



KOMITI NGĀ WAI HANGARUA WELLINGTON WATER COMMITTEE

14 April 2025

Order Paper for the meeting to be held in the
Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,
on:

Tuesday 22 April 2025 commencing at 1:00 pm

The meeting will be livestreamed on Hutt City Council's YouTube page.

Membership

Mayor A Baker
Mayor C Barry (Chair)
Deputy Mayor M Sadler-Futter
Cr R Connelly (Deputy Chair)
Mayor W Guppy
H Modlik
K Puketapu-Dentice
A Rutene

Mayor T Whanau

Cr T Brown
R Faulkner
Cr C Kirk-Burnnand
Cr R Leggett
Cr A Ellims
Deputy Mayor H Swales
K Tamanui
Cr G Tupou

Porirua City Council
Hutt City Council
South Wairarapa District Council
Greater Wellington Regional Council
Upper Hutt City Council
Te Rūnanga O Toa Rangatira
Taranaki Whānui ki Te Upoko o Te Ika
Ngāti Kahungunu ki Wairarapa Tamaki Nui a Rua
Treaty Settlement Trust
Wellington City Council

Wellington City Council (Alternate)
Te Rūnanga O Toa Rangatira (Alternate)
Greater Wellington Regional Council (Alternate)
Porirua City Council (Alternate)
South Wairarapa District Council (Alternate)
Upper Hutt City Council (Alternate)
Taranaki Whānui ki Te Upoko o Te Ika (Alternate)
Hutt City Council (Alternate)

For the dates and times of Council Meetings please visit www.huttcity.govt.nz

Wellington Water Committee

Terms of Reference

Purpose

The Wellington Water Committee ("the Committee") is established to:

- Provide governance and leadership across issues which are related to the planning, delivery and management of water services to communities serviced by Wellington Water Limited;
- Provide governance oversight of Wellington Water Limited, including by exhibiting good governance practice;
- Provide a forum for the representatives of Wellington Water Limited's shareholders and mana whenua to meet, discuss and co-ordinate on relevant issues and, through their representatives, to exercise their powers; and
- Strive for consistency across all client councils so all customers receive a similar level of service.

Status

The Committee is, for the purposes of the Local Government Act 2002, a joint committee of the Lower Hutt City Council, Porirua City Council, Upper Hutt City Council, Wellington City Council, South Wairarapa District Council and the Wellington Regional Council.

Specific responsibilities

The Committee's responsibilities are:

Governance oversight responsibilities

Shareholder and mana whenua governance oversight of Wellington Water Limited and of the network infrastructure for the delivery of bulk water, water reticulation, wastewater and stormwater services in the geographical areas of Wellington Water Limited's operations, including by:

- Receiving and considering the half-yearly and annual reports of Wellington Water Limited;
- Receiving and considering such other information from Wellington Water Limited as the Committee may request on behalf of the parties to the Shareholders and Partnership Agreement and/or receive from time to time;
- Undertaking performance and other monitoring of Wellington Water Limited;
- Considering and providing recommendations to the parties to the Shareholders and Partnership Agreement on proposals from Wellington Water Limited;
- Providing co-ordinated feedback, and recommendations as needed, on any matters requested by Wellington Water Limited or any of the parties to the Shareholders and Partnership Agreement;
- Providing recommendations to the parties to the Shareholders and Partnership Agreement regarding regional studies which the Shareholders need to be cognisant of;

- Providing recommendations to the parties to the Shareholders and Partnership Agreement regarding water conservation;
- Agreeing the annual Letter of Expectation to Wellington Water Limited;
- Receiving, considering and providing agreed feedback and recommendations to Wellington Water Limited on its draft statement of intent;
- Receiving, considering and providing recommendations to the parties to the Shareholders and Partnership Agreement regarding Wellington Water Limited's final statement of intent.
- Agreeing when Shareholder meetings, or resolutions in lieu of Shareholder meetings, are required, without prejudice to Shareholder and Board rights to call meetings under Wellington Water Limited's constitution and;
- Seeking and interviewing candidates for Wellington Water Limited's Board as needed and recommending to the holders of Class A Shares appointments and/or removals of directors of Wellington Water Limited;
- Recommending the remuneration of directors of Wellington Water Limited;
- Monitoring the performance of the Board of Wellington Water Limited; and
- Providing recommendations to the parties to the Shareholders and Partnership Agreement regarding changes to these terms of reference, the Shareholders and Partnership Agreement and the constitution of Wellington Water Limited.

Membership

The membership of the Committee will be as specified in the Shareholders and Partnership Agreement. With the exception of the Committee Members nominated by the Mana Whenua Partners Entities, each appointee must be an elected member of the appointing Shareholder.

Chairperson

The Chairperson and Deputy Chairperson will be elected by the Committee once all Committee members have been appointed.

Quorum

Subject to the below for Committee meetings to appoint directors of Wellington Water Limited, for a meeting of the Committee to have a quorum, a majority of Committee Members, or their appointed Alternates, must be present, and the number making up the majority must include at least an equal number of Shareholder appointed Committee Members as MWPE nominated Committee Members.

Where the Committee is providing a forum for the Shareholders to meet and exercise their powers in relation to Wellington Water Limited, the requirements of Wellington Water Limited's constitution will prevail.

Clause 11.3 of the company's constitution provides that Directors shall be appointed and removed by the unanimous resolution of the Shareholders holding Class A Shares. For this matter the quorum for the Committee meeting is therefore attendance by all Committee Members (or their Alternates) for the holders of the Class A Shares.

