be interviewed for this review were sent to Napier City Council (NCC) and Hastings District Council (HDC). HDC have not responded but NCC staff were interviewed and they also provided a copy of their 2018 s17a review for Transport which was a joint review undertaken with HDC. This provided a good view of their current thinking with regard to regional cooperation.

Firstly, as with NZTA, CHBDC staff are held in high regard in terms of their willingness to work with regional partners and to contribute to ('the few') initiatives for supply chain efficiency. There is a sense that if CHBDC wanted to take a greater leadership role in regional cooperation then it is well placed to do so.

The Executive Summary of the joint s17a NCC/HDC review is attached under Appendix 4. There was no agreement to pursue a shared services model. There was agreement to increase regional cooperation but, to date there has been little meaningful progress. However, it would seem that there are strategic and operational ideas and issues that could be pursued such as:

- Alignment of contract specifications for things such as kerb and channel
- Assessing impacts of other clients on materials supply such as Port of Napier
- Discuss policy to preserve depth of supply in the regional market
- Coordinate contract tendering processes

However, there does not seem to be a platform for issues to be mandated once discussed i.e. effectively binding on all parties. This is a common issue with the LASS model where individual councils choose to opt out at the expense of the regional or longer term benefit.

#	Recommendation	Priority
10	Regional cooperation: Council consider the opportunity to increase its leadership in infrastructure regional cooperation and if it wishes to prioritise regional cooperation and resource accordingly	To be considered

5.1. Core competency

A final consideration in current practice is what Council see as its core competency i.e. what capability, capacity and strengths must it maintain in order to grow and thrive to meet its objectives for Land Transport and infrastructure.

It is highly unlikely that Council would consider insourcing physical works due largely to the capital cost of establishment and ongoing team, plant and systems maintenance and upgrades.

The 2018 procurement of professional services has highlighted the importance of the availability of people with the right capability, understanding if they are needed on a full or part time basis and whether those people would prefer being employed by a client or a consultancy firm. Council's current model recognises this and the new contract has the flexibility to adjust the capability and capacity of the outsourced component on a short or longer term basis.

This brings it back to the people, systems and processes that Council needs to fulfil its functions as the owner of the network. This review notes that there will always be a reliance on individual's capability and capacity. The degree of this reliance will depend on the level of investment in process design and systems that are common (as far as is practicable) across all infrastructure assets and are accessible by all the key partners involved in service delivery.

Given that Council will also be hiring or engaging with professional services on its other infrastructure activities, there would be value in a regular review of core competency across all services and an appropriate sourcing strategy. This could be a subset of broader programme or portfolio management

#	Recommendation	Priority
11	Competency development: Council consider the development of a professional services competency framework that informs future hiring or outsourcing decisions.	To be considered

6. Service Delivery Drivers, Opportunities, Risks and Issues

This section summarises what the review has found through stakeholder interviews and workshop, documents review and financial reports review.

6.1. Service delivery drivers

Land Transport has a number of service delivery drivers to consider including (additional detail on these drivers is included under Appendix 5 attached):

- Project Thrive – council’s organisation change programme
- 2018/28 LTP and 30 year plan
- NZTA Funding Assistance Rates (FAR)
- Asset management planning and one network road classification (ONRC)
- Government Policy Statement (GPS) for Land Transport
- Provincial Growth Fund (PGF)
- Strategic supplier management – council’s supply chain improvement programme
- Regional demand and supply market capability and capacity
- Customer demand - ranging from sub-divisions to events to HPMVs to walking and cycling

Although this is a complex set of strategic considerations, there are common themes that have a direct influence over future land transport service delivery options and decisions:

1. **Agility** – the ability for Council to respond quickly to environmental, regulatory, political and economic change
2. **Flexibility** – Council’s ability to re-prioritise quickly and effectively to take advantage of opportunities or respond to disruption e.g. PGF initiatives and emergency flood events
3. **Resilience** – the ability to recover from disruption whether it be as simple as managing a change in key personnel or a significant environmental or political event. This issue also highlights the ongoing need for increased capability in knowledge management
4. **Forward planning and programming** – the capability to integrate work programmes across all Council services to increase supply chain predictability and certainty plus realise ‘One stop – dig once’ opportunities within the road corridor. Increased predictability would also positively impact cashflow planning and capital accruals management
5. **Funding optimisation** – ensuring capability to recognise, and then realise, external funding opportunities such as for subsidised changes to LED street lighting
6. **Cooperation and collaboration** – Council cannot do this on its own and should continue to develop relationships with all of its supply chain partners to consider the impacts and opportunities for things such as:
 - a. Understanding demand on the supply chain particularly where there are seasonal or capacity constraints such as seasonal reseal programmes; the potential impact of the new Manawatu Gorge link; and NZTAs national programme
 - b. Ensuring a common understanding of regulatory or user constraints and opportunities such as dedicated purpose funding or public events
 - c. Working with other regional clients to smooth demand and prevent artificial competition affecting price and availability such as increased coordination of AWPT delivery with neighbours

- d. Working with other internal and external clients to optimise activity by place or resources such as with 3 waters, telecoms and lines companies in the road corridor

6.2. Service delivery enhancement opportunities

In the last 24 months Council has undergone significant changes in how it approaches service delivery, and these changes present opportunities for enhanced service delivery of Land Transport and other infrastructure services.

