

Thursday, 9 May 2024

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Performance and Monitoring Committee Meeting

Kaupapataka

Attachment – Volume 1

Te Rā Hui:
Meeting date: **Thursday, 9 May 2024**

Te Wā:
Time: **9.30am**

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

| ITEM | SUBJECT | PAGE |
|------|--|------|
| 5. | BUILDING UNIT REVIEW, APRIL 2024 | |
| | Attachment 1: Final Report HDC Building Unit Review - April 2024 | 3 |



JIM PALMER CONSULTING

Item 5

Building Unit Review

Jim Palmer

April 2024

Contents

| | | |
|----------|---|-----------|
| 1 | Executive Summary | 4 |
| 1.1 | Introduction | 4 |
| 1.2 | Overall Conclusions | 4 |
| 1.3 | Customer Views | 5 |
| 1.4 | Morphing from a Regulatory to a Business Focus | 6 |
| 1.5 | Opportunities for Improvement | 6 |
| 2 | Recommendations | 8 |
| 3 | Introduction | 10 |
| 3.1 | Terms of reference for the review | 10 |
| 3.2 | Approach to Review | 10 |
| 3.3 | Building Unit Responsibilities | 10 |
| 3.4 | Acknowledgements | 11 |
| 4 | Business Leadership and Planning | 12 |
| 4.1 | Business Planning | 12 |
| 4.2 | Investment in Leaders | 12 |
| 4.3 | Performance Management System | 13 |
| 4.4 | Team Meetings and Participation | 13 |
| 4.5 | Risk Appetite and Risk Management | 14 |
| 5 | Service Delivery and Customer Service | 16 |
| 5.1 | Focusing on Excellence | 16 |
| 5.2 | Timeliness of Service Delivery | 16 |
| 5.3 | Building Consent Processing Timeliness | 16 |
| 5.4 | Inspections Timeliness | 17 |
| 5.5 | Developers and Council Working Together | 18 |
| 5.6 | Regional Collaboration | 19 |
| 5.7 | Customer Service | 19 |
| 5.8 | Customer Surveys and Feedback | 20 |
| 5.9 | Managing Complaints and Compliments | 20 |
| 6 | Financial Performance and Management | 22 |
| 6.1 | BCA Financial Performance | 22 |
| 6.2 | Financial information and financial management practices | 24 |
| 6.3 | Overhead Allocations | 24 |
| 6.4 | Setting Fees | 25 |
| 6.5 | Setting Charge-out rates of staff and determining the right resourcing levels | 25 |
| 7 | Systems and Processes, Technical Competence, and Resourcing | 27 |
| 7.1 | Systems and Processes | 27 |
| 7.2 | Technical Competence of Staff | 28 |
| 7.3 | Matching Demand and Staff Resources | 29 |

8 TLA Statutory Functions..... 31

- 8.1 Levels of Activity and Resourcing 31
- 8.2 Business Planning and Reporting 31
- 8.3 Systems and Procedures..... 32
- 8.4 Compliance and Enforcement 32
- 8.5 Customer and Building Owner Engagement 32

9 Responding to Cyclone Gabrielle 34

- 9.1 Response 34
- 9.2 Recovery 34
- 9.3 Current Status of Placards 35
- 9.4 Supporting People in the Unit 35
- 9.5 Building Resilience in the System 36

Appendix 1 - Terms of Reference 37

Appendix 2: Customer Survey Feedback 40

1 Executive Summary

1.1 Introduction

Hastings District Council requested an independent review of its Building Unit. The terms of reference for the review are to provide independent assurance to the Council regarding the activity and provide a continuous improvement plan.

For the purposes of this review the term Building Unit refers collectively to the two units that undertake Building functions of the Council - the Building Consent Unit and the Building Recovery & Compliance Unit that are each headed by a manager.

The review was undertaken in February and March 2024, with the grateful support of the Building Unit Managers from Selwyn and Waimakariri District Councils, Vanessa Mitchell and Warren Taylor respectively, who formed part of the three-day on-site review team, and they also reviewed my draft report.

The review included interviewing 24 customers of the Unit, attending a Council workshop, holding discussions with three elected members, the Council's Chief Executive, Deputy Chief Executive, as well as the Group Manager Planning and Regulation and Managers and Team Leaders within the Building Unit. I also attended the March Building Industry Advisory Group meeting and spoke separately to some of its members. I greatly appreciated the generous way they all gave their time.

1.2 Overall Conclusions

The Building Unit is considered a 'good' Building Consent Authority (BCA) in terms of its systems and procedures, and its compliance with technical standards set by the Ministry of Business, Innovation and Employment (MBIE) and assessed by the national accreditation agency - International Accreditation New Zealand (IANZ). In doing so, in my view, it has resulted in the Unit being overly focused on compliance, with pragmatism, risk, and a focus on customers not featuring as predominantly as they should.

A reset of the national framework is required that rebalances the risk and compliance focus of the building sector regulators. The Building Amendment Act 2012 intended, among other things, to introduce a risk-based consenting framework. However, the sections of the Act that enabled this were never made operative. MBIE has commenced a review of these provisions, which is long overdue. I support the Council's recent endeavours to encourage the Government to amend its regulatory framework settings.

The management of its Territorial Local Authority (TLA) functions, such as assessing swimming pool barriers, Earthquake Prone Buildings and Building Warrants of Fitness is sound. It has also managed its role in the response and recovery to Cyclone Gabrielle very well.

A good team environment exists within the Unit and there is a commitment from its staff to do a good job. Along with others within the Council, they have had to contend with, and respond to the impacts of Cyclone Gabrielle, the post-Covid building surge and now a significant contraction in building industry activity, which means that the environment for the Building Unit has been challenging.

Notwithstanding the challenging environment, for the Unit to be 'high performing' there is considerable opportunity for improvement. The Unit needs to morph from being a team focused on ensuring regulatory compliance to one that has a strong business focus with emphasis on:

- quality service delivery,

- excellent customer service; and
- being efficient and financially sound.

1.3 Customer Views

The review sought to understand the views of customers. The Unit's 25 largest customers, as well as five selected by the Chief Executive were invited to take part in a structured interview. Of those 24 were able to participate.

Feedback from the customer interviews is summarised in Appendix 2, and has been done so that respondents, individuals, and organisations cannot be identified.

While it is a relatively small sample, the following common and recurring views were expressed:

- Respondents are very happy with the service they receive from Inspectors with all respondents who could answer this question saying they rated the Inspectors 'mostly' or 'always' meeting expectations. Similarly, respondents are impressed by how easy it is to book inspections, the promptness of inspectors, and their willingness to discuss issues and offer solutions when on-site.
- The area where the greatest divergence of opinions was expressed, and dissatisfaction, related to consent application processing. Most felt it is 'easy' to lodge applications and supported the introduction of Objective Build believing it will make the process easier. In contrast, the nature and extent of RFIs/queries raised by processors is commonly raised as an issue by respondents. Many felt that there are too many pedantic or nit-picking Requests for Information (RFIs) that add no value and processors are very rigid in their interpretation of the Building Code. Many are concerned about the inconsistency between processors when processing identical consents. In terms of how easy it is to discuss concerns or queries with processors, only 4 said it is 'mostly' easy, while 12 said it is 'barely' or 'never' easy to discuss concerns and queries. The inability to contact processors directly was commonly raised as an issue, as was the lack of timely responses to their calls. The time it took to issue a Building Consent also evoked a range of responses. Some are understanding of the fluctuating levels of consent applications and available resources and are therefore satisfied, while others are 'barely' or 'never' satisfied with the time taken to issue consents noting the significant impact that has on project and construction timeframes.
- In terms of issuing Code Compliance Certificates (CCCs) respondents expressed a range of views with 8 'happy' with the time taken to issue CCCs, while 3 are 'not very happy' or 'unhappy'. The introduction of Objective Build has made it more difficult for customers/builders to lodge documents and the lack of visibility as to the status CCC applications, along with the time taken to process them were frequently raised as concerns.
- Respondents were asked whether they considered the Building Unit to be a trusted partner, in terms of acting with integrity and trust, being responsive, doing what they say they will do, and being aligned to project outcomes and objectives. Responses were split with 11 saying that is 'mostly' or 'always' the case, whereas 11 said 'barely' or 'never'. The responses tended to be influenced by respondents' experiences with the processing of consent applications.
- Respondents were asked whether they considered the Unit professional, of which only 3 thought they are 'barely' professional, whereas 17 signalled the Unit 'mostly' or 'always' is. Overall, this reflects positively on the professionalism of the Unit.

1.4 Morphing from a Regulatory to a Business Focus

The most fundamental change required is a reorientation of the Unit. Currently, the Unit works hard to ensure regulatory compliance with a high degree of technical proficiency. Its investment in systems, processes and training is all aligned to this. In my view, the intense compliance-based assessment by IANZ has reinforced this focus.

While the Unit needs to be technically competent and meet its regulatory responsibilities, for it to be a high-performer it must embrace the fact it needs to operate as a business and needs to be driven by the fundamentals of business – great service delivery, excellent customer service, operating efficiently and being financially sound.

To achieve this, the mindset and culture of the Department's and Unit's leaders needs to change. It requires all Managers and Team Leaders to be aligned to new yet-to-be-set objectives and Key Performance Indicators (KPIs) of the Unit. It will require some soul searching and honesty about the desire to make the change in behaviours and focus needed. Without total commitment to make the changes needed, it will be easy to revert to the status quo.

1.5 Opportunities for Improvement

This report contains recommendations that if implemented should lift the performance of the Building Unit well into the upper quartile of the country.

Recommended areas for improvement include:

- Developing a business plan that reflects the key objectives, priorities and KPIs that will drive the business.
- Developing a laser focus, through increased monitoring, on achieving key service delivery targets and having performance exceptions flagged in the processing phase ensuring all consents are processed as quickly as possible – the Unit should be seeking to process at least 95% of consents within statutory timeframes which should constitute substantial compliance from a regulatory perspective and, on average, in 11 working days.
- Investing in the leadership development and training of Managers and Team Leaders, with their Position Descriptions and KPIs reflecting the key objectives of the Unit.
- Increasing the Unit's customer focus with greater interaction, by telephone and meetings, with customers/agents about the processing of consents and resolving RFIs.
- Periodically surveying and meeting customers to gain insights regarding the Unit's performance and opportunities for improvement.
- Adopting a more risk-based and value-based approach when processing consents and considering RFIs sent to customers. The Unit needs to develop a framework that supports and provides guidance to officers as they exercise their risk and value judgements.
- Improving the efficiency and productivity of inspectors by transferring responsibility for booking inspections from the Customer Services Team to a team within the Unit that is closely aligned to the Inspections Team Leader.
- Developing a robust financial model that underpins the Unit's business plan to:
 - better forecast levels of activity,

- determine the appropriate resourcing of the Unit and productivity of staff,
 - set reasonable fees and charges and determine whether overhead allocations are fair and reasonable, and
 - be a reliable basis to monitor performance against.
- Reviewing the Revenue and Financing Policy as it relates to the Unit, at a more granular level, to confirm the appropriate consideration of public and private benefits related to the Unit's activities and the associated funding choices the Council has regarding fees and charges and rates contributions.
- Establishing a Retained Earnings account for the Unit, so that it is both accountable for the ongoing financial performance of the Unit, as well as providing a buffer for the Unit to operate within, especially in times of economic downturn.
- Restructuring the Unit's financial reporting so that controllable costs and revenues are identifiable for each team and there is greater accountability for financial performance.
- Actively considering and reporting on risks and opportunities relating to the Unit, including periodic reporting to elected members on any actual or potential litigation.
- Continuing to explore new ways of working together with other Councils, whether that is a regional (or larger) building unit or developing a 'cluster' that advances consistent approaches to common working practices, thereby making it easier for customers who work across district boundaries.

Of the 27 recommendations contained in this report many are relatively straightforward to implement and improvements in performance should follow reasonably quickly. There are nine 'high' priority recommendations that I believe should be implemented within the next six months, with all recommendations given effect to within 12 to 24 months.

2 Recommendations

| | Priority |
|--|----------|
| Business Leadership and Planning | |
| 1 Develop a business plan for the Unit that reflects the key objectives, priorities and KPIs that will drive the business. | High |
| 2 Review and amend the Position Descriptions of Managers, Team Leaders, and staff to ensure key objectives and KPIs direct their work. | High |
| 3 Commit to regular, meaningful performance discussions assessing performance against individual's KPIs. | High |
| 4 Invest in the leadership development of Managers and Team Leaders. | Medium |
| 5 Hold regular all-of-team meetings of the Unit and consider developing other methods of keeping all team members abreast of team performance and relevant issues. | Medium |
| 6 Adopt a more risk-based and value-based approach when processing consents and considering RFIs sent to customers/agents, supported by a framework that enables officers to exercise their judgement within. | High |
| 7 Develop a risk register for the Unit that captures key risks and opportunities, and report periodically to elected members on any actual or potential litigation. | Medium |
| Service Delivery and Customer Service | |
| 8 Transfer responsibility for booking inspections from the Customer Services Team to a team within the Unit that is closely aligned to the Inspections Team Leader. | High |
| 9 Increase monitoring of key service delivery targets and have performance exceptions flagged in the processing phase ensuring all consents are processed as quickly as possible – the Unit should seek to process at least 95% of consents within statutory timeframes and, on average, in 11 working days. | High |
| 10 Develop a digital dashboard that captures key performance indicators and ensure this is visible to all Managers and staff members. | Medium |
| 11 Increase the Unit's customer focus with greater interaction, by telephone and meetings, with customers/agents before and during the processing of consents. | High |
| 12 Survey customers periodically, along other initiatives such as regular meetings with key customers, to gain insights regarding the Unit's performance and opportunities for improvement. | Medium |
| 13 Review the frequency and content of customer bulletins and advice notices | Medium |
| 14 Review the customer complaints and compliment process to define response timeframes and determine 'learnings' that follow any investigations and continuously improve systems and procedures based on the learnings. | Medium |
| 15 Review how well pre-application processes are working for Council units and developers. | Medium |

16 Explore, with other Councils, new ways of working together, whether that is a regional building unit, or forming a 'cluster' that develops consistent approaches to working together and making it easier for customers who work across district boundaries. Medium

Financial Performance and Management

17 Develop a robust financial model that underpins the Unit's business plan to: High

- better forecast levels of activity,
- determine the appropriate resourcing of the Unit and productivity of staff,
- set reasonable fees and charges and determine whether overhead allocations are fair and reasonable, and
- be a reliable basis to monitor performance against.

