



Hastings District Council

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OPEN A G E N D A

COUNCIL MEETING

One Year Water Review

Meeting Date: **Monday, 11 June 2018**

Time: **9.00am**

Venue: **Council Chamber
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

Council Members	Chair: Mayor Hazlehurst Councillors Barber, Dixon, Harvey, Heaps, Kerr, Lawson, Lyons, Nixon, O'Keefe, Poulain, Redstone, Schollum, Travers and Watkins
Officer Responsible	Chief Executive – Mr R McLeod
Council Secretary	Mrs C Hunt (Extn 5634)

HASTINGS DISTRICT COUNCIL

COUNCIL MEETING

MONDAY, 11 JUNE 2018

VENUE: Council Chamber
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings

TIME: 9.00am

A G E N D A

1. Prayer

2. Apologies & Leave of Absence

At the close of the agenda no apologies had been received.

3. Seal Register – This will not be tabled for this meeting.

4. Conflict of Interest

Members need to be vigilant to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to scan the agenda and assess their own private interests and identify where they may have a pecuniary or other conflict of interest, or where there may be perceptions of conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the relevant item of business and withdraw from participating in the meeting. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive (preferably before the meeting).

It is noted that while Members can seek advice and discuss these matters, the final decision as to whether a conflict exists rests with the member.

5. Confirmation of Minutes – There are no minutes to confirm.

6. Water Change Programme - One Year Report

5

7. Additional Business Items

8. Extraordinary Business Items

REPORT TO: COUNCIL

MEETING DATE: MONDAY 11 JUNE 2018

**FROM: CHIEF EXECUTIVE
ROSS MCLEOD**

SUBJECT: WATER CHANGE PROGRAMME - ONE YEAR REPORT

1.0 SUMMARY

- 1.1 The purpose of this report is to provide Council with a review of implementation of the water change programme commenced in June 2017.
- 1.2 This update arises out of Capability and Capacity Review of Water Services commissioned by the Chief Executive following on from the Havelock North Water Contamination Event. The review was reported to Council in June 2017. The Council endorsed a series of actions proposed by the Chief Executive in response to review, including the establishment of a change programme aimed at implementing improvements identified by the review.
- 1.3 The Council requested the Chief Executive to report back on the change programme in June 2018. A detailed progress report was provided to Council in December 2017.
- 1.4 The Council is required to give effect to the purpose of local government as prescribed by Section 10 of the Local Government Act 2002. That purpose is to meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Good quality means infrastructure, services and performance that are efficient and effective and appropriate to present and anticipated future circumstances. The objective of this decision relevant to the purpose of Local Government is to provide a report to the Council on work to improve the Council's organisational capability and capacity to provide good quality three waters infrastructure and services.
- 1.5 This report concludes by recommending that the "Water Change Programme – One Year Report" be received, and that the Council note the excellent progress made by the Change Programme Team.

2.0 BACKGROUND

- 2.1 In early 2017, following on from the Havelock North Water Contamination Event, the Chief Executive commissioned a Capability and Capacity Review of the Council's Water Services activity. The review was conducted by a team comprising Bruce Robertson, independent consultant with expertise in risk management and assurance (and formerly Assistant Auditor General for Local Government), Ross Waugh, independent asset management consultant, and Neil Taylor, former Chief Executive of Napier City Council and Executive Project Advisor to the Chief Executive. The review findings and recommendations were reported to the Chief Executive and the Council in June 2017.

2.2 The review team made the following recommendations to the Chief Executive:

1. *That the Chief Executive implement a change programme within the Water Services team to ensure the team is focussed on providing safe drinking water for the community and restoring community trust and confidence.*
2. *That areas of focus for the Water Services change programme include:*
 - a. *Resource planning and additional resource implementation.*
 - b. *Structural realignment and team re-envisioning based on functional and outcome based criteria.*
 - c. *Embedding practical risk management practice and tools.*
 - d. *Development of team relationships and culture, along with tools and practices to support this on an ongoing basis.*
 - e. *Consistent and effective development and implementation of information systems, management systems and core documentation.*
 - f. *Enhancement and development of relationships and networks with key partners and stakeholders, including:*
 - *Drinking Water Assessors and the HBDHB*
 - *Hawke's Bay Regional Council*
 - *Ngati Kahungunu Iwi Incorporated and other iwi/hapu groups as appropriate*
 - *Water NZ and other industry stakeholders*
 - *Relevant Government agencies*
 - *Other water suppliers*
 - g. *Determining and implementing new operating environment appropriate monitoring, testing and documentation regimes.*
 - h. *Succession planning for key resources.*
3. *That the Chief Executive appoint a management group to lead the Water Services change programme, including an external Chair to ensure rigorous monitoring and reporting to the Chief Executive and completion on a timely basis.*
4. *That the Chief Executive report to the Council Risk and Audit Committee on Change Programme progress against each of the Review Finding Implication areas, with a six monthly report to Council, until the Change programme is fully completed and signed off.*
5. *That the Chief Executive commission a twelve-month external review to report on progress that has been made in the change programme. This report would include comment on implementation against the Finding Implication areas.*

6. *That a team culture development and employee engagement programme be urgently developed with the Water Services team to include a focus on moving from the current crisis mode of operation.*
 7. *That enhanced support arrangements be put in place for the Water Services team and its leadership.*
 8. *That the Chief Executive continue to accord highest priority and resourcing to work programmes, plans, system improvements and documentation required to ensure the safety of public water supplies.*
- 2.3 In response to review findings and recommendations, the Chief Executive established a change programme aimed at implementing the desired improvements identified by the review. The change programme was mandated by the Chief Executive to address all of the findings and recommendations contained in the review report. The Council endorsed the series of actions proposed by the Chief Executive, and asked for regular reporting via the Risk and Audit Subcommittee.
- 2.4 The Council also requested the Chief Executive to report back on progress with the change programme in December 2017, and again at the conclusion of the initial change programme after one year (June 2018).
- 2.5 The Change Management Team established to lead the change programme comprised Garth Cowie as independent chairman, Jim Graham as independent technical advisor, and staff members Craig Thew, Brett Chapman and Neil Taylor. The team is supported by a change manager/programme manager, Rachel Landon, as well as a series of work streams carried out by a combination of internal staff and external advisors.
- 2.6 The Change Management Team reported to Council on its progress in December 2017. At that time, strong progress had been made on implementing the recommendations made by the review team. The Council received the report and noted the progress that had been made.
- 2.7 Regular reports have also been provided to the Risk and Audit Subcommittee.
- 2.8 When the programme was initiated and then again at the report to Council in December, staff advised that it was intended that the bulk of change programme work would be carried out over the one year period from June 2017 to June 2018. However, it was also noted that there would be items of work identified through the change programme that would continue after the change programme had been completed. These include changes to IT systems and implementation of some of the ongoing and longer term change measures designed during the change programme.

3.0 CURRENT SITUATION

- 3.1 The Change Management Team has worked on a programme of work derived from the Capability and Capacity Review report. The programme was divided across a number of work streams:
- Structure
 - Resourcing and Succession Planning
 - Relationship and Network Development

- Systems Review and Development
 - Process Review, Management Systems and Documentation
 - Practical Risk Management
 - Testing and Monitoring
 - Culture and Employee Engagement
- 3.2 The Chairman of the Change Management Team has submitted, on behalf of the team, a report to the Chief Executive outlining the work completed on the change programme. A copy of the report is attached as **Attachment 1**.
- 3.3 As the report indicates, the Change Management Team has made substantive progress in addressing all of the recommendations and findings emerging from the Review Team's report. A new structure has been put in place with significantly greater levels of resourcing added in areas that address points of concern identified in the review. Almost all of the recruitment associated with the restructure and increase in resourcing has been completed and staff are in place.
- 3.4 One issue identified through the change programme has been the lack of agreed provision for training of operational staff in the water industry in New Zealand. While this is an issue that various water services industry bodies and entities are seeking to address, the Council has had to take steps itself to develop the training it needs for the appropriate development of its own people. This is being done using external experts from New Zealand and overseas, and will hopefully provide a model that can be used by the wider industry in New Zealand.
- 3.5 Development of practical risk management approaches have been an area of major focus, with actions on a number of fronts. The development of Water Safety Plans has provided a specific focus on drinking water risk management initiatives. The Emergency Response Plan for drinking water is complete, noting that it is a "living document" that will be subject to ongoing updates from time to time. The corporate programme on risk management has seen the detailed application of the Bow-Tie risk control and mitigation methodology applied across water service. This has also dovetailed with a programme on enhancing risk management across the Asset Management Group, which has had Water Services as a key focus areas. The Risk Management Framework is substantially complete. The results of this work have significantly strengthened the alignment between the corporate risk strategy signed off by Council and the management and operational level actions and controls in place to ensure critical controls are identified and monitored and risks are managed.
- 3.6 Significant work has also been done in the review of systems, processes, management systems and documentation. As the Change Management Team report notes, a Business Management Plan has been "completed" and now exists as a live document for staff to use and update on an ongoing basis as improvements are made to systems and processes. A Contract Management Manual is also complete. Templates have been created for Operations and Management Manuals and the data gathering and completion of these has been built into the "business-as-usual" work programme. The Infrastructure Data system has been put in place, and ongoing work to ensure optimal use of the system identified. A range of other process, documentation

and system improvements have been put in place or identified to be added to and ongoing “continuous improvement” stream of work. Overall, there is a more “fit-for-purpose” suite of systems, processes and documentation to support the water services team in planning and carrying out their work. This will ensure a much stronger focus on documenting the maintenance, asset management and risk management work being carried out.