This review has identified areas where Council’s experience in Land Transport can be used to enhance overall service delivery through initiatives such as:

- Developing role based knowledge capture
- Leveraging regional relationships for supply chain innovation and development
- Corridor planning and programming
- Adding land transport programme delivery to strategic supplier initiative
- Learnings from co-located working and supplier management

Overall, Land Transport is well placed to support increased integration across infrastructure service delivery.

6.3. Key risks and issues

The following risks and issues have been raised through stakeholder interviews for consideration during this review and have been grouped to facilitate identifying preferred delivery options:

Table 9: Issues summary

Group	Issues summary	Mitigation considerations
Resilience	<ul style="list-style-type: none"> • Loss of knowledgeable personnel - consultant and in-house staff having significant tacit knowledge separate from the corporate explicit knowledge • Emergency funding – 2018 flood events and subsequent reporting suggests that Council’s ability to recover from disruption may be at risk in terms of the potential impact on regional contracting capacity. 	<p>Reinforce value of current work being done to capture and maintain operating procedures</p> <p>Use collaborative working to encourage ongoing lessons learned and regional cooperation among upstream supplier and clients</p>
Cooperation and collaboration	<ul style="list-style-type: none"> • Stakeholder engagement and communications – wider organisation stakeholders not having a shared understanding of what activity is happening on the network and why, together with providing value for money/community assurance • Regional optimisation – lack of meaningful collaboration to optimise forward work programmes and potentially shared or competing resources and capacity (contracted or otherwise) e.g. reseals, bridges and structures and specialist sub-contractors • Regional collaboration – there are many active transport related groups that could develop more effective value adding collaboration 	<p>Improve cross service collaborative working to increase understanding of corridor activities and their value or impact on organisation outcomes</p> <p>Consider if increased involvement of main contractors and professional services firms will help facilitate programme optimisation</p> <p>Consider which groups could be more effective in areas such as regional optimisation and if they</p>

	rather than simply sharing information e.g. line marking and lighting	have appropriate support to invest resources to achieve objectives
Funding and Governance	<ul style="list-style-type: none"> • Governance: <ul style="list-style-type: none"> • uncertainty over Council’s role in regional funding and prioritising decisions (Regional Land Transport Committee) • there is a lack of a shared understanding of executive leadership input and role in providing prioritisation and financial assurance oversight of Transport delivery • Funding: <ul style="list-style-type: none"> • an opportunity to provide assurance that transport funding streams are all being optimised • whether funding programme constrains alignment with other service’s initiatives in the corridor (including those funded by PGF) • Council’s land transport financial management, including those that affect commitments for borrowing, require improved communication and transparency across Council • Affordability – ongoing funding concerns about Council’s ability to source funds to do all the work that is required e.g. bridge replacements and upgrades and recovery from disruption such as weather events 	<p>Should be considered in context of Council’s ongoing project to integrate accountability across all of the executive leadership team</p> <p>Consider if delivery partners can assist with reporting</p> <p>An opportunity for Council’s strategic partners to demonstrate value through improved planning and phasing</p> <p>Develop the current forward works programme to include cash flow demand</p> <p>Other than considering suppliers views on service delivery efficiencies and prioritising, this is a function of asset management and LTP planning rather than service delivery</p>
Operations	<ul style="list-style-type: none"> • Forward works programme: <ul style="list-style-type: none"> • Currently in form of project list but will need development alongside 3waters and parks and property to identify cross service (or corridor) opportunities to align projects and programmes. There may also be additional value to be gained from the supply chain through programme sequencing and bundling • increased supplier involvement for constructability and market capacity, plus agility to take advantage of new funding opportunities such as from PGF or EECA • Supplier performance – integrate Land Transport supplier performance management with the strategic supplier initiative to address an historic lack of transparent and disciplined supplier performance and contract management and associated incentives / disincentives across Council • Issues escalation and resolution - Client / consultant / contractor roles and input and alignment to wider Council initiative for strategic suppliers 	<p>This has already been identified as an output of improved collaboration among strategic suppliers</p> <p>As above – an output of the proposed new way of working with strategic suppliers and an opportunity to consider sub-contractors and materials providers as well</p> <p>As above but will be considered in context of balancing individual contract management with programme delivery Consider how regional cooperation can be developed further to address capacity constraints</p>

- **Capacity prioritisation** – does CHB get priority over 'competing' clients e.g. Downer contract leadership

7. Findings and options

7.1. Key findings

The following key findings influence the service delivery options for Council to consider:

Overall, the review has found that the current Land Transport service delivery model has the flexibility and agility to respond to future needs, including benefiting from improved 3 waters and green spaces programming to optimise activity in the road corridor. Council's Land Transport team has good relationships with the supply chain and other regional partners, which mean it is well placed to make a greater contribution to Project Thrive, regional cooperation and Council's strategic supplier relationship management initiative.