18 Review the Revenue and Financing Policy as it relates to the Unit, at a more granular level, to confirm the appropriate consideration of public and private benefits related to the Unit's activities and the associated funding choices the Council has regarding fees and charges and rates contributions. Medium

19 Review staff charge-out rates and Unit fees and charges. Medium

20 Establish a Retained Earnings account for the Unit, so that it is both accountable for the ongoing financial performance of the Unit, as well as providing a buffer for the Unit to operate within, especially in times of economic downturn. Medium

21 Restructure the Unit's financial reporting so that controllable costs and revenues are identifiable for each team and there is greater accountability for financial performance. High

22 Review the overhead allocation methodology, especially as it relates to Customer Service activities. Medium

Systems and Processes, Technical Competence, and Resourcing

23 Reduce the nature and extent of peer reviews of consents to better reflect the risk profile of the customers/applications and the competency of staff involved. High

TLA Statutory Functions

24 Review and develop processes and procedures to support the Unit's statutory functions. Medium

25 Develop a Compliance Management Framework, preferably in conjunction with neighbouring Councils. Medium

26 Adopt a text push service, or similar, for customer engagement around annual BWOFs reminders and follow up, and other activities like booking inspections of pool barriers. Medium

Responding to Cyclone Gabrielle

27 Develop localised flood modelling that more accurately determines flood levels and flows to give greater confidence to the location and finished floor levels of new buildings. Medium

3 Introduction

3.1 Terms of reference for the review

The terms of reference (refer Appendix 1) were to “consider the following areas of services and processing for inclusion in the preparation of this review:

- Core roles and functions of Council’s BCA (Building Consent Authority)
- Performance in relation to processing and inspection targets
- Funding of the Activity / Resourcing
- Technical Proficiency / Risk Management
- Systems and processes
- The impacts of Cyclone Gabrielle, recovery period
- Engagement with BCA customers by way of customer surveys and interviews
- Identification of areas to improve the performance of the activity and any related resources that would enhance the performance of the function.

3.2 Approach to Review

The review was undertaken in February and March 2024. The timing of the review was agreed to enable the Building Unit to manage the peaks of workflow that followed Cyclone Gabrielle, IANZ audits and the implementation of the Objective Build system in late 2023 and early 2024.

The review team comprised:

- Jim Palmer, a consultant to Local Government, formerly a Chief Executive in the sector and had chaired the Review in the Future for Local Government.
- Venassa Mitchell and Warren Taylor who are respectively the Building Unit Managers for Selwyn and Waimakariri District Councils, both with more than 20 years’ experience in the industry. I am very grateful that their Councils volunteered their time to participate in the review. Both assisted in the three-day visit to the Council and reviewed the draft report.

The review involved interviewing Managers and all Team Leaders in the Unit, reviewing documentation, much of which was provided prior to the site visit.

Interviews were also held with three councillors, the Chief Executive, Deputy Chief Executive, Group Manager Planning and Regulation, Managers and Team Leaders within the Unit, members of the Building Advisory Group, as well as a sample of 24 of the Unit’s customers. A workshop was held with elected members on 7 March, and I attended the Building Industry Advisory Group also on 7 March.

3.3 Building Unit Responsibilities

The responsibilities of the Council under the Building Act cover both its roles as a Building Consent Authority (BCA), as well as delivering statutory roles such as managing Building Warrants of Fitness, dangerous and unsanitary buildings, earthquake prone buildings, effectiveness of swimming pool barriers, as well as investigating compliance issues. The Unit’s responsibilities also include preparation of Land Information Memorandums (LIMs) and Project Information Memorandums (PIMs).

Located within the Planning and Regulation Group, these activities are carried out by the:

- BCA Unit which also processing LIMs and PIMs. and

- Building Recovery & Compliance Unit that manages most compliance and statutory functions and recently incorporated the Cyclone Gabrielle Recovery functions into its responsibilities.

For the purposes of this report, I have referred to both units as 'the Unit'. The staff numbers directly employed in the Unit are as follows:

| Unit | Team | Full Time Equivalent Staff | Manager/Team Leader |
|--------------------------------|---|----------------------------|---------------------|
| Building Consent Unit | Manager | 1 | Tony Manunui |
| | Residential consents | 8 | Melanie Scrivens |
| | Commercial consents | 5 | Matthew Holmes |
| | Inspectors Team | 7.6 | Barry Nikolaison |
| | Customer Services | 2 | Margot Murphy |
| | Technicians, LIMs, PIMs | 4.4 | Andrea Miller |
| | Accreditation | 1 | Helen McGregor |
| | Projects Officer | 1 | Gerard van Veen |
| | | 30 | |
| Building Recovery & Compliance | Recovery, Building WOFs, Swimming Pools, Compliance | 8 | Sam Hayes |
| | | 38 | |

3.4 Acknowledgements

In conducting this review, I would like to thank the Council's staff for generously giving their time to support the review including the Group Manager, Planning and Regulation, the Building Consent Unit Manager, and the Building Recovery and Compliance Manager, along with their Executive Assistants.

I would also like to especially thank Vanessa Mitchell and Warren Taylor and the Selwyn and Waimakariri District Councils for volunteering their time to support the review. This has proved invaluable.

4 Business Leadership and Planning

4.1 Business Planning

Currently, there is an absence of Business Planning in the Unit. It does not have a Business Plan and relies on budget and performance objectives contained in the Long-Term Plan (LTP) and Annual Plans to guide it. The understanding of how budgets have been compiled and therefore the ownership of those budgets and objectives is not as high as needed. In recent years, budgets and objectives have not been met and there has not been a zero-based approach to establishing rigorous and achievable budgets and targets.

For the Unit to have clarity about its purpose, goals, objectives, priorities, and Key Performance Indicators (KPIs) it needs to develop a Business Plan, that is reviewed at least yearly. The Plan must then be translated into key objectives and Key Performance Indicators (KPIs) for leaders and staff and be subject to regular monitoring and where needed reassessment.

The Plan needn't be long – a succinct plan that captures the essence of what is needed will suffice. While responsibility for preparing the Plan must fall to the Managers, workshopping some of the key issues with the Unit's staff would be beneficial.

The Plan must be supported by:

- a thorough understanding of the Unit's business, its statutory requirements, and what its community and customers want. That also needs to be aligned and sensitive to the Council's broader objectives and priorities, especially as they relate to economic development.
- forecasts of demand and volumes of business the Unit can expect, as well as having a deep understanding of the capacity and capability of the Unit to meet demand.
- key measures that will be used to assess the performance of the Unit relating to statutory requirements, excellent service delivery and customer service experience, and will challenge the Unit to improve.
- realistic financial budgets with a clear understanding of what the key drivers are to achieve the financial goals of the Unit.

The objectives and KPIs of the business plan need to be at the forefront of people's minds and visible to all members of the Unit. Having developed the Plan all staff need to understand the goals and objectives contained within it, why that matters, and what it means for them.

A digital dashboard that captures all key metrics and measures should feature prominently within the Unit and on Manager's and Team Leader's desktops, with performance against those measures being subject to regular review.

4.2 Investment in Leaders

The Managers and Team Leaders within the Unit drive and are critical to the Unit's performance.

Currently, Team Leaders appear to be focused on being the technical experts within their teams. While they make decisions about allocation of work, especially between in-house and out-sourced consultants, they do not focus sufficiently on the performance of their team in terms of service delivery and customer experience, nor do they have accountability for the financial performance of their teams. Having said that, they all work hard.

Managers and Team Leaders need to focus and work more 'on the business', rather than 'in the business'. The changes proposed are to refocus their energies. Their position descriptions need to reflect the focus they should have. That flows to all team members as well.

The current position descriptions of Managers and Team Leaders need to be reviewed so that they clearly outline the key expectations of staff, specific objectives they have in terms of service delivery and customer service, productivity expectations and financial performance. The KPIs should form the basis of at least monthly monitoring and, if needed, discussions with those to whom they are accountable to.

As part of revising position descriptions, it would be useful to ensure jobs are sized appropriately and that a remuneration framework is developed that acknowledges and rewards competency and capability across the BCA and TLA functions.

While there has been an emphasis on technical training, there has not been the same commitment to developing leadership skills within the team. Some had introductory leadership training when they were appointed to their roles, or some years ago. It seems other priorities and emergencies, such as the Cyclone Gabrielle, which while being understandable, have resulted in insufficient time being invested in them as leaders.

At least half of the time that is allocated to Managers and Team Leaders for training and development should be directed towards leadership training. Skills such as understanding emotional quotients (eg self-awareness, empathy, motivation, self-regulation, social skills), managing confrontation, effective performance management, time/task management, leading people using techniques such as 'four quadrant leadership', customer excellence, and financial and risk management would all be useful.

In addition, as part of the understanding the skills and strengths of the team, it would be worth investing in some team building that includes techniques such as 'strength finder' where people get to understand theirs and other strengths and manage accordingly. Investing in leadership skills will help reinforce the importance of leaders, build capability, and help with succession planning and development of those people. Where relevant, some Managers and Team Leaders may benefit from having a mentor relationship, where they seek feedback from people they trust that are not their direct line manager.

4.3 Performance Management System

The Council has a Corporate Performance Management System which appears to be soundly based. The Unit has not prioritised performance reviews and it appears that not all performance reviews have been conducted in recent times. While urgent matters such as the Cyclone have been present, for people to learn and grow in their roles, regular feedback is required.

The value is in having honest, open, and constructive conversations, with discussions focused on performance relative to key Unit and personal objectives, as well as future growth and development opportunities. It should not be just an annual exercise, with regular scheduled discussions being held. While documentation is needed to support discussions, 'filling out the form' should not be the dominant feature of the process.

4.4 Team Meetings and Participation

Teams within the Unit typically meet fortnightly, and Team Leaders and Managers meet weekly to discuss Unit-wide matters.

I believe it would be valuable if the entire team met regularly. This would enable key issues to be discussed, and key messages reinforced consistently within the Unit. The objective should be to build

a common understanding of the Unit's performance, key issues, and its direction, as well as giving staff the opportunity to ask questions and present their views.

It may also be advantageous to explore the use tools such as Microsoft Teams to aid communications within the Unit, especially since several staff operate away from the office.

4.5 Risk Appetite and Risk Management

The Unit's activities have and can be the source of some significant risks crystallising for the Council. Since the fall out from the 'leaky building' saga, the risk profile for BCAs has increased significantly. BCAs are continually challenged with being the 'last man standing' in any litigation matters that has understandably invoked a bias to risk avoidance.

There is no doubt that the systemic failures that were present needed to be addressed. The response from MBIE has been to tighten quality systems and procedures and has resulted in a fundamental change in the way the industry manages and regulates itself. It has seen far higher standards and requirements being enforced, supported by a highly technically focused IANZ audit process.

I understand that MBIE is reviewing whether the unenacted sections 51-53 of the Building Amendment Act 2012 should be introduced. The provisions were intended to see a risk-based consenting framework in place that acknowledged the maturing of the sector and improvements across the regulatory system, including the introduction of licensed building practitioners. However, with these sections never having been enacted, or alternate national assurance processes being developed, it has meant that, in my opinion, an overly prescriptive risk-adverse national regulatory framework remains in place. Any efforts the Council takes to encourage the Government to revisit these provisions is supported.

The Council has a well-developed risk and opportunity framework that is applied corporately. I have not seen evidence that this framework is used within the Unit – it should, and the output including potential and actual litigation issues should be reported periodically to a Council committee, most likely the Risk and Assurance Committee.

As to how this translates into the day-to-day practices within the Unit, I believe that risk avoidance dominates the thinking of Managers and Team Leaders. While understandable to an extent, there is an opportunity to think about how acceptable levels of risk, within an agreed risk framework, can be contemplated in the conduct of its business, especially in ways that advance the Council's and District's economic priorities or are customer-centric in that it explores alternatives or more flexible approaches with a 'can-do' attitude and more willingness to entertain innovation. It can be simple things like prioritising work that is critical to a major development, or thinking about how to achieve a customer's objectives that may not be aligned to current standard practice.

It's also about assessing risk in terms of outcomes and considering what are the consequences of something going wrong. One customer I spoke to exemplified this when he was required to secure a geotechnical report that cost \$20,000 for a lightweight 30m2 structure that cost \$30,000 to build. In his view there was little consideration of the reasonableness and trade-off in risk (that considers both the likelihood and consequences of things going wrong), and the benefits from the requirements being sought.

Ideally, it is about being flexible and, in some cases, considering risks and benefits that do not unduly comprise quality. Sometimes removing "no" from the vocabulary is a good start. If the actual answer is "no", then questions should be posed as to whether alternative options or approaches are available that achieve the outcome being sought without creating an unacceptable level of risk to the Council.

To adopt a more flexible, can-do', and risk-based approach requires a change in culture and attitudes, led by Managers and Team Leaders. It also requires the Unit to develop a framework that provides guidance and clarity about how it expects officers to exercise their judgement.

