



BULLER
DISTRICT COUNCIL
Te Kaunihera O Kawatiri

Buller District Council

PMO Review

October 2023

Document status

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Executive Summary

Overview

The Buller District has been significantly impacted by flood events in July 2021 and February 2022. Buller District Council (BDC / Council) has subsequently been successful in securing significant funding from various central government agencies to assist in the recovery and infrastructure re-build.

Morrison Low was engaged by Council in June 2023 to provide an independent review of the Project Management Office (PMO) to provide assurance to both Council and the external funding partners on the efficient and effective delivery of this significant capital programme. It is a proactive review that also identifies areas for improvements to ensure the PMO is fit for purpose going forward with a changing capital programme and three water assets proposed to be transferred to new Water Services Entity by 1 July 2026.

The review was undertaken by staff experienced in service delivery and asset management reviews who were also involved in the 2021 review, through:

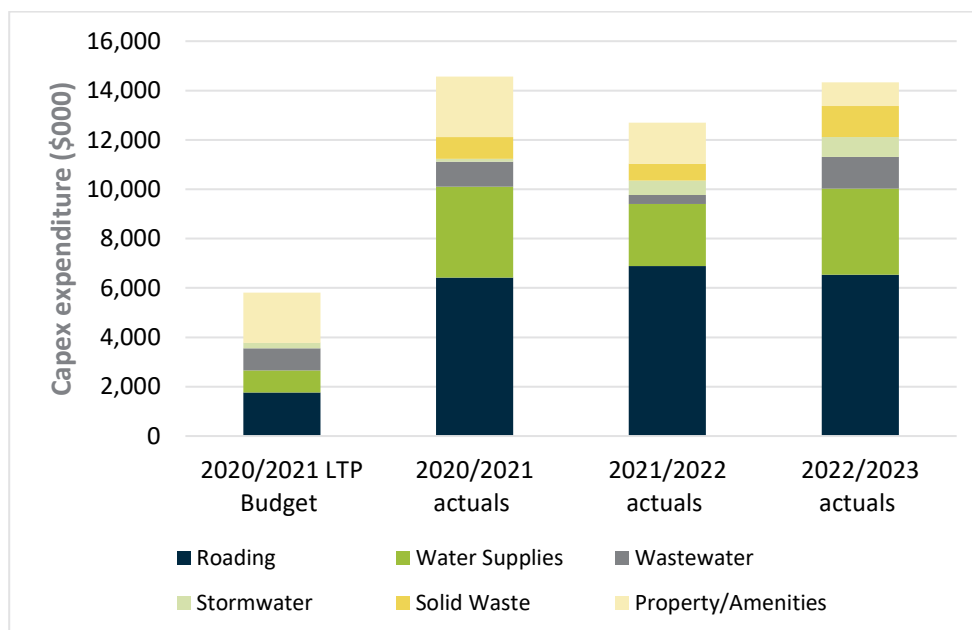
- A review of relevant supporting PMO documentation, asset management and financial information.
- Meetings with key PMO and Council staff completed onsite over 2 days.
- Separate videoconference meetings with external stakeholders including funding partners and service providers.

Appendix D includes a list of people that were interviewed and engaged with over the onsite sessions and stakeholder meetings.

About the PMO

The PMO was established in January 2021 to provide a team dedicated to the delivery of capital works, initially to deliver the Shovel Ready and PGF projects. The programme has increased significantly as a result of the 2021 storm events as shown in the diagram below which compares to the 2020/21 against actual expenditure over the last three years.

Summary of capital expenditure for last 3 financial years



Projects delivered through the PMO have been primarily funded through central government agencies and have included roading and three-waters, landfill remediation works, port and wharf works as well as a temporary housing development in Westport.

The PMO Statement of Intent states *‘The Project Management Office (PMO) was established as a way of managing Capital Infrastructure projects following BDC’s success obtaining contestable central government post-COVID funding’*.

Whilst the focus is on the delivery of externally funded recovery works, some BAU projects are also delivered by the PMO where appropriate.

The PMO is co-located with the Infrastructure Planning and Delivery teams with the PMO Lead reporting to the General Manager Infrastructure. Programme Managers report to the PMO Lead and are the key point of contact with external funding partners. Reporting to the Programme Managers, Project Managers are responsible for delivery of the projects.

Contractors are typically engaged through a panel of suppliers that was established to deliver capital works. Consultants, where needed to provide specialist design input outside the capability or capacity of the PMO or Council, are typically engaged by direct appointment, based on the skills needed.

The PMO review

The key purpose for this PMO review is to:

	Was this achieved?
1. Ensure that Council is meeting their own requirements as well as those of their funding partners, both for capital works projects as well as business as usual works.	✓
2. Give confidence to the funders, governance, leadership team and staff that the PMO office is robust and provides a suitable level of programme, project and contract management.	✓
3. Ensure that the PMO's organisational capability and capacity is keeping pace with changing requirements and demand.	✓
4. Assess the effectiveness of the PMO by reference to the objectives for setting it up	✓

In summary, this review has concluded that the establishment of the PMO has enabled Council to deliver a significant volume of capital works that has been secured through external funding. With limits in capability and capacity within Council's in-house team, the engagement of external contractors to resource the PMO is considered appropriate. Without this upscaling of resource, it is unlikely that Council would have been able to deliver the programme of works that has been achieved and would have been unlikely to secure the funding due to those limits.

The key findings of the review include:

- A PMO is an appropriate model to use for significant capital works delivery and is typical across many councils in New Zealand.
- The PMO has enabled the delivery of a significant volume of capital works as a team focussed on that activity whilst other BDC infrastructure resources have continued to deliver ongoing BAU works.
- The use of external contractors for the PMO through the recovery period gives the ability to be flexible, upscaling to meet demand but also being able to reduce the number of people if the workload reduces. As well as enabling projects to be adequately resourced, when the required skills are not available in-house, flexibility in engaging and releasing resources would be a complex process for Council-employed personnel.
- There are adequate checks and balances in place to provide transparency and accountability.
- The PMO team has no financial delegation with all projects being signed off through the Council's Chief Financial Officer and Infrastructure Manager or Infrastructure Delivery Lead where appropriate.
- Systems, processes and templates established for the PMO can be used across all Council activities with some tailoring to ensure they are fit-for-purpose for the task at hand. This will provide efficiencies as well as consistency across Council.
- Appropriate processes have been established for the procurement of works that all parties agree meet the requirements of the funding partners.

Key recommendations for the PMO

Whilst the review concluded that the PMO is an effective structure for delivery of the programme of capital works projects, it should be acknowledged that the current volume of works will not continue.

As such, there are a number of recommendations for the PMO to adapt to as the volume of work changes. These include:

- An annual Business Plan for the PMO should be prepared to review objectives and purpose of the PMO, forecast works and identify resources.
- Capability and capacity of BDC and PMO resources to meet forecast demand (BAU and capital works) should be regularly reviewed.
- Council should seek to employ BDC staff in key roles such as the PMO Lead and project management while ensuring the processes and practices are maintained and enhanced.
- Systems and processes for each project must be fit-for-purpose and right-sized (using those templates already developed as far as possible).
- The Contractor panel should be reviewed regularly to ensure it is right-sized for the known pipeline of work.

1. Overview

1.1. Introduction

The Buller District has been significantly impacted by flood events in July 2021 and February 2022. Buller District Council (BDC / Council) has subsequently been successful in securing significant funding from various central government agencies to assist in the recovery, including the Infrastructure Assistance Fund (IAF), National Emergency Management Agency (NEMA) and Waka Kotahi as well as funding from Kāinga Ora – Homes and Communities (Kāinga Ora) through to the Housing Infrastructure Fund.

The overall purpose of this review is to provide an independent review of the PMO to provide assurance to both Council and the external funding partners on the efficient and effective delivery of this significant capital programme. It is a proactive review that also identifies areas for improvements to ensure the PMO is fit for purpose going forward with a changing capital programme and three water assets proposed to be transferred to new Water Services Entity by 1 July 2026.