- 3.7 As noted at the outset of the change management process, it was anticipated that while many system and process changes would be devised and fully implemented during the year of the project, there would be a number of improvements identified that would form part of a programme of work beyond the one year timeframe. This has proven to be the case. Work has been prioritised to ensure essential improvements have been made first. In line with good business practice, other improvements identified as desirable through the change programme have been built into the water services improvement work programme to be continued by the expanded leadership group in water services.
- 3.8 A key priority of the Change Management Programme was to develop the team culture within water services and engage employees. This priority emerged out of commentary by the Capability and Capacity Review team which found that the water team had been operating in “crisis mode” since the Havelock North water contamination event.
- 3.9 The Team Culture and Employee Engagement work stream was established to address this area of work. In the first phase, this involved priority setting and engagement work within the water services team as well as engagement of an organisational psychologist to work closely with and support individual team members and the team as a whole. The phase one report from the organisational psychologist noted strong relationships between team members and very desirable attitudes from staff – for instance, staff are thinking and talking about water quality openly and taking personal responsibility for improvement initiatives. These reports were backed up by interaction between the CMT and the wider water services team, including through the structure and resourcing workshop which engaged staff in shaping the design of the team. The organisational psychologist noted positive attitudes toward “change readiness” within the team, and strong relationships between team members. In the view of the CMT, the team moved out of “crisis mode” in the 2nd half of 2017 and is actively working on delivery of the Council’s water strategy and positioning itself to work in the new operating paradigm for the water industry.
- 3.10 Alongside ongoing organisational psychological support and staff engagement in change work streams, the 2nd phase of the work has involved leadership workshops to assist the expanded leadership group to chart a clear path for the future. Important in this has been integrating the new staff, skills and approaches brought into the team, with the people and strengths the organisation has retained. These workshops have had a strong team building impact, and have allowed the team to develop an agreed approach and plan to delivering Council’s LTP programme (with a specific emphasis on Council’s water strategy), and meeting regulatory, community and industry expectations that have emerged in the new operating environment for water services. Both

the Chief Executive and the Chairman of the Change Management programme are satisfied that the “new” and the “old” are integrating well together in a fit for purpose team and approach.

- 3.11 The change programme has also seen increased focus on relationship and network enhancement. An analysis of priorities in needs in this area has allowed a deliberate approach to industry and stakeholder engagement to be undertaken. This has been given effect to by increased involvement with industry and regulatory networks regionally and nationally, and the building of deeper relationships with key stakeholders such as iwi and health authorities.
- 3.12 The change programme has also included a review of testing and monitoring regimes (particularly in relation to drinking water), based on expert advice provided by international water quality expert, Dr Deere, and appropriately experience staff and consultants. Relationships and requirements with laboratories and service providers have been reviewed and formalised, and capability within providers is being audited. Council’s water testing regime is also being refined based on guidance from Dr Deere to ensure it is fit for purpose ahead of requirements likely to emerge out of anticipated changes to the operating environment for drinking water.
- 3.13 Overall, the Change Management Team has led and completed significant work in addressing the recommendations of the Capability and Capacity Review. Significant changes have been implemented in all areas that set in place a new operating structure, resourcing model, approach and paradigm for the water services team. The Change Management Team reports that the Water Services Team has transitioned from ‘crisis mode’ through an intensive ‘change mode’ to a ‘new operating mode’.
- 3.14 The Change Management Team has signalled to the Chief Executive that the change programme is effectively complete. They have advised that the Chief Executive is in a position to sign off on the programme.

4.0 REVIEW BY CAPABILITY AND CAPACITY REVIEW TEAM

- 4.1 The Chief Executive asked the review team that undertook the Capability and Capacity Review to review and assess the work of the Change Management Team both at the six month point, and after 12 months.
- 4.2 Following on from their December 2017 review, Messrs Robertson and Waugh, assisted by Mr Taylor, have undertaken a further review of the change programme. This has included attendance at key Change Management Team meetings, a review of programme documentation and the suite of changes that have been implemented, and interviews with selected staff from across the three waters team.
- 4.3 A copy of the concluding report of the review team is attached as **Attachment 2**.
- 4.4 Of particular note, the review team has made the following comments in the course of their report in relation to the areas of improvement highlighted in the initial review:

“The Water Services Team is not in crisis and has progressed well beyond the previously observed crisis mode actions and behaviours.”

“The Water Services Team has restructured and is resourced with a significant increase in staff levels, expertise, skills and experience.”

“Science, compliance, risk management skills that meets Review Team expectations have been added in the restructure, appointment of new staff and use of external advisors.”

“Documentation, processes and standard operating procedures have been developed. Major documentation work has been completed in the past 12 months i.e. Water Safety Plans revised and updated. The Review Team notes ongoing commitment and workstreams in documentation and process improvement.”

“Water Services Team culture change is noted with a collegial problem solving approach and good communication paths that model appropriate modern management practice.”

“Significant effort, documentation and commitment to risk management has occurred over the past 12 months. This has been completed within the Hastings District Council corporate risk management framework, and has addressed strategic, tactical and operational risks within Water Services. There has been a high level of staff involvement and engagement in the development of risk management practices. Good development of supporting processes and documentation was also noted.”

“Significant improvement in internal and external relationships has been noted in the Water Change Management Committee internal monitoring and reporting over the past 12 months. Engagement has been sustained across technical, cultural, community and regulatory relationships and networks

“Significant improvements have been made in the use of technology, information systems, documentation, recording and reporting. Effective use is being made of internal business support services. Ongoing implementation and development is noted in this area.”

4.5 The Review Team noted that there are areas on ongoing work arising out of the change programme:

“The Review Team has noted that ongoing development is required of Water Services documentation, processes, operating procedures, risk management practices and risk portfolio mitigation and reporting. The Review Team noted that these ongoing development requirements have been planned, resources allocated, and incorporated into Water Services

business development plans. This provides a level of confidence that required future implementation will be achieved."

- 4.6 In relation to overall progress on implementation, the review team commented:

"The Review Team has observed that the Water Services Team (now the Three Waters Team) has been fully engaged in change over the past 12 months, and that there are significant positive changes with the team, that will be ongoing. This observation reflects very well on the professionalism and commitment of the Water Services Team."

"The Review Team are satisfied that the Hastings District Council Chief Executive has fully implemented recommendations 1-8 of the Water Services Capability and Capacity Review (May 2017) via the Water Change Management Committee chaired by Garth Cowie, and by other associated actions."

"The significant improvements that have been made across the recommended actions provide a good platform for continued meeting of Water Services objective to safely, efficiently and effectively operate and manage municipal water supply networks. Resulting from these improvements Hastings District Council is also well positioned to respond to any further legislative or regulatory changes that might be required as the Government responds to the recommendations of the Havelock North Water Inquiry."

5.0 NEXT STEPS

- 5.1 Focus is now turning to ensuring the substantial change implemented and designed through the change programme is embedded and supported to flourish. Discussions between the Chief Executive, the Chairman of the Change Management Team and the Acting Chief Executive designate has identified that the 'new operating mode' should be supported further as changes are embedded and longer term and ongoing work initiatives arising out of the change programme are undertaken. To that end, a change monitoring initiative has been put in place. The Chairman of the Change Management Team will continue to play a role in overseeing this work, and will report regularly to the Acting Chief Executive.

6.0 CONCLUDING REMARKS

- 6.1 Work on the change programme on water services has progressed well. The areas of work identified by the Capability and Capacity Review have all been addressed. Significant changes have been implemented in all areas that set in place a new operating structure, resourcing model, approach and paradigm for the water services team. The Water Services team is viewed as having transitioned from 'crisis mode' through an intensive 'change mode' to a 'new operating mode'.
- 6.2 The Change Management Team has signalled to the Chief Executive that the change programme is effectively complete. They have advised that the Chief Executive is in a position to sign off on the programme.