There isn't a governance, funding, supply chain or staff issue that signals a requirement for fundamental change but the drivers for increased flexibility and agility mean there should be improvements sought in some areas including:

- **Governance** – the current approach is not unusual or inappropriate, but there are some refinements that need to be addressed:
 - Review and improve elected representatives understanding of how they influence the strategic alignment of Land Transport service delivery to wider Council objectives
 - Integrating Land Transport, 3 waters and Parks and Reserves through a move away from service based 'silos' to a whole of organisation outcome led delivery – particularly relevant in the road corridor
 - Improve ELT and ER understanding of service delivery performance
 - Council's role and resourcing for regional governance forums
 - Rationalising procurement strategies across all services whilst complying with NZTA requirements
- **Strategic supplier relationship management initiative** – this initiative will affect Land Transport service delivery in terms of:
 - Supplier performance and contract management
 - Integrated forward works planning, activity prioritising and reporting
 - Standardised knowledge management
 - Contract governance and issues and escalation management
 - Audit and assurance
 - Capability and capacity planning, particularly during times of staff change or abnormal demand
- **Regional cooperation** – some regional partners are demonstrating a willingness to develop more effective cooperation and Council is well placed to 'punch above its weight' in terms of leading initiatives, but should consider the level of resourcing and commitment required to lead change in areas such as:
 - Rationalising working groups including expanding scope to cover all infrastructure services, clarifying the role of HBLASS, and minimising regional partners ability to 'opt out' of shared initiatives
 - Whole of supply chain planning and management including smaller local suppliers and social procurement initiatives
 - Standardisation of specifications and detailed LOS descriptions to supplement ONRC

- **Reporting** – the review found a reporting disconnect between Land Transport, some suppliers and other parts of Council and alignment to the Project Thrive perspective of service delivery as a means to deliver community outcomes. This is not helped by the complex strategic environment as described in 6.1 above but signals an opportunity to simplify, standardise and automate financial, asset and service delivery reporting across all infrastructure services.

7.2.Delivery options

Section 17A requires consideration of some specific high level strategic options. These are tabled together with this review’s recommendations below:

Option	Review recommendation
a) funding, governance and delivery by your local authority	Retains the current model which is recommended
b) responsibility for funding and governance is undertaken by your local authority and delivery is undertaken by another local authority	There is no appetite for whole of service shared delivery but there may be opportunities at an activity level if regional cooperation is improved e.g. annual AWPT programmes
c) responsibility for funding and governance is undertaken by your local authority and delivery is undertaken by a CCO, wholly owned by your local authority	This review has not found any appetite for council to establish a CCO and the option is rejected
d) responsibility for funding and governance is undertaken by your local authority and delivery is undertaken by a CCO, where your local authority is a part owner (the other owner or owners might be a local authority or other organisation)	As above
e) responsibility for funding and governance is undertaken by your local authority and delivery is undertaken by some other person or agency (such as a private or community sector agency)	This assumes outsourcing planning, asset management and network management activities. This would run counter to Councils desire for a more integrated multi-service approach in the road corridor and is therefore rejected at this time, but can be revisited once council has developed its integrated delivery model further. This is not expected until after decisions are made regarding changes to water management in NZ
f) responsibility for funding and governance is delegated to a joint committee or other shared governance arrangement, and delivery is undertaken by some other person or agency	Council owns the network and therefore the complexity and risk of outsourcing funding and governance is likely to outweigh any potential benefit
g) any other reasonably practicable option for funding, governance and delivery (section 17A does not limit the options to those above)	As indicated in b) above there may be a more ‘evolutionary’ option that begins with regional governance rationalisation leading to a more integrated approach to some activities (e.g. lighting) and supply chain management

This then leads the review to consider the optimum operational service delivery option for CHBDC.

7.3. Operations Service Delivery

7.3.1. Activity grouping

In developing operational options staff have identified two activity groups:

- 1) Professional services – asset and network management, planning, regulatory and contract management
- 2) Physical works delivery – maintenance, emergency works, minor renewals and capital works programmes

Staff agreed that each activity group will require its own options assessment.

7.3.2. Options

Staff then developed the options to be considered for each of the activity groups. These are:

Professional services:

Council has just completed a procurement of a five year contract with Stantec that commenced on December 1 2018. This contract is specifically designed to be responsive and flexible to meet future needs and/or respond to changes in Council's Land Transport team capability or capacity. Therefore there is little value in reassessing the delivery option at this stage and the next review should be undertaken in early 2022 to allow time for change if required prior to contract expiry in November 2023.

Physical works

This review has found that in the current and foreseeable market there is no case for an insourced works team. Discussions with regional partners suggest that there is no desire to set up a shared works team (e.g. a shared CCO). This leads to the conclusion that rather than a change in delivery model, service delivery will be enhanced through improved management of the supply chain considering:

- Alignment of physical works in the road corridor i.e. 'stop once dig once'
- Opportunities to rationalise constrained supply e.g. lighting and reseals, scheduling quarried material
- Opportunities to manage depth of capability e.g. limiting the number of contracts a single supplier can hold
- Encouraging growth of local suppliers and people e.g. investing in regional cadet/apprenticeship schemes and increased use of sub-contractors
- Regional standardisation
- A one organisation approach to contract and performance management

All of these opportunities are best addressed through the procurement strategy and subsequent procurement plans with a proviso that Council mandates staff to develop a whole of infrastructure supply chain strategy and include adequate consideration of horizontal partners as well as upstream suppliers and downstream customers and funders.