Recommendations

- 1 Develop a business plan for the Unit that reflects the key objectives, priorities and KPIs that will drive the business.
- 2 Review and amend the Position Descriptions of Managers, Team Leaders, and staff to ensure key objectives and KPIs direct their work.
- 3 Commit to regular, meaningful performance discussions assessing performance against individual's KPIs.
- 4 Invest in the leadership development of Managers and Team Leaders.
- 5 Hold regular all-of-team meetings of the Unit and consider developing other methods of keeping all team members abreast of team performance and relevant issues.
- 6 Adopt a more risk-based and value-based approach when processing consents and considering RFIs sent to customers/agents, supported by a framework that enables officers to exercise their judgement within.
- 7 Develop a risk register for the Unit that captures key risks and opportunities, and report periodically to elected members on any actual or potential litigation.

5 Service Delivery and Customer Service

5.1 Focusing on Excellence

For every building project to be successful, it requires the collective efforts of all players - architects, designers, project managers, builders and other tradespeople and council/regulators.

Not uncommonly regulatory customers often have a sense that securing a consent, or a licence, is a 'necessary evil' that is subject to a regulatory monopoly, with no choice.

Most customers spoken to as part of this review identified that they want to work as a team where all parties in a building project including building owners, designers, project managers, builders, and the Building Unit work together to deliver successful outcomes. Unfortunately, a number of those spoken to do not feel that aspiration is shared by the Unit, and that rather there is a "us and them" attitude.

The Unit must embed values, behaviours and systems that place excellent service delivery and customer service at the cornerstone of their operation. It follows that the Unit requires constant feedback on how it is performing.

5.2 Timeliness of Service Delivery

The following table summarises the timeliness with which key activities of the BCA have been undertaken in the past three financial years.

| | Commercial Consents (number) | Residential Consents (Number) | Total Consents (Number) | BCs Issued in 20 days (%) | CCCs Issued in 20 days (%) | Range of Average Inspection wait time (days) |
|------------------------------|------------------------------|-------------------------------|-------------------------|---------------------------|----------------------------|--|
| 2021/22 | 187 | 1,211 | 1,398 | 72% | 95% | 10-15 |
| 2022/23 | 211 | 1,022 | 1,233 | 59% | 95% | 2-20 |
| 2023/24 (to end of Feb 2024) | 121 | 463 | 584 | 68% | 95% | 1-5 |

5.3 Building Consent Processing Timeliness

In addition to proficient technical processing, the timeliness of processing building consents is a critical component of excellent service delivery.

In recent years the Unit has consistently not met statutory processing timeframes for building consents with about 70% of all consents in the current year processed within 20 working days, which approximates performance in prior years. Hastings District Council does not have this on its own, with many councils across the country struggling to manage high volumes of work with a lack of available resources.

Improvements to the processing system with the introduction of Objective Build and Go-get in early 2024 are to be applauded and should assist in more efficient processing of consents creating benefits for both customers and the Unit. An efficient processing system is one of three critical changes needed to improve processing times. The others are getting the resource levels right, and a relentless focus on monitoring – both consent timeframes and staff productivity.

For the team to be considered high performing over 95% of consents should be processed within 20 days, and the average time target of about 10-11 days. Consents for new dwellings, which make up a large percentage of the Unit's business, should ideally be averaging about 14 days. While there will

always be some workflow and volume issues that arise that impact delivery times, these targets should drive processing performance.

Within the Unit there needs to be far greater focus on ensuring statutory processing targets are met. Critical milestones for the journey of each consent need to be tracked, including the time from application receipt to being vetted and then allocated to a processor, time to process, RFIs resolution times, and time from granting a consent to issuing the consent, as well as the total elapsed time. They should all be tracked, with exception lists, and/or flags generated where timeframes have been exceeded that require active attention. This data is currently held within the system; it just needs capturing and then closer monitoring.

From a customer perspective an issue that causes the greatest concern is the relevance and appropriateness of RFIs. The Unit could reduce pain points for customers by staff being empowered to make pragmatic decisions – e.g. if means of compliance is not correct on the Form 2, don't issue an RFI if it can be readily gleaned from the plans and specifications and reasons are documented that confirms the means of compliance and why an RFI is not required.

Much of the time taken revolves around satisfactory resolution of RFIs raised. Customers and the Unit would benefit from the Unit interacting more proactively with customers about RFIs. This is one of the major concerns of customers. For processors to be calling customers before issuing RFIs is important so to discuss the nature of them and the process for resolving them. Regular calls are also important when RFIs responses are reviewed to agree their resolution which may require meetings to promptly deal with outstanding issues. The value of making calls is also about creating a relationship with customers and reinforcing that the Unit is a willing partner in the project.

While constant interruption from calls during processing may create some disruption, it generates benefits for customers. Some other councils provide 'windows' during the day that they are available for calls (eg 10-11am and 4-5pm) that ensure responsiveness without impacting productivity. Customers should be able to make direct contact with processors, therefore direct dial access should be enabled.

5.4 Inspections Timeliness

Competent and timely completion of inspections is important. The customers I spoke to consider the inspection service they receive very favourably. Most noted that inspectors were pragmatic, solution focused and were flexible. They valued receiving a call a from an inspector half an hour before the visit to confirm the inspection time, especially when the builder was not currently working on the site.

The matter that concerned customers most was where the timeliness of inspections impacted construction timeframes. During the 2021/22 and 202/23 year it was common for the time before an inspection could be undertaken to average 15 days and, in some cases, exceeded 20 days. In the current financial year those times have dropped to nearer 1-5 days and at the time of our visit it sat at four days.

It is acknowledged that builders and project managers need to play their part by giving reasonable notice of when inspections are required and that they are not always good at doing this.

There appears to be plenty of inspection resources available within the Unit. There are significant gains to be made from the way inspections are booked. At present, the Council's Customer Service Team book inspections that are then reviewed by the Inspections Team Leader the day before the inspections are due to be undertaken. I saw instances where bookings made by the Customer Service Team did not demonstrate an understanding of the type of inspection needed and the time required to complete it, nor how to arrange inspections in a logical order that maximised travel efficiency.

There would be significant efficiency gains to be made if responsibility for booking inspections was located within the Unit and that activity was undertaken in close liaison with the Inspections Team Leader. Currently, inspectors each undertake about 800-900 inspections a year. With better scheduling and an increased focus on inspection efficiency this number should increase by 50%.

Whenever booking times for inspections exceed two days there needs to be an escalation and resolution process to ensure timely inspection. Where inspections relate to a critical part of the building work, such as a pre-concrete pour inspection, they must be given priority.

Having an informed and accurate understanding of the inspection resources needed requires constant monitoring and where volumes are likely to be high then use of overtime and the ability to secure on-call addition resource should be options readily available. Where acceptable timeframes may be exceeded, discussions should be held with the project manager/builder to discuss what is proposed and what options are available to ensure there are no delays to the building project.

Part of the planned future functionality of Objective Build is the ability to have built-in remote inspection capability via:

- BRANZ Artizan which allows the builder to upload photos and information when ready and the BCA to review it and then push approval for work to proceed, and
- ZYTE where both parties are available at the same time to facilitate a video call to complete the inspection where connectivity is available. The Unit has begun trialing ZYTE for inspections of prefabs, solid fuel heaters and rechecks.

Such innovations should be a key element in the service offering where the risk to the Council and the benefit to the customer is balanced. Whatever approach is adopted it needs to be clearly communicated to the Unit's customers.

5.5 Developers and Council Working Together

Undertaking any significant development requires the involvement of different parts of the Council, typically planning, engineering, building consenting and sometimes finance representatives. The Council has people that are available to co-ordinate the Council's activities and views, and to be a single point of contact with a developer. The Council offers pre-application meetings to bring all relevant Units and the developer's consultants together to identify important issues early in the process.

The intent of these initiatives is very good. Some customers I talked to observed that while there is a desire to provide a joined-up and aligned service, that sometimes gets undermined by the tendency of Units, including the Building Unit, to then revert to a more conservative mindset being applied when those matters are being considered subsequently at a Unit level. This appears to create an expectation gap where a developer believes that there will be a pragmatic aligned delivery model in place with agreed solutions being confirmed upfront, but that is then eroded. It lessens confidence and developers did signal to me that they are not seeing the value they expected from those pre-application meetings.

Developers, while understanding that there needs to be a thorough process, were seeking more certainty around key issues impacting a development, such as servicing requirements and the need for any specialist investigations required prior to an application being made. One respondent felt that the Council placed all the onus on the developer to find solutions and they did not feel that the Council was as 'solutions' focused as it could be.

The Council should review how well its pre-application processes are working for its teams and developers.

5.6 Regional Collaboration

The Council has held discussions with other Councils over many years about the merits of a more joined-up approach to service delivery and discussions about the merits of a regional, or larger, BCA. Consistent with other parts of the country little progress has been made.

With a new focus on localism and as Councils are being encouraged to find joined-up solutions, the Council and other councils should add the delivery of building and other regulatory functions to the list of opportunities that should be explored.

In the meantime, there may be some significant benefits from working together on initiatives that create shared benefits for the Councils concerned and their customers. In other parts of the country there are clusters of councils that work in this way to increase consistency in the way councils deal with similar issues. They share developed policies, procedures and approaches that are universal among them. They also act as an effective means of engaging with MBIE and other groups, such as Engineering New Zealand, on emerging issues. The Council should actively explore 'clustering' with its neighbouring councils.

5.7 Customer Service

Within the Unit there are a range of mechanisms to engage with customers.

- Co-located with the Council's Customer Services Team, the Building Unit has two Duty Building Officers dedicated to supporting 'walk-in', 'phone-in' and 'click-in' customers. The staff are focused on helping customers through the process. For many customers it is their first experience with the building consent process and therefore they need a lot of support and guidance. Our review found that this team was knowledgeable, had good systems to track customer queries and ensure resolution and were able to perform other functions like processing of building consent exemptions and assessing building issues associated with Liquor Licences. However, customer feedback suggested it sometimes took as long to get an Exemption as it did to process a consent. The Unit should access the work volumes, service levels and resourcing within the Customer Services Team to determine whether it is sufficient.

The Customer Services Team also usually act as the first point of reference when agents call the Council seeking responses to queries regarding their consent applications or RFIs. Agents spoken to as part of this review feel frustrated that they are unable to make direct contact with the person processing their consent, and that the Customer Services Team acted as gatekeepers limiting access to other Unit staff. They also felt that the Council internal standard to return calls by the close of business the following day fails to be timely and is often exceeded. It is recommended that changes be made to enable direct contact with consent processors.

- The Unit does release newsletters and updates periodically to customers/agents updating them on new requirements and changes. There would be value in seeking feedback from the Unit's regular customers about what frequency and matters that they would be interested in receiving advice about. Some customers I spoke to could not recall having received such newsletters or advice, and others thought more notices could be issued, especially where the provisions of the building code have changed.
- A Building Industry Advisory Group has been established in recent years to receive updates from the Unit and provide feedback on issues related to the performance of the Unit. Advisory Group members were appointed by the Council and the Group meets quarterly. The Group would benefit from undertaking a brief review of how it operates and whether any changes are warranted. My observation is the Group is quite operationally focused and while it is great to receive this feedback,

the Group may also want to periodically consider strategic issues facing the Council and the community.

- A Building and Development Forum has been operating for some time, and it meets quarterly where members from the industry are invited to attend. It appears that this is more a Council information sharing experience, albeit questions can be asked from the floor.

Overall, the Unit has many elements of good Customer Service practice in place. The key issue that needs consideration is enabling customers to have more direct access to staff without needing to go through an intermediary, and whether the Customer Service/Duty Building Officer resourcing this appropriate.

5.8 Customer Surveys and Feedback

The Unit does not regularly seek structured feedback from its customers. The last time a survey was undertaken, which was for both the Building and Resource Consent teams, was in 2018. No other systematic feedback has been sought, to my knowledge.

The Council/Unit should regularly survey its customers about its performance and opportunities for improvement. It also needs to be seen actively addressing the concerns raised. Without acknowledging and responding to issues and concerns the willingness of clients to contribute to future surveys will decrease, and if not acted they upon are a waste of everyone’s time.

In the absence of any recent customer surveys, I did survey a sample of customers with views of respondents are summarised in Appendix 2.

5.9 Managing Complaints and Compliments

The Council maintains a spreadsheet/database of the complaints and compliments that includes details and follow-up action taken.

| Calendar Year | Complaints | | Compliments | | Total |
|---------------|------------|--------|-------------|--------|-------|
| | Personnel | System | Personnel | System | |
| 2021 | 1 | 9 | 8 | 2 | 20 |
| 2022 | 0 | 5 | 4 | 1 | 10 |
| 2023 | 2 | 2 | 3 | 2 | 9 |
| Total | 3 | 17 | 17 | 5 | 39 |

I have reservations about the completeness of the recording of complaints and compliments. When correlated with the feedback from customers I would have expected more complaints than have been recorded.

Timeframes for responding to complaints are monitored when entered into the Council’s system. However, it was noted that all complaints have not been lodged into the system upon receipt and the records are incomplete, and therefore cannot be effectively measured against the BCAs complaints policy service standards.

Complaint investigations are typically handed via emails, with various staff inputting into the investigation process/database with limited records of the findings and there were no observed learnings resulting from investigations. Complaints and negative feedback should be used to understand customer pain points and inform how the business can be improved.