1.2. 2021 Infrastructure Health Check

Morrison Low completed an Infrastructure Health Check in August 2021, the purpose of which was to provide assurance to the Department of Internal Affairs (DIA) that BDC had the capability and capacity to deliver its business as usual (BAU) activities alongside an enhanced capital works programme. The 2021 review acknowledged the establishment of the PMO and its purpose as a separate team with a focus on delivering capital works. This was prior to the second flood event and the subsequent further flood recovery works.

For both the three waters and the transport activities, the infrastructure Health Check concluded that the recently established PMO had the capability and capacity to deliver the larger capital programme including flood recovery works and other externally funded projects. Professional services providers and contractors continue to be engaged as required to work with Council and the PMO in delivering the works under a capable management team.

In parallel to this PMO review, Morrison has completed an update to the 2021 Infrastructure Health Check which has shown an uplift in AM maturity (refer to separate report).

1.3. PMO review purpose

The key purpose for PMO review is to:

1. Ensure that Council is meeting their own requirements as well as those of their funding partners, both for capital works projects as well as business as usual works.
2. Give confidence to the funders, governance, leadership team and staff that the PMO office is robust and provides a suitable level of programme and contract management.
3. Ensure that the PMO's organisational capability and capacity is keeping pace with changing requirements and increasing demands.
4. Assess the effectiveness of the PMO by reference to the objectives for setting it up.

1.4. Review approach

The approach used to undertake the review was as follows:

1. **Information review / desk-top study** - Relevant supporting PMO documentation, asset management and financial information was gathered and reviewed prior to in-depth onsite discovery meetings. The information was used to gain an understanding of the current situation with regard to delivery of projects under the PMO. Refer to Appendix F for the list of documents referred to.
2. **Discovery meetings** – The interviews were split into two groups:
 - Two day onsite meetings with key BDC and PMO managers and the Mayor on 11 and 12 July 2023.
 - Videoconference meetings with funding partners and key service providers to gain an understanding from their perspective of delivery under the PMO. These were completed over July and August 2023. Refer to Appendix D for a list of people interviewed.
3. **Assessment and Review report:**
 - An assessment of the PMO and its effectiveness was completed against the following categories:
 - Policy and intent
 - Value for money
 - Project delivery
 - Relationships
 - Financial
 - Structure and systems
 - The review report was completed to document the high-level review findings. Recommendations were made to ensure that BDC and the PMO is fit for purpose and agile for future changes.

1.5. Morrison Low team

This review was completed by Cushla Anich and Linda Cook and reviewed by Dan Bonifant of Morrison Low who, collectively have significant experience in service delivery, procurement and asset management reviews. A short bio of each of our team members is included in Appendix B.

2. About the Project Management Office

2.1. Overview

The PMO was established in January 2021 to provide a team dedicated to the delivery of capital works, initially to deliver the Shovel Ready and PGF projects. The programme has increased significantly as a result of the 2021 storm events. Projects delivered through the PMO have been primarily funded through central government agencies and have included roading and three-waters, landfill remediation works, port and wharf works as well as a temporary housing development in Westport.

The PMO Statement of Intent states *'The Project Management Office (PMO) was established as a way of managing Capital Infrastructure projects following BDC's success obtaining contestable central government post-COVID funding'*¹.

Whilst the focus is on the delivery of externally funded recovery works, BAU projects are also led by the PMO where appropriate. There are processes in place for coding of works to ensure separation between externally funded and BAU projects.

A review of the PMO in June 2021² stated:

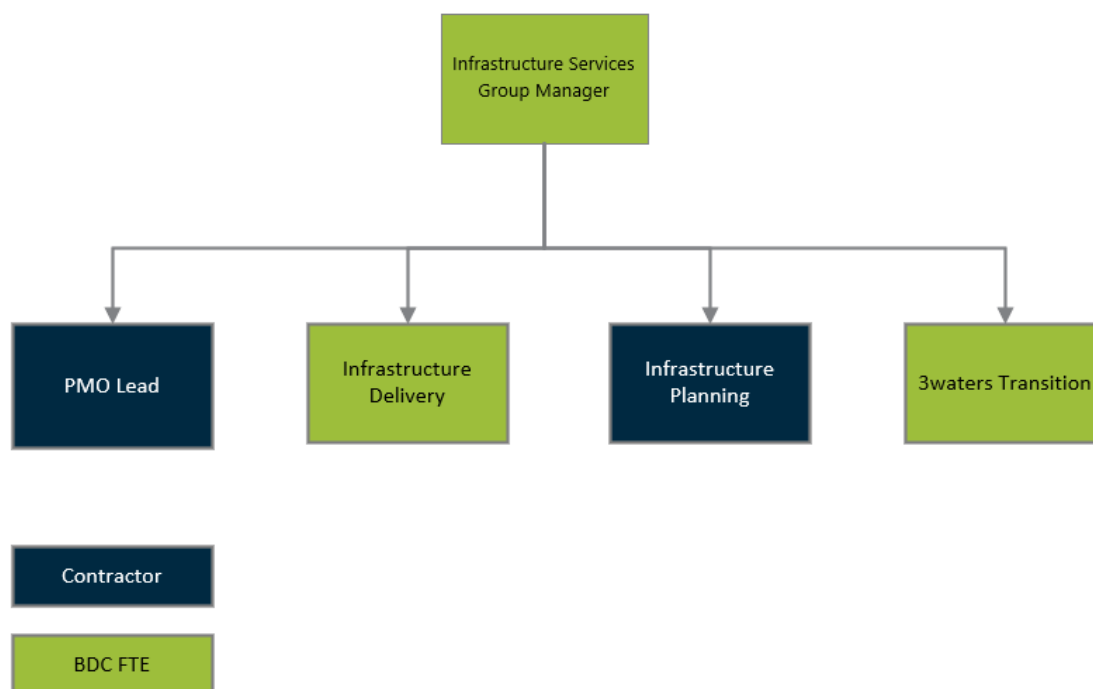
'Buller District Council established a Project Management Office in early 2021 in response to the increasing demand and pressure on the capital delivery needs of the district. The PMO is responsible for the delivery of "Business As Usual" Three Waters and Transport / Roading projects as identified and planned for under the Annual Plan and Long-Term Plan, and the Government funded "Three Waters" programme. It will also be responsible for the delivery of projects under the flood recovery programme. Longer term, there is an aspiration for the PMO to be the body within BDC that delivers all BDC projects, and potentially also projects for external bodies (for example the new Three Waters Entity when formed).'

Figure 1 below shows how the PMO fits within BDC's Infrastructure Services Group management structure and the relationships with other teams. Whilst the PMO lead is currently a contractor, the intent for the future is that this role be a Council staff member.

¹ PMO Statement of Intent, June 2021

² Buller District Council Project Management Office Review, TEAMS Advisory Projects, 24 Nov 2021

Figure 1 BDC Infrastructure Group Organisational Structure



The Infrastructure Delivery Lead is responsible for delivery of BAU works and has a link with the PMO as the asset owner. As Project Sponsor, the Infrastructure Delivery Lead identifies the project need, sources funding, agrees scope and then monitors delivery.

The Infrastructure Planning Lead works closely with the Infrastructure Delivery Lead primarily in analysing asset data information and in developing forward works programmes.

The 3-Waters Transition Lead is a temporary role, until June 2025, through the transition period of the reforms.

2.2. Statement of Intent 2021

A Statement of Intent (SOI) was prepared in June 2021 outlining the prioritised objectives:

- 1 To successfully promote project compliance with all safety, environmental, regulatory, and quality requirements.
- 2 To meet BDC's statutory financial requirements (e.g. Construction Contracts Act 2015, Goods and Services Tax Act 1985, Government Procurement Guidelines).
- 3 To ensure all statutory procurement, financial and reporting requirements are met.
- 4 To ensure successful project delivery, measurable against each projects Terms of Reference.
- 5 To ensure all existing BDC policies, processes, and procedures are fit for purpose, and to improve these where required.
- 6 To accurately plan, prioritise and report on project financial and programme deliverables.
- 7 To build and maintain a project delivery system for all PMO staff and consultants to use.