Alternates

Each Committee Member appointed to the Committee must have an Alternate.

Other Shareholder attendee

Each Shareholder-appointed elected member Committee member will be entitled to invite an officer attendee to Committee meetings, provided however that the additional attendee will not have any voting rights on the Committee.

Decision-making

The Committee will strive to make all decisions by consensus.

In the event that a consensus on a particular matter before the Committee is not able to be reached, each Committee Member has a deliberative vote. In the situation where there is an equality of votes cast on a matter, the Chairperson does not have a casting vote and therefore the matter subject to the vote is defeated and the status quo is preserved.

Other than for those matters for which the Committee has effective decision-making capacity through these Terms of Reference, each Shareholder retains its powers to make its own decisions on matters referred to it by the Committee and on matters specified in Part 1 of Schedule 2 to the Shareholders and Partnership Agreement (for clarity, this means that only Shareholders have voting rights in relation to the matters specified in Part 1 of Schedule 2).

Secretariat services

Unless otherwise agreed from time to time by all of the elected member Committee Members, the Council for which the Chairperson is an elected member will provide secretariat services to the Committee. The Chairperson will be responsible for managing the agenda at Committee meetings.

Standing Orders

The Standing Orders of the Council providing secretariat services to the Committee will apply to Committee meetings, subject to the provisions for meeting quorum and decision making as set out in these terms of reference taking precedence.

Remuneration

Each Shareholder will be responsible for remunerating the elected member Committee Member appointed by it to the Committee, and their Alternate, for any costs associated with those persons' membership on the Committee.

The Shareholders will also be responsible for remunerating (in equal shares) the Committee Members nominated by Mana Whenua Partner Entities, and their Alternates, and appointed to the Committee by the Shareholders, for any costs associated with those persons' membership on the Committee.

Administration

Reports to be considered by the Committee may be submitted by any of the Shareholders, any of the Mana Whenua Partner Entities, or Wellington Water Limited.

Duration of the Committee

In accordance with clause 30(7) of Schedule 7 to the Local Government Act 2002, the Committee is not deemed to be discharged following each triennial election.

Appendix

Common delegations by Shareholders

Governance oversight responsibilities

- Each Shareholder will delegate to the Committee the responsibilities and powers necessary to participate in and carry out the Committee's governance oversight responsibilities.

Shareholders' responsibilities

- Each Shareholder will delegate to its appointed elected member Committee Member and, in accordance with these terms of reference, that person's Alternate, all responsibilities and powers in relation to the agreement of:
 - when Shareholder meetings, or resolutions in lieu of Shareholder meetings, are required (without prejudice to Shareholder and Board rights to call meetings under Wellington Water Limited's constitution); and
 - the appointment, removal and remuneration of Wellington Water Limited's directors.

HUTT CITY COUNCIL

KOMITI NGĀ WAI HANGARUA | WELLINGTON WATER COMMITTEE

Meeting to be held in the Council Chambers,
2nd Floor, 30 Laings Road, Lower Hutt on
Tuesday 22 April 2025 commencing at 1:00 pm.

ORDER PAPER

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru	<i>Cease the winds from the west</i>
Whakataka te hau ki te tonga	<i>Cease the winds from the south</i>
Kia mākinakina ki uta	<i>Let the breeze blow over the land</i>
Kia mātaratara ki tai	<i>Let the breeze blow over the ocean</i>
E hī ake ana te atakura	<i>Let the red-tipped dawn come with a sharpened</i>
He tio, he huka, he hau hū	<i>air.</i>
Tihei mauri ora.	<i>A touch of frost, a promise of a glorious day.</i>

2. APOLOGIES

No apologies have been received.

3. PUBLIC COMMENT

Generally up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

4. CONFLICT OF INTEREST DECLARATIONS

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

5. WELLINGTON WATER - VALUE FOR MONEY

Report No. WWC2025/2/2 by Wellington Water Limited

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CHAIR'S RECOMMENDATION:

“That the recommendations contained in the report be endorsed.”

6. QUESTIONS

With reference to section 32 of Standing Orders, before putting a question a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

7. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA

Unuhia!	<i>Release us from the supreme sacredness of</i>
Unuhia!	<i>our tasks</i>
Unuhia i te uru-tapu-nui	<i>To be clear and free</i>
Kia wātea, kia māmā	<i>in heart, body and soul in our continuing</i>
Te ngākau, te tinana, te wairua i	<i>journey</i>
te ara takatū	<i>Oh Rongo, raise these words up high</i>
Koia rā e Rongo whakairihia ake	<i>so that we be cleansed and be free,</i>
ki runga	<i>Yes indeed, we are free!</i>
Kia wātea, kia wātea!	<i>Good and peaceful</i>
Ae rā, kua wātea!	
Hau, pai mārire.	

Kate Glanville
SENIOR DEMOCRACY ADVISOR



Komiti Ngā Wai Hangarua Wellington Water Committee

09 April 2025

Report no: WWC2025/2/2

Wellington Water - Value for Money

Purpose of Report

1. To provide the Wellington Water Committee (the Committee) with a consolidated view of recommendations from the value for money reports released in March 2025, together with older reports including the fluoride inquiry and the FieldForce4 reports and to set out our approach to prioritising actions to respond to these recommendations.