Recommendations

- 8 Transfer responsibility for booking inspections from the Customer Services Team to a team within the Unit that is closely aligned to the Inspections Team Leader.
- 9 Increase monitoring of key service delivery targets and have performance exceptions flagged in the processing phase ensuring all consents are processed as quickly as possible – the Unit should seek to process at least 95% of consents within statutory timeframes and, on average, in 11 working days.
- 10 Develop a digital dashboard that captures key performance indicators and ensure this is visible to all Managers and staff members.
- 11 Increase the Unit’s customer focus with greater interaction, by telephone and meetings, with customers/agents before and during the processing of consents.
- 12 Survey customers periodically, along other initiatives such as regular meetings with key customers, to gain insights regarding the Unit’s performance and opportunities for improvement.
- 13 Review the frequency and content of customer bulletins and advice notices
- 14 Review the customer complaints and compliment process to define response timeframes and determine ‘learnings’ that follow any investigations and continuously improve systems and procedures based on the learnings.
- 15 Review how well pre-application processes are working for Council units and developers.
- 16 Explore, with other Councils, new ways of working together, whether that is a regional building unit, or forming a ‘cluster’ that develops consistent approaches to working together and making it easier for customers who work across district boundaries.

6 Financial Performance and Management

The review considered the financial performance of the Unit, the adequacy of financial management reporting and monitoring, as well as the funding and charging arrangements for the Unit.

6.1 BCA Financial Performance

The summary of the Building Consent Unit's financial performance is shown below:

| | 2022/23 (\$000s) | | | 2023/24 Year End Forecast (\$000s) | | | Draft 2024/25 LTP Year 1 (\$000s) |
|---|---------------------|----------------|--------------|---------------------------------------|----------------------|----------------|--|
| | Budget | Actual | Variance | Budget | Year-end Forecast | Variance | Budget (as at Feb 24) |
| Revenue | | | | | | | |
| Consent Fees | 4,554 | 3,782 | (772) | 4,699 | 3,410 | (1,289) | 4,495 |
| LIMS | 155 | 211 | 56 | 200 | 250 | 50 | 220 |
| Other Revenue | 121 | 145 | 24 | 124 | 284 | 160 | 395 |
| TOTAL REVENUE | 4,831 | 4,139 | (691) | 5,023 | 3,944 | (1,078) | 5,109 |
| Opex | | | | | | | |
| Personnel Costs | 3,498 | 3,143 | 355 | 3,536 | 3,219 | 317 | 3,451 |
| Legal/Planning/Expert Advice (excl claims) | 140 | 228 | (88) | 159 | 128 | (40) | 159 |
| Contracted Services | 450 | 522 | (72) | 470 | 550 | (80) | 530 |
| Other Opex | 1,884 | 2,079 | (195) | 2,009 | 2,435 | (426) | 1964 |
| TOTAL OPEX | 5,973 | 5,973 | (0) | 6,174 | 6,333 | (158) | 6,104 |
| OPERATING LOSS FUNDED BY RATES | (1,142) | (1,833) | (691) | (1,151) | (2,388) | (1,235) | (995) |

The financial performance of the BCA Unit has not met the budgets set in recent years and will not do so in the current financial year either. While some costs, such as \$422,000 incurred in the current (2023/24) year to respond to Cyclone Gabrielle are unavoidable, the result still falls short of budget.

Further, the budget for the first year of the draft 2024/34 LTP also looks unattainable given the downturn in building activity that is expected to continue through 2024/25. I understand this is currently subject to further review by the Unit.

A knee-jerk reaction to larger than expected operating deficits would be to either cut staff and/or immediately raise fees to 'balance the books'. In my view, that is not the right response to a sudden economic downturn. Maintaining the capacity and capability of the Unit to meet 'normal' levels of economic activity is important. It takes years to train building officers, and they are in short supply in the market. Making wholesale cuts to staffing levels is not in the long-term best interests of the Council and the District. Likewise raising fees to a level that is 'out of line' with the market is also unwise.

However, changes are needed in the financial disciplines and parameters within which the Unit's efficiency and financial performance is managed. To that end, it is important that capacity and capability is maintained in times of economic downturn when the Unit is likely to run at a loss, but 'banks' the surpluses it should make when economic building activity is strong. I believe the Unit needs to have a Retained Earnings account whereby it retains its 'profits' in good years and can offset them against losses in other years. That also instils some accountability and ownership of the Unit's

performance over time, rather than just ‘washing’ the result through the general rates account. It will bring some ‘tension’ to determining the appropriate long-term capacity and capability needed for the Unit and gives it flexibility to be able to operate with confidence when the economic cycle is volatile. I understand that the Council’s finance team do not favour this approach. In the absence of a Retained Earnings account I believe, at least, a memoranda account should be maintained that tracks Unit results and performance over time, rather than just ‘washing’ the result through the Council’s general account.

Budgets have not been set with sufficient rigour, often based on the proceeding year’s budget without a detailed understanding of the key assumptions that underpin the budget and drives Unit performance.

While it is very challenging to predict accurately the peaks and troughs that exist in the building industry, there is a need to develop better forecasts of activity for each line of business that the Unit is involved in and build the budget from the ground-up. That needs to be sense-tested with other growth projections adopted in the development of the Council’s LTP, as well as forecasts of economic activity within the District and Region.

Compliance Unit Financial Performance

With the recent combining of the Recovery and Compliance teams the budget information shown below is just for the Compliance team activities.

| | 2022/23 (\$000s) | | | 2023/24 Year End Forecast (\$000s) | | | Draft 2024/25 LTP Year 1 (\$000s) |
|---------------------------------------|------------------|------------|-----------|------------------------------------|-------------------|-------------|-----------------------------------|
| | Budget | Actual | Variance | Budget | Year-end Forecast | Variance | Budget (as at Feb 24) |
| Revenue | | | | | | | |
| Fees | 136 | 159 | 23 | 155 | 160 | (5) | 165 |
| Other | 7 | 1 | 6 | 3 | 2 | 1 | 3 |
| TOTAL REVENUE | 143 | 160 | 17 | 158 | 162 | (4) | 168 |
| Opex | | | | | | | |
| Personnel Costs | 167 | 160 | 7 | 177 | 138 | (39) | 139 |
| Other Opex | 339 | 341 | 2 | 371 | 355 | (16) | 413 |
| TOTAL OPEX | 509 | 511 | 9 | 551 | 496 | (56) | 552 |
| OPERATING LOSS FUNDED BY RATES | 366 | 342 | 10 | 394 | (334) | (60) | 384 |

The budget for this team is quite small relative to the other Units. While recognising this, there is no disaggregation of financial information to reflect the different works streams that occur within the Compliance Unit.

Revenue and Financing Policy

BCA Activities

The Council in its Revenue and Financing Policy signals for its BCA activities that the benefit to individuals from the BCA activity is high, and public benefit is low. In practice, this has been translated to mean that 80% of the costs of the Unit should come from user charges (fees) and 20% should be

funded by rates. Other BCAs generally have ratios in excess of this and nearer 90%/10%. There are definitely public benefits associated with the activity such as the public/customer advice that is provided and the benefits from having a robust building stock for current and future generations.

To develop a complete understanding there needs to be a more granular level of assessment of costs, revenue streams, and benefits of the various activities within the BCA function which can then be amalgamated to produce the overall BCA public/private benefit split.

While ultimately it is a political judgement about the allocation benefits for an activity, a review of the funding rationale should occur. It may see the amount of rate contribution to the activity fall significantly, placing a greater onus on the Unit to recover its costs from fees.

In my view, a well performing BCA should aspire for its activities to be nearer break-even from fees and charges, with some rate subsidisation to cover public enquiries.

Funding TLA/Statutory Functions

For its TLA/Statutory functions the Revenue and Financing policy signals that the territorial local authority statutory functions are generally of public good in nature and should be funded 90% by rates with the balance funded by user charges. In reality, user charges and targeted rates for swimming pool barrier inspections typically account for nearer to 30% or more of the cost of these activities, which suggests that some modification and review of the Revenue and Financing policy is warranted.

6.2 Financial information and financial management practices

The Unit receives financial updates monthly and has access to on-line financial information. The responsibility for monitoring financial results rests with the Unit Manager. The Group Manager, Planning and Regulation gets a summarised version of the monthly results as part of his overall Group’s financial report. Team Leaders do not have visibility over the financial performance of their teams as financial information is not disaggregated to that level.

All Managers and Team Leaders should be accountable for the controllable costs and revenues that they are responsible for. Currently, financial information is aggregated at a Unit level, so it is not possible to see how each team within the Unit is performing compared to expectations. It is critical for both managing performance and for determining whether the level of fees and cost recovery is set at the right level for there to be disaggregated budget and financial information.

6.3 Overhead Allocations

As part of the budget process corporate overheads are allocated to each Group and Unit of the Council. The budgeted allocation of corporate overheads allocated to the BCA Unit is as follows:

| | Budget 2022/23 (\$000s) | Budget 2023/24 (\$000s) |
|--|-------------------------------|-------------------------------|
| Total Revenue | 4,831 | 5,023 |
| Allocated Corporate Overheads excluding Planning and Regulation overheads | 1,502 | 1,611 |
| % | 31% | 32% |

While all councils have different means of supporting business activities and use different methodologies to allocate overheads and therefore it is hard to compare, I did note that in the case of Waimakariri District Council the percentage of corporate overhead allocated represented 19% of that Building Unit's revenue.

It is outside the scope of this review to consider the reasonableness of corporate overheads or the allocation methodology. As part of the detailed budget review for the Unit it would be appropriate to consider the applicability of the model for allocating overheads, especially for the Customer Services component should responsibility for inspection bookings transfer to the Unit.

6.4 Setting Fees

Fees and charges are typically set in relation to historical fees charged, which is understandable, and then sense-checked against neighbouring councils.

The basis of charging fees should reflect the time it takes to complete the tasks associated with a particular activity, and the cost of the labour (including an overhead recovery) associated with delivery. It appears that some charges do not reflect the actual costs of undertaking an activity. For example, the fee to issue a building exemption is currently \$250, whereas its actual cost to process this estimated to be double that which also approximates charges made by other Councils. In this one example, for the 100 building consent exemptions issued per annum, the Council misses out on potentially \$25,000 of revenue. In another example, the Unit recovers a fixed fee of \$20 from residential consents and \$40 from commercial consents towards covering the cost of maintaining its BCA accreditation. In total, this only recovers a small portion of the actual costs incurred. Many other councils charge between 60 and 80 cents per \$1,000 of building work and most of them manage to recover most, or all, of the cost.

All charges should be subject to an assessment of the actual time and cost to complete them and be charged accordingly.

6.5 Setting Charge-out rates of staff and determining the right resourcing levels.

The basis for setting fees and charging work is the charge out rate of staff. Currently, charge rates (2034/24) for building officers are \$225 per hour for residential work and \$250 for commercial. Preparatory work for the draft 2024/34 LTP indicates a significant increase in these rates is required.

Typically charge out rates are set to recover personnel and overhead costs, often expressed as a multiplier of a person's remuneration costs. Typically, multipliers range between 2 and 2.5 for public sector organisations. This amount is then divided by the number of billable hours that staff should deliver to arrive at an hourly rate.

In doing so the Unit must have a very good understanding of people's potential productivity that translates into the number of productive and billable hours that should be charged, and therefore the basis of setting reasonable fees and charge-out rates.

Once leave entitlements and statutory holidays have been accounted for, staff members have 1,640 hours available per annum as productive time. When allowances are made for training, customer services (non-chargeable) and other administration tasks like systems improvements, training and mentoring new staff, and team meetings it leaves, on average, a base of about 1,066 billable hours that should set the basis for both resourcing levels within the Unit as well as setting appropriate charge-out rates. Of course, the billable hours will vary depending on the experience of each staff member and the level of supervisory work they are undertaking. Senior staff without significant supervisory responsibilities should achieve significantly higher levels of productivity.

As part of the revision of the detailed budget, revision of charge out rates and the number of billable hours become critical budget inputs.

Recommendations

- 17 Develop a robust financial model that underpins the Unit's business plan to:
 - better forecast levels of activity,
 - determine the appropriate resourcing of the Unit and productivity of staff,
 - set reasonable fees and charges and determine whether overhead allocations are fair and reasonable, and
 - be a reliable basis to monitor performance against.
- 18 Review the Revenue and Financing Policy as it relates to the Unit, at a more granular level, to confirm the appropriate consideration of public and private benefits related to the Unit's activities and the associated funding choices the Council has regarding fees and charges and rates contributions.
- 19 Review staff charge-out rates and Unit fees and charges.
- 20 Establish a Retained Earnings account for the Unit, so that it is both accountable for the ongoing financial performance of the Unit, as well as providing a buffer for the Unit to operate within, especially in times of economic downturn.
- 21 Restructure the Unit's financial reporting so that controllable costs and revenues are identifiable for each team and there is greater accountability for financial performance.
- 22 Review the overhead allocation methodology, especially as it relates to Customer Service activities.

7 Systems and Processes, Technical Competence, and Resourcing

7.1 Systems and Processes

The Unit has invested considerably in its systems and processes.

IANZ's Recent Assessment Findings

As evidenced by the most recent IANZ reviews in November 2023 of the Unit's documentation and an on-site visit in January 2024 it assessed the Unit as 'Low' risk with comparatively few General Non-Compliances and Recommendations. IANZ found the Unit to be highly engaged in its reviews and was responsive. Some of its key findings were:

- Up to date and well managed audit and continuous improvement system.
- Files consistently recorded appropriately.
- Considered 'Low' Risk with likely to remain complaint over next two years.
- Seen as being appropriately resourced, including having agreements in place with external contractors.

A summary of recent IANZ assessments is noted below:

| | IANZ ASSESSMENTS | | | | |
|---|------------------|----------|----------|---------|---------------|
| | Jan 2024 | Nov 2023 | Nov 2021 | 2019/20 | Prior to 2019 |
| Total # of "serious" non-compliances: | 0 | 0 | 0 | 0 | 1 |
| Total # of "general" non-compliances: | 9 | 3 | 8 | 21 | 5 |
| Total # of non-compliances outstanding: | 6 | 1 | 4 | 14 | |
| Number of recommendations: | 12 | 1 | 7 | 6 | 10 |
| Number of advisory notes: | 2 | 3 | 3 | 4 | 7 |
| | | | | | |

Compared to many other BCAs, especially in the past couple of years, this should be considered a strong endorsement of the Unit's systems and processes.