- 8 To undertake all administrative tasks required to support the Project delivery teams.
- 9 To educate the Project Delivery partners, BDC staff and other stakeholders on the systems and processes of the PMO and wider IS Team.
- 10 To promote the PMO business unit and its projects.

It is understood that the intent was to update the SOI as the PMO moved from a supportive function to a directive function, but this has not been done to date.

2.3. 2021 PMO Review

2.3.1. Findings of the 2021 review

A review of the PMO was undertaken by Team Projects Advisory in November 2021³. The purpose of the review was to undertake a review and gap analysis of the PMO, which at that time had been in place for less than a year. This was to ensure that appropriate organisational structure, processes and procedures were fully in place ahead of new projects being initiated.

The review notes that, at the time of writing, there was still uncertainty around the purpose and objectives of the PMO. The 2021 review did not address the organisation structure of the PMO, rather a gap analysis of systems and processes.

Key findings of the review included:

- A resource shortage across both BDC staff and external consultants has resulted in a reactive environment at the expense of what is the common, agreed core purpose - the development of standardised delivery processes and systems, and managing the delivery of BDC's capital projects.
- Accurate financial and budgetary control and reporting of projects is of utmost importance to BDC's senior management but financial reporting should not drive delivery processes; accurate financial reporting should be a function and output of this.
- The primary function of the PMO should be to develop and put in place appropriate delivery processes and systems, and to assist, support and manage project deliverers to work to, and within, these processes.
- The current lack of a formal project delivery process, and the ability to monitor performance and progress against it, is a major roadblock to the effective operation of the PMO.
- There are currently significant risks in many areas, including health and safety, procurement, project management control and delivery, contract management, and quality assurance, heightened by the volume of works to be delivered.

2.3.2. Where are we now?

Since the 2021 review, a number of actions have been completed including:

- Establishment of an appropriate PMO organisation structure that shows reporting and communication lines.
- Establishment of a procurement framework and guidelines.

³ Buller District Council Project Management Office Review, Team Projects Advisory, Nov 2021

- Development and implementation of standard and comprehensive project management delivery processes and systems.
- Development of standard financial reporting formats.
- Development of standard project reporting formats.

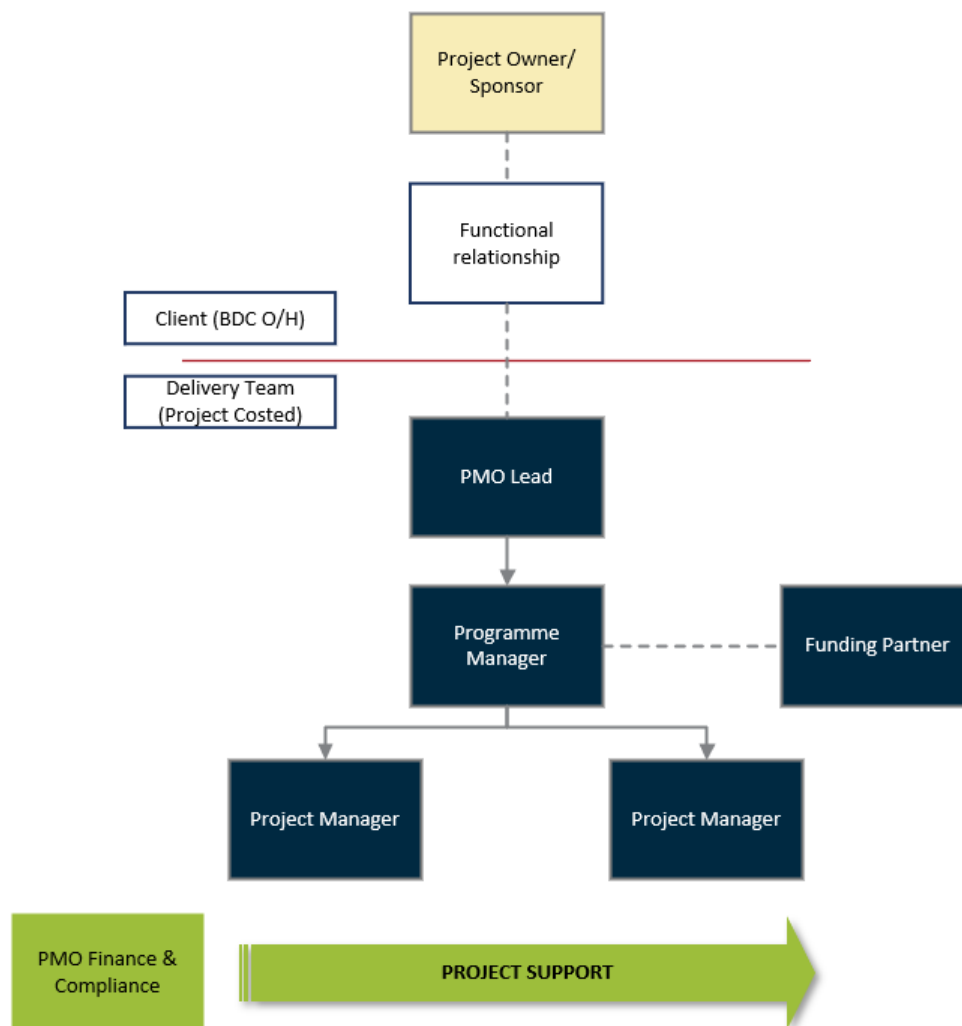
This has ensured cost-effective and efficient practices that can be used across Council, not just in the delivery of infrastructure BAU.

2.4. Relationships

The diagram below shows the relationships between Council as the asset owner and project sponsor and the PMO in its delivery role.

The PMO is co-located with the Infrastructure Planning and Delivery teams which supports collaborative working.

Figure 2 Project Delivery Structure



The Programme Manager is the key point of contact with the funding partners. This has been an effective relationship.

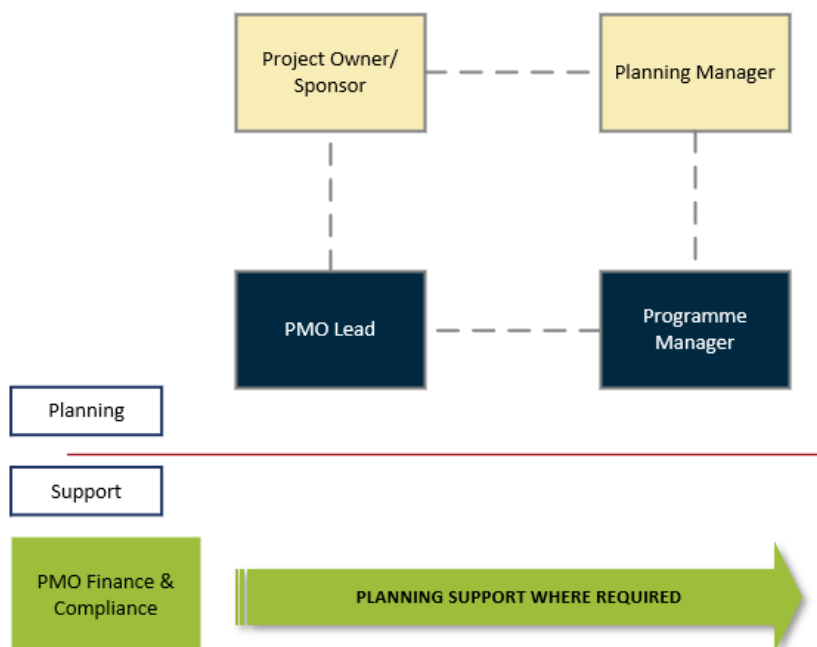
Whilst the PMO is separate to Infrastructure Delivery, there is an important overlap with the Infrastructure Delivery team effectively the asset owner that will take on responsibility for the assets once completed (ongoing operations and maintenance). Key to this overlap working efficiently is the project initiation phase – scoping, problem definition and planning.