- 6.3 Discussions between the Chief Executive, the Chair of the Change Management Team and the Acting Chief Executive designate have identified that the 'new operating mode' should be supported further as changes are embedded and longer term and ongoing work initiatives arising out of the change programme are undertaken. To that end, a change monitoring initiative will be put in place. The Chairman of the Change Management Team will continue to play a role in overseeing this work.
- 6.4 The Capability and Capacity Review team has worked with the Change Management Team to assess progress. They have commented that they *"are satisfied that the Hastings District Council Chief Executive has fully implemented recommendations 1-8 of the Water Services Capability and Capacity Review (May 2017) via the Water Change Management Committee chaired by Garth Cowie, and by other associated actions"* and further that the *"significant improvements that have been made across the recommended actions provide a good platform for continued meeting of Water Services objective to safely, efficiently and effectively operate and manage municipal water supply networks."*
- 6.5 In relation to overall progress, the Change Management Team Chairman specifically comments as follows:

"The Water Services Team has developed well over the last 12 months with a clear focus on the objectives that have been set by Council. The change programme has provided an opportunity for management and staff to drive improvement in key areas of priority identified through the capability and capacity review. A significant increase in staff capacity has been added to the organisation, systems and process improvements have been made or initiated, and risk management practices have been strengthened and aligned with Council approved approaches and priorities. In my view, the team have moved from "crisis mode" to a more controlled approach in line with the requirements of the emerging operating environment.

Council needs to remain aware there is a significant workload in this area which has the potential to create risks. The Team is now fully immersed in implementing Council's water strategy, conducting business as usual in the emerging environment and continuing to implement improvements identified through the change programme. All of this work is necessary and additional resource has been provided by Council and the Chief Executive, however ongoing careful management and monitoring will be required along with ongoing support and clear decision making from Council, particularly given the final outcome of the Government's regulatory response is unknown at the time of writing.

From a Change Management Team perspective, the outlook for the Water Services team and for Council's capability and capacity in this area is positive. The cultural, systems and process changes made have produced a solid foundation for sustained delivery at a high level of quality. Staff from water services teams external to Council have begun to visit Hastings to look at the changes that are being made. The work that has been and is being done is of high quality, and those directly involved are to be congratulated on their effort and focus."

- 6.6 Based on the foregoing material and analysis, the Chief Executive submits to Council that the change programme has been carried out effectively. The one year programme of works envisaged at the outset of the project is complete. Key change goals have been achieved. As predicted, an ongoing programme of continuous improvement initiatives has been put in place to build on the work done through the change programme.

7.0 RECOMMENDATIONS AND REASONS

- A) That the report of the Chief Executive titled “Water Change Programme – One Year Report” dated 29/10/2015 be received.**
- B) That Council:**
- i) Note the comprehensive programme of change implemented in the three waters activity via the Change Management Programme; and**
 - ii) Note that the Change Management Team has reported to the Chief Executive that the Change Management Programme is complete; and**
 - iii) Note that the Capability and Capacity Review Team is satisfied that the Chief Executive has fully implemented the recommendations of the Water Services Capability and Capacity Review; and**
 - iv) Record its thanks to the Change Management Team and the Capability and Capacity Review Team for their work in driving improvement in the Council’s capability and capacity across the three waters, and in drinking water safety in particular; and**
 - v) Note that the Chief Executive has put in place a change monitoring initiative to ensure that the changes made are embedded and that the ongoing programme of improvement initiatives arising out of the change programme are undertaken at a high level of quality; and**
 - vi) Further note that the Chairman of the Change Management Team will continue to play a role in overseeing the change monitoring initiative, and will report regularly to the Acting Chief Executive.**

With the reasons for this decision being that the objective of the decision will contribute to meeting the current and future needs of communities for good quality local infrastructure and local public services in a way that is most cost-effective for households and business by:

- **Improving and monitoring the capability of the organisation to deliver safe, sustainable and cost-effective water services.**

Attachments:

- | | | |
|---|--|---------------|
| 1 | Water Change Management | CG-14-1-00815 |
| 2 | HDC Capability and Capacity Review Concluding Report 30 May 2018 | CG-14-1-00808 |

WATER CHANGE MANAGEMENT

A Year in Progress

Design Phase Ltd

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Hastings

5th June 2018

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Executive Summary

The Water Change Management Programme has been in progress for a year. This report documents the significant progress to date and highlights the work that still needs to occur to ensure ongoing improvements in the three waters team.

Significant progress has been made on the Water Change Management Programme including the successful restructure of the Water Services team, with an additional 12 positions added to the team. Most of the new positions have been filled, with interviews set to take place in early June for the remainder. The restructure has allowed for relationships and networks with key industry partners to be better resourced, with the result that the team are now interacting much more frequently with key partners and stakeholders.

A focus on team culture and employee engagement, including working with an industrial psychologist and leadership workshops has resulted in the team moving away from operating in "crisis mode" to what is now the new normal, actively working on delivering Councils water strategy and wider three waters programme.

The team also now has a more active and risk aware approach to risk management. The testing and monitoring regimes have been reviewed by water quality experts and the Infrastructure Data system expanded to include water quality monitoring. This means that there is now a single system to see all data about Service Assurance regardless of whether data is from online monitoring, laboratory testing, or in-field sampling.

The processes, management systems and documentation used by the team have been reviewed. From this, a Business Management Plan has been developed, along with a Contract Management manual and templates for Operations and Maintenance Manuals.

In summary, the key recommendations made in the Water Services Capability and Capacity Review of May 2017 have all been addressed effectively. The Change Management team is in a position to recommend to the Chief Executive that the formal change programme can be signed off, and that an ongoing improvement initiative can be put in place.

As envisioned at the outset and the mid-point review, there remains improvement work to be done that has been identified through the change programme. This includes:

- Further operator training,
- Completion of operational manuals

3

- Extension of Emergency response plans to include stormwater and wastewater services
- A Data Management and Reporting Strategy
- Development of a Drinking Water Quality Policy and Plan
- A number of system improvements

The three waters team is now equipped to work in the emerging operating environment for drinking water and the wider three waters. Further planned improvements will strengthen the capability and capacity of the team further.

Item 6

Attachment 1

Introduction

The Water Change Management Team was established in July 2017 with the intention of organizing, equipping and resourcing the Water Services team and activity to be 'fit for purpose' to operate in the new post-event operating environment for water. The team comprised Garth Cowie as independent chairman, Jim Graham as independent technical advisor, and staff members Craig Thew, Brett Chapman and Neil Taylor, supported by Rachel Landon as the Change Manager.

This report highlights the progress made on the Water Change Management programme since then and identifies where further work is still required to complete the transition of the team to the new operating environment.

Workstreams

The work of the Change Management Programme was split onto the following workstreams:

- Structure, Resourcing and Succession Planning
- Relationship and Network Enhancement
- Quality and Service Assurance
- Systems Review and Development
- Process Review, Management Systems and Documentation
- Practical Risk Management
- Team Culture and Employee Engagement

Within each workstream there were two components addressed: immediate action, and substantive change which might need to occur to transition to the new operating environment.

A "Ringmain of Success", in Figure 1, was developed by the Water Change Management Team to highlight the expectations of the Water Services team to provide safe and effective water services as they move from crisis management to the new normal.



Figure 1: Water Change Management Ringmain of Success

Structure, Resourcing and Succession Planning

The Water Services Team has now been restructured. The new structure has been designed to optimize the delivery of the 3 Water Services and is shown in Figure 2 below. The approach to the new structure involved maintaining a service management focus on each of the three water areas while aligning the functional delivery of service assurance, capital delivery and development servicing, and operations.

With the changed operating environment since the water crisis the resource levels within the team have been increased to help the team move from crisis management to the new operating environment. The restructure of the Water Services team has created 12 new positions with an additional 9 staff having joined the team since the crisis. However, as is indicative of an industry skills shortage and due to some departures, a number of vacancies are currently in the process of being filled.

New Structure – May 18

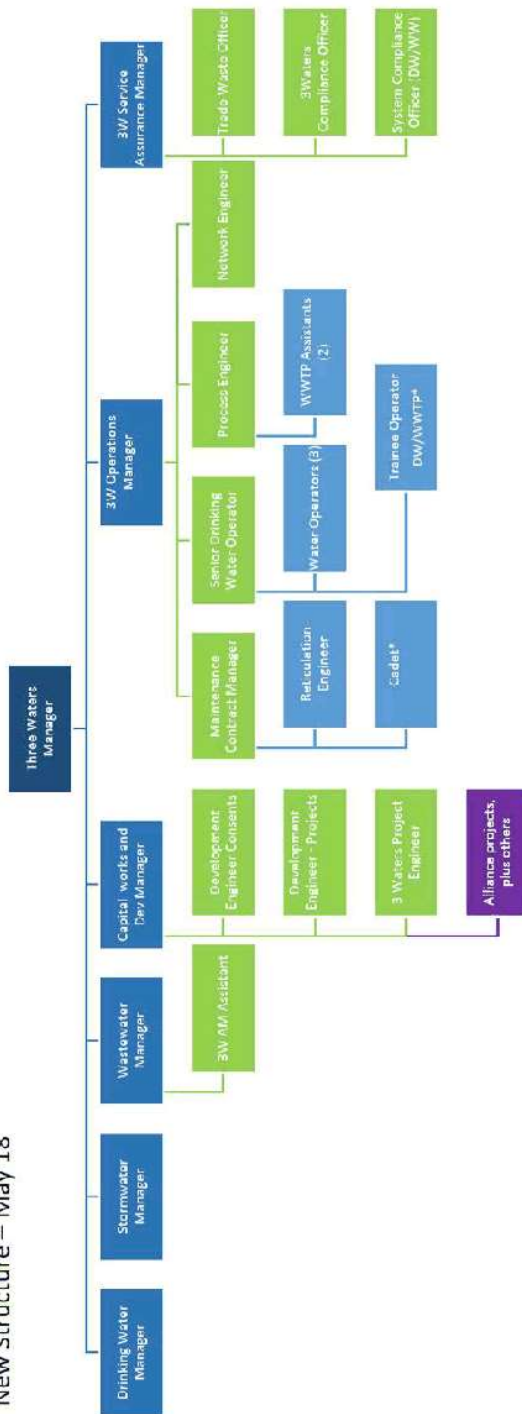


Figure 2: New Structure of the Water Services Team

Training & continuing professional development

Everybody in the restructured Water Services team has a role to play in delivering safe and effective water services. To do this requires staff to have the necessary competence (based on education, training or experience) to undertake their role. The Structure, resourcing and succession planning workstream have addressed what training and continuing professional development needs the Water Services team have in terms of whether staff:

- Hold the appropriate **qualifications**
- Have the necessary **experience**
- Are assessed for their **competency**
- Undertake **continuing professional development (CPD)**

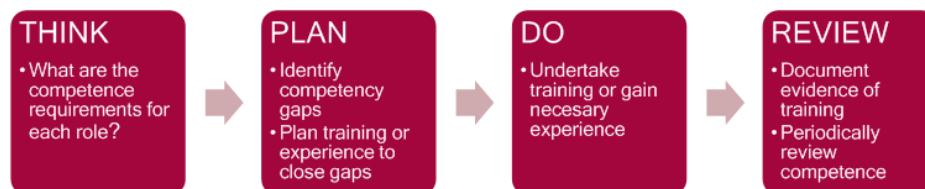


Figure 3: Competency Process

In identifying the current training needs of the Water Services team, the Water Change Management Team have observed that there are currently very few opportunities currently available in New Zealand to build the technical capabilities of the team through targeted technical training or continuous professional development.

Work has therefore been instigated by the Water Change Management Team to develop HDC operations specific training to fill this gap in the industry.

Relationship and Network Enhancement

The Water Services team has a diverse range of both internal and external stakeholders. These stakeholder relationships are an important and integral co-contributor to the effective and safe delivery of the three water services.

The Relationship and Network Enhancement workstream has mapped out the key relationships that involve the Water Services team, identifying those roles within the water services team that interact with each of the key stakeholders. This work was then used to feed into the team restructure process to ensure that the relationships are resourced and supported from an HDC perspective.

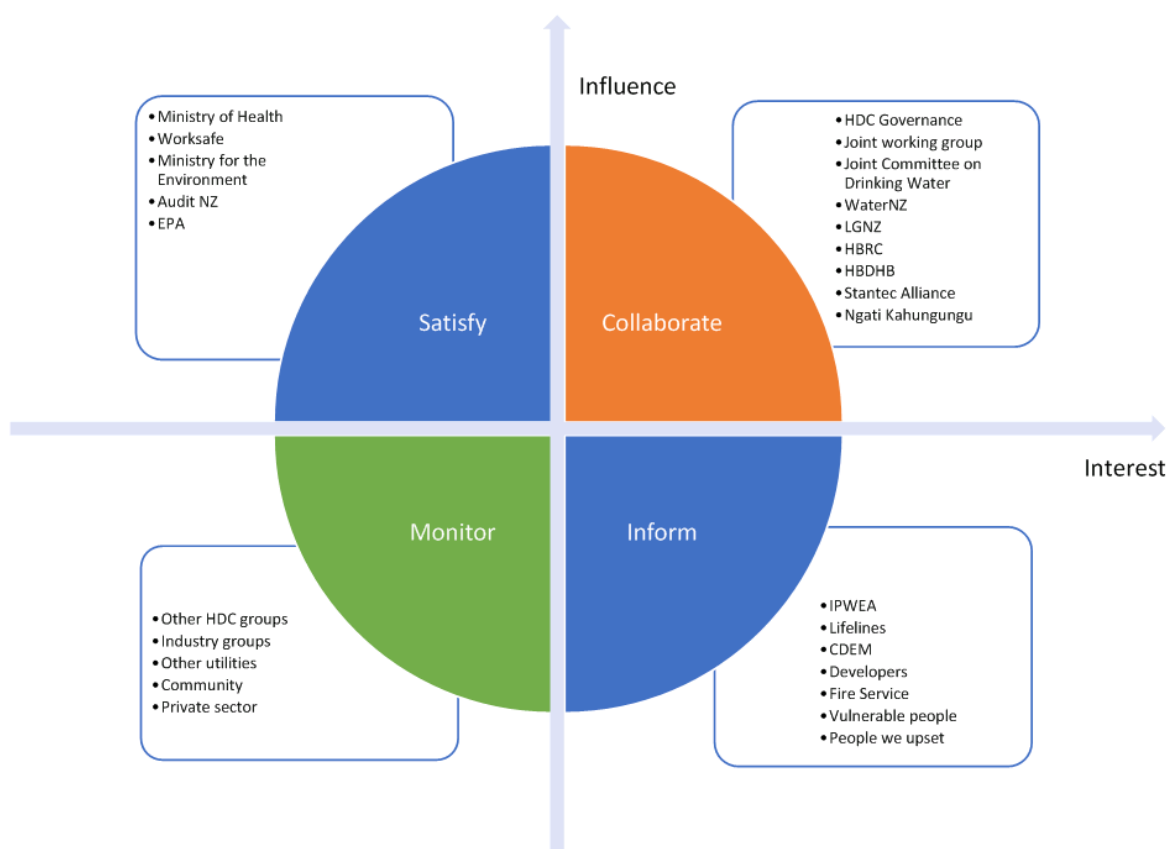


Figure 4: Stakeholder Influence/Interest diagram

10

Since the crisis the water services team are interacting much more frequently with industry networks. In particular, there has been a marked increase with contacts at Water NZ, Wellington Water and locally with the other territorial and regional authorities in Hawkes Bay. This increase in exposure to industry practice and knowledge is being integrated back into the organization.

Quality and Service Assurance

The recently formed service assurance / compliance team within the Water Services team has been created to support the service managers, operations team and wider group to monitor performance.

Drinking Water Quality Monitoring Regime

In order to provide confidence that the water supply is managed well, and to detect trends/issues early so that appropriate action can be taken, a monitoring regime has been implemented by extending the use of the Infrastructure Data system. The premise of the testing and monitoring regime is that when using a multi-barrier approach to managing water supply, reporting should demonstrate how every barrier is functioning. This work has linked results from laboratory testing to the Infrastructure Data dashboard, as shown in Figure 5 below.

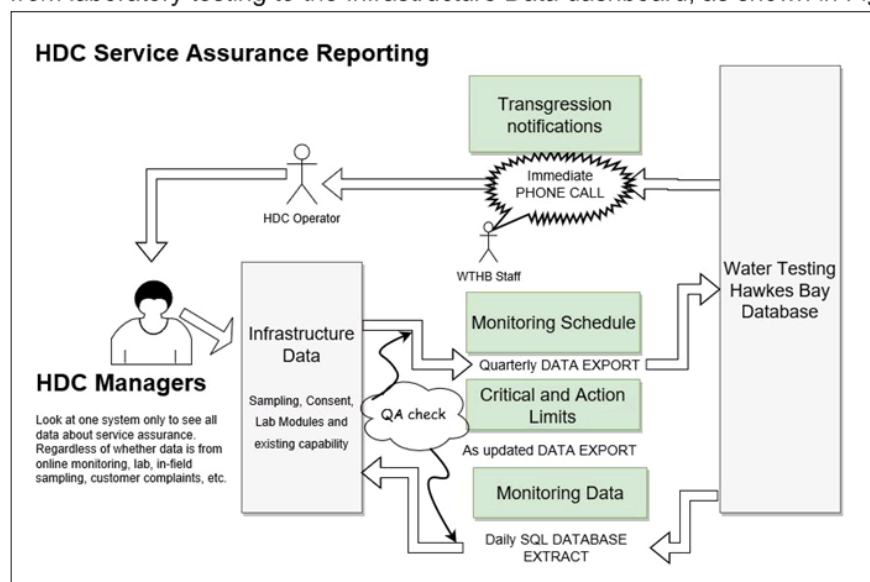


Figure 5: HDC Service Assurance Reporting

The service assurance work means that changes in the system are flagged and compliance requirements are met, however, some improvements to the system are still required for instance connecting more of the SCADA online monitoring to ID to allow for routine monitoring of results.

Drinking Water Quality Policy and Plan

The Quality and Service Assurance workstream have also identified the need for a Council endorsed water quality policy and plan to ensure that water quality remains a top priority for Council.

Systems Review and Development

The Systems Review and Development workstream reviewed the effectiveness of the information systems used by the Water Service team, taking into account business imperatives and needs.

The review identified:

- What existing systems are used
- What current issues these systems have
- Where there are gaps in our processes
- Where improvements are possible.