Recommendations

It is recommended that the Committee:

- (1) notes that the full implementation of recommendations from all the reviews and reports cannot be achieved by Wellington Water Limited (WWL) due to time and resource constraints, and in some cases are best addressed following Local Water Done Well decisions have been made. This means that not all recommendations will be addressed in the short-medium term;
- (2) notes that to ensure the best use of resources, WWL will prioritise key actions that we believe can be achieved in the time we have left as a company and those that will have the biggest impact on demonstrating value for money for our councils and ratepayers and setting up the new organisation for success;
- (3) notes that this prioritisation will go to the WWL Board for approval in May 2025; and
- (4) notes that for the 30 May 2025 Committee meeting officers will provide a full analysis of actions required to meet the recommendations and whether those actions are achievable in the time and resources available.

Background

2. In mid-2024 WWL made a cost estimation error that highlighted several risks. The new Chief Executive appointed in September 2024 commenced a series of immediate changes to company structure, organisational culture and processes to lift capability and improve outcomes and value for money for councils.

3. As part of this, two reports relating to the financial systems and processes and value for money were initiated to confirm the changes being made would address the risks and provide assurance to the Committee and WWL Board. The reports supported the actions proactively implemented that had already commenced by Management. Some of these actions have been focussed on improving the culture and value for money mindset within WWL.
4. A full list of the actions was provided to the Committee at the 10 and 14 March 2025 meetings.
5. Summaries of the reports were provided to the Committee with redacted versions of the full reports and summaries made available on-line.
6. At the same meeting the Committee agreed that in addition to the Value for Money reports the outcomes from the 'Inquiry into the cessation of fluoridation by WWL – June 2022' (Fluoride) and the 'FieldForce4 Contract Optimisation – Dec/Jan 2024' (FieldForce4) be included in the scope of improvement works for WWL to consider.
7. While consolidating the recommendations we have checked for any other work done, and become aware of a further report commissioned by WWL in 2021 that echoes some of the value for money issues. There are some helpful recommendations from this report, so we have included this in the scope of improvement works.
8. There are 123 recommendations identified in the reports. Appendix 1 provides a full list of the recommendations from:
 - a) Financial systems and processes – February 2025 (Deloitte Value for Money)
 - b) Analysis of Panel Costs and Valuation Unit Rates – February 2025 (AECOM Value for Money)
 - c) RLB Peer Review of AECOM - February 2025 (RLB Value for Money)
 - d) Capital programme estimating and budget systems review – July 2024 (Cost Estimation Error)
 - e) FieldForce4 Contract Optimisation – December/January 2024 (FieldForce4)
 - f) Inquiry into the cessation of fluoridation by WWL – June 2022 (Fluoride)
 - g) PwC Audit 2021 Non-financial and related parties (Non-financial and related parties)

Action Plan to Respond to Reports

9. WWL developed the Organisational Capability Plan (the Plan) to address the findings of the Cost Estimation Error report, and included a request for resourcing of the Plan in annual planning advice. Councils and the Committee continue to hold risks of future errors due to lack of funding to implement the Plan. WWL is conducting a reset of the Plan to optimise delivery of within existing resources.

10. There is work underway to categorise the recommendations from the remainder of the reports and group like-for-like recommendations to identify duplication.
11. Officers will provide categorisation and prioritisation of the recommendations to the WWL Board and then the Committee in May 2025.
12. Officers are identifying what would be required to address the recommendations, and assessing these recommendations for prioritisation based on the categories below:
 - a) Group 1: Recommendations that have already been implemented or can be implemented in the short term or within existing resource including those that talk to the company culture.
 - b) Group 2: Recommendations that are best addressed following the Local Water Done Well consultation outcomes as they either talk to changes to the operating model or investment/ directional decisions that would be of advantage to the new entity.
 - c) Group 3: Recommendations that while they are the right thing to do, are more likely addressed in the long term.
13. Officers will discuss the proposed Group 2 recommendations with the Regional Water Services Delivery Plan Programme team to check they agree that these are part of the development of the new entity.
14. Officers will provide lists of the recommendations in each Group for endorsement, develop an action plan for activities within Group 1, and bring these to the WWL Board for approval and then the Committee in May 2025.
15. For ongoing performance reporting the focus will be placed on those actions that have already been implemented or can be implemented in the short term or within existing resource (Group 1).