The Project Management Flow Chart (sample included in Appendix G) demonstrates the stages of each project and highlights the overlap between the PMO, planning and delivery. This relationship is important for any capital works, BAU works completed under the LTP or externally funded capital works. Clear separation of externally funded works and BDC funded works is maintained through appropriate coding of works and projects.

Project steering groups are typically set up for programmes of works including the PMO Lead, asset owner and project manager. They meet regularly to monitor progress and identify any actual or potential budget or scope issues.

The diagram below shows the internal lines of communication for capital delivery with key lines of communication between the BDC Infrastructure Delivery Lead as project sponsor (and future asset owner), the BDC Infrastructure Planning Manager and the delivery team of the PMO (the PMO Manager and the Programme Manager).

Figure 3 PMO Lines of Communication (internal)



2.5. The PMO Structure

2.5.1. Roles and responsibilities

A detailed organisation structure for the PMO is included in Appendix C. This shows the current resourcing levels (July 2023), which has increased over the last 12 months to support the volume of work as many projects move into the construction phase. Project support roles (procurement and systems) were important during the set-up phase but, now fully established, can be reduced.

Table 1 PMO Position Descriptions

Title	Reports to	Purpose	Key relationships
PMO Lead <i>Contractor</i>	Group Manager Infrastructure	<ul style="list-style-type: none"> Management of PMO. Oversees the overall unit and works across BDC with the other Infrastructure Services Group managers as the asset owners / project sponsors. Typically holds the Engineer to Contract role. 	<ul style="list-style-type: none"> Group Manager Infrastructure Infrastructure Delivery Manager Infrastructure Planning Manager Programme Managers
Programme manager <i>Contractor</i>	PMO Lead	<ul style="list-style-type: none"> Oversees bundles of work, typically 7 to 8 projects led by different project managers. Acts as the single point of contact with the funding partner. 	<ul style="list-style-type: none"> Funding partners PMO Lead Project Managers
Project manager <i>Contractor / BDC employee)</i>	Programme Manager	<ul style="list-style-type: none"> Provides project management and technical services to Infrastructure Services and the PMO. Directly responsible for specific projects including health and safety and ensuring quality and timely deliverables and within approved budget. Typically act as Engineer's Rep on capital works delivered under the PMO. 	<ul style="list-style-type: none"> Internal – PMO programme manager, PMO manager and other Project managers Internal – asset 'owner' – Infrastructure Delivery / Planning External – contractors, consultants, Waka Kotahi, other TLAs and Central Government agencies <p><i>No direct relationship with funding partners</i></p>
Project Coordinator <i>BDC employee</i>	PMO Lead	<ul style="list-style-type: none"> Project administration role including financial reporting 	<ul style="list-style-type: none"> PMO Lead
Procurement Manager <i>Contractor</i>	PMO Lead	<p>Part of the project support role working across the PMO.</p> <ul style="list-style-type: none"> Provides an oversight procurement role to ensure applicable rules are met. Chairs various Tender Evaluation Teams. 	<ul style="list-style-type: none"> PMO Lead Infrastructure Delivery team

2.5.2. PMO resourcing

Two Council staff are currently part of the PMO. All other resources are contractors that are engaged typically on fixed term contracts. As noted previously, this both enables the gaps in in-house capability and capacity to be filled and also provides flexibility in being able to engage resources for short periods of time to meet demand.

The PMO Lead role was initially held by a Council employee, but external support was sought when that role became vacant and Council was not able to fill the role through its recruitment process. Following a closed contest process to fill the PMO Lead and to take the 2021 review forwards (refer to Section 2.3 above), Teams Advisory was appointed.

Programme Managers and Project Managers in the PMO have since been appointed on a needs basis with skills and experience matching the role to be filled, using locally based (West Coast) contractors, and known to Council, where possible.

From discussions, with BDC staff, it is understood that the aim is to develop in-house capability in the role of PMO lead and build an in-house team for the PMO that can continue to deliver once the recovery works are complete.

It is noted that in some cases, a requirement of the funding is that any personnel working on externally funded projects **must not** be an employee of the Council.

2.6. Processes and systems

A suite of systems, processes and procedures have been developed for delivery of projects under the PMO. These are summarised in the table below.

Table 2 PMO systems, processes and procedures

Systems, process, procedure	Discussion
Project management framework	Refer Appendix G for a sample of the project process framework which provides for: <ul style="list-style-type: none"> • Project delivery process • NZS3910 traditional project delivery • NZS3916 design / build project delivery • Minor works delivery
Project / Programme Management Plan template	Provides the 'road map' enabling the effective day-to-day (operational) management and control of the Project / Programme. It is owned, maintained and utilised by the Programme/Project team to support the delivery of the agreed Project / Programme outputs. The document should be reviewed and amended to meet changed conditions during the Programme/Project's life span.
PM Process flowcharts	Detailed flowcharts split into: <ul style="list-style-type: none"> • Project initiation (asset owner / sponsor) • Phase 1 – Identify / refine objectives • Phase 2 – concept planning • Phase 3 – feasibility / delivery readiness

Systems, process, procedure	Discussion
	<ul style="list-style-type: none"> • Phase 4 – implementation <ol style="list-style-type: none"> 1. Consultant procurement 2. Prelim design, developed and detailed design 3. Contractor procurement 4. Construction • Phase 5 – project close out <p>Refer to sample in Appendix G</p> <p><i>Whilst the flow charts are detailed and cover all phases of a project, the process needs to be fit-for-purpose</i></p>
RFx templates	Based on the Government Rules of Procurement templates
Procurement Plan templates	Based on the Government Rules of Procurement templates
Tender evaluation guidelines	Reference to Waka Kotahi / MBIE / BDC guidelines
<p>Conditions of contract.</p> <p><i>The use of standard conditions of contract provides consistency</i></p>	<p>Standard professional services templates used:</p> <ul style="list-style-type: none"> • CCCS template for professional services • Short form agreement for professional services <p>Physical works</p> <ul style="list-style-type: none"> • Based on NZS3910 but amended for BDC • Separate conditions of contract developed for minor capital works
Delivery readiness summary	<p>This form provides approval for and confirmation of scope, budget and deliverables for each project. Signed by</p> <ul style="list-style-type: none"> • Manger Infrastructure Delivery (BDC) • Finance Manager (BDC) • PMO Lead
Monthly reporting template	<p>Feedback from funding partners confirms that the level of reporting is good and accurate, meeting requirements.</p> <p><i>However, there has been some comments around making sure that reporting is fit-for-purpose for the scale and complexity of a project and for the report audience.</i></p>

The above-listed documents provide a clear direction for Project Managers but as future workloads changes, these will need to be tailored as best fits specific projects of a different scale and complexity of any project.

A key benefit of these systems and documents is that they are transferable to Council’s other activities.

3. Delivery under the PMO

3.1. Funding partners and projects

The key funding partners are summarised in the table below.