Service Assurance – Infrastructure Data System

The major improvement item identified by the Systems review and Development related to the need to provide a single system to see all data about Service Assurance regardless of whether data is from online monitoring, lab, or in-field sampling, as is reported in the Service Assurance section of this report above.

As a result, the Infrastructure Data (ID) system, described in the Quality Assurance section, has been expanded to provide this functionality. However, the system is yet to deliver its full potential with ongoing development occurring. ID is a good tool for analyzing data, but further work is needed around making the practice of analyzing the data collected in ID more systematic, and strategic, both so long-term trends are identified and as a means of improving understanding of the supply systems. This improvement in practice would help to ensure consistent, cost-effective and timely management of the supply system to always supply safe water.

A Data Management and Reporting Framework is currently under development to enhance this.

Water Meter Billing Processes

The current system for billing commercial (and non-urban residential) customers for water has room for improvement.

Community Communication around Operational Issues

How we communicate about operational issues and problems, e.g. bursts and leaks to the general public is currently heavily resource dependent on the customer services team.

It is recommended that more information on operational issues e.g. reporting leaks and expected response times is provided from IPS in a geographical format so that it can be more easily accessed by wider staff.

As-built Processes and Systems

Changes to infrastructure, whether via capital new works or maintenance, get recorded in the IPS Asset Register and the GIS system. This process is currently time consuming for the staff involved and there is room to implement a more streamlined approach to the entire as-building process.

Programme Management

The need for improvements to the Programme management of the Capital Works Programme within the group has been identified by the Water Change Management team. As a result, a position for a Capital Programme Manager was developed and this role has now been filled.

Process Review, Management Systems and Documentation

The process review, management system and documentation workstream has analyzed current management processes, systems and documentation, to assess how they support the effective carrying out of the Council's functions and responsibilities with respect to water services, and the effective operation of its infrastructure and service delivery functions.

Water Services Business Management Plan

A Water Services Business Management Plan has been developed by the Water Change Management team.

The Water Services Business Management Plan demonstrates how the Water Services team operates following a "Think, Plan, Do, Review" approach (Figure 6). This document forms part of the Asset Management quality system and has been audited against the requirements of ISO 9001 by Telarc.

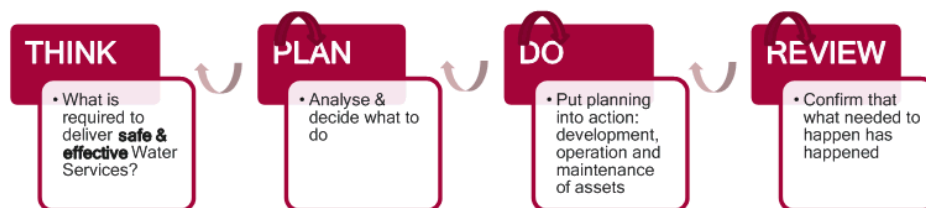


Figure 6: Think, plan, do, review approach to ensure safe and effective water services

NZS3910 Contract Management Manual

With the increasing level of construction required to deliver the Water strategy, a comprehensive Contract Management Manual for contracts delivered using the NZS3910 form of contract has been re-written. This document will help to ensure that best practice in contract management is achieved.

Gap Analysis

The existing New Zealand Drinking Water Standard is inadequate. In the absence of a new standard a gap analysis comparing the current practice of the water services team against the Australian Drinking Water standards is in progress. This work is being undertaken to help understand where the teams' vulnerabilities are, and to help staff identify how to prioritise addressing any gaps.

Areas of focus are likely to include possible discrepancies between the practice in the field and supporting systems (such as software tools, strategic frameworks or documentation). Often the practice is good, but the systems don't replicate or support the practice to make it as efficient, consistent and reliable as possible. For example, the day-to-day operation practices are good, however there is minimal documentation, such as comprehensive Operations and Maintenance Manuals, to support it. Alternatively, the tools (such as Infrastructure Data and IPS) are powerful but are not being used in a manner that maximizes their benefits.

Likely areas of improvement from this work that have been signaled include further improvements to:

- Operations and Maintenance Manuals
- Supply Agreements
- Data Management and Reporting Strategies
- Chemical supply strategy

Practical Risk Management

The Practical Risk Management workstream has assessed:

- The adequacy of current practical, operational level risk management measures.
- How to ensure functional linkages and reporting between practical, operational level risk management measures and the corporate risk management policy and framework and governance and management oversight mechanisms.

Risk Framework

A risk management framework for the Water Services team has been developed and is summarized in the Figure below. The finalized framework report is due by the end of May. The intention of this framework is to ensure the group has a coordinated approach to the management of risk, and that any issues that could affect the group's performance are properly addressed. The Framework will help the Water Services team to clearly document their risk exposure and manage risk in accordance with the Council's overall approach and risk appetite.

Water Safety Plans (WSP) – Risk Matrix

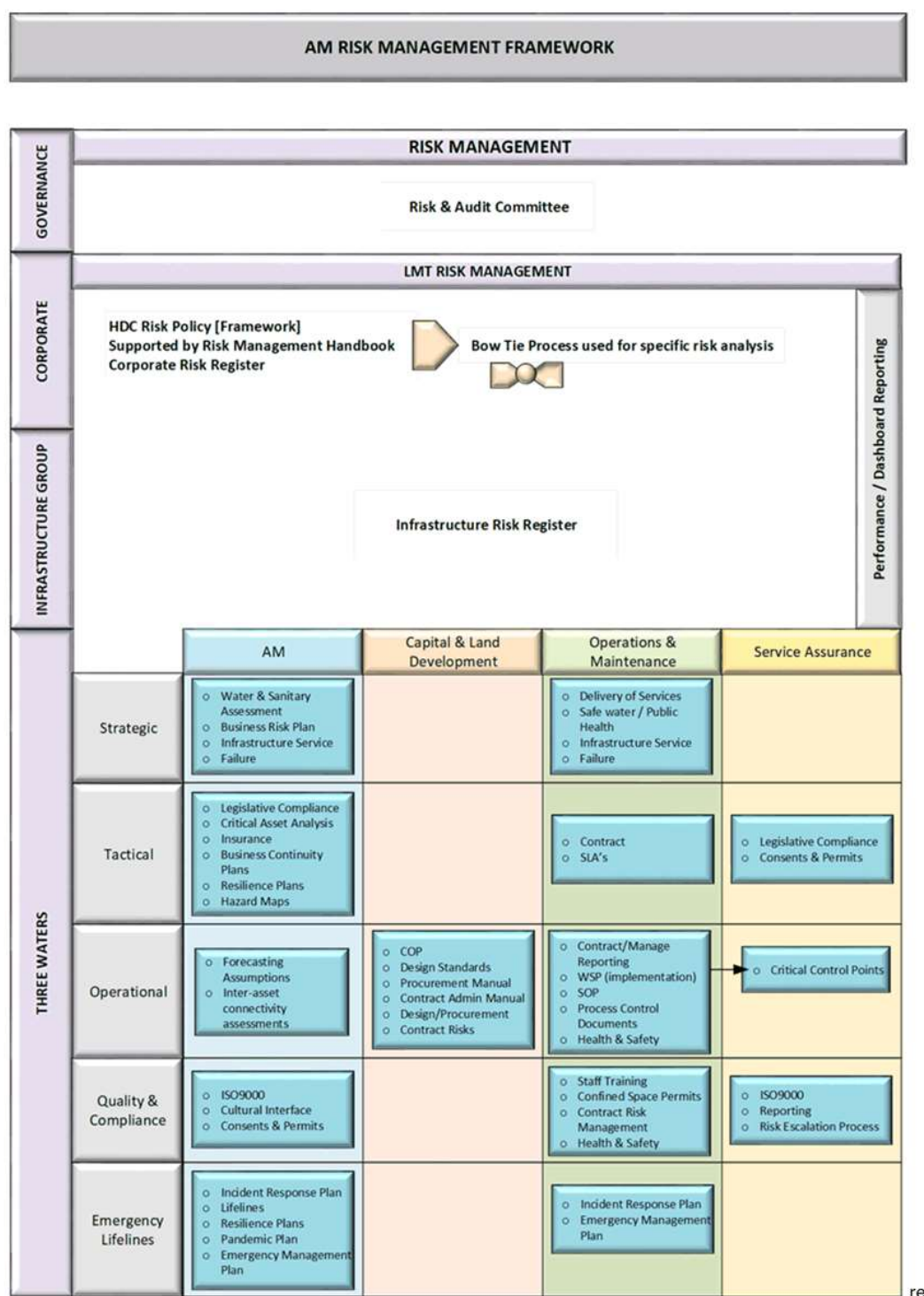
The Water Service risk framework is based on the HDC Corporate Risk Policy and Framework which was adopted by Council in July 2017.