#	Recommendation	Priority
12	That Council endorses the continuation of the current services delivery model for Land Transport with the next review to be completed by November 2022	To be considered

8. Recommendations summary

Table 9 summarises the recommendations in this review

Table 10 – Review Recommendations

#	Recommendation	Priority
1	Governance: that Council review how elected representatives participate in Land Transport strategic planning, and reporting processes to ensure increased alignment with other Council strategic imperatives, and service integration.	Align to Council LTP cycle
2	Governance: that Council review its infrastructure strategy framework to better reflect the influence of the GPS, NLTP and regional coordination for land transport	Align to Council LTP cycle
3	Programming: Council reinforces its strategy to increase programming alignment and constructability across all services delivering in the road corridor	Ongoing
4	Knowledge Management: the Land Transport team continues to prioritise its initiative to capture service delivery procedures and pass learnings through to other services. Consider using this process to develop a standardised approach to role based knowledge capture for all services.	Align to strategic supplier initiative as impacts all services
5	Performance management: Council considers how its new performance framework for internal teams and strategic suppliers will capture Land Transport and other services LTP accountabilities	Align to strategic supplier initiative
6	Strategic alignment: Council continues to reinforce Project Thrive objectives and values with its supply chain partners as the anchor for decision making, relationship management and performance management	Align to strategic supplier initiative
7	Procurement strategy: Council expands scope of the Land Transport procurement strategy to include all infrastructure services and address: <ul style="list-style-type: none"> • Regional cooperation • Regional supply chain management • All services delivery in the road corridor • Social procurement initiatives • Cost and affordability • Supplier relationship management and contract management 	Align to transport procurement strategy cycle
8	Regional supply chains: Council champions regional procurement and supply chain forums to expand scope of discussions to include all infrastructure services	To be considered
9	Corridor Planning: in addition to integrated procurement (recommendation 6), consider how to strengthen oversight of planning, programming and integrating activities in the road corridor	Align to strategic supplier initiative as impacts all services
10	Regional cooperation: Council consider the opportunity to increase its leadership in infrastructure regional cooperation and if it wishes to prioritise regional cooperation and resource accordingly	To be considered
11	Competency development: Council consider the development of a professional services competency framework (capability and capacity) that informs future hiring or outsourcing decisions.	To be considered

12

That Council endorses the continuation of the current services delivery model for Land Transport with the next review to be completed by November 2022

To be considered

Appendix 1 – Insource / Outsource considerations

Table 1 - Advantages

Rank	Advantages of Outsourcing	Relevance to Land Transport
1	Reduced cost / economies of scale	Applies when considering the range of design and engineering capabilities to be resourced and maintained
2	Concentration on core business / strategic appreciation of service	Relevant where Council is seeking to prioritise strategic goals
3	Right sized headcount / reduce space	The ability to do more than one thing at once with a resource with flexible capacity
4	Improved productivity / reduce space	As above
5	Increased flexibility / work load pattern	As above
6	No obsolescence / latest technology / specialist knowledge / current statutory knowledge	Specialist transport and infrastructure firms invest to compete
7	Overcome skills shortage / specialist equipment shortage	Absolutely applicable to CHBDC
8	Added value at no extra cost / quality / value for money	The benefits gained from shared knowledge
9	Reduced management burden	Reduced day to day operational commitments when suppliers are performing well
10	Career path development	Absolutely applicable to CHBDC and of potential community benefit
11	Implementation speed / response time	As per 3) above
12	Improve management control / performance levels targeted	Possible when supply chain performance is well managed
13	One stop shopping / one invoice / contractor acts as screen between user and suppliers	Depends on complexity of Councils claims and reporting requirements
14	Improved accountability / performance levels monitored / user risk reduced	Possible when supply chain performance is well managed
15	Optimal equipment configuration	Potentially, and includes systems such as RAMM and DTIMMS. A regional opportunity to do more with specialised equipment
16	Assist user to obtain competitive advantage in market place	Not applicable
17	No operational headaches	Sometimes, but more that there is clear accountability to respond to issues
18	No capital outlay / latest technology for least capital outlay	Absolutely applicable to CHBDC

Table 2 - Disadvantages

Disadvantages of Outsourcing	Relevance and mitigation for Transport
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1	Claimed savings based on forecast hopes / not always cost effective	Shortfalls are often a shared concern as suppliers usually responding to client changes in behaviours and demand
2	Personnel problem – shift from user to supplier / those leaving vs staying: unions / redundancies	Not as applicable in a mature infrastructure market where outsourcing has become the norm for the last 20 years
3	Lack of control of suppliers	Reflects what should now be a core competency for clients – supplier relationship management
4	Risk of selecting a poor supplier / supplier market being incompetent	Less of a risk due to a mature market with proven procurement processes
5	Personnel problem – loyalty to user	Not applicable as currently outsourced
6	Confidentiality of data / security issues	More of an accessibility than confidentiality issue but can be managed
7	New (different) management problems	Requires supplier relationship management rather than core engineering capability
8	Worse strategic focus / can't separate strategic from operational	A function of the supplier relationship model which being addressed through strategic supplier initiatives
9	Strategic risk / outsourcing critical segments may jeopardise users organisation	Particularly for professional services and managing core funding planning and prioritising processes
10	Lose in-house expertise or capability	A risk with any model in terms of information locked inside individuals rather than on a shared platform
11	Long term fixed contracts	Usually countered with effective incentive based performance management for term extensions or renewals
12	Suppliers capacity	An industry issue which could be mitigated in part through increased regional cooperation
13	Contrary to culture of users own organisation	A challenge but mitigated in part by regional nature of contractor organisation model i.e. local branch manager manages strategic relationships
14	Ownership of new applications with supplier	Needs to be managed
15	Ignores in house solution	Purpose of the s17a process and reviews
16	Suppliers commitment being questionable	Mitigated in a competitive market but challenging when there are capacity constraints
17	Suppliers availability not reliable	A relationship and contractual issue which requires good forward planning by the client to crate forward certainty
18	Suppliers continuity not assured	As above
19	Hidden costs surface at critical stages	Can be a concern in a new contract or project but reduces as longer term relationships develop
20	Decision time required when considering outsourcing	A market reality usually factored into procurement plans
21	Lack of independent advice by supplier	Can also be due to clients not encouraging genuine independent thinking