Appendices

No.	Title	Page
1	Appendix 1: Full list of recommendations	11

Author: Wellington Water Limited

Appendix 1 - Full List of recommendations

Report	Item	Section	Recommendation
AECOM Value	1	Capital works and valuation review	Further Analysis: Apportionment of Preliminary and general (P&G)
	2	Capital works and valuation review	Further Analysis: Increase peer council valuation data.
	3	Capital works and valuation review	Further Analysis: Project context (Capital works and valuation)
	4	Operations and Maintenance Alliance review	Data integrity and analysis: Cost of rework analysis. Further analysis is required on this metric. We believe the first step in this would be to review and potentially strengthen data capture processes to enable this.
	5	Operations and Maintenance Alliance review	Data integrity and analysis: Coding of faults - Requests for service, coded to address, and response to these requests for service, including standardised fault cause and costs assigned to individual assets, could be improved to enable better analysis of faults and costs of response and rework.
	6	Operations and Maintenance Alliance review	Data integrity and reporting: Improvements to Taumata Arowai reporting. There are currently a range of measure interpretations and data confidence is not high when undertaking benchmark or comparative analysis.
	7	Professional services review	Further Analysis: Project context (Professional services)
RLB Value for Money	8	Contract and Commercial review	Review of contract and commercial mechanisms – are these driving cost?
	9	Job costs	Can Wellington Water isolate job costs for QS to review? Particularly the capex which appear high.
	10	Supplier cost drivers	Discussion with Suppliers as to what is driving cost
	11	Supplier overheads	Review of Supplier overheads – how applied and if in line with the Contract?
	12	WWL Processes	Review Wellington Water processes – are these driving cost: e.g. inefficiencies?
Cost Estimation Error Review	13	Rebuild the trust and confidence of middle management and staff in Wellington Water's senior management	Build a mutually supportive culture based on listening and responding. (2.7)
	14	Rebuild the trust and confidence of middle management and staff in Wellington Water's senior management	Consider working with staff (beginning with senior leadership) to fully define expectations around individual behaviours and actions that support Wellington Water's values and include the outcome of this work in the Code of Conduct. (2.5)
	15	Rebuild the trust and confidence of middle management and staff in Wellington Water's senior management	Ensure that the Senior Leadership Team and Tier 3 managers have a better understanding of the process and the importance of all aspects of planning. (2.2)
	16	Rebuild the trust and confidence of middle management and staff in Wellington Water's senior management	Ensure Wellington Water's budget planning cycle starts at the same time as, or before, any Annual Plan/LTP planning for Councils. (2.1)
	17	Rebuild the trust and confidence of middle management and staff in Wellington Water's senior management	Increase the organisation's focus on outcomes. (2.8)
	18	Rebuild the trust and confidence of middle management and staff in Wellington Water's senior management	Inculcate the values of the organisation into all work areas and behaviours and acknowledge employees' values-based actions. (2.3)
	19	Rebuild the trust and confidence of middle management and staff in Wellington Water's senior management	Return to a "no blame" culture by changing behaviour to better align with Wellington Water's values. (2.4)
	20	Rebuild the trust and confidence of middle management and staff in Wellington Water's senior management	Reverse the tendency in the business to manage first rather than share first (with external stakeholders) – that is, make the default to signal issues early. (2.6)
	21	Rebuild trust and confidence of shareholding councils in Wellington Water	Be front and centre in budgeting process, overseeing all financial processes (including capital investments) – and ensuring strategic focus, providing high-quality advice and appropriate controls (1.3)
	22	Rebuild trust and confidence of shareholding councils in Wellington Water	Establish controls to ensure accuracy and transparency of the allocation of corporate costs in a timely manner (1.2)
	23	Rebuild trust and confidence of shareholding councils in Wellington Water	Review the 2022 Service Level Agreement with Councils – section 11 of the three-Year Plan – to ensure that it is still current, especially the delivery date for the three-Year plan to councils. (1.4.5)
	24	Rebuild trust and confidence of shareholding councils in Wellington Water	Review the capital projects against the triennium to ensure appropriate costs are recorded, enabling fact-based discussions to occur with councils as their capex programmes are actioned (1.1)
	25	Rebuild trust and confidence of shareholding councils in Wellington Water	Strengthen the sign-off process and include common checklists for projects across Wellington Water, to ensure the corporate cost element is correctly included. (1.6)
	26	Rebuild trust and confidence of shareholding councils in Wellington Water	The Board of Wellington Water works with the shareholders to determine if one standard set of monthly financial reports for all councils (both opex and capex) could be agreed, in order to minimise complexity within Wellington Water reporting. (1.5)