Water Safety Plans - Critical Control Points

The Ministry of Health, as a result of the Havelock North Water Inquiry, has mandated the need for Critical Control Points (CCPs) to be identified for Water supply systems. A project is currently underway to fill this gap in the Risk Management processes across all the Drinking Water Supplies. The Water Safety Plan (WSP) reviews for rural supplies are currently underway to ensure they are up-to-date and meet the latest Ministry of Health requests. The Rural WSPs are programmed for submission to the Drinking Water Assessors by June 2018. A further revision of the Water Safety Plan that covers the urban supplies is to be submitted to the Drinking Water Assessors by December 2018.

Emergency Response Plans

The risk work stream has identified other risk initiatives that are required. This includes further Emergency Response Plans to ensure that HDC can be prepared to respond to various emergency incidents. A Water Supply Emergency Response Plan has already been developed however similar emergency response plans are also required for the wastewater and stormwater networks.



Team Culture and Employee Engagement

The Team Culture and Employee Engagement work stream has focused on helping the Water Services team to move from operating in “crisis mode” to what is now the new normal, actively working on delivering Councils Water Strategy.

Over the past year an industrial psychologist has worked with and supported the team which has resulted in the culture of the team moving out of crisis mode.

In order to continue to build on the culture and engagement work to date the senior leaders of the three waters team met for two days in May 2018. This session was externally facilitated and focused the group on the culture and leadership behaviors that they wanted to model throughout the team.

The session also enabled the water leadership group to continue developing their business plan with ongoing improvement initiatives identified. The seven objective areas identified are:

- Proactive engagement with customers,
- Ensure capital delivery,
- Improve risk management,
- Effective Service delivery,
- Effective process and systems to underpin our work,
- An engaged and high performing team,
- Solid stakeholder engagement and working relationships.

The team is now further developing their work plan to deliver the initiatives identified against these objective areas.

It is intended to bring the external facilitator back after 6 months, to review progress and make updates as identified

Communications

The communications workstream has worked on supporting the work of the Water Change Management team including the Water Pop-ins, development of brochures and press releases on the progress of the programme.

Communications continues to be a key feature of the programme and work is ongoing on ensuring that the Water Services team deliver consistent messages to their stakeholders.

A Drinking Water Quality policy and plan, that is endorsed by Council, has been identified as a required overarching document to be used as a communication tool, both internally and externally, to ensure that the messages around drinking water quality remain consistent.

Data Management and Reporting Framework

Currently reporting occurs to the Asset Manager, Chief Executive, the Council, the Drinking Water Assessors, the Regional Council and the wider community.

A framework is required to outline all the reporting required, the sources of data, the typical analysis undertaken, templates for regular reports, the quality control processors so that the practice of reporting is standardized, efficient and has adequate quality control.

Summary

Significant progress has been made on the Water Change Management Programme since its inception including:

- The re-structure of the Water Services Team
- The engagement of an additional 9 staff to date
- The resourcing of external relationships
- The extension of the Infrastructure Data system to include compliance monitoring.
- The development of a Water Services Business Management Plan
- The development of a NZS3910 Contract Management Manual
- Commencing a gap analysis comparing performance of the team against the Australian Drinking Water Standards
- The development of a Risk Management framework for the team

There remains work to be undertaken to complete to ensure that the Water Services team are fully equipped to continue delivering safe and effective water services, as detailed in the table below.

Workstream	Continuing Improvement Project	Project Scope or Status
Structure, Resourcing and Succession Planning	Operator Training	Develop HDC specific operations training to fill the gaps in the industry. The development of O&M manuals will assist with this need.
Quality and Service Assurance	Drinking Water Quality Monitoring Regime	Infrastructure Data system has already been extended to include compliance monitoring. Further improvements to the system are planned.

Workstream	Continuing Improvement Project	Project Scope or Status
Systems Review and Development	Service Assurance – Infrastructure Data System	Infrastructure Data system is now in place.
	Community Communication around Operational Issues	Information on operational issues e.g. reporting leaks and expected response times to be provided from IPS in a geographical format.
	As-built Processes and Systems	As-building process to be reviewed.
Process Review, Management Systems and Documentation	Business Management Plan	Document is complete and has been rolled out to the team.
	NZS3910 Contract Management Manual	Manual is complete. Training ongoing.
	O&M Manuals	Templates have been created for Drinking Water and WW/SW pump stations. Project is currently now in the data gathering phase.
	Supply Agreements Formalised	Discussions with Laboratory have been instigated.
	Data Management and Reporting Strategy	Coordination of this work across all water functions underway.
Practical Risk Management	Risk Management Framework	Substantially complete.
	Emergency Response Plans	Drinking Water ERP complete.
	Water Safety Plan (WSP) updates	All WSPs are living documents and under constant review to

Workstream	Continuing Improvement Project	Project Scope or Status
		meet the latest MoH requirements (ongoing).
Team Culture and Employee Engagement	Leadership Workshops	Completed end of May 2018
Communications	Drinking Water Quality Policy and Plan	Develop the next stage of communications beyond the 12-month review of capability and capacity report in July 2018.

Infrastructure Management

Hastings District Council

**Water Services
Capability and Capacity Review
Concluding Report
May 2018**





Quality Record Sheet

Hastings District Council Water Services Capability and Capacity Review Concluding Report

Issue Information	
Issue Purpose	Final Report
Issue Date	30 May 2018
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Authorisation	
Hastings District Council	Ross McLeod, CE
Prepared By	Ross Waugh, Bruce Robertson, Neil Taylor
Reviewed By	
Date	30 May 2018
Report Number	64-022-1033

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TABLE OF CONTENTS

1.0	CONCLUDING REPORT	7
1.1	Our Objective and Methodology	7
1.2	What We Found – Concluding Review	8
1.3	Progress on Findings	9
1.4	Progress on Recommendations	15
1.5	Looking Forward	15
APPENDIX A	LIST OF CONCLUSION INTERVIEWEE'S	16
APPENDIX B	MAJOR DOCUMENTATION AND PROCESS CHANGES	17
APPENDIX C	REVIEW AUTHORS	19

Water Services Capability & Capacity Review Concluding Report



Item 6

Attachment 2



1.0 CONCLUDING REPORT

1. This Council Concluding Report (May 2018) of the Hastings District Council Water Services Capability and Capacity Review (May 2017) was initiated by the Hastings District Council Chief Executive as part of the quality assurance and public accountability at the conclusion of the Review responses.
2. This Concluding Report has worked with the full cooperation and information sharing of Water Services staff, Hastings DC Chief Executive and management around progress achieved. Determining this progress has included staff interviews held 29th May 2018.
3. This Concluding Report reviews progress against the findings and recommendations of the May 2017 Hastings District Council Water Services Capability and Capacity Review and provides an independent external opinion of what has been achieved and work that is still in progress.
4. The Review Team acknowledge their involvement with the Water Services Change Management Committee over the past 12 months, which has included attendance at meetings, receiving meeting minutes and short interim report mid-way through the year-long change management process.

1.1 Our Objective and Methodology

5. This is the Concluding Review of the Capability and Capacity Review was initiated by the Chief Executive of Hastings District Council, Mr Ross McLeod in early March 2017 with the following objectives:
 - Review and thoroughly examine the capability and capacity of the Water Supply Team, the wider Water Services Team and, as relevant, the Asset Management Group and wider organisation, to safely, efficiently and effectively operate and manage municipal water supply networks is to be thoroughly examined
 - Examine and review the organisation's management structure, systems and processes with respect to the water supply function
 - Review and examine the effectiveness of internal and external working relationships
6. The Review Team has summarised the overall objective of the review is to ensure that the Hastings District Council Water Services Team becomes a highly trusted, modern water services unit, that is able to manage and deliver water services to the required and new service levels and industry standards.
7. This Concluding Review was completed in May 2018, one year after the Capability and Capacity Review. This Concluding Review adopted the following methodology:
 - Review Team members attended a number of the Change Management Committee meetings throughout the year, were provided, and have considered all meeting agendas and minutes
 - An interim review report was made by November 2017 at the mid-point of the one year change management process
 - 29th May 2017 confidential interviews with selected Hastings DC staff. Interviews were conducted based on confidentiality and no-identification of information source to ensure full and frank exchange of views and information. All interviews were again characterised by a free and frank exchange of information, and provided valuable insights and information to the Review Team
 - Interview information was reviewed and summarised for this report
 - Review of relevant information, systems and procedures developed during the previous 12 months by the Change Management Committee and Water Services
 - This report was finalised for presentation to the Hastings District Council and Chief Executive

1.2 What We Found – Concluding Review

8. The Review Team findings are detailed below and mirror the 2017 report summary of findings:
9. The Water Services Team is not in crisis and has progressed well beyond the previously observed crisis mode actions and behaviours.
10. The Water Services Team has restructured and is resourced with a significant increase in staff levels, expertise, skills and experience.
11. Science, compliance, risk management skills that meets Review Team expectations have been added in the restructure, appointment of new staff and use of external advisors.
12. Documentation, processes and standard operating procedures have been developed. Major documentation work has been completed in the past 12 months i.e. Water Safety Plans revised and updated.
13. The Review Team notes ongoing commitment and workstreams in documentation and process improvement.
14. The Review Team notes that leadership training has been a focus of the Water Change Management Committee activity
15. Water Services Team culture change is noted with a collegial problem solving approach and good communication paths that model appropriate modern management practice
16. Succession planning and training of staff is ongoing. The new structure and additional resources in the Water Services Team have also been effective in addressing this issue.
17. Significant effort, documentation and commitment to risk management has occurred over the past 12 months. This has been completed within the Hastings District Council corporate risk management framework, and has addressed strategic, tactical and operational risks within Water Services. There has been a high level of staff involvement and engagement in the development of risk management practices. Good development of supporting processes and documentation was also noted.
18. Significant improvement in internal and external relationships has been noted in the Water Change Management Committee internal monitoring and reporting over the past 12 months. Engagement has been sustained across technical, cultural, community and regulatory relationships and networks
19. Significant improvements have been made in the use of technology, information systems, documentation, recording and reporting. Effective use is being made of internal business support services. Ongoing implementation and development is noted in this area.