22	Learning curve for supplier	Regional market is mature and new suppliers usually being brought in at the materials and subcontractor / niche consultant level
23	Slower response time to problems	A supplier relationship management issues
24	Lack of flexibility	As above
25	User tends to wrongly rationalise outsourcing decision as correct	Mitigated through independent review

(Adapted from: Barrett and Baldry 2003, Facilities Management: Towards Best Practice)

Appendix 2 – NZTA description of governance

Regional and Local Authorities

The responsibilities of territorial authorities (city and district councils) in relation to land transport cover local roads, footpaths and street lighting as well as local planning, road safety works and parking services. They also actively participate in land transport planning and the National Land Transport Programme funding process.

Territorial authority land transport planning

A territorial authority proposes and consults on its own transport activities, including roading, and prepares a programme of land transport activities once every three years for inclusion in the regional land transport programme.

Territorial authorities are able to consult on these activities through their long-term council community plan process. The functions of the council representative on the regional transport committee include taking part in the regional prioritisation process.

Some territorial authorities can have delegated authority to perform regional council functions in regards to transport.

Regional Councils

Regional councils, including unitary authorities, play an important role in planning and funding land transport in their areas. They approve regional land transport programmes (put forward by regional transport committees) that set out regional objectives and priorities and those activities proposed by councils in the region and the activities we propose for state highways.

The programmes must set out how it has taken account of the [Government Policy Statement on Land Transport for the period the programme covers](#).[\(external link\)](#) They also plan for and submit for inclusion in regional land transport programmes, public transport activities to be delivered in their region.

Regional councils and unitary authorities

As required by the [Land Transport Management Act 2003 \(LTMA\)](#), regional councils and unitary authorities establish and appoint members of regional transport committees. The LTMA also requires regional councils and unitary authorities to:

- *approve [regional land transport strategies](#) (put forward by regional transport committees) that set out regional objectives and priorities and those activities proposed by councils in the region and the Transport Agency for state highways (a different process applies in the [Auckland region](#))*
- *assess the programme as a whole against the GPS*
- *make changes as required to the programme*
- *prepare and adopt [regional public transport plans](#).*
- *plan for and deliver public transport activities.*

Regional transport committees

These committees prepare [regional land transport programmes](#) and provide advice as requested by the regional council. For regional council's the committee members must include:

- *two representatives of the particular regional council*

- *one representative of each local council in the region*
- *one representative of the Transport Agency.*
- *Where the regional council that is a unitary authority the committee members must include*
- *four representatives of the unitary authority*
- *one representative of the Transport Agency.*

Appendix 3 – LTP Funding

Funding impact statement for 2018/28 – Land Transport

This section outlines significant operating and capital programmes, actions and projects planned for the next ten years.

	ANNUAL PLAN 2018 \$000	YEAR 1 2019 \$000	YEAR 2 2020 \$000	YEAR 3 2021 \$000	YEAR 4 2022 \$000	YEAR 5 2023 \$000	YEAR 6 2024 \$000	YEAR 7 2025 \$000	YEAR 8 2026 \$000	YEAR 9 2027 \$000	YEAR 10 2028 \$000
Sources of operating funding											
General rates, uniform annual general charges and rates penalties	6,232	6,426	6,564	6,707	7,019	7,491	7,683	7,771	7,971	8,184	8,412
Targeted rates	50	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	1,968	2,483	2,554	2,571	2,800	2,867	2,936	3,009	3,087	3,170	3,259
Fees, charges	14	18	19	19	20	20	21	21	22	22	23
Interest and dividends from investments	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	142	158	162	165	169	173	177	181	186	191	196
Total operating funding	8,406	9,086	9,299	9,462	10,008	10,551	10,816	10,982	11,265	11,567	11,889
Applications of operating funding											
Payments to staff and suppliers	3,729	4,488	4,602	4,635	5,021	5,141	5,264	5,395	5,535	5,685	5,844
Finance costs	3	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	972	1,163	1,169	1,178	1,193	1,220	1,264	1,294	1,326	1,360	1,397
Total applications of operating funding	4,704	5,651	5,771	5,813	6,213	6,361	6,528	6,689	6,862	7,045	7,241
Surplus (deficit) of operating funding	3,702	3,435	3,528	3,649	3,795	4,190	4,288	4,292	4,404	4,522	4,649
Sources of capital funding											
Subsidies and grants for capital expenditure	4,501	4,387	4,499	4,663	5,082	5,204	5,329	5,462	5,604	5,756	5,917
Development and financial contributions	3	3	3	3	3	3	3	3	3	3	3
Increase (decrease) in debt	(47)	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	4,457	4,390	4,502	4,666	5,085	5,207	5,332	5,465	5,607	5,759	5,920
Applications of capital funding											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	299	300	300	300	381	391	400	410	421	432	444
- to replace existing assets	7,657	7,509	7,713	7,999	8,682	8,891	9,104	9,332	9,574	9,833	10,108
Increase (decrease) in reserves	203	16	16	16	(184)	116	116	16	16	16	16
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total application of capital funding	8,159	7,825	8,029	8,315	8,880	9,397	9,620	9,758	10,011	10,281	10,568
Surplus (deficit) of capital funding	(3,702)	(3,435)	(3,528)	(3,649)	(3,795)	(4,190)	(4,288)	(4,292)	(4,404)	(4,522)	(4,649)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