As a result of the recent IANZ assessments, my review only briefly reviewed the Unit's systems and processes including its Quality system. It confirmed what IANZ concluded, namely that the Quality system is very good, and we noted a strong commitment from the Accreditation Manager to maintain and improve it. Staff engagement with the Quality System was observed to be low with no staff observed accessing the procedures in their daily work. When asked they admit they don't use the system frequently. The most accessed process relates to natural hazards which is due to the fact it is being regularly updated.

Maintaining IANZ accreditation is fundamental to the Unit being able to operate and maintain its status as a BCA. Accordingly, it is important for the Unit to continue to maintain its current approach to compliance and investment in systems development.

However, the strong desire to develop robust systems and processes needs to be balanced with pragmatism as that applies to the processing of consents. Staff need to apply their judgement and not become overly compliance or 'tick box' oriented.

Introduction of Objective Build

The Unit, in late 2023, implemented Objective Build, a new portal for lodging and managing consent applications, to complement its Go-get 'back-end' system that assists with processing consents and inspections.

The decision to adopt Objective Build is sound – it will provide benefits to consent processors and customers/agents. Across the country it is being adopted as an industry standard and aligns the Unit's customer portal with that of many other Councils.

As with any new system implementation it is resource intensive with training and familiarisation impacting the productivity of processors while they become proficient. From discussions with staff, it appears that while there are 'teething' issues, which are not unexpected, the new system's implementation has been relatively successful. IANZ has signaled it will return and review Objective Build in May 2024.

From customers that I talked to most either use Objective Build with other Councils or found it reasonably easy to adopt, albeit some elements were not as easy as the previous system.

The issues raised by customers when I spoke to them included:

- Needing processor/administrator support when they want to add multiple documents within a folder or in response to a RFI.
- The system does not allow them to upload large documents.
- They cannot view documents that have been previously loaded, and when referred to the Property file there is no search function for customers external to the Council, so it is difficult and time-consuming to find documents.
- The system generates multiple email alerts for the same issue, cluttering inboxes and making it time consuming to determine whether the alert requires attention or not.
- RFI responses are being directed to the BuildingInfo email and not the processor concerned.
- Once an application for CCC has been lodged it is impossible to see where it is in the process.
- The need to add other users such as builders who are not all technically savvy, meaning agents often having to lodge documents on their behalf, whereas previously they were often handed to inspectors at the time of the final visit.
- Difficulties in loading compliance schedules as part of the CCC process, as they are not linked to documents loaded previously.
- When issues are flagged by customers/agents about the system with the Council, the Council has been directing some of them to contact Objective Build for resolution, rather than taking ownership and responsibility for the issue and resolving it on behalf of customer/agent.

No doubt, these and other matters have been flagged to the Council about the implementation of Objective Build. It is important that the Council takes ownership of these issues and works with Objective Corporation to find solutions or be clear with agents and others about what they need to do.

7.2 Technical Competence of Staff

Overall, the Unit appears to have sufficient staff to enable it to perform to a high level, albeit processing and inspection timeframes are not at the level desired. There are experienced and

capable staff within the Unit, although securing staff at competency level Commercial 3 remains a challenge and this work is currently undertaken by a contractor.

As with many other BCAs, securing the right number of suitably qualified people remains an industry-wide challenge. The Unit's Team Leaders quickly identify this as their biggest concern. The Unit has actively recruited staff, and like many in the sector, it proves difficult. With a downturn in building activity there may be more people becoming available.

Notwithstanding the challenges of recruiting, the Unit has, understandably, needed to recruit new staff that are not fully competent and has invested heavily in supporting those staff to gain the necessary qualifications. This both requires investment in formal training as well as mentoring of staff by other more experienced staff, hence lessening their available billable time.

In my view the technical competency across the business is sound.

Currently, nearly all consents processed are reviewed before the consent is granted. In my view, the level of review should be substantially reduced considering matters such as project complexity, customer/agent history and performance, as well as the competency of the staff involved. This should build confidence and trust in team members and reduce the impact of the additional burden this is placing on key staff.

7.3 Matching Demand and Staff Resources

Determining the appropriate mix of staff required to deliver on the 'normal' levels of business activities is something that requires more work by the Unit.

Processing workloads are managed by the Team Leader based on looking at incoming consents awaiting processing and looking at what staff have on dashboards using complexity and value of work as indicators as to how long the project will take and whether the in-house team can manage it.

Inspection workload is managed by the Team Leader looking to shuffle bookings where he can see jobs can be moved forward. There does not appear to be a clear mandate on when overtime hours can be worked to assist in keeping the bookings within a reasonable timeframe and there are no contracts in place for on-call inspection cover.

Overall, the team appears to lack clear quality data from the system to assist their decision making and forecasting of resource requirements.

With a clear understanding of expected demand that will be placed on the Unit, based on knowledge of the industry and how that translates into the number of consents for processing and their complexity, the Unit can then model how many hours of staff time is required to meet that demand.

This then should drive what the internal resource requirements are in terms of capacity and capability, and what additional contracted resources may be required, if demand exceeds the internal supply. At present, the Unit does not have a sound understanding of this equation and that contributes to processing timeframes not being met, and the engagement of external contractors tending to piecemeal responding to the immediate demands in front of a team.

The Unit's business model should be geared towards determining demand and the optional mix of resources required. It will also assist with setting charge-out rates and fees.

I note there is currently one vacancy in the residential processing team which the management team has recorded in meeting minutes as not being recruited due to current workload levels. Until a model has been developed of the anticipated demand and require resources to meet that demand for

'normal' levels of activity the decision not to recruit is reasonable. However, should the model identify that that additional resource is required then taking the opportunity to on-board additional resource into the team during quieter times makes sense.

While I did not review it in any depth, from observation it appears the Unit is appropriately supported within information technology and equipment, access to vehicles and good accommodation space.

Recommendations

23 Reduce the nature and extent of peer reviews of consents to better reflect the risk profile of the customers/applications and the competency of staff involved.

8 TLA Statutory Functions

The Recovery and Compliance Unit has eight staff undertaking its statutory Territorial Local Authority (TLA) statutory functions and recovery activities. Statutory functions include such things as managing Earthquake Prone Buildings, Building Warrants of Fitness (BWOs) and Swimming Pool barriers, as well as undertaking compliance and enforcement activities relating to both the Building Act and the District Plan. In relation to the Building Act compliance activities include such things as dangerous and insanitary buildings and illegally constructed structures.

The Recovery team that had been established to respond and aid recovery in the wake of Cyclone Gabrielle has recently been merged with the Compliance team to form one Unit.

The BCA Unit undertakes the statutory function of issuing Planning Information Memoranda (PIMs) and Land Information Memoranda (LIMs).

8.1 Levels of Activity and Resourcing

Below is a summary of some of the Unit’s statutory activities:

| | Swimming Pools | | Building Warrant of Fitness | | LIMs | |
|-----------------------|----------------|-----------|-----------------------------|--------|--------|-------------------|
| | Pools | Inspected | Buildings | Audits | Issued | Ave Days to Issue |
| 2022/23 | 2645 | 868 | 1,016 | 540 | 549 | 8-15 |
| 2023/24 (to Feb 2024) | 2645 | 431 | 1,016 | 155 | 439 | 9-15 |

The Ministry of Business Innovation and Employment (MBIE) undertook a review in December 2022 and concluded that insufficient resource had been directed to BWOs was insufficient with only 2% audited per annum. The Unit has responded and increased resource directed to BWO audits and now is resourced to undertake 200 audits per annum or about 20%, which seems appropriate. The number of Swimming Pool barrier inspections means every pool is inspected every three years which is consistent with good industry practice and statutory requirements.

Overall, it appears that the level of resourcing now dedicated to these important functions is appropriate. There is a temptation to transfer this resource to BCA activities when it comes under strain. While this is understandable and can be tolerated for very short periods of time, it is important that TLA functions have dedicated sufficient resource allocated to them.

8.2 Business Planning and Reporting

The comments made earlier in the report about the need for a business plan, review of the funding policy contained in the Revenue and Financing as it relates to TLA functions and more granular financial reporting of each component of the team’s activities is also needed for this part of the business, so revenues and expenses are understood, reported, and monitored.

As part of the development of the Business Plan the appropriate resourcing required for the delivery of TLA functions should be confirmed (scoped, sized, and resourced) to ensure service delivery can be assured using multi-skilled staff and/or use of agents and part-time staff.

Given the high risk associated with the Hikurangi Subduction Zone it is important the Council ensures building owners comply with their obligations regarding Earthquake Prone Buildings, and preferably encouraged to comply as soon as possible. Within the business plan it is important that adequate

provision is made to resource required for EQ Prone building work, inclusive of engagement with, and education of, building owners.

In terms of the appropriateness of the fee structure of annual BWOs it would be appropriate to review the funding methodology and fees. The Unit should work with neighbouring authorities to ensure they are aligned especially regarding the number and type of specified systems.

As part of the regular business monitoring and reporting of TLA functions there should be reporting on service requests in terms of the scope and quantity of work, resolution, and timeliness of responses by Council. Currently, this is currently not regularly and systematically generated.

8.3 Systems and Procedures

The TLA has a quality system where the core processes are available to staff, although it was acknowledged it would be challenging to locate source documents and it is unlikely to reflect what current practice is. These need to be developed and have greater visibility by staff.

Staff are provided a buddy to learn how things are done and the Manager acts as a voice of reason in matters of enforcement. Training on evidence gathering and writing a brief currently falls to the BCA Manager, recognising his experience as a detective in the NZ Police.

To support the TLA activities it is recommended that policies and procedures be developed further.

8.4 Compliance and Enforcement

When enforcement is being considered staff reach out to the Council's legal representative to sense check what is in front of them before commencing proceedings. As a matter of course the Group Manager, Planning and Regulation will be involved when a decision is to be made to commence enforcement action.

The Unit does not have a formalised Compliance Management Framework. From experience in Canterbury, it is valuable to have consistency in the approach by neighbouring authorities. It is worth considering partnering with neighbouring Councils to establish and adopt best practice Compliance guidelines that promotes principles of:

- Proportionality – the use of compliance activities that are targeted, cost-effective, and reasonable.
- Transparency – actions and decisions made with impartiality and integrity.
- Consistency – through the development of explanatory materials and guidance for staff and community.
- Accountability – by clearly defining compliance management roles and responsibilities.

8.5 Customer and Building Owner Engagement

The Unit has historically taken a proactive approach to engagement with building owners and has an established procedures for reminders about deadlines, primarily through letters. It may also be beneficial partnering with neighbouring Territorial Local Authorities (TLAs) councils to establish a regional Independent Qualified Person (IQP) register where TLAs would agree to work collectively in the approval, education, and, if needed, censure of IQPs.

I think the Unit should also consider adopting a text push service for customer engagement around annual BWOs reminders and follow up, and other activities like booking inspections of pool barriers.

Recommendations

- 24 Review and develop processes and procedures to support the Unit's statutory functions.
- 25 Develop a Compliance Management Framework, preferably in conjunction with neighbouring Councils.
- 26 Adopt a text push service, or similar, for customer engagement around annual BWOFs reminders and follow up, and other activities like booking inspections of pool barriers.

9 Responding to Cyclone Gabrielle

Cyclone Gabrielle resulted in 933 buildings being assessed within 68 designated suburbs or areas. The number of designated areas has recently reduced to 29. Each building had a placard attached (red, yellow, or white) depending on the level of damaged and habitability.

The Council established a small team in the Building Unit to lead response and recovery activities related to buildings.

9.1 Response

Within the first month of the event the Council had undertaken 849 rapid assessments, with the assistance of 23 assessors from other councils. At its peak, the Council had 40 assessment teams operating.

The Unit has been represented at virtually all community meetings. That modelled a commitment to community engagement and a willingness to 'front'. Based on my limited observation of those community meetings, the Unit's representative, Sam Hayes, demonstrated an empathetic, measured, and appropriate response in times of extreme stress and pressure. This is to be commended.

The level of urgency and support provided by the Building Unit during the initial response phase is also to be commended. To provide the level of assurance it did about the status of affected buildings has been a significant determinant to driving the nature and extent of the response and recovery required.

9.2 Recovery

A challenging aspect of the recovery is how to deal with properties that have been subject to inundation and how that impacts decisions under the Building Act regarding repairs, rebuilds and the construction of new buildings in those areas.

National direction on how to apply the provisions of the Building Act in respect of inundation have historically not been well developed, and there has been a lack of clarity about how councils should apply the provisions and, following Cyclone Gabrielle, and how buildings in Categories 1, 2, and 3 should be dealt with.

Guidance Document on Inundation

The Council invested significant effort, encouraging a regional approach, to what is the appropriate regulatory response. The Council, working with its legal advisor, developed a Guidance Document that it subjected to a robust legal review to ensure it met the provisions of the Building Act without unduly placing the Council at risk from consenting building work in areas that have previously been subject to inundation. The Council had its Guidance Document peer reviewed by a Kings Counsel who was a former High Court and Court of Appeal judge to ensure it is lawful in terms of the Building Act and will withstand future legal challenge, and whether it is reasonable for the Council to rely on the assurances of Hawke's Bay Regional Council. He concluded that:

"I consider that the Guidance Document represents an elegant solution to a difficult problem. It acknowledges that the District Council is bound to follow procedures for the grant or refusal of building consents, either under the orthodox route or the natural hazard provisions of the Building Act 2004. It avoids any risk of the District Council being seen to have fettered its discretion or pre-determined how any particular category of land will be considered; namely, under the orthodox route or the natural hazard route. It explains to ratepayers and those involved in the consent process that the question whether the natural hazard provisions apply will necessarily need to be

considered before the District Council can revert to the orthodox building consent process. I am satisfied that the Guidance Document is lawful. While there will always be risks of civil claims (including judicial review) arising out of the grant or refusal of a building consent (or, in respect of the District Council's subsequent inspection and certification functions), I consider that the risks are mitigated sufficiently to say confidently that no higher risk will follow the issue of the Guidance Document than existed before Cyclone Gabrielle caused the damage to which it relates. In short, I am of opinion that the District Council is not exposed to additional legal risk if the Guidance Document were issued."