1.3 Progress on Findings

A detailed examination of Review Team observations against 2017 report findings is included in the Table below.

20. The 2017 implications of Findings and Concluding Report Observations are compared in the Table below.

Finding No.	Finding Description	Imp. No	Finding Implication	Concluding Report Observations
4.2 Crisis Mode Completion	Water Services Team is still operating in high stress, high reaction crisis mode	1	Crisis mode response has become embedded behaviour and can't be resolved by team themselves	<ul style="list-style-type: none"> There is no longer any evidence of crisis mode operations. The team is responsive, self-motivating and focussed.
		2	Team needs short term external support	<ul style="list-style-type: none"> Some ongoing need for external support especially in areas such as Dr Deere, Jim Graham, Ross Waugh. This is normal.
		3	Team recognises issues and are prepared to change	<ul style="list-style-type: none"> Team is proactive now in leading and achieving change.
		4	Wrap around support is needed for Water Services middle management	<ul style="list-style-type: none"> Committed to ongoing support for middle management given further change from government is expected.
4.3 Water Operations Resource Levels	With the changed operating environment Water Operations resource levels are considered to be insufficient	5	Additional operations functions are required with expected Stage 2 implementation – a new operating environment	<ul style="list-style-type: none"> The staff restructure has considered and taken into account predicted change from stage 2.
		6	Additional resources will help resolve moving from crisis management to the new normal operating conditions	<ul style="list-style-type: none"> The staff resources have been substantially increased with 9 new staff. New staff adding high quality skills and experience.
		7	There is the ability to remove the level of staff stress with additional resources	<ul style="list-style-type: none"> Noticeable reduction in stress levels around resourcing.
		8	Additional skills are needed around water science and water treatment	<ul style="list-style-type: none"> Considerable increase in staff skill level in testing regimes, science and water treatment is visible.

Water Services Capability & Capacity Review Concluding Report



Finding No.	Finding Description	Imp. No	Finding Implication	Concluding Report Observations
4.4 Succession Planning	Key and critical roles have been identified as nearing retirement in the next 5-years. There is the need and opportunity for succession planning	9	Proactive management is needed for the succession planning of these roles and skills required	<ul style="list-style-type: none"> Review of appropriate staffing levels and vacancies is ongoing. The staff restructure was a clear major improvement and ongoing succession planning and mentoring is in place.
		10	Impending retirements provide the opportunity to examine the skills required and re-envisage structure, roles, resources and back-up requirements	<ul style="list-style-type: none"> Reconsideration of roles, reporting and resourcing was a critical part of the restructure and appears to be improving the overall performance now.
4.5 Water Operations Team Network Enhancement	Opportunity to build individual and team networks regionally, nationally and internationally	11	Connectivity, practice and staff development must be actively managed	<ul style="list-style-type: none"> Senior management and the Water Change Management Committee have proactively put in place programmes for staff development, team dynamics and workplace culture improvements. This is ongoing.
		12	Broader networks will allow exposure to additional industry practices and understanding	<ul style="list-style-type: none"> The staff network has grown significantly this year with help from the new staff, links with experts (e.g. Dr Deere & Jim Graham), active participation nationally in seminars / conferences / working committees at all levels.
		13	External regional and national relationship development will assist in ensuring important knowledge and practices are known and integrated into HDC practice as appropriate	
4.6 Practical Risk Management Strategy Implementation	The development and implementation of practical risk management strategies, that are comprehensive and integrated	14	Practical risk management needs to be embedded and practiced at all levels of Asset and Water Services	<ul style="list-style-type: none"> Risk management has been a primary building block of change in the team. Obvious behaviour change in staff towards identifying, eliminating and managing risk.
		15	An embedded risk management culture is invaluable and must be achieved and sustained	<ul style="list-style-type: none"> The staff culture is focussed on managing all risks around providing safe clean water.



Water Services Capability & Capacity Review Concluding Report

Finding No.	Finding Description	Imp. No	Finding Implication	Concluding Report Observations
		16	The team will have to work hard at this to change from the previous management culture (East Water)	<ul style="list-style-type: none"> A new management culture has been developed and can be observed in staff and their practices.
4.7 Team Relationships and Culture	Team relationships need to be developed, strengthened and consistently reinforced. Team culture needs to be aligned with new operating and management objectives	17	Development, strengthening and reinforcement of team relationships	<ul style="list-style-type: none"> The teamwork has developed extensively in 12 months. Procedures are much clearer and documentation has improved. This is an area of ongoing improvement.
		18	Deployment of well understood processes for establishing priorities and maintaining accountability for achieving them	
		19	Sustained active management, confidence and trust building with external stakeholders, consultants and contractors	<ul style="list-style-type: none"> Specific work by the CE, Water Change Management Committee and staff has achieved considerable progress in rebuilding these relationships.
		20	Team culture needs sustained change to meet the challenges of the new operating environment	<ul style="list-style-type: none"> The Review Team notes ongoing and sustained stakeholder engagement by Water Services and HDC Management.
		21	Key aspects of organisational culture that need improvement are: <ul style="list-style-type: none"> (Reset) SOP Delegation Escalation Team Environments Integration Management practice 	<ul style="list-style-type: none"> Team acknowledges and welcomes further change in the water industry, anticipated from the current government review. Marked improvement has been achieved in all of these areas.

Water Services Capability & Capacity Review Concluding Report



Finding No.	Finding Description	Imp. No	Finding Implication	Concluding Report Observations
			<ul style="list-style-type: none"> Allocation of tasks (admin) Trust and accountability External relations Information sharing 	
4.8 Water Services Structure for Delivering Outcomes	Review and realignment of the Water Services Structure to deliver the outcomes required in the new operating environment	22	Alternative delivery structures may achieve more optimal results, and manage risks in a more holistic manner. Many Councils are now adopting structures that align more to specific functions, e.g. compliance, regulatory consents, asset management etc. The Review Team can expand on this if requested	<ul style="list-style-type: none"> The restructure of operations took these suggestions into account and is helping towards the improvements that are now obvious.
		23	Aligning the structure to focus on required outcomes would better align water service delivery with the consumer and improve management of risk, and operating procedures	<ul style="list-style-type: none"> This has occurred and the focus on managing risk is a tangible result, together with the improved understanding of science in water management at all levels.
4.9 Water Services Systems and Processes	People management, systems and processes and documentation can all be improved to improve the achievement of outcomes	24	Systematic development, use and ongoing updating of core documentation and associated quality management is required	<ul style="list-style-type: none"> The improvement in documentation of systems, processes, and results is an obvious achievement this year. This work is ongoing.
		25	More effective and consistent implementation of information systems, tools and procedures to deliver services and outcomes must be achieved	<ul style="list-style-type: none"> Improvements have been made to core information systems but this work is really in the early stages and requires ongoing resource.
		26	Effective use of administration staff to reduce workloads on technical staff	<ul style="list-style-type: none"> The role of administration staff has grown together with resourcing (one additional person). There is ongoing change occurring and there is



Water Services Capability & Capacity Review Concluding Report

Finding No.	Finding Description	Imp. No	Finding Implication	Concluding Report Observations
		27	A major reimplementation of management systems to sustainably achieve outcomes	<p>further potential to grow these roles.</p> <ul style="list-style-type: none"> There have been several noticeable improvements to management systems. Ongoing improvements will continue to be achieved. New staff add significantly to these improvements (best practice).
4.11 Focus of Water Team	The focus of the Water Team as observed by external stakeholders	33	Water Teams external credibility needs to be worked on with external stakeholders and the community	<ul style="list-style-type: none"> The regaining of trust is becoming obvious at community type meetings e.g. 'Water Drop Ins' and the capital works consultation. This will take effort and time.
		34	The Water Team needs to refocus and change (as proposed in this review)	<ul style="list-style-type: none"> There is obvious commitment in the team to make the required change.
		35	The Water Team needs to make a sustained effort to rebuild trust with external stakeholders and the community	<ul style="list-style-type: none"> This is ongoing and progress can be difficult to measure. Current consultation is well presented and positively received by the community.
4.12 Documentation, Record Keeping, Reviews and Qualifications	Issues raised for the Inquiry Stage 2 that align with this Review findings and have potential impacts on required Water Team skills and resources	36	Water Team need to be cognisant now with the future focussed Inquiry Stage 2 parameters outlined that align with the findings of this Review and signal the probable new water operating environment for HDC. There will inevitably be a new "standard of care" Changes should be made now to align with this probable new operating environment	<ul style="list-style-type: none"> The changes made in the last 12 months have placed HDC in a position that will ensure that industry change will be adapted to readily and in some areas, the team will lead change nationally.
		37	It is expected this new operating environment will require the	<ul style="list-style-type: none"> The staff restructure has included best estimates of likely

Water Services Capability & Capacity Review Concluding Report



Finding No.	Finding Description	Imp. No	Finding Implication	Concluding Report Observations
		38	deployment of additional skills and resources It is expected the new operating environment will require additional documentation, monitoring, measurement, and recording with associated quality assurance and peer review processes	changes to the operating environment. • Documentation has noticeably improved. The new team sets high standards on documentation, measuring and recording results, properly reporting and maintaining quality assurance standards including peer reviews.
		39	It is expected that the new operating environment indicates the size of the work programme to meet the requirements is considerably bigger than previous work programmes	• It is acknowledged that the changes that have been achieved over 12 months have added considerably to the overall work programme. Hence the level of added resource to meet these growing demands.