FORECASTING ASSUMPTION	RISK	LIKELIHOOD OF OCCURRENCE	FINANCIAL EFFECT	EFFECT OF UNCERTAINTY
KEY ASSUMPTIONS				
One Network Road Classification				
A new NZTA classification system that sets the 'minimum' levels of service for each road based on its classification which is determined by traffic volumes and the purpose of the road. NZTA has required councils to transition to the new classifications over the 3 years prior to the LTP period, with the requirement for it to be fully implemented by the National Land Transport 2018-21 programme. This will be completed by 1 July 2018 and it is anticipated that all requirements have been met.	The minimum level of service for our roads may reduce through unforeseen consequences of the change. As a result, the amount of subsidy paid to Council may reduce.	Low for years 1-3 Moderate	Moderate to High	The total subsidy available is reduced and this could have a longer term detrimental effect on our network. Levels of service may have to reduce if subsidy rates or level of funding decreases or rates will need to increase to keep the same levels of service.
New Zealand Transport Agency subsidy (NZTA)				
Subsidy rates and criteria will remain the same or similar. Level of funding will increase by BERL	The subsidy rate may fall, reducing the amount of subsidy paid to Council. The level of funding from NZTA increase at a lower rate than BERL	Low for 3 years, then moderate	Moderate to High	The subsidy is the largest source of Council revenue after rates and is projected at a base rate of 60%. This is set until 2023, then will be reviewed within the Hawke's Bay Region. Of greater concern is that if the total subsidy available is reduced, this could have a longer term detrimental effect on our network. Levels of service may have to reduce if subsidy rates or level of funding decreases.
Land transport regulation				
There will be no significant changes in regulation over the LTP period.	That the regulation changes increase the ratepayer share of the roading costs.	Moderate		Over the second half of the plan period. This could affect the affordability of the levels of service. Changes could also be positive.

Appendix 4 – Executive Summary NCC/HDC Joint s17a review

Executive summary

Morrison Low was commissioned to review the delivery of the transport activity at Napier City Council (NCC) and Hastings District Council (HDC) in accordance with the requirements of Section 17A of the Local Government Act 2002 (the Act). The review was based on a review of the current state and a series of workshops with a project team that included representatives from both councils.

Both NCC's and HDC's transport activity includes strategy, asset, network and traffic management, operations and maintenance, and the design and construction of capital works, as well as governance and funding of the above. This report assesses both NCC's and HDC's current service delivery models and evaluates a range of other potential service delivery options for transport activities in the districts going forward.

Assessment of current service delivery

HDC and NCC both currently utilise a hybrid delivery model, based on a mixture of in-house delivery and outsourcing to the private sector. HDC outsources more of its work than NCC. The core strategy and strategic asset management work is carried out in-house by a core group of eleven in the transportation team. In addition to its in-house transportation team which is responsible for strategy and strategic asset management, NCC also has an in-house design and projects business unit which is responsible for the design and management of capital projects across the whole infrastructure activity.

In accordance with the Land Transport Management Act 2003 (LTMA), all physical works are outsourced to the open market by both councils.

There is currently limited regional collaboration outside of participation in the RLTC. This is primarily focussed on the development of a joint transportation model for the Napier/Hastings urban area.

Option assessment

Section 17A of the Act sets out the options that must be assessed, however for the transport activity these must be considered in the context of the restrictions of the LTMA, particularly for physical works. A long-list of options was assessed against financial and non-financial criteria by the project team. This resulted in a short-list of options that were then further discussed at the challenge workshop including the Chief Executives and senior managers from both councils. At this workshop it was identified that the options needed to be considered in the context of the strategic objectives that the councils have for delivery of the transport activity.

At a high level, these objectives were identified as:

- ☑ Effectiveness of service delivery
- ☑ Efficiency of service delivery
- ☑ Ability to respond to changing demand e.g. changes to legislation, increased network loadings, NZTA policy
- ☑ Impact on the external market and economy of the region

As a result of the options assessment process, the representatives on the Project Team concluded that the current models in use with each council, although varying in the level of in-house versus outsourcing, represented appropriate and cost-effective ways of delivering the transport activity for each council. The longlist assessment identified the status quo as the preferred option and the strategic analysis confirmed this but identified some key areas where progress could be made.

Enhanced status quo

The Project Team agreed that there were enhancements that could be made to the status quo including closer collaboration with other Hawke's Bay territorial authorities on transport delivery. The primary benefit of undertaking a joint review has been to enable the HDC and NCC transport teams and direct managers to come together, form stronger relationships, understand each other's current delivery model and future aspirations and to build trust.

This has enabled a preliminary commitment on both sides to work together in future to identify, investigate and if appropriate implement further non-structural areas of collaboration.

To provide accountability and momentum, it is recommended that a joint working group is set up to progress this, with a clear mandate, accountabilities and governance structure. Both CHBDC and WDC should also be given the opportunity to be involved in the scoping and establishment of this group.