Appendix 1 - Full List of recommendations

Report	Item	Section	Recommendation
Cost Estimation Error Review	27	Rebuild trust and confidence of shareholding councils in Wellington Water	Work with Council CFO's to create a comprehensive and streamlined annual planning processes. (1.4.3)
	28	Rebuild trust and confidence of shareholding councils in Wellington Water	Work with Council CFO's to determine a more transparent process for how the corporate cost for the capital programme is managed, including showing the corporate cost as a separate line item for councils and eliminating the need for each individual capital project to estimate and account for those costs. (1.4.4)
	29	Rebuild trust and confidence of shareholding councils in Wellington Water	Work with Council CFO's to ensure councils are aware of the cost estimates levels that are applied to projects and programmes and how they are determined, thereby improving the accuracy and confidence in the projected forecast investments. (1.4.2)
	30	Rebuild trust and confidence of shareholding councils in Wellington Water	Work with Council CFO's to: improve the quality, reliability, and timeliness of monthly reporting data to Councils, especially forecast capex and opex spend (1.4.1)
	31	Restructure the organisation so that accountabilities are clear and capabilities can be enhanced in the lead-up to the new entity	Consider establishing a Chief Operating Officer-type role dedicated to achieving rapid business as usual (BAU) business and process improvements both for short-term quality control and in readiness for the transition to a new water entity. (3.4)
	32	Restructure the organisation so that accountabilities are clear and capabilities can be enhanced in the lead-up to the new entity	Consider where IT and HR functions are best located given the organisation's size. (3.5)
	33	Restructure the organisation so that accountabilities are clear and capabilities can be enhanced in the lead-up to the new entity	Introduce an orthodox structure that has clear role accountabilities and responsibilities for role holders – for example, group like functions with like.(3.1)
	34	Restructure the organisation so that accountabilities are clear and capabilities can be enhanced in the lead-up to the new entity	Introduce more finance/business partner capacity to help run the whole business. (3.3)
	35	Restructure the organisation so that accountabilities are clear and capabilities can be enhanced in the lead-up to the new entity	Strengthen the strategic finance function. (3.2)
	36	Review Wellington Water Annual Plan processes to deliver capital programmes for Councils	Consider how to further optimise the relationship with Watercare and its new model, for future synergy. (5.7)
	37	Review Wellington Water Annual Plan processes to deliver capital programmes for Councils	Create and update standard procedures for quality control, including Wellington Water-wide templates, checklists, gateways, audit requirements, authorisation, and communication. (5.3)
	38	Review Wellington Water Annual Plan processes to deliver capital programmes for Councils	Ensure that ownership and accountability of key processes are understood and reflected in position descriptions. (5.4)
	39	Review Wellington Water Annual Plan processes to deliver capital programmes for Councils	Map key processes immediately, particularly around the use of spreadsheets and data transfer. (5.2)
	40	Review Wellington Water Annual Plan processes to deliver capital programmes for Councils	Once the review of major projects confirms corporate cost is accurately recorded, ensure that collectively the overall Wellington Water corporate cost will be recovered (see above). (5.8)
	41	Review Wellington Water Annual Plan processes to deliver capital programmes for Councils	Reduce reliance on financial and other stand-alone spreadsheets and explore new cost-effective collaboration and productivity tools (this need not wait for the new entity and the new processes and systems it may adopt).(5.5)
	42	Review Wellington Water Annual Plan processes to deliver capital programmes for Councils	Require transparency in external and internal reporting as a default, unless there is a good reason not to. (5.6)
	43	Review Wellington Water Annual Plan processes to deliver capital programmes for Councils	Streamline and clarify integrated planning and finance processes and ensure they are universally understood across the business; prioritise key risk areas and use best-practice guidance to create clear standards, ensuring guidance or policies around their use are in place. (5.1)
	44	Strengthen Governance Oversight	Accorded the mana necessary for it to identify and call out risks as they emerge. (6.4.3)
	45	Strengthen Governance Oversight	Ensure that internal governance groups (more aptly described as "management committees") are established to oversee the Long Term Plan (LTP) and that annual planning continues to be accountable until the project has been completed and formally signed off. (6.3)
	46	Strengthen Governance Oversight	Ensure that shareholding councils have high-quality information and that there is improvement in the relationship between each council and Wellington Water. (6.2)
47	Strengthen Governance Oversight	Ensure that the capacity of the assurance functions is the right size for the risk profile of the organisation. (6.5)	
48	Strengthen Governance Oversight	Increase the focus on oversight of any recommendations implemented from this Report, using an internal audit function to report to the Board on progress and issues. (6.1)	

Appendix 1 - Full List of recommendations

Report	Item	Section	Recommendation
Cost Estimation Error Review	49	Strengthen Governance Oversight	Review the quality and content of information provided to the Risk and Audit function and determine if there are any gaps to be addressed. (6.6)
	50	Strengthen Governance Oversight	Review the risk management system so that it is integrated into strategic and operational management. (6.4.2)
	51	Strengthen Governance Oversight	Review the risk management system so that it is: Fit for purpose (best practice is unlikely to be achievable in the period leading to the establishment of the new entity but, in order for this function to have any impact, it needs to be refocused on key risks). (6.4.1)
	52	Treat readiness to reform separately	Consider establishing a separate team that focusses solely on the move to a new entity to keep BAU separate, and to ensure focus remains on delivery with no slippage in delivering the opex and capex programmes for councils.(4.1)
Deloitte Value for Money	53	Lack of clarity in roles and responsibilities, including inherent conflicts of interests relating to key roles	Review and formalise the roles and responsibilities between PMs (Project Managers) and internal WWL delivery roles to ensure clear delineation between the roles which is consistently understood and applied across all projects.
	54	Lack of clarity in roles and responsibilities, including inherent conflicts of interests relating to key roles	Review the current model for contracting PMs (Project Managers) through the consultant panel and consider whether the conflict is appropriately managed or if an alternative model is required to represent the interest of WWL (for example, hiring in house PMs or PMs being from a separate panel consultant to the consultant working on the project).
	55	Limitations and risks to the structure and design of the panel agreements	Relating to the contractor and consultant panels: Review and formalise performance management procedures relating to panel participants, including escalation procedures, expected key controls, and contractual levers for managing WWL risk.
	56	Limitations and risks to the structure and design of the panel agreements	Relating to the contractor and consultant panels: Review the work allocation process and consider updating to enable work to be allocated based on criteria including price, ability to deliver, approach, and past performance.
	57	Limitations and risks to the structure and design of the panel agreements	Relating to the panels and the Alliance agreement. Review current processes, practices, and reporting to determine whether there is the required structure to maintain competitive tension as well as working relationships with panel participants. Consider whether: i.financial information provided including the level of detail provided.
	58	Limitations and risks to the structure and design of the panel agreements	Relating to the panels and the Alliance agreement. Review current processes, practices, and reporting to determine whether there is the required structure to maintain competitive tension as well as working relationships with panel participants. Consider whether: ii.there is appropriate baseline information such as agreed rates, cost benchmarking and market testing to gain confidence over the pricing being put forward.
	59	Limitations and risks to the structure and design of the panel agreements	Relating to the panels and the Alliance agreement. Review current processes, practices, and reporting to determine whether there is the required structure to maintain competitive tension as well as working relationships with panel participants. Consider whether: iii.contractual terms and conditions regarding professional indemnity, retentions, and defects periods are appropriate.
	60	Limitations and risks to the structure and design of the panel agreements	Relating to the panels and the Alliance agreement. Review current processes, practices, and reporting to determine whether there is the required structure to maintain competitive tension as well as working relationships with panel participants. Consider whether: iv.value for money is clearly defined, understood, monitored, and scrutinised.
	61	Management and oversight of panels	Assess the management arrangements (of panels) and revise where appropriate to reflect WWL and its current priorities. Including whether: 'Monitoring, reporting key performance indicators ('KPIs'), work allocation practices, incentives and disincentives are appropriate, understood, aligned to WWL needs, and activated when needed to promote value and quality.
	62	Management and oversight of panels	Assess the management arrangements (of panels) and revise where appropriate to reflect WWL and its current priorities. Including whether: Roles and responsibilities of WWL management, panel management and leadership, and panel participants are appropriate.
	63	Management and oversight of panels	Assess the management arrangements (of panels) and revise where appropriate to reflect WWL and its current priorities. Including whether: 'Terms of references, agreements, and contracts appropriately reflect WWLs expectations.
	64	Management and oversight of panels	Assess the management arrangements (of panels) and revise where appropriate to reflect WWL and its current priorities. Including whether: 'There is a formal and robust assurance framework, including both internal and external independent views, to provide confidence over financial processes, key controls, performance evaluation, and management oversight.
	65	Management and oversight of panels	Assess the management arrangements (of panels) and revise where appropriate to reflect WWL and its current priorities. Including whether: 'There is appropriate tension and focus on value built into the design, operation, and oversight of panels.
	66	Management and oversight of panels	Assess the management arrangements (of panels) and revise where appropriate to reflect WWL and its current priorities. Including whether: 'WWL should identify all of the contractual updates required to the panel and Alliance agreements, and develop a plan (including the process and a realistic timeframe) to raise and agree appropriate contractual changes with the counterparties.
	67	Management and oversight of panels	Assess the management arrangements (of panels) and revise where appropriate to reflect WWL and its current priorities. Including whether: 'The extent to which the design, terms, objectives, and priorities of the panels when they were established are still appropriate in today's environment.