Table 3 Key funding partners

Organisation	Discussion
National Emergency Management Agency (NEMA)	<p>An initial \$8million Tranche 1 funding (2021) – <i>note this was not delivered through the PMO</i></p> <p>Tranche 2 funding of \$10.636million across 3 workstreams (approved Sept 2022):</p> <ol style="list-style-type: none"> \$4.338 million for repairs to essential infrastructure, on a ‘like for like’ basis: <ul style="list-style-type: none"> Westport Port – repairs to wharf Tiphead – repairs River Protection Reinstatement – Reefton repairs Reefton Closed Landfill – repairs Three Waters infrastructure – repairs Resourcing – programme manager to implement and manage the recovery programme \$4.716 million to dredge the Buller River channel and allow reopening of the port to shipping \$1.582 million for betterment projects for Three Waters infrastructure <ul style="list-style-type: none"> Stormwater improvements Wastewater improvements Water Supply improvements
Waka Kotahi NZ Transport Agency	<p>In March 2023, Waka Kotahi approved an enhanced FAR of 95% (and 100% for Special Purpose Road Karamea Highway), amounting to approximately \$13million for flood recovery works (based on a like for like level of service).</p> <p>The initial estimate provided for the ‘clean up’ and ‘reinstatement’ was in the order of \$42 million. Waka Kotahi has actively managed this to ensure that the scope of clean up & reinstatement works is consistent with pre-event level of service. This has substantially reduced the original rough order of costs.</p>
Crown Infrastructure Fund (CIF)	<p>CIF act as the Client Manager for the DIA on the funded projects. This has included the 3-waters stimulus project and the Tranche 1 response (\$3.5 million of which \$1.26 million of projects is managed through the PMO with the other projects being community or master planning works).</p> <p>Generally they have a high level relationship through the PMO Programme Manager with an interest in ensuring that funding criteria are being met.</p>
Ministry of Business, Innovation and Employment (MBIE)	<p>\$17.08 million funding for a temporary accommodation village to be built in Westport was approved Dec 2021 for the Westport community as they repair and rebuild (not fully delivered through the PMO).</p> <p>The construction of the village on Council owned land on Alma Road began early 2022 and was completed in approximately 6 months. Included building of the</p>

Organisation	Discussion
	houses, connection of services, and landscaping, as well as overseeing landlord, tenancy, and property management operations.
Kāinga Ora	<p>Kāinga Ora is administering the national IAF programme to install bulk infrastructure to enable good housing outcomes that helps councils, developers and iwi. BDC applied for IAF for the Alma Road development.</p> <p>The Crown funding is to help create a safe area for people to live in Westport away from the hazards. The signed agreement between the Crown and BDC is in the early stages. Design for bulk infrastructure is expected in December 2023.</p> <p>There have been good interactions between Kāinga Ora and BDC. They understand BDC's long term vision. There is a healthy relationship and good information is provided. Suitable monthly reports are provided through a portal with a no surprises approach. There is good long term planning being undertaken to move people away from the hazard and opportunity to grow provisional districts by attracting new residents with affordable homes.</p>

A list of key projects delivered through the PMO and discussed through the interviews, and funded through external agencies is included in Appendix H.

3.2. Delivering capital works

3.2.1. Scoping the recovery works

Each funding partner has specific requirements but generally, funding packages comprise an agreed scope of works to an agreed budget.

In most cases, funding covers a like for like approach (termed 'Return to Service' for Waka Kotahi packages of work). Betterment works are not generally covered and any increase in level of service would fall outside external funding agreements. The exception would be the NEMA funding of \$1.6million for three-waters betterment.

If works are likely to exceed the budget, the scope will generally need to be amended to fit within the agreed funding envelope.

Once solutions have been agreed, projects are bundled into appropriately sized packages based on scale, geography or similar scope.

3.2.2. BAU vs recovery works

The focus of the PMO is on recovery works. However, the PMO does also oversee BAU works (typically LTP works) where the Infrastructure Delivery team does not have capacity or capability.

Whilst not LTP work, an example is the \$5.4million trunk watermain repair, funded as a shovel ready project that would ordinarily be delivered through the Infrastructure Delivery team. Due to the scale of the work, external consultants would have been engaged if the PMO was not in place.

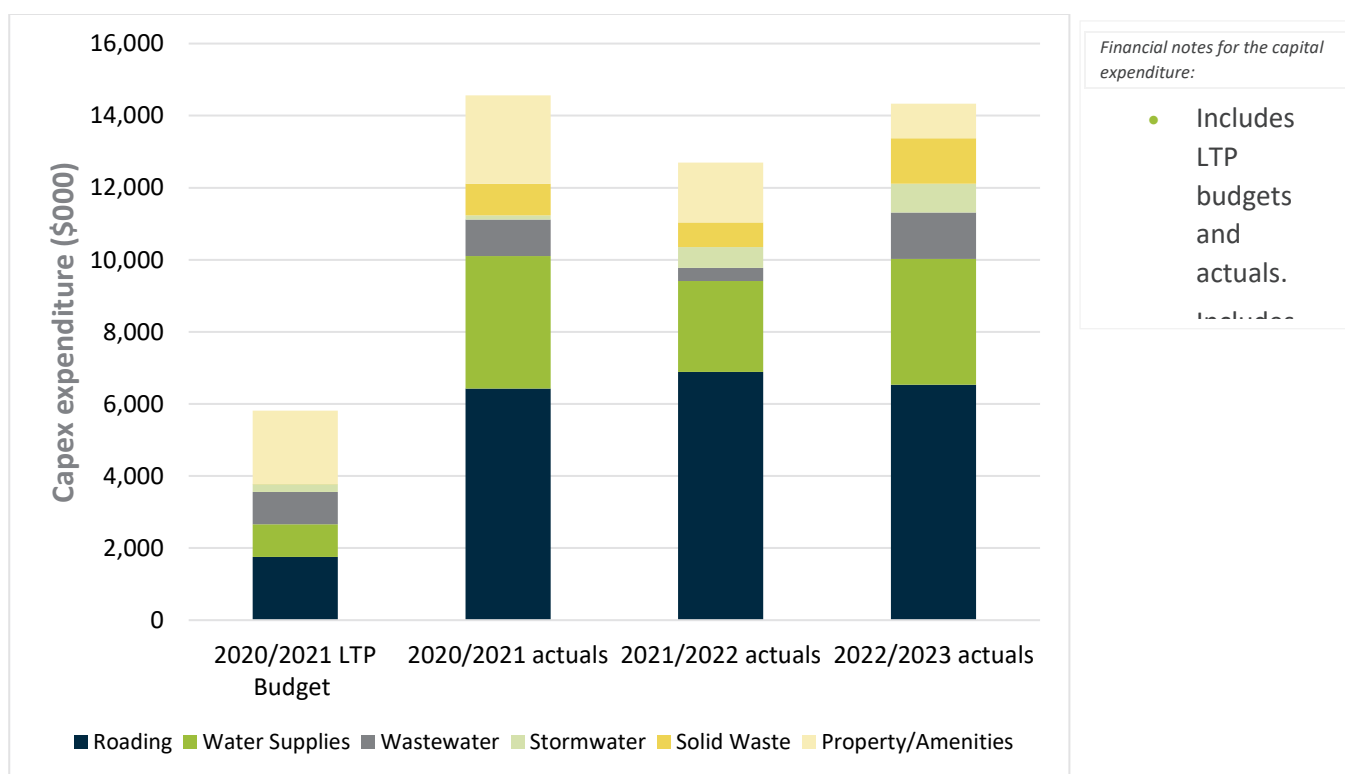
3.2.3. Capital delivery (BAU and flood recovery)

Council has delivered a much larger capital programme for the last three financial years compared to the 2020/21 LTP budgets as shown in the figure below.

The 2020/21 year shows the high level of expenditure due to a significant amount of work delayed from 2019/2020, primarily a result of COVID restrictions, with works being delivered in 2020/21. The 2020/21 year figures also reflect the Provisional Growth Fund funded works including the Toki Bridge and the harbour pontoon work.

This significantly higher than budgeted expenditure has continued into 2021/22 and 2022/23 as a result of the flood recovery works. These works will continue into 2023/24 and 2024/25.

Figure 4 Summary of capital expenditure for last 3 financial years



Source: BDC's draft Annual Report (September 2023)

Expenditure at this level places significant pressure across Council resources to support delivery, even with projects being externally funded.

Council's financial data shows that:

- There has been a significantly high capital delivery for the water supply activity at 230% of budget for 2021/22 and 282% of budget for 2022/23.
- Roading capital expenditure has been in the order of 114% of that budgeted in 2021/22 and 112% for 2022/23.