The Guidance Document has provided a sound basis on which the Unit has been able to consider new building consent applications, although it has found that many properties are being repaired on a like-for-like basis therefore not requiring a consent. For those that do require a consent the Guidance Document ensures consistency in decision making.

The Unit advises that it has received 95 cyclone related consents and based on their understanding of affected buildings the Unit anticipates it could receive up to another 89 consents, noting many dwellings in Category 3 will not be rebuilt as they will be subject to the Voluntary Buy-Out process.

No doubt lessons will continue to be learnt as the Guidance Document is applied and I understand that one consent is currently being considered by the independent reviewer, which is part of the process the Guidance Document recommends. It will further inform how the Council responds, and whether any amendments to the Guidance Document are required.

Given the potential future risks associated with these consenting decisions I believe that the Council has done everything it can reasonably do to manage its risk while giving pathways for those seeking to recover from the Cyclone.

9.3 Current Status of Placards

There is a good monitoring system in place to determine the status of all placards issued by the Unit.

Since the original inspections were completed 178 properties have been subject to reassessment. At the end of February 2024, of the 933 originally placards issued the status now is:

| | |
|------------|-----|
| Red | 80 |
| Yellow | 600 |
| White | 231 |
| Demolished | 22 |
| | 933 |

Most of these are in Category 1 (517), while 219 are in Category 2, and 195 are in Category 3.

At this time, the Unit anticipates that based on current levels of reassessment it may be four years before all placards have been reassessed. While this may seem a long time, compared to other natural disasters of a similar magnitude this is not unreasonable. If the Council wants to speed up the reassessment process that will require additional resource. This is matter will need ongoing review.

9.4 Supporting People in the Unit

The establishment of the recovery team to respond to the building issues associated with the Cyclone has been wise. It has provided a dedicated focus.

While recovery work can be stressful for all involved, it appears that the Manager and team members are well supported. This something that needs to constant monitoring to ensure their welfare is maintained.

9.5 Building Resilience in the System

Cyclone Gabrielle was the largest weather event to hit the District in living memory, albeit there have been many other weather events. The Council has relied on the Hawkes' Bay Regional Council for its mapping of inundation areas as the result of rainfall events, and NIWA has recently released its assessment of the rainfall return periods that were associated with Cyclone Gabrielle.

The Regional Council provides the Council with advice about recommended floor level heights that should be applied to new structures, which the Council then relies upon. The maps and models I have seen appear to be relatively basic and lag behind some of the sophisticated models that other councils use. Only through improved understanding of the impact of events on the District will planning and building decisions be better based making the District more resilient.

I understand the Council, apart from some urban stormwater modelling, does not have a calibrated model of its own for localised stormwater that identifies the depth and rates of water flow in flood prone areas within its District.

While it is outside the scope of this review, given most of the District's population resides within a flood plain, I believe the Council should develop its own model with the capability and capacity to develop and improve the model retained in-house. From my experience it takes up to a decade to evolve the models and calibrate them using recordings from actual flood events to increase their accuracy and usefulness.

Recommendations

- 27 Develop localised flood modelling that more accurately determines flood levels and flows to give greater confidence to the location and finished floor levels of new buildings.

Appendix 1 - Terms of Reference

1 Background

- 1.1 The Building Control area of Council has had to deal with a variety of issues over the last 3 – 4 years such as the Covid Pandemic, more recently Cyclone Gabrielle in combination with a strong local construction environment, and challenges with recruiting and retaining appropriately qualified staff.

These challenges have resulted in ongoing performance issues in terms of consent processing and inspection timeframes.

The Council have supported this area of activity with significant additional investment but even with this support attracting the required qualified staff has not been possible.

Following a recent update report to the Performance & Monitoring Committee in May this year, the Committee asked for an independent review to be undertaken with Terms of Reference to be reported through to Council.

2 Context

- 2.1 Hastings District Council administers building consenting and compliance activities within Hastings District and for that purpose is registered as a Building Consent Authority (BCA) with the Ministry of Business, Innovation and Employment (MBIE).

The primary purpose of building control is to ensure the safety of people living and working in buildings. Services provided by the Council under the provisions of the Building Act 2004 include:

- Issuing building consents to ensure building work will meet the provisions of the Building Act 2004 and the New Zealand Building Code.
- Issue Project Information Memoranda (PIM's) which identify and disclose information about a property that needs to be taken in to account or may affect buildings that are being designed.
- Monitoring and inspecting building projects to ensure that building work complies with building consents and the provisions of the New Zealand Building Code.
- Issuing Code Compliance Certificates (CCC's) for consented building work ensuring compliance with the New Zealand Building Code.
- Issuing Land Information Memoranda (LIM's) which identify and disclose information about properties, including consents that may have been issued.
- Inspecting private swimming pools to ensure they are fenced in accordance with the Building Act 2004 in order to prevent young children from drowning.
- Identifying and assessing buildings that may be earthquake-prone, and ensuring remedial action is taken to ensure buildings meet seismic engineering standards.
- Issuing Compliance Schedules for buildings that have specified systems (e.g. fire alarms) and ensuring Building Warrants of Fitness (BWOF's) are issued annually by building owners together with the required system testing documentation. This includes conducting onsite inspections and auditing BWOF documentation.
- Issuing Certificates of Public Use ensuring buildings open to the public while construction work is being completed are safe and fit for purpose.
- Issuing building certificates for licensed premises.

- Approving and managing Independently Qualified Persons (IQP’s) on behalf of Hawke’s Bay Local Authorities.
- Providing guidance on building technical information to the public and building industry.
- Providing a building-related compliance and complaints investigation service.

2.2 **How the activity contributes to community outcomes**

| Outcome | How the Activity Contributes |
|--|---|
| Safe Neighbourhoods for People Attractive, Safe and usable public space | By ensuring that all building work is completed to a standard to ensure a safe and healthy community. By ensuring buildings are seismically safe to occupy. By ensuring private pools are fenced to the required standards to reduce the risk of children drowning. |

3 **Purpose & Scope**

The purpose of the review is to investigate how to provide a continuous improvement plan and provide independent assurance to Council regarding this activity.

3.1 The scope of this review will include the following:

- A continuous improvement plan which identifies an appropriate timeline for the plan and reflects the customers views.
- Independent assurance to the Council (governance) regarding the Building Control services of Council into the future.

3.2 The Independent Reviewer will consider the following areas of services and processing for inclusion in the preparation of this review:

- Core roles and functions of Council’s BCA (Building Consent Authority)
- Performance in relation to processing and inspection targets
- Funding of the Activity / Resourcing
- Technical Proficiency / Risk Management
- The impacts of Cyclone Gabrielle, recovery period
- Engagement with BCA customers by way of customer surveys and interviews
- Identification of areas to improve the performance of the activity and any related resources that would enhance the performance of the function
- Systems and processes

3.3 Aspirational goal / overarching outcome

That the Council aim to be the best in the country for training building consent officers and having the best building consenting team

4 Terms of Engagement

At the time the recommendations of this review are presented to the Council, the Reviewer will be available at that meeting to help the Chief Executive present the information and answer questions from Councillors.

5 Findings and Recommendations

The review will make recommendations to the Chief Executive for the improvement of the Building Control activity of Council that will result in the improvement of performance and assurance for the Council.

6 Operational Matters

The review will be supported by HDC staff as required.

7 Background Information

IANZ Building Consent Authority Accreditation Initial Assessment Report March 2022.

8 Timeframe

Detailed timing is still being confirmed with Mr Palmer due to the work pressures from Cyclone Gabrielle and Council's IANZ Building Consent Activity accreditation scheduled for November 2023.

Appendix 2: Customer Survey Feedback

Survey Methodology

This survey asked respondents to answer questions that were both:

- Quantitative (results based on countable or measurable answers), and
- Qualitative (results based on descriptions and comments)

I invited the 25 customers that had the highest number of consents processed with the Unit to participate in the survey, along with five additional people that were selected by the Chief Executive. Of the 30 invited to participate 24 were able to take up the opportunity.

The results of the survey are not statistically valid, albeit the trends and comments should provide a good sense of what the Unit's customers think.

The survey, undertaken by way of telephone conversation, was conducted in early-mid March 2024, and typically involved conversations of 20-40 minutes.

Details of respondents or their organisations have not been disclosed in the summarised results.

The survey questions covered:

- Building Consent processing
- Inspections
- Issuing Code Compliance Certificates

In some cases, respondents were not involved in all parts of the process; for example, managing the inspection process. Accordingly, in those cases, no response is recorded in the graphs, or is shown as 'not applicable'.

Summary of Responses

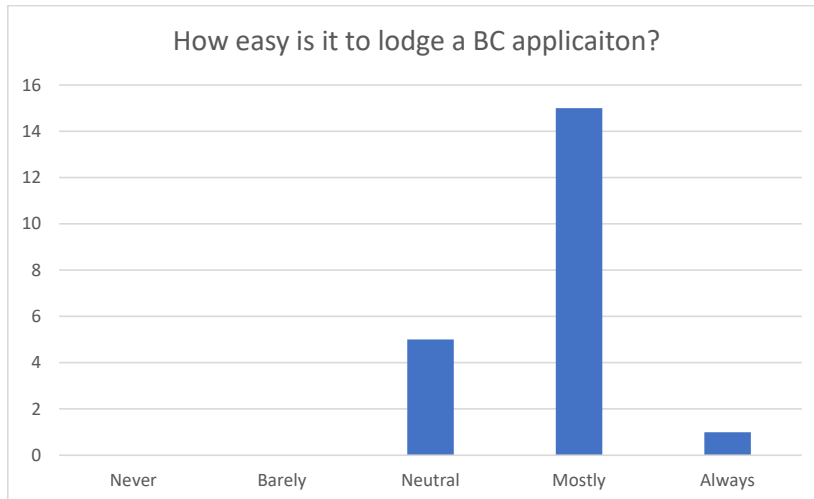
The key themes that emerged from the survey are:

- 1 Respondents are very happy with the service they receive from Inspectors with all respondents who could answer this question saying they rated the Inspectors 'mostly' or 'always' meeting expectations. Similarly, respondents are impressed by how easy it is to book inspections, the promptness of inspectors, and their willingness to discuss issues and offer solutions when on-site.
- 2 The area where the greatest divergence of opinions was expressed, and dissatisfaction, related to consent application processing. Most felt it is 'easy' to lodge applications and supported the introduction of Objective Build believing it will make the process easier. In contrast, the nature and extent of RFIs/queries raised by processors is commonly raised as an issue by respondents. Many felt that there are too many pedantic or nit-picking RFIs that add no value and processors are very rigid in their interpretation of the Building Code. Many are concerned about the inconsistency between processors when processing identical consents. In terms of how easy it is to discuss concerns or queries with processors, only 4 said it is 'mostly' easy, while 12 said it is 'barely' or 'never' easy to discuss concerns and queries. The inability to contact processors directly was commonly raised as an issue, as was the lack of timely responses to their calls. The time it took to issue a Building Consent also evoked a range of responses. Some are understanding of the fluctuating levels of consent applications and available resources and are therefore satisfied, while others are 'barely' or 'never' satisfied with the time taken to issue consents noting the significant impact that has on project and construction timeframes.
- 3 In terms of issuing Code Compliance Certificates (CCCs) respondents expressed a range of views with 8 'happy' with the time taken to issue CCCs, while 3 are 'not very happy' or 'unhappy'. The introduction of Objective Build has made it more difficult for customers/builders to lodge documents and the lack of visibility as to the status CCC applications, along with the time taken to process them were frequently raised as concerns.
- 4 Respondents were asked whether they considered the Building Unit to be a trusted partner, in terms of acting with integrity and trust, being responsive, doing what they say they will do, and being aligned to project outcomes and objectives. Responses were split with 11 saying that is 'mostly' or 'always' the case, whereas 11 said 'barely' or 'never'. The responses tended to be influenced by respondents' experiences with the processing of consent applications.
- 5 Respondents were asked whether they considered the Unit professional, of which only 3 thought they are 'barely' professional, whereas 17 signalled the Unit 'mostly' or 'always' is. Overall, this reflects positively on the professionalism of the Unit.