Appendix 1 - Full List of recommendations

Report	Item	Section	Recommendation
Deloitte Value for Money	68	Management and oversight of panels	Specific initiatives around promoting and increasing the understanding, awareness, and development of a healthy "Speak Up" culture, including: Providing employees with regular Fraud and Corruption training to educate employees on specific fraud and corruption risks as they relate to WWL, common red flags to look out for, factors that may allow fraud to occur and how employees can escalate and report any concerns.
	69	Management and oversight of panels	Specific initiatives around promoting and increasing the understanding, awareness, and development of a healthy "Speak Up" culture, including: Providing appropriate training and support around WWL's specific procurement practices and procedures and the importance of these.
	70	Management and oversight of panels	Specific initiatives around promoting and increasing the understanding, awareness, and development of a healthy "Speak Up" culture, including: Review, refresh and regular communication of WWL's 'Speak Up' Policy.
	71	Possible next steps for WWL to consider	Analysis of financial delegations and approvals within TechOne to test for approval inconsistencies or errors.
	72	Possible next steps for WWL to consider	Analysis of overheads relating to the Alliance and subcontractors engaged to understand the extent of cost that is being on charged to WWL.
	73	Possible next steps for WWL to consider	Financial reconciliation of claims to date, invoice amount, TechOne records, and contracts for all consultant and Alliance spend to establish a baseline and identify variances.
	74	Possible next steps for WWL to consider	Independent benchmarking and analysis of cost against market and other regions.
	75	Possible next steps for WWL to consider	Investigation into cost escalation claims identified by WWL staff
	76	Possible next steps for WWL to consider	Deep dive/detective analytics and/or an investigation may be conducted to understand key risk areas as they may relate to waste, abuse, and fraud. This could include investigating the extent to which amounts paid to third party suppliers who are part of the panel agreements and Alliance are accurate and appropriate.
	77	Recommendations	Way WWL engages with its third parties. Consideration of the extent to which the current operating model is still fit for purpose.
	78	Weak financial management processes and controls relating to panel and Alliance agreements	Review and update key financial controls through the claims process to address weaknesses and risks in current practices. Includes relating to: Confirming with consultant and Alliance partners the key assurance activities being conducted on the claims to gain confidence in the accuracy of data provided.
	79	Weak financial management processes and controls relating to panel and Alliance agreements	Review and update key financial controls through the claims process to address weaknesses and risks in current practices. Includes relating to: Financial delegations and how they are administered within TechOne.
	80	Weak financial management processes and controls relating to panel and Alliance agreements	Review and update key financial controls through the claims process to address weaknesses and risks in current practices. Includes relating to: Formalising and documenting procedures and reducing manual inputs and controls.
	81	Weak financial management processes and controls relating to panel and Alliance agreements	Review and update key financial controls through the claims process to address weaknesses and risks in current practices. Includes relating to: Formalising and uplifting contract management practices and oversight.
	82	Weak financial management processes and controls relating to panel and Alliance agreements	Review and update key financial controls through the claims process to address weaknesses and risks in current practices. Includes relating to: Preventing payments being made without approval from the relevant WWL staff.
	83	Weak financial management processes and controls relating to panel and Alliance agreements	Review and update key financial controls through the claims process to address weaknesses and risks in current practices. Includes relating to: Setting expectations on application of overheads by subcontractors.
84	Weak financial management processes and controls relating to panel and Alliance agreements	Review and update key financial controls through the claims process to address weaknesses and risks in current practices. Includes relating to: The use and monitoring of bulk POs for Alliance and consultant panel claims.	
FieldForce 4	85	Conduct a review of the effectiveness of Asset Management function and further develop the technical capability	Ensure all inputs, including augmentation, customer-initiated, and reactive works, are considered for the AWP and stabilize the physical delivery program. Consider the development of internal resources re reliability centered maintenance analysis techniques etc Note: It is recognised that a significant amount of effort and progress has been made since the inception of the MSA. What was not evident, was how effective the technical capability or how the principles of an effective asset management approach were actually being applied.
	86	Conduct a review of the effectiveness of Asset Management function and further develop the technical capability	Ensure all inputs, including augmentation, customer-initiated, and reactive works, are considered for the AWP and stabilize the physical delivery program. Review the current processes, cost justifications and timing required to support the development of the AWP Note: It is recognised that a significant amount of effort and progress has been made since the inception of the MSA. What was not evident, was how effective the technical capability or how the principles of an effective asset management approach were actually being applied.
	87	Implement improvements with the Alliance	Develop Standard Task Estimates, revise Alliance KPIs, and review planning and scheduling processes. Proposed actions to support the recommendation include: Conduct a detailed planning and scheduling process review with the potential to implement a centralised Planning/Scheduling and Dispatch functions.
	88	Implement improvements with the Alliance	Develop Standard Task Estimates, revise Alliance KPIs, and review planning and scheduling processes. Proposed actions to support the recommendation include: Revise the Alliance KPI's and align with the MSA where applicable.
	89	Implement improvements with the Alliance	Develop Standard Task Estimates, revise Alliance KPIs, and review planning and scheduling processes. Proposed actions to support the recommendation include: The development of Standard Task Estimates – The purpose being to develop the base line for the ongoing measurement and monitoring of the Alliance contract. This initiative focusses specifically on scheduled utilisation and productivity, not only job numbers as a key performance measure.
	90	Improve Contract Management Capability and Processes	Management Services Agreement Clarify roles, responsibilities, and reporting requirements to enhance service delivery, commercial outcomes, contract performance, and issue resolution. Redefine roles and responsibilities of key functional support functions.
	91	Improve Contract Management Capability and Processes	Management Services Agreement Clarify roles, responsibilities, and reporting requirements to enhance service delivery, commercial outcomes, contract performance, and issue resolution. Re-establish the contract relationship through the development of a contract charter.