3.3. Service providers

3.3.1. Terms used

For the purpose of this review and in relation to professional services, the following terms have been used for external service providers:

- Consultant - Specialist advisor used to provide independent advice and / or specialist services such as engineering design.
- Contractor – Supports Council in delivery of services, provided under contract acting primarily as a resource rather than specialist advisor.

3.3.2. Engagement of consultants

Consultants are engaged as required with works generally procured by direct appointment to the organisation based on capability and capacity. In the context of the current delivery programme and recovery works in progress, this approach has worked well with a number of Greymouth and Christchurch based organisations delivering works. This has met the demand for the additional and more complex, larger scale design works where BDC's staff do not have the capability or capacity.

It is noted that under Council's Procurement Policy, professional services can be awarded by direct appointment for works up to a value of \$100,000.

3.3.3. Engagement of contractors through a panel arrangement

Council's Rooding Procurement Strategy 'BDC Rooding Projects - Procurement Strategy, Oct 2022' (endorsed by Waka Kotahi) proposed the bundling of works to be awarded by way of a Panel (projects in the order of \$11million over 24 months).

A panel of contractors has been established to deliver works under the PMO. This includes both PMO-delivered works as well as LTP capital works. There are currently eight contractors on the panel, selected through a Registration of Interest process. The focus of the Panel was for rooding recovery works but it is used for all projects delivered under the PMO.

The May 2023 BDC 'Procurement plan: Rooding Return to Service – Secondary Procurement – Allocation and invited tenders for bundles', outlines the process for allocation of works under the Panel. This is a mix of direct appointment and invited tenders. There is no formal Framework Agreement in place for the Panel but the allocation of works matrix included in the Procurement Plan is shared with and been accepted by panellists (May 2023).

It is noted that WestReef, the local CCO, holds both the rooding and 3-waters operations and maintenance contracts, both of which have provision for renewals and minor capital works to be undertaken by the contractor.

3.4. Future workload for PMO

At the time of writing, it is anticipated that a significant amount of the recovery works will be complete by June 2025 including the Waka Kotahi Return to Service works and NEMA projects. This will mean a continuing high level of expenditure over the next 12 to 18 months, after which the volume of work will likely reduce significantly.

It is anticipated that once recovery works are complete, resourcing of the PMO would be reduced but, in line with that, a PMO would remain in place to deliver capital works provided for under the LTP. This is a common set-up across councils for delivery of capital works with roading teams focussed on operations and maintenance. At that stage, the focus will fall to BAU projects but will have processes and systems in place.

4. PMO review

4.1. Key achievements since the establishment of the PMO

Key achievements were identified through the interview process and provided some context for the review:

- **Strong delivery of the capital programmes** – There has been strong achievement on delivery of the capital programme for roading and transport, three waters and waste activities, delivering significantly more than 100% of the 2020/21 works budgeted.
- **PMO practices** – The PMO has been successful in delivering BDC’s much larger capital programme. Processes and systems, that can be used across the wider organisation, have been established and can be scaled down and applied as fit-for-purpose for BDC’s business as usual programmes. It can be also scaled up for future workload as needed if BDC gains further external funding.
- **In-house capability and capacity** – BDC is seeking to grow its in-house team but continues to face challenges in this regard, similar to other provincial centres. The establishment of the PMO has allowed BDC to fill this gap and deliver the unprecedented level of investment across the district. It has also enabled in-house staff to be upskilled in all areas of project delivery.
- **Asset management maturity levels** have improved across the infrastructure activities, partly in recognition of the systems and processes that have been implemented through the PMO.

4.2. Key findings of the PMO review

The key purpose of this review is to assess whether the establishment of the PMO has delivered value for money to the Buller communities and whether it is meeting the requirement of the funding partners. This is partly in response to some concerns around the structure of the PMO and its use of contractors as programme and project managers in delivery.

Based on a review of information and discussion with stakeholders, the table below provides a summary of findings in the operation of the PMO and delivery of projects, with the detailed findings table in Appendix E.

The table shows how the findings address the purpose of the review, those being:

1. Ensure that Council is meeting their own requirements as well as those of their funding partners, both for capital works projects as well as business as usual works
2. Give confidence to the funders, governance, leadership team and staff that the PMO office is robust and provides a suitable level of programme, project and contract management.
3. Ensure that the PMO’s organisational capability and capacity is keeping pace with changing requirements and demand.
4. Assess the effectiveness of the PMO by reference to the objectives for setting it up.

Table 4 Summary of Key findings - PMO

Category	What's working well	Areas to work on	Addressing the purpose
Value for Money			
Ability to source funding and deliver works in accordance with that funding.	<ul style="list-style-type: none"> A significant volume of externally funded capital works has been delivered through the PMO since it was established in 2021. Without the establishment of the PMO, it is unlikely that BDC could have delivered the works and subsequent benefits to the communities. 	<ul style="list-style-type: none"> Project management costs are relatively high – partly a reflection of the PMO mainly comprising external contractors. Some projects have had to be re-scoped to be like-for-like rather than increased LOS – highlights the need to ensure works align with approved funding. 	1, 2, 4
Efficiency	<p>The engagement of contracted programme and project managers supports a cost-effective and efficient unit through:</p> <ul style="list-style-type: none"> The ability to easily upscale and reduce resources to meet demand. Filling internal capability and capacity gaps. 	<ul style="list-style-type: none"> There is a heavy reliance on external resources for the PMO which can increase overall delivery costs. The turnover of resources within the PMO can lead to inefficiencies as new people familiarise themselves with systems, processes etc (note, this can also be an issue with any new in-house personnel). 	1, 2, 4
Financial			
Financial accountability	<ul style="list-style-type: none"> Adequate financial processes to ensure the capital projects delivered by the PMO are sound and transparent. This provides confidence to external funding partners for spending public sector funds. 	<ul style="list-style-type: none"> Ensure clear separation between BAU and response / recovery works. The financial information submitted needs to be consistent with funding partner requirements. 	1, 2
Conflicts of interest	<ul style="list-style-type: none"> Detailed / multi person sign-off process for all procurement and allocation of works. PMO has no financial delegation. 	<ul style="list-style-type: none"> Any conflicts of interest should be documented and managed in accordance with Council's Procurement Policy. 	1, 2
Structure and systems			
PMO operations	<ul style="list-style-type: none"> Separate arm for delivery of capex, reporting to GM infrastructure, gives separation from BAU. 	<ul style="list-style-type: none"> BDC to continue to seek to employ staff to resource the PMO (whilst meeting requirements of funding partners), 	2, 3, 4

Category	What's working well	Areas to work on	Addressing the purpose
	<ul style="list-style-type: none"> The PMO structure allows resources to be increased and reduced to meet demand (through use of contractors on fixed term contracts). 	<ul style="list-style-type: none"> giving more ownership to Council, reducing cost and addressing reputational risk. Whilst there is benefit in a flexible structure, a high turnover of contractors in the PMO could lead to continuity issues on projects as well as rebuilding relationships with the funding partners and reduction in efficiency (note, this can also be an issue with any new in-house personnel). 	
Processes and systems	<ul style="list-style-type: none"> Processes and systems have been set up that are thorough and can also be transferred to delivery of BAU work. PMO systems aligned to BDC systems. 	<ul style="list-style-type: none"> Ensure systems are fit-for-purpose as the scale and complexity of projects change. 	2, 4
Reporting	<ul style="list-style-type: none"> Funding partners confirm that the level and accuracy of reporting is appropriate. A number of reporting tools have been developed including: <ul style="list-style-type: none"> Project Management Plan Monthly Reporting Template Effective reporting allows individual projects to be monitored against programme, budgets and quality. 	<ul style="list-style-type: none"> Ensure the templates are fit-for-purpose as the scale and complexity of projects change – project specific. Ensure clear separation for financial reporting. Ensure 'early warnings' are raised as needed – to allow intervention such as amended timelines. 	1, 2, 4
Improving BAU	<ul style="list-style-type: none"> PMO is used to deliver some BAU, using same systems and processes which has efficiencies and can take load off the Infrastructure Delivery Team. 	<ul style="list-style-type: none"> Has been some slippage in BAU delivery with focus on capital works delivery – this slippage will likely reduce as volume of capex reduces. 	1, 2, 3, 4
Project delivery			
Project delivery under the PMO	<ul style="list-style-type: none"> Generally, no issues with delivery of projects (based on discussion with funding partners) – projects delivered to time and on budget. Panel of contractors is appropriate for work delivered under the PMO allowing projects to be procured easily 	<ul style="list-style-type: none"> Some lack of understanding across parties as to whether the panel is solely for PMO work or if it includes BAU (LTP work). Scoping of projects to meet requirements of funding partner, generally being on a like for like basis not an increased level of service. 	1, 2, 3, 4