There are a number of options available for developing a joint working group focussing on transport collaboration between the councils – as a function of the Regional Land Transport Committee or as part of the Hawke's Bay LASS. There are benefits and dis-benefits associated with both the RLTC and the HBLASS as the host location for the joint working group. A discussion between the four territorial authorities is required as to the views of the best location for this group.

Once the joint working group has been formed, it will need to identify and prioritise and programme the specific opportunities to be pursued. Individual initiatives can be progressed by either all or a subset of the councils, on an opt-in basis, with one council nominated as the initiative leader for each initiative. This will prevent any one council from slowing the progress of the others.

Both the HDC and NCC Chief Executives have noted that change and collaboration must be justified based either firstly on improving the effectiveness of service delivery or secondly based on the ability to reduce costs for the same level of service delivery. All initiatives should be reviewed to make sure that they are addressing one of these criteria and also are in alignment with the strategic goals of the participating councils.

The Project Team identified that the process outlined above would not be able to be completed in sufficient time to allow for any significant collaboration for the re-procurement of the physical works contracts. These are due to expire on 30 June 2018 and both councils are about to commence the tender development process. It is recommended that the councils immediately begin to collaborate on these contracts as a parallel process.

Implementation

The findings presented above represent the agreed views and perspectives of the joint Project Team. This review needs to progress through the formal approval channels within both HDC and NCC.

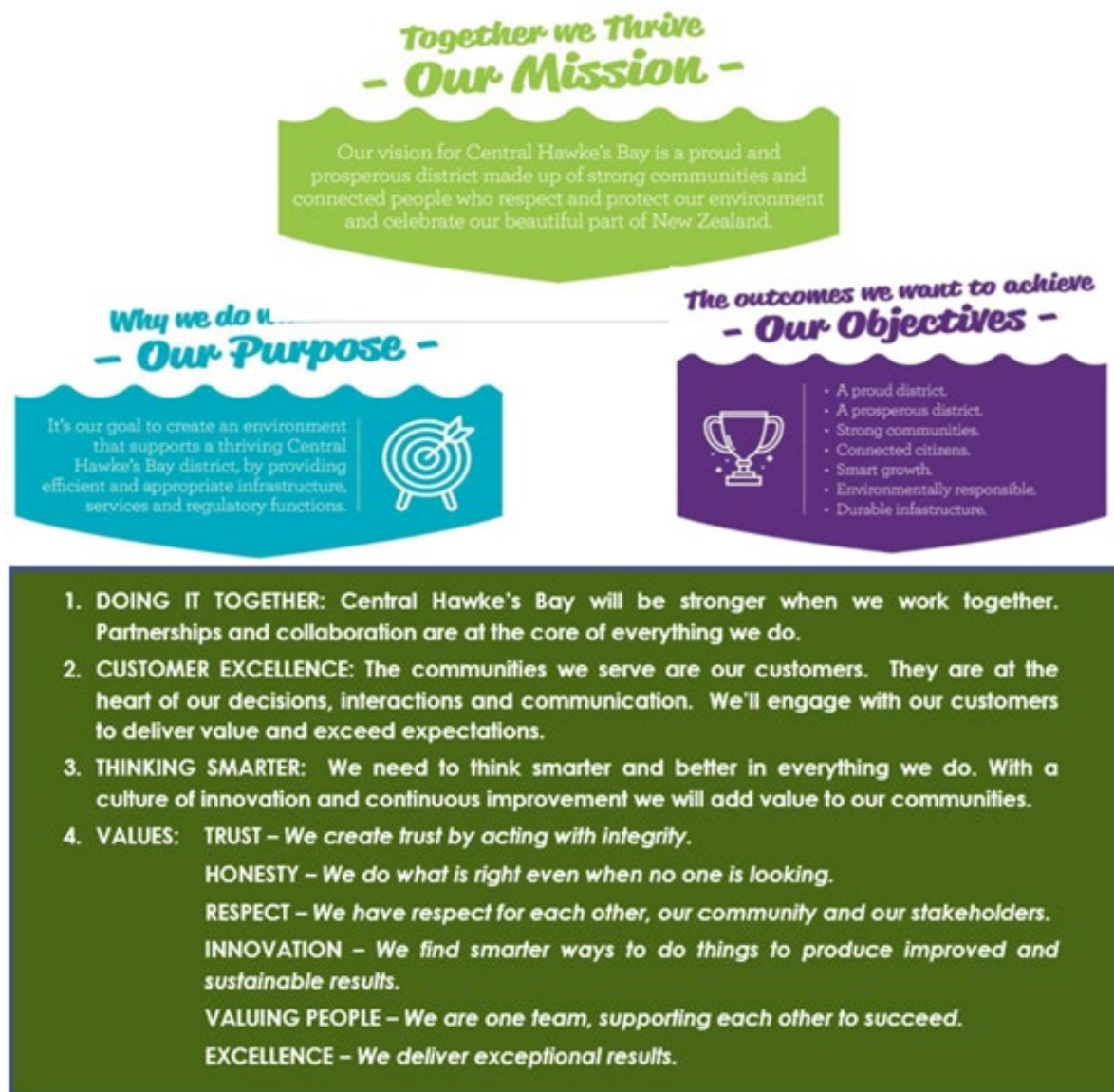
Two decisions are required: firstly that the Status Quo is the preferred primary service delivery model for both councils and secondly that the recommended enhancements to the Status Quo, in the form of increased and more formalised collaboration between the councils, should be progressed. If both these recommendations are accepted, then the input of CHBDC and WDC should be sought regarding each council's interest in establishing a formal transport joint working group.