Appendix 1 - Full List of recommendations

Report	Item	Section	Recommendation
FieldForce 4	92	Improve Contract Management Capability and Processes	Management Services Agreement Clarify roles, responsibilities, and reporting requirements to enhance service delivery, commercial outcomes, contract performance, and issue resolution. Revise/develop and agreed the contract reporting requirements.
	93	Improve Contract Management Capability and Processes	Management Services Agreement Clarify roles, responsibilities, and reporting requirements to enhance service delivery, commercial outcomes, contract performance, and issue resolution. Revise/re-establish the monthly contract management performance meetings to include the appropriate operational representatives as required.
	94	Redefine AWP (Annual Work Programme) processes	Annual Work Programme Process Develop an unrestricted CAPEX and OPEX program, revise approval timelines, and consider standard task estimates for measuring work crew utilisation and productivity. Proposed actions to support the recommendation include: Consider the use of Standard Task Estimates (as currently in use with the sub-contractors). The purpose is to establish a performance base line on which to measure work crew scheduled utilisation and productivity.
	95	Redefine AWP (Annual Work Programme) processes	Annual Work Programme Process Develop an unrestricted CAPEX and OPEX program, revise approval timelines, and consider standard task estimates for measuring work crew utilisation and productivity. Proposed actions to support the recommendation include: Revise the current approval timeline to ensure the operational areas have adequate time to plan and resource the agreed AWP.
	96	Redefine AWP (Annual Work Programme) processes	Annual Work Programme Process Develop an unrestricted CAPEX and OPEX program, revise approval timelines, and consider standard task estimates for measuring work crew utilisation and productivity. Proposed actions to support the recommendation include: Revise the monthly AWP review process to include the appropriate technical personnel to present the program status and forecast cost to completion estimates etc.
	97	Redefine AWP (Annual Work Programme) processes	Annual Work Programme Process Develop an unrestricted CAPEX and OPEX program, revise approval timelines, and consider standard task estimates for measuring work crew utilisation and productivity. Proposed actions to support the recommendation include: The development of the unrestrained CAPEX and OPEX program. The aim is to shift the narrative and focus from a financial perspective to a network risk assessment and delivery focus.
	98	Review End to End Works Delivery	End to End Works delivery model and processes - First Point of Contact with customer to job complete. Explore options for relocating the first point of contact, consolidate planning/scheduling and dispatch functions, and identify process gaps for potential delivery improvements. Proposed actions to support the recommendation include: Consider the relocation of the first point of contact (call centre function) from WCC to WWL including the Call Centre setup and supporting processes – this will eliminate double handling, reduce cost and support the field operations to meet key required performance targets.
	99	Review End to End Works Delivery	End to End Works delivery model and processes - First Point of Contact with customer to job complete. Explore options for relocating the first point of contact, consolidate planning/scheduling and dispatch functions, and identify process gaps for potential delivery improvements. Proposed actions to support the recommendation include: Consolidate the planning/scheduling and dispatch functions – To assist in the allocation, management and monitoring of the works preparation and delivery functions.
	100	Review End to End Works Delivery	End to End Works delivery model and processes - First Point of Contact with customer to job complete. Explore options for relocating the first point of contact, consolidate planning/scheduling and dispatch functions, and identify process gaps for potential delivery improvements. Proposed actions to support the recommendation include: Review the current works delivery processes to identify potential gaps within the existing business processes and further identify delivery improvements that may exist.
	101	Review existing systems, applications and data architecture	The objective being to continue developing asset data capture procedures, investigate system suitability for job planning and scheduling, and consider implementing a suitable CRM system. Proposed actions to support the recommendation include: Continue to develop the Asset Data capture procedures and supporting applications (Asset Management, field mobility), recognising there has been a significant focus in the area.
	102	Review existing systems, applications and data architecture	The objective being to continue developing asset data capture procedures, investigate system suitability for job planning and scheduling, and consider implementing a suitable CRM system. Proposed actions to support the recommendation include: Investigate and implement a suitable CRM system. This action will be dependent on the Reform decision.
	103	Review existing systems, applications and data architecture	The objective being to continue developing asset data capture procedures, investigate system suitability for job planning and scheduling, and consider implementing a suitable CRM system. Proposed actions to support the recommendation include: Investigate the suitability of the existing systems to support job planning, scheduling and dispatch functional requirements.
	104	Revise Contract Documents	Management Services Agreement Reframe the MSA contract to include specific details such as reporting requirements, key performance measures, AWP (Annual Works Programme) delivery/risk, and budgets. Key Performance Indicators – Develop a suite of KPIs for the MSA.
	105	Revise Contract Documents	Management Services Agreement Reframe the MSA contract to include specific details such as reporting requirements, key performance measures, AWP (Annual Works Programme) delivery/risk, and budgets. Performance Incentive – Performance incentive mechanism. To be agreed between parties to reward attainment of the agree KRA's and KPI's.
	106	Revise Contract Documents	Management Services Agreement Alliance Contract Reframe the MSA contract to include specific details such as reporting requirements, key performance measures, AWP (Annual Works Programme) delivery/risk, and budgets. Key Performance Indicators – Develop a suite of KPIs for the Alliance.