Category	What's working well	Areas to work on	Addressing the purpose
	<p>when they are ready for construction and also allows resources to be easily upscaled or reduced (scalability).</p> <ul style="list-style-type: none"> Allocation of work using known consultants works well, generally under direct appointment. 	<ul style="list-style-type: none"> Project managers need to be fully aware of the requirements of the relevant funding partner (for example reporting requirements may vary). May be some opportunities for early contractor engagement as local contractors have local knowledge and can provide valuable input into scoping projects. 	
Relationships			
Relationships	<ul style="list-style-type: none"> There is a strong relationship between the PMO lead and various project managers, and Council's Infrastructure Delivery Manager. Good relationship between PMO and funding partners through Programme Managers. Panellists see themselves as working with BDC. Weekly meetings with funding partners or as required – keeping partners informed. 	<ul style="list-style-type: none"> Continue to build relationships between the PMO and BDC Infrastructure and Finance teams to ensure efficient planning, reporting and delivery. Contractors have multiple connections within PMO which can be unclear at time – who to communicate with / report to. Build relationships with external service providers (consultants and contractors) through regular workshops / meetings focussed on upcoming pipeline of works etc. 	2

5. Conclusion and recommendations moving forwards

In summary, this review has concluded that the establishment of the PMO has enabled Council to deliver on a significant volume of capital works that has been secured through external funding. With limits in capability and capacity within Council's in-house team, the engagement of external contractors to resource the PMO is considered appropriate. Without this upscaling of resource, it is unlikely that Council would have been able to deliver the programme of works that has been achieved and would have been unlikely to secure the funding due to those limits.

The PMO, as a separate arm to the Infrastructure Services Team, has provided the resources to develop systems and processes that support cost-effective and efficient delivery.

Whilst the preference would always be to have personnel within the PMO who are directly employed by BDC, Council continues to struggle to recruit and retain staff, similar to many provincial centres across New Zealand. The key advantage of having a team of external contractors is the ability to be flexible, upscaling to meet demand but also being able to reduce the number of people within the PMO. This would not be considered a feasible approach if the team was fully employed Council staff.

There have been some concerns raised over the accountability and transparency of the PMO with external contractors managing the team and delivering the work. This review has concluded that there are adequate checks and balances in place. The PMO team has no financial delegation with all projects being signed off through the Council's Chief Financial Officer and other management staff.

However, there are a number of recommendations for the PMO moving forward and as the volume of work in response to the flood events reduces. The key recommendations are:

- Policy and intent
 - Annual Business Plan for the PMO to be prepared to review objectives and purpose of the PMO, forecast works and identify resources.
 - Continued monitoring of the PMO operations against BDC policy.
- Structure and systems
 - With changing staff within the PMO, need processes to ensure that programme and project managers know the rules around spending for each agency e.g. reporting requirements, if budget exceeded or if betterment works are allowed.
 - Future-proofing the PMO - Periodically review the capability of BDC and PMO resources to meet forecast demand, seek to employ BDC staff in key roles such as the PMO Lead and project management (some programme and project management roles must be filled with external personnel due to funder requirements) while ensuring the processes and practices are maintained and enhanced.
 - Systems and processes for each project must be fit-for-purpose and right-sized (using those templates already developed as far as possible) in the longer term as capex reduces.

- Project delivery
 - Regular review of panel to ensure right-sized for scope and scale of work, ensure that panellists are up-to-date with upcoming work packages through regular collaborative meetings.
- Relationships
 - Strengthen internal relationships to ensure long term planning requirements are considered (both through recovery project and delivery of the LTP programme). The colocation of the PMO with the Infrastructure team has been seen as a positive move.
- Financial
 - Accountability and transparency - Strengthen the process to ensure reimbursement cost claims submitted to funding partners fully meet the specific eligibility criteria of that funding agency, develop a formal handover process for changes in BDC staff and PMO project managers to reduce financial reimbursement risks and improve efficiency. The Projects and Partnerships governance group (Council) provides a governance role for the externally funded projects.