Survey Questions and Responses

Building Consenting

1 Respondents were asked how easy it was to lodge a consent application.

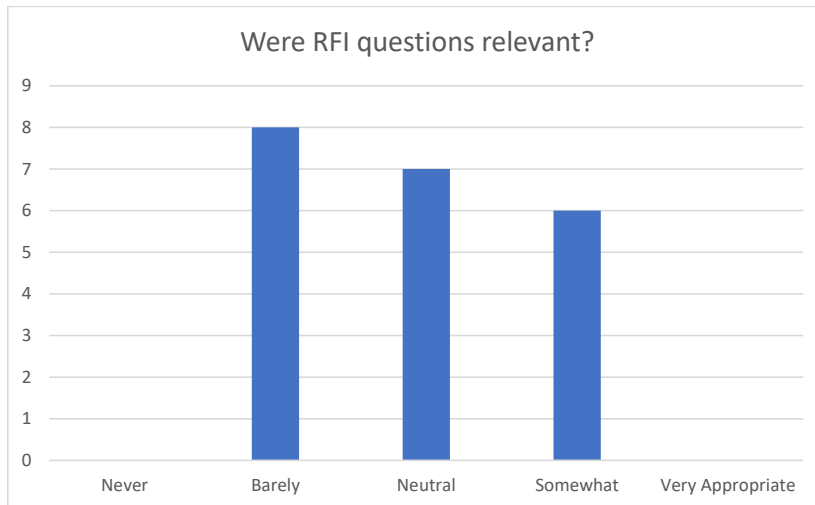


Some comments from respondents



| | |
|---|--|
|  | <ul style="list-style-type: none"> • It's easy. • Objective Build is used by other councils and so it was easy for me. • Objective Build is way easier. • Access to Hastings property files on-line prior to application is great. |
|  | <ul style="list-style-type: none"> • Objective Build has restrictions with file size and attachments which is problematic. Can only load one attachment in a portal area which is a pain. There was no training for us – just “here it is, use it”. Also, we now get multiple emails for the same notification which is annoying. • Pre-lodgment it is difficult to get a quick response to questions with the duty building officers overwhelmed and it can take up to 3-4 days to get an answer. • Pre-application meetings with different departments of council don't work well and sometimes the Unit doesn't commit to the undertakings from those meetings. • There is no prioritization of BCs once lodged and everything has to wait its turn – there is no sense of district priorities, or if the Council now requires an amendment to a consent for them to process it quickly. • Vetting RFIs quality varies a lot – many are irrelevant, especially relating to planning matters. • Lots of repetitive or irrelevant vetting RFIs, and when BCs are then rejected that is very frustrating. • It's really difficult to talk to anyone about the RFIs. |

Overall, respondents found the lodgement system easy and were supportive of the move to Objective Build, although system issues with the inability to add attachments and large files is frustrating. Getting access to property files on-line is valued. The number and quality of vetting RFIs were often seen as irrelevant, inconsistent, or already answered, and not being able to discuss vetting RFIs with staff frustrates them. There is a sense that once consents are lodged there does not seem to be any prioritisation in the processing of consents so that simple ones are processed quickly, or where priority projects or where amendments to consents are required that they get priority.

2 Respondents were asked whether RFIs were relevant.



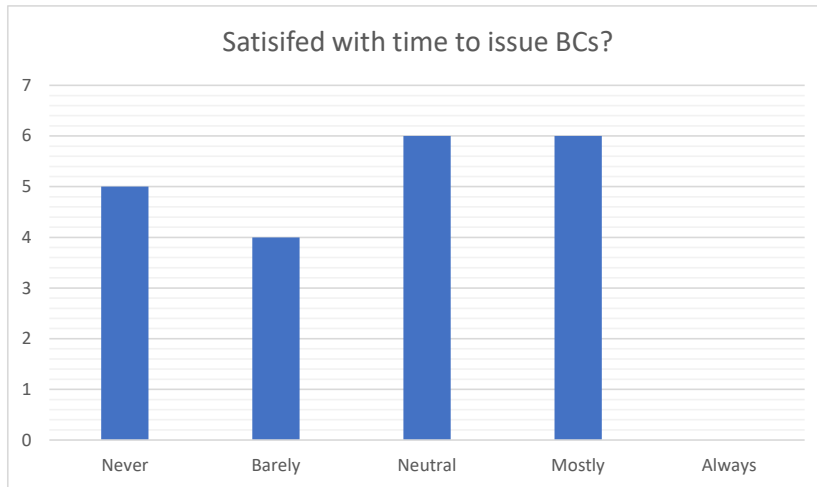
Some comments from respondents

| | |
|---|--|
|  | <ul style="list-style-type: none"> • We're not always perfect, and they do pick up some good issues. • Prefer in-house processing rather than some national firm that doesn't know the District. • Prefer out-sourced processors because it gets done more quickly with more focused RFIs. • Normally good, RFIs normally right. • Out-sourced contractor's RFIs are usually more focused/better. • The Commercial team is usually good. • Never had a case where we haven't worked out an acceptable solution/result. |
|  | <ul style="list-style-type: none"> • Some RFIs are not relevant or minor/nit-picky/pedantic and that adds no value and seems they are deliberately hunting to find something - very frustrating. • A phone call would clarify many of the issues/RFIs – it makes agents look bad to their customers when they are copied in on RFIs when not all RFIs are valid. • Wide interpretation differences between officers – if an identical consent is processed by two different people, we get a totally different number of RFIs. • External processors vary a lot too. and it depends on who you get. • Identical information is required consent after consent, like GIB manufacture specifications – they must thousands of copies of them at the Council by now. • Feels like a tick box exercise. • Some are hopeless using the wrong part of the Code. • I feel like I am teaching them most of the time. • Often RFIs are unclear and it's hard to clarify through the Objective Build portal and it's very hard to talk to people. |



| | |
|--|--|
| | <ul style="list-style-type: none">• There is a sense that certain consultants work is taken at face value and gain more favourable treatment than others.• Awful, this is the worst part of my job, by far.• Impossible to get hold of people – we want a relationship but can't ever get them directly on the phone and it takes a long time to get a call back, if ever. Smaller councils are far more face-to-face.• Want a relationship with the processor and work together, but this is nearly impossible because it's hard to speak to them. |
|--|--|

This is the area where respondents expressed their greatest frustration. The inconsistency among processors for identical consents and the number of irrelevant or nit-picky RFIs were noted by many respondents. The lack of personal interaction means they don't feel like they can build a relationship with processors, and if they could have discussed the RFIs before they are sent, many could have been resolved, saving a lot of time and aggravation. The more pragmatic processors were appreciated who could identify risk and what was important. They didn't get a sense that they were working together on the same team.

3 Respondents were asked how satisfied they were with the time required to issue a Building Consent.



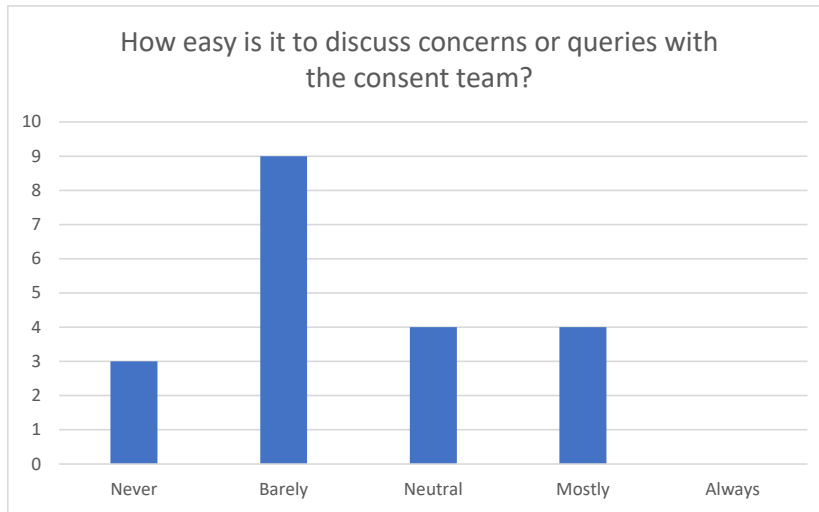
Some comments from respondents

| | |
|---|--|
|  | <ul style="list-style-type: none"> • If it takes 21 or 22 days it's not a big issue for me. • In general, inside 20 days, and at times surprised how fast they can issue consents. • It's good when Amendments are prioritised as often it can be holding up on-site progress. |
|  | <ul style="list-style-type: none"> • Nearly never within 20 days – they lack the staff and demand has outstripped supply. • Very slow - never in 20 days • Some consents that are granted (either out-sourced and in-house) and can then take up to 10 days or longer to issue the BC. • It's often Day 18 before the consent is sent to a contractor. • Won't respond to calls – never timely - it can be 3-4 days before I get a call. • Often get RFIs on Day 19 to "stop the clock". This can really upset timeframes for the rest of the project. • Do not get an email to say the consent has been granted – and there's no alert. • Can't see on-line where the consent is in the process and what day they are on – you can at Napier. • Sometimes it takes just as long to get an exemption as it does to get a consent. |



While timeliness wasn't a great concern to some, it was a big issue for others. A number referred to receiving RFIs on Day 18 and 19 and it seemed like it was merely a mechanism to 'stop the clock'. The delay and cost that adds to projects was noted by many with a lot of disruption to work programming. The difficulty of getting hold of anyone, people not returning calls, or it taking days to

receive a call, if at all, were issues mentioned by most respondents and it was the most common issue they wanted to see fixed.

4 Respondents were asked how easy it is to discuss concerns or queries with the consent team.

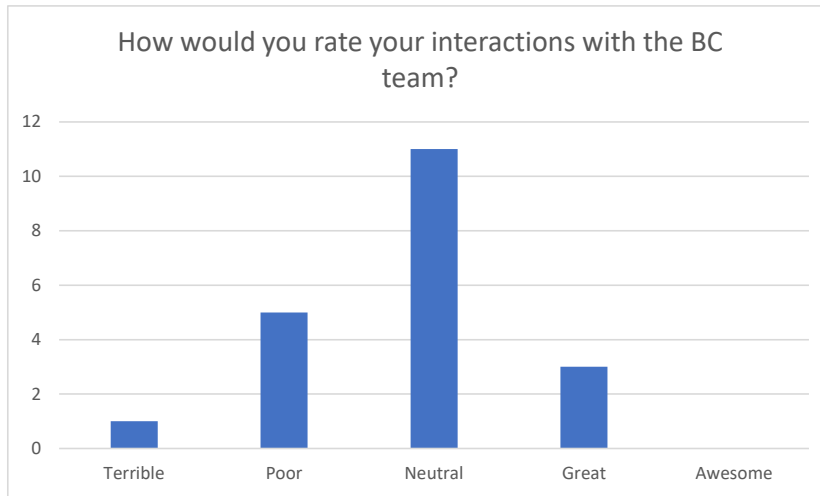


Some comments from respondents



| | |
|---|--|
|  | <ul style="list-style-type: none"> • Once I get hold of the person we work through the issues. • We had an issue about insulation and the Officer concerned was fabulous and found a solution. • When I have a consent application that looks difficult, I like to sit down with the Unit’s senior leaders and talk about the issues before the consent is lodged – when that happens the rest of the process works well - it’s like gold. |
|  | <ul style="list-style-type: none"> • It’s really hard when it takes 2 days or longer to get a call back. • I am never able to talk to the processing officer directly. • It all has to go through the Duty Building Officer, and they are overloaded. They act like a ‘barn door’ and sometimes don’t return calls. • The Building Duty Officer role should always be 8.30 am to 5pm, not 9-12. • They don’t pick up the phone. • I’m told processors who work from home can’t be contacted by phone – if the Council allow them to work from home, then they should take/make calls. • Some seem to delight in saying “no” and can be arrogant in their approach. • I have had to escalate my concerns to the Unit Manager to get any action. • We used to get a copy of the invoice for the consent, but now we don’t so we can’t respond to client queries. Also, the charges are high and sometimes outrageous - always at the top-end compared with other councils. • The charges are high and sometimes the explanations provided are either limited or can’t be provided. |

Again, people were frustrated about the difficulty of not being able to get hold of someone to talk about the issues. Some were open to the idea of having a 'window' in the day where calls could be made/answered so not to interrupt processors throughout the day, but it needed to be timely – the same day. There were some who commented and felt the charges are always at the high-end of what they expect or what other councils charge for a similar consent.

5 Respondents were asked how they would rate their interactions with the BC team.



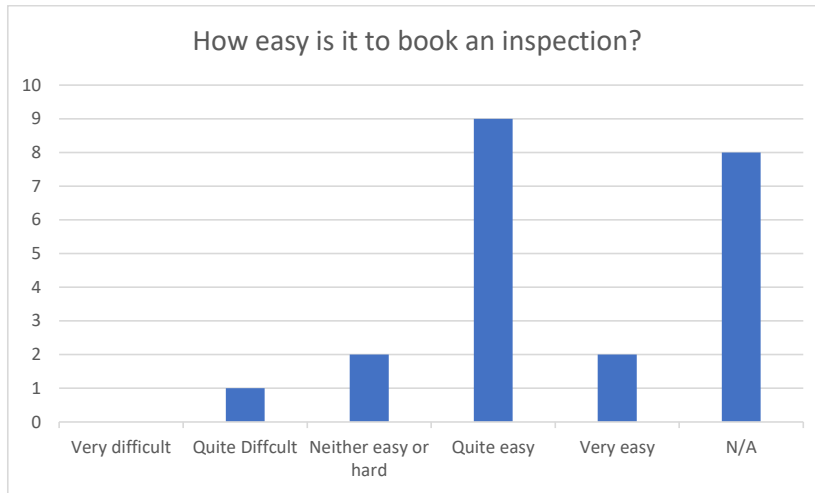
Some comments from respondents

| | |
|---|--|
|  | <ul style="list-style-type: none"> • When the Unit Manager is involved, it feels like we are making some progress. • The system isn't fundamentally broken. |
|  | <ul style="list-style-type: none"> • Compared to other councils, Hastings is the worst. • It really depends on who you get - some are great, but others are terrible, and it seems to be based on a lot of personal interpretation. • We should be working together on Papakāinga, but it feels like we are working against them. • Sometimes my customers (homeowners) see the number of RFIs and when a lot are unnecessary or unjustified; it colours the customer's view of my performance, which is unfair. |



Overall, respondents felt their interactions with the processing team depended a lot on who you were dealing with. Some are excellent and others are very difficult. When issues got elevated to the Manager there was a sense that they got action. A number mentioned that relative to other Councils Hastings was a lot more pedantic and 'by the book'.