In addition, HDC and NCC can immediately begin discussions on physical works contract collaboration as part of the preparation for the procurement of these contracts.

Appendix 5 – Service Delivery Drivers

Project Thrive

Council's Thrive initiative impacts both internal and external service delivery partners in terms of driving the right behaviours across the supply chain. These are tabled as follows:



2018/28 LTP Infrastructure Strategy Drivers (extract)

This section describes some of the assumptions or limitations made when developing the Infrastructural Strategy. It is hoped this will give the user some insight in the discussions made in the plan and how they should be interpreted and the limitations of the decisions.

The following are the key Transport related assumptions have been when preparing this Strategy:

- Council will continue to be involved with the infrastructure discussed in the document.
- The demand (or decline) for these infrastructure elements are based on the work done in the Central Hawke's Bay District Long-Term Planning – Demographic and Economic Growth Directions 2018 – 2048 Growth Environment and Outlook document that has been prepared for Council.

- *We expect that NZTA funding assistance will continue at existing subsidy levels.*
- *Depreciation will be raised and used to fund replacement of deficient infrastructure.*
- *The forecasts are based on the best available knowledge of asset condition and performance, and on the levels of service that are being delivered. More detailed evaluation of asset renewal requirements will be undertaken by the use of predictive deterioration modelling during the periodic review of this Infrastructure Strategy.*
- *Predicted areas of development are based on the best available knowledge at the time of writing this document. It will be subject to changes through the review of the development Urban Growth Strategy and as part of the District Plan Review.*
- *Funding for capital improvements will be limited by decisions as to the level of funding permitted under the financial strategy.*
- *It is expected that some funding will be available through the Development Levy Policy for new infrastructure listed in the Capital Work Projects.*
- *The dollar values shown in this Document are June 2018 dollars and have been adjusted to include inflation in accordance with the guidelines provided by the Society of Local Government Managers; set out in the BERL Forecasts of Price Level Change Adjustors – 2018 Update.*
- *All capital costs are rough order of cost estimates that will need to be further researched and refined.*
- *The knowledge of the practitioners directly providing this plan, both on a day-to-day basis and historically, has been relied upon. These practitioners include staff in Council’s Community Infrastructure and Development and Financial Services Departments, as well as staff from the Community Facilities and Infrastructure Management Contractor.*
- *Inspection and condition rating of some of the key assets is continually being updated to form a better overall picture of the infrastructure, particularly in buried assets.*
- *It has been assumed that climate change will happen at a gradual rate over the next 100 years.*
- *There is a key risk with the market place is reaching capacity in the following areas industry experts, personnel resources, consultancy capacity, and contracting capacity that will impact on the Council ability to deliver the proposed projects both on time and within budgets.*
- *With the fact that the Land Transport Activities is clearly identified because it mostly above ground we have a high level of confidence about the accuracy of the data used to produce the forward projections outlined in this document.*

30 year view (extract related to Transport)

Over the next 30 years we expect that:

- *Operational expenditure including the labour costs, renewals, materials and maintenance accounts for most of the transport expenditure at about 60 percent.*
- *There will be no significant vested assets expected for the next 30 years from developers.*
- *Expenditure on service level improvements is for minor improvements to resolve safety issues and is constant over the 30 year period (estimated at around \$14m in total).*
- *Expenditure on renewals relates to emergency works, resilience improvements, metalling unsealed roads, resurfacing and rehabilitation of sealed roads. It is also for the timely replacement of the other road asset classes including drainage, structures, footpaths and traffic services as they age and fail. About one third of the transport expenditure is for renewals and estimated at around \$357m in total for the 30 year period.*
- *Council is currently inspecting all bridges at a cost of \$150,000 over the next 3 years to development a replacement/renewal program.*

Government Policy Statement (GPS) – Land Transport and Provincial Growth Fund (PGF)

The 2018 GPS re-positions central government funding away from large capital programmes, such as the Roads of National Significance toward extracting better value from the network as illustrated in the adjacent diagram. At the time of writing its unknown if this will have a material impact Council funding or funding prioritisation. The PGF process is further along and there Land Transport is seeing the potential of it on funding through initiatives such as logging routes.

Overall, this suggests that future service options consider how best Council can effectively resource and mobilise new applications. It also suggests the growing importance of maintaining an effective forward work programme that provides for re-prioritisation of projects across financial periods without detrimental effect to effective programme delivery.



(RONS), existing on CHBDC impact for delivery funding

Strategic Supply Chain Management

Council is undertaking an organisation change programme to better align all of its strategic supply chain partners to a more integrated, agile and flexible service delivery. Programme initiatives are being developed but will include things such as:

- A common performance framework aligned as much to future capability and capacity building of the whole team as to historical audit and assurance compliance for work completed by 3rd party suppliers
- An integrated governance structure to support whole of place programme delivery. For Land Transport this means an increased focus of forward works programming and corridor plans management
- Development of stronger value for money or value for community measures against which service delivery activities, specifications and levels of service can be assessed
- Capability building through shared people and systems development initiatives such as cadet schemes and standardised asset management systems

Recent procurements for 3 waters, parks and property and solid waste have used evaluation criteria that include 'alignment to council' where suppliers demonstrate the need for increased transparency, flexibility and responsiveness in new contracts.

The Hawkes Bay regional transport supply chain is well served with competitive supply across all key services.