Appendix 1 - Full List of recommendations

Report	Item	Section	Recommendation
Fluoride	107	Recommended improvements	Continue to strengthen the regulatory function
	108	Recommended improvements	Improve the standard of asset management
	109	Recommended improvements	Maintain a relentless focus on effective fluoridation in both the short and long term
	110	Recommended improvements	Make sure the Board has the right collective experience and knowledge to govern effectively.
	111	Recommended improvements	Provide greater clarity of roles, responsibilities, and processes for managing fluoridation issues within Wellington Water
Non-financial and related parties	112	Recommendation 1 - Consider refinements to the Alliance partnership operating model	Realignment of reporting and invoicing timeframes between the Alliance and Councils
	113	Recommendation 2 - Data quality and capability uplift	2. Lack of information is available to track, manage and monitor work being undertaken. Implement controls to ensure that asset numbers are captured within Maximo accurately
	114	Recommendation 2 - Data quality and capability uplift	2. Performance reporting across Wellington Water is inefficient and lacks data quality. Strengthen key controls in relation to the automated data warehouse report (including roles and responsibilities)
	115	Recommendation 2 - Data quality and capability uplift	3. Opportunity to implement performance analytics over data collected by the Alliance. Maximo functionality should be updated to allow changes priority rating by site managers.
	116	Recommendation 2 - Data quality and capability uplift	3. System notes are not sufficient to ensure consistent understanding of measurement calculations Update system notes and clearly document understanding of key processes and calculation methodologies.
	117	Recommendation 3 - Strengthen quality and financial management practices	1. No consistent approach to validating CAPEX, OPEX and third party claims made by the COG Implement a process to review the Statement of Claim each month, prior to payment.
	118	Recommendation 3 - Strengthen quality and financial management practices	1. No consistent approach to validating CAPEX, OPEX and third party claims made by the COG Strengthen existing processes to ensure that all 3rd party claims are completely and accurately identified and tracked
	119	Recommendation 3 - Strengthen quality and financial management practices	i. Exceptions identified the Quality Assurance survey are not investigated and tracked to resolution Investigate alternative methods for completion of QA surveys. (e.g. outsourcing or automation)
	120	Recommendation 3 - Strengthen quality and financial management practices	i. Exceptions identified the Quality Assurance survey are not investigated and tracked to resolution The QA survey control can be improved to ensure exceptions identified are remedied.
	121	Recommendation 4 - Strengthen quality and financial management practices (Alliance)	2. Lack of information is available to track, manage and monitor work being undertaken Implement a process to review crew member performance and service quality.
	122	Recommendation 4 - Strengthen quality and financial management practices (Alliance)	2. Lack of information is available to track, manage and monitor work being undertaken. Strengthen existing financial management practices to ensure that costs and progress of work is actively tracked and monitored.
	123	Recommendation 4 - Strengthen quality and financial management practices (Alliance)	3. Opportunity to implement performance analytics over data collected by the Alliance. Data Analytics is established to provide insight into financial and operational performance.