Inspections

6 Respondents were asked how easy it is to book an inspection.

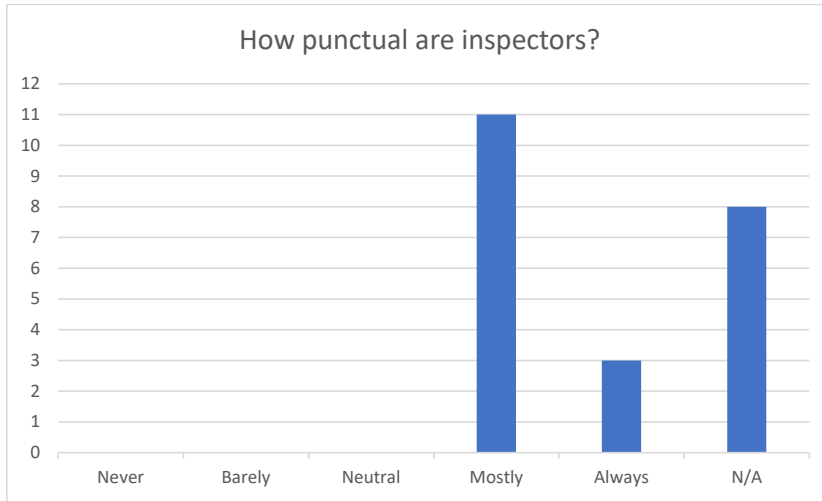


Some comments from respondents



| | |
|---|---|
|  | <ul style="list-style-type: none"> • Quick and works well. • Improved from 8-10 months ago when timeliness of inspections was terrible. • When it was 10-20 days it was totally unsatisfactory – now it’s better. • People on the phone are good to deal with. • Some of the issues lie with the Builders who aren’t always that good at programming their work. |
|  | |

Overall, respondents found it easy to book an inspection and the people booking inspections and inspectors were very accommodating. The timeliness of inspections has been a big problem in recent years, although respondents noted it was better now. Some thought if they had an inspection within a week, it was adequate, and onus should be on builders to better programme their work, while others thought a wait of 2-3 days should be the maximum wait time for an inspection.

7 Respondents were asked how punctual inspectors are.

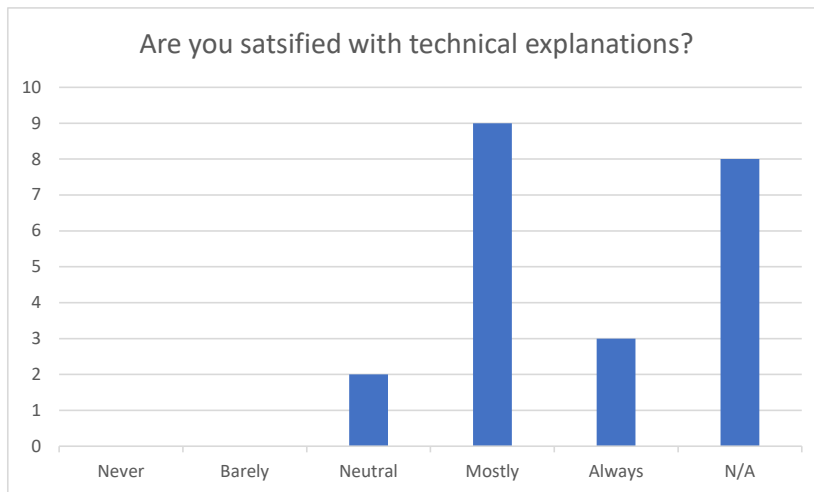


Some comments from respondents



| | |
|---|---|
|  | <ul style="list-style-type: none"> • Great - they always ring ½ an hour before to confirm the time. • Pretty good – if running late they will ring and are open to rearranging times. • The post-inspection Go-get report works well and is pretty prompt. |
|  | |

Overall, respondents were very happy with the punctuality of inspectors and appreciated them calling ahead to confirm the time.

8 Respondents were asked whether they were satisfied with inspector’s technical explanations.



Some comments from respondents



| | |
|---|---|
|  | <ul style="list-style-type: none"> • Pretty good • Never asked to do anything that wasn’t appropriate or right. • Great rapport with all inspectors – if there’s an issue it’s easy to resolve. • They offer solutions. • Important to be on-site with the inspector to talk through issues. |
|  | <ul style="list-style-type: none"> • Two inspectors are a bit pedantic, but the others are good. • Where there are minor changes is there a way of not needing to process an amendment when it’s a relatively minor issue? |

Respondents found inspectors to be very good and constructive. By the time inspections happen, most of the technical issues have already been resolved through the consenting phase. But when issues do arise, inspectors are seen as offering constructive suggestions. While a couple of inspectors are seen as a bit pedantic, the overriding view was that inspections were undertaken competently and professionally.

9 Respondents were asked whether inspectors meet their expectations.



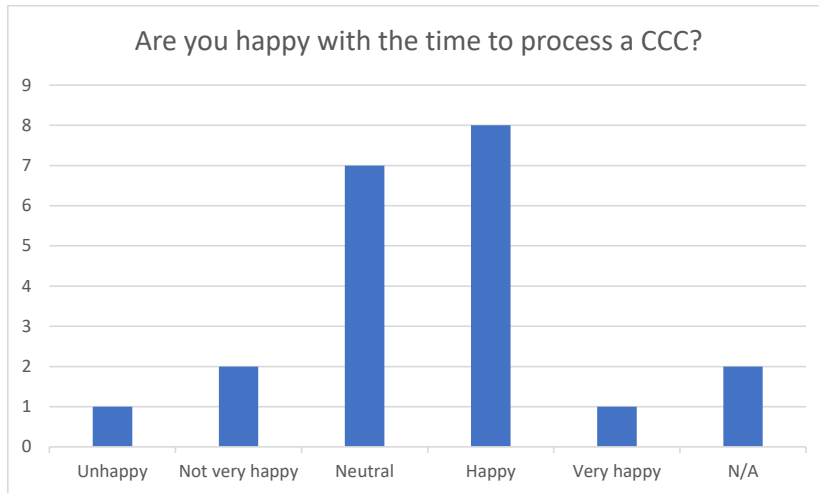
Some comments from respondents

| | |
|---|---|
|  | <ul style="list-style-type: none"> • Always • Excellent 100% • Never heard of any complaints. • |
|  | |



Overall, there a high degree of satisfaction with inspections.

Code Compliance Certificates

10 Respondents were asked how happy they are with the time to process a CCC.

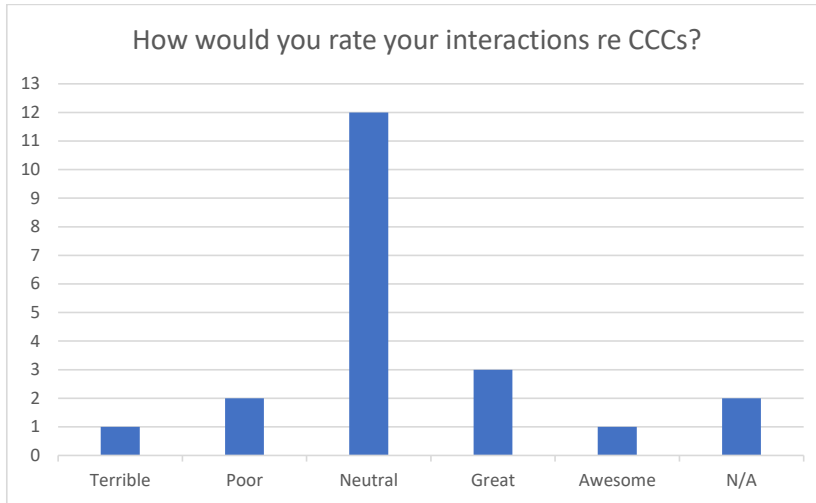


Some comments from respondents

| | |
|---|--|
|  | <ul style="list-style-type: none"> • Under Objective Build it's not too bad for me as I load everything. • Often, it's not the Council's fault, as builders are not very good with their paperwork. • If the information is there, it's easy. • Yes, a simple process. |
|  | <ul style="list-style-type: none"> • Very slow process • It has taken me up to 8 weeks to get a CCC and when clients need it for loans, etc that is very annoying. • With Objective Build it's a lot harder for builders to load documents and they don't have the skills – some are more capable than others. They need support and training too. • Won't issue a CCC until every house under the consent has been completed – we need a bespoke approach. • No visibility under Objective Build where it is in the process. • Builders can't now hand over certificates to inspectors. • Agents are now loading all the builder's documents – that costs us more. |

There were a range of views about the CCC process. Some found it easy especially when the Project Manager was controlling all CCC related activities. Where it is left to builders to supply or lodge documents it was seen as more problematic and will become more so under Objective Build. It is probably worth considering how to upskill and/or support of builders. Some respondents expressed frustrations at the time taken to process their CCCs, how difficult it was to talk to someone about the issues, and they didn't seem to be able to see from the system how far through the process they were.

11 Respondents were asked how they would rate their interactions re CCCs.



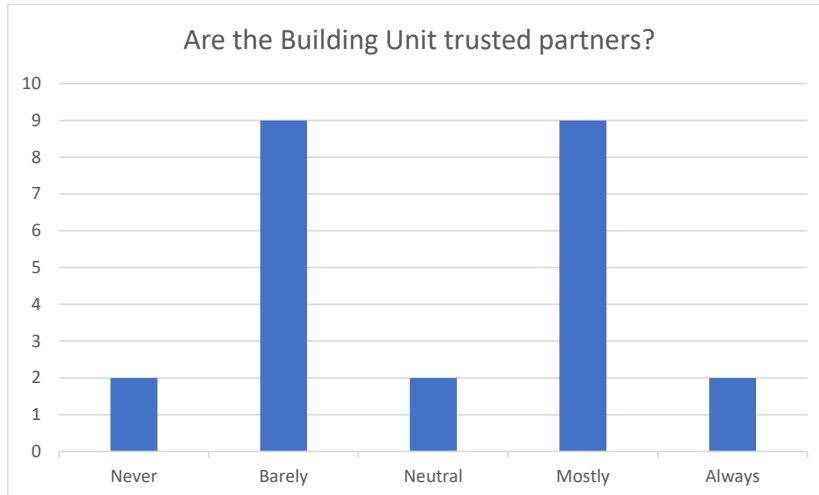
Some comments from respondents

| | |
|--|--|
| | <ul style="list-style-type: none"> No problems. |
| | <ul style="list-style-type: none"> Very slow process Under Objective Build portal it's gotten worse – can't upload multiple documents and if not specifically requested can't upload it, and then you have to ring them, and we can never get hold of them – frustrating. It's hard to get a CCC, it should be easy. I don't get paid by some of my clients until the CCC is issued, and sometimes I have to wait more than a month to get a CCC issued. Another council yesterday processed one in 3 hours. |



Responses varied from those who found it quite easy to those who were really frustrated by the process, the time it takes, and the how difficult it is to talk to someone about it.

Overall Views

12 Respondents were asked whether they considered the Building Unit a trusted partner.

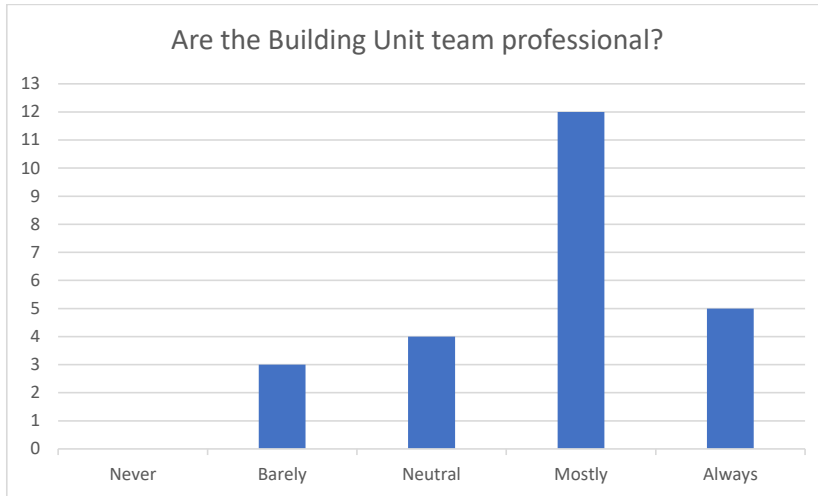


Some comments from respondents



| | |
|---|---|
|  | <ul style="list-style-type: none"> • Always trust them – some situations are difficult, and we rely on them, and they do trust us. • If the processing team was like the inspections team, then yes. • The system is not fundamentally broken, we just need far better communications. |
|  | <ul style="list-style-type: none"> • No, over the past 3 years it's fallen, often hitting brick walls and communication levels dropping. • No, due to a lack of communication. • Their charges are excessive – 20-30% more than Napier. • Bureaucratic and by the book. • Unfortunately, no – we want to work with them, but it feels like they are working against us. • HDC down the bottom compared to others with not enough communication. • They don't trust us, and they lack common sense. It's 'my way or no way.' • Clients don't want to deal with the Council, but they must. |

Overall, there were a range of responses with some finding the Unit very good to work with. However, the most respondents commented that it depended a lot on who was processing their consent and many commented that they didn't feel like the Unit was working with them. The lack of communication was the concern mentioned most often.

13 Respondents were asked whether they found the Building Unit professional.



Some comments from respondents

| | |
|---|--|
|  | <ul style="list-style-type: none"> • Always professional. • Always good to me. We can sit down if needed and work issues through. • Depends on who you get - the experience practical ones are great. |
|  | <ul style="list-style-type: none"> • Sometimes different departments do not talk to each other. • Lack qualified processing staff – commercial tends to be better. |

Overall, respondents believed the Unit was professional in their dealings. If there were issues it related to the competency of staff concerned, and when meetings occurred issues were resolved.