1.4 Progress on Recommendations

Progress on recommendations have been documented in detail by the Water Change Management Committee. As part of the development of this report this documentation was reviewed.

This Review Team summarise progress on recommendations as follows:

Community Confidence in Safe Water Delivery

Hastings District Council has undertaken comprehensive community engagement and consultation over the past 12 months regarding the delivery of water services and capital works planning in relation to water services. This has included the community drop-in's in March 2018.

The conclusion of these engagement and consultation processes is that the confidence of the community in Hastings District Council to manage and deliver safe water to the community is increasing.

Water Services Team Change

The Review Team has observed that the Water Services Team (now the Three Waters Team) has been fully engaged in change over the past 12 months, and that there are significant positive changes with the team, that will be ongoing.

This observation reflects very well on the professionalism and commitment of the Water Services Team.

Chief Executive Recommendations

The Review Team are satisfied that the Hastings District Council Chief Executive has fully implemented recommendations 1-8 of the Water Services Capability and Capacity Review (May 2017) via the Water Change Management Committee chaired by Garth Cowie, and by other associated actions.

1.5 Looking Forward

The Review Team is pleased to note that year one of what is expected to be the at least a five year water services improvement programme is complete.

The significant improvements that have been made across the recommended actions provide a good platform for continued meeting of Water Services objective to safely, efficiently and effectively operate and manage municipal water supply networks.

Resulting from these improvements Hastings District Council is also well positioned to respond to any further legislative or regulatory changes that might be required at the Government responds to the recommendations of the Havelock North Water Inquiry.

The Review Team has noted that ongoing development is required of Water Services documentation, processes, operating procedures, risk management practices and risk portfolio mitigation and reporting.

The Review Team noted that these ongoing development requirements have been planned, resources allocated, and incorporated into Water Services business development plans. This provides a level of confidence that required future implementation will be achieved.

APPENDIX A LIST OF CONCLUSION INTERVIEWEE'S

21. Interviews were completed with a range of Hastings District Council management staff, and Water Services staff.
22. Interviews were frank and open, on the basis that the interviews were confidential, and that any results would be reported in aggregate without identification of individual comments.
23. Interviews were completed with staff 29th May 2018, as set out in the Table below.

Interview Completed With
Craig Thew, Group Manager: Asset Management
David James, Wastewater Manager
Les Collins, 3W Operations Manager
Kris Andrew, Senior Business Support Officer & Cynthia Lane, Executive Assistant/Business Support Team Leader
Matt Kneebone, Stormwater Manager
Matthew Kersel, Drinking Water Manager
Brett Chapman, Three Waters Manager



APPENDIX B MAJOR DOCUMENTATION AND PROCESS CHANGES

Significant progress has been made on the Water Change Management Programme since its inception including:

- The re-structure of the Water Services Team
- The engagement of an additional 9 staff to date
- The resourcing of external relationships
- The extension of the Infrastructure Data system to include compliance monitoring.
- The development of a Water Services Business Management Plan
- The development of a NZS3910 Contract Management Manual
- A gap analysis comparing performance of the team against the Australian Drinking Water Standards
- The development of a Risk Management framework for the team

Some projects are still in the stage of completion and a list of that work yet to be in final form follows under the Water Change Committee workstreams.

Workstream	Continuing Improvement Project	Project Scope or Status
Structure, Resourcing and Succession Planning	Operator Training	Develop HDC specific operations training to be delivered by September 2018. The development of O&M manuals has commenced and is ongoing.
	Drinking Water Quality Monitoring Regime	Infrastructure Data system has already been extended to include compliance monitoring. Further improvements to the system are planned.
Systems Review and Development	Service Assurance – Infrastructure Data System	Infrastructure Data system is now in place.
	Community Communication around Operational Issues	Information on operational issues e.g. reporting leaks and expected response times to be provided from IPS in a geographical format.
	As-built Processes and Systems	As-built process to be reviewed.
Process Review, Management Systems and Documentation	Business Management Plan	Document is complete and has been rolled out to the team.
	NZS3910 Contract Management Manual	Manual is complete. Training ongoing.
	O&M Manuals	Templates have been created for Drinking Water and WW/SW pump stations. Project is currently now in the data gathering phase.

Water Services Capability & Capacity Review Concluding Report



Workstream	Continuing Improvement Project	Project Scope or Status
	Supply Agreements Formalized	Discussions with Laboratory have been instigated.
	Data Management and Reporting Strategy	Coordination of this work across all water functions underway.
Practical Risk Management	Risk Management Framework	Substantially complete.
	Emergency Response Plans	Drinking Water ERP complete.
	Water Safety Plan (WSP) updates	All WSPs are living documents and under constant review to meet the latest MoH requirements (ongoing).
Team Culture and Employee Engagement	Leadership Workshops	Completed end of May 2018.
Communications	Drinking Water Quality Policy and Plan	Develop the next stage of communications beyond the 12 month review of the capability and capacity report in July 2018.

APPENDIX C REVIEW AUTHORS

C1 Neil Taylor

Neil Taylor
Executive Advisor
Hastings District Council



Since retiring after 20 years service as Napier City Council's Chief Executive, Neil has undertaken some part time consultancy work focussing mainly on mentoring of senior staff and functional reviews within organisations.

From January 2016, Neil assisted Hastings District Council in an acting General Manager capacity covering a short term vacancy and then acting in the capacity of Executive Advisor. This involved completing an internal review of the Information Technology function and co-ordinating the Councils response to the Government Inquiry into the Havelock North Water Contamination incident.

Over his career, Neil has presented numerous papers at conferences, seminars and workshops, and overseen the development of multi-million dollar projects in and around Hawkes Bay.

C2 Bruce Robertson

Bruce Robertson
Director
RBruce Robertson Limited



Prior to recently commencing his own advisory business, Bruce held senior leadership roles within the Office of the Auditor – General (OAG), Audit New Zealand and the Pacific Association of Supreme Audit Institutions (PASAI). As an Assistant Auditor-General, he was responsible for three sectors – local government (including subsidiaries such as ports, airports and the range of for-profit and public benefit Council Controlled Organisations), environment and energy (including SOEs and line businesses). In 2015 he joined consulting firm, Morrison Low and remains an independent director of Morrison Low Associates.

Bruce's primary work involves independent membership of a number of local authority audit and risk committees and general advisory work to senior managers and politicians. His consultancy covers a wide range of work including reviews and inquiries. Much of this work calls on his background in collaborative arrangements and in developing the nexus of financial and asset management to support sound decision-making. His practice extends into central government and especially the working relationship between central and local government.

He is a respected commentator on local government issues and an experienced presenter.

C3 Ross Waugh

Ross Waugh
Director
Waugh Infrastructure Management Limited



Ross is the founder of Waugh Infrastructure Management and is an asset management and systems integration specialist with over 30 years' experience in municipal infrastructure asset management and engineering. Ross has been consulting in infrastructure management for 19 years, in the areas of transportation, utilities, community facilities, buildings and property.

Ross has contributed to a number of New Zealand national data capture, research, advisory, government enquiry, and infrastructure standard setting projects, and is a section author of the International Infrastructure Management Manual 2011 and

2015. Ross is a guest lecturer on asset management topics at Auckland University.

Ross has experience of six cycles of integrating infrastructure asset management planning with long term financial planning within the New Zealand context. He has also completed infrastructure asset management assignments in Australia and the Pacific.

Ross was recipient of the IPWEA Presidents Award in 2016 for leadership in the field of infrastructure asset management and for commitment to IPWEA over many years.

Ross takes an active interest in on-going International infrastructure asset management trends, is a regular international conference speaker, and is the author of Inframanage Blog, which has an international focus <http://inframanage.com/inframanage-blog/>.