Appendix A Acronyms

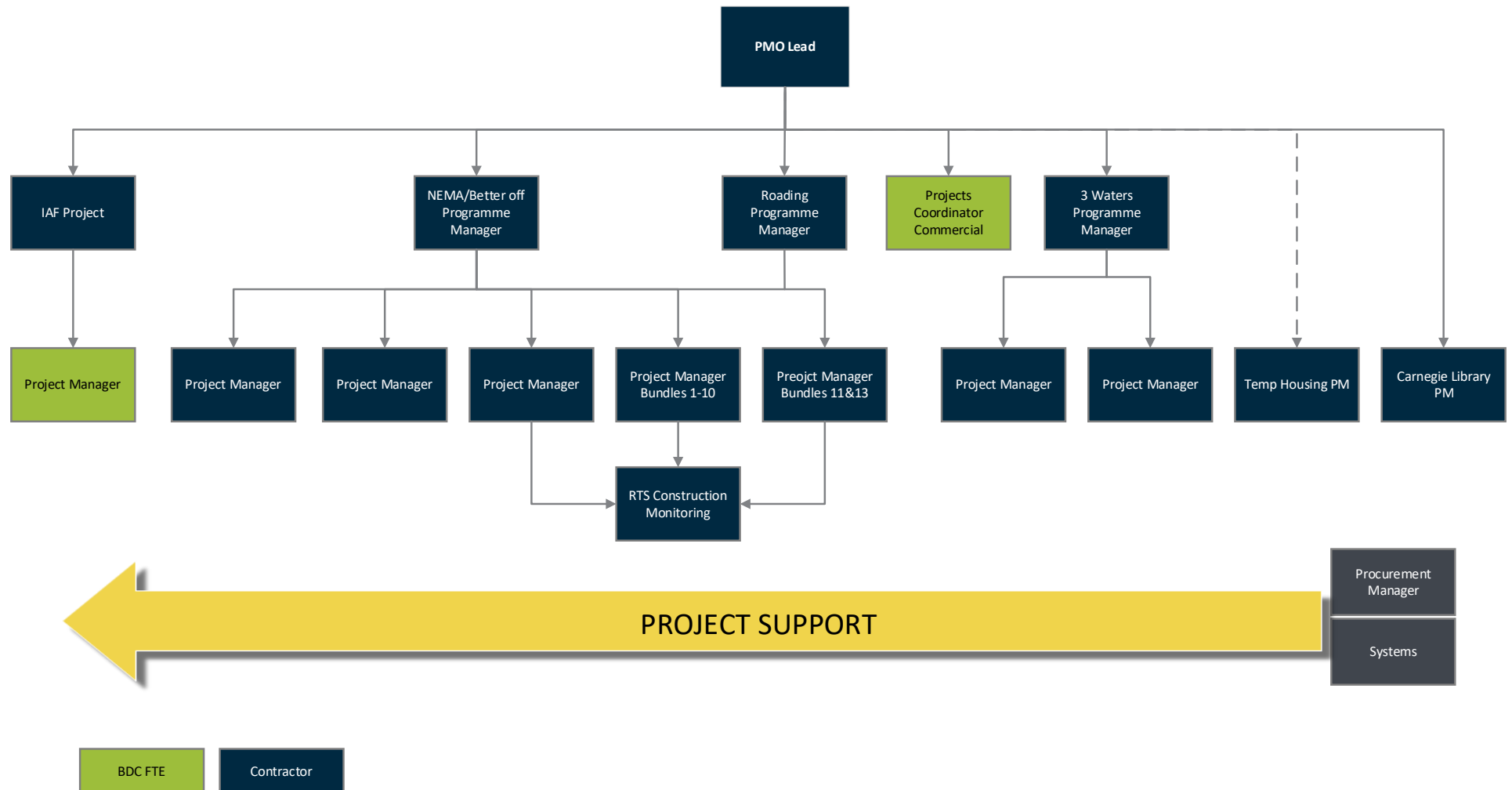
Table 5 Acronyms

Acronym	Description
AM	Asset Management
AMP	Asset / Activity Management Plan
BAU	Business as Usual
BDC	Buller District Council
PGF	Provincial Growth Fund
IAF	Infrastructure Acceleration Fund
IIMM	International Infrastructure Management Manual
LOS	Level of service
LTP	Long Term Plan
MBIE	Ministry of Business, Innovation and Employment
NEMA	National Emergency Management Agency
PGF	Provincial Growth Fund
PM	Project Manager
PMO	Project Management Office
RTS	Return to Service
SOI	Statement of Intent
Waka Kotahi	Waka Kotahi New Zealand Transport Agency
WIP	Work in progress

Appendix B The Morrison Low team

<p>Cushla Anich – Project Director BE (Civil), CPEng</p>	<p>Cushla is an experienced infrastructure manager and a chartered professional engineer with over 30 years’ experience. She provides strategic advice to clients in central and local government sectors in New Zealand and Australia across a diverse range of assets.</p> <p>She has extensive experience in strategic planning for the water sector, and across other infrastructure sectors including transport, power, property and community assets. She has extensive asset management experience from both her time as a consultant and as a practitioner while working for North Shore City Council and Metrowater. Her skills and expertise within these sectors include strategy development, operations and maintenance, practices reviews and audits, asset criticality, project prioritisation, production of asset management plans, benchmarking, international best practice for asset management and financial management.</p> <p>Cushla was involved in the 2021 Infrastructure Health Check for DIA.</p>
<p>Linda Cook – Project Manager B.Eng (hons) in Civil Engineering (University of Surrey, UK)</p> <p>Better Business Case Practitioner (2017)</p> <p>New Zealand Certificate L6 Infrastructure Procurement Procedures (2021)</p>	<p>Linda has over 25 years’ experience in the infrastructure sector as a consultant, a contractor and a resource management planner, working for a range of clients primarily in local and central government and currently providing strategic advice to clients to ensure delivery of value for money and fit-for-purpose solutions.</p> <p>With her background and experience across service and programme delivery, Linda has been responsible for delivery of a number of business cases and service delivery reviews. This has included a variety of projects from infrastructure service delivery and optimisation reviews, infrastructure procurement (policy and delivery) as well as detailed business cases of preferred options. The projects all involve workshopping with stakeholders and partners to understand the current state, objectives and challenges to inform future direction that will deliver for the customers.</p> <p>Linda was involved in the 2021 Infrastructure Health Check for DIA.</p>
<p>Dan Bonifant – Peer review Bachelor of Law (Otago University)</p> <p>MSc (University of East London)</p> <p>Australian Institute of Company Directors – GAICD</p>	<p>Dan is an experienced public sector lawyer who has worked in local and central government in Australia, New Zealand and the UK. Dan’s role as Managing Director followed a period of four years leading the NSW office of Morrison Low.</p> <p>His work at Morrison Low includes a broad spectrum of advice based on his areas of expertise in governance, procurement, reform, amalgamation and project management. Dan has recently led the Morrison Low team that has advised over 75% of New Zealand councils during the three waters reform process establishing Morrison Low as the leading consultants in this area. Dan has practical experience in managing large and complex projects with multiple stakeholders, deliverables and tight timeframes.</p> <p>Dan provided an oversight role in the 2021 Infrastructure Health Check for DIA.</p>

Appendix C PMO structure



Appendix D Review interviewees

Table 6 Summary of interviewees

Person	Role and organisation	Dates (2023)
Council		
Mike Williams	GM Infrastructure	11/12 July
Jamie Cleine	Mayor	11 July
Sean Judd	Chief Executive Officer (Acting)	11 July
Eric de Boer	Infrastructure Delivery	12 July
Mel Sutherland	Infrastructure Planning	11 July
Douglas Marshall	Chief Financial Officer	12 July
Brent Oldham	Roading Engineer	12 July
PMO		
Steve Taw	PMO Lead	11/12 July
Penny Bicknell	Programme Manager	20 July
Rob Poole	Project Manager	12 July
Paul Zaanen (Joseph & Assoc)	<ul style="list-style-type: none"> Special projects Project Manager, Temporary Housing 	12 July
Brendan Russ	Project Manager	11 July
Steve Garner	Programme Manager	25 July
Funding Partners		
Warren Gilbertson	Principal Advisor - MBIE / Kanoa	26 July
Suresh Ram	Kāinga Ora	25 July
Radha Gounder	Finance - NEMA	31 July
Mike Gillooly	Regional Advisor, NEMA	
Steve Apledoorn	Crown infrastructure Fund (DIA)	1 August
Gordon McDonald	Senior Investment Advisor, Waka Kotahi	3 August
Service providers		
Dylan Taylor	General Manager, WestReef	25 July

Person	Role and organisation	Dates (2023)
Paul Auton	Trueline Civil	21 July
David Chung	Calibre	25 July
Gary Stevenson	Davies Ogilvie	20 July

Appendix E Detailed PMO findings

The findings below identify how they meet the purpose of the review:

1. Ensure that Council is meeting their own requirements as well as those of their funding partners, both for capital works projects as well as business as usual works
2. Give confidence to the funders, governance, leadership team and staff that the PMO office is robust and provides a suitable level of programme, project and contract management.
3. Ensure that the PMO's organisational capability and capacity is keeping pace with changing requirements and demand.
4. Assess the effectiveness of the PMO by reference to the objectives for setting it up.

Table 7 Table of findings

Category	Focus areas	Key findings		Recommendations and areas for improvement	Meeting the purpose of the review (1,2,3)
		Overview	Where are the issues		
Policy and intent					
Alignment with original intent	Management	<ul style="list-style-type: none"> • A short Statement of Intent was prepared in June 2021 (1 page) that documented the strategic objectives. • Statement of Intent comprises a short list of strategic objectives primarily linked to legislative obligations and overall performance. • Following a PMO review (Project Management Office Review, TEAM Project Advisory) in November 2021, the purpose was defined in the review report and there was an uplift in processes and procedures. 	<ul style="list-style-type: none"> • There was no formal statement of intent or equivalent prior to establishment of the PMO against which objectives could be measured. • The PMO review in November 2021 found a lack of formal project delivery processes and the ability to monitor progress to be an inhibitor to the effective operation of the PMO. The recommendations of the report have since been implemented. • There is no formal annual review of the performance of the PMO. 	Develop a Business Plan (or similar) each year for the PMO covering: <ul style="list-style-type: none"> • PMO objectives and purpose. • Key challenges and strategic context for the upcoming financial year. • Forecast capital programmes. • Committed resources (BDC or contractor) to meet forecast demand due to programme to deliver and / or three water assets transferred to new entity. • External funding secured. 	1, 2, 3, 4

Category	Focus areas	Key findings		Recommendations and areas for improvement	Meeting the purpose of the review (1,2,3)
		Overview	Where are the issues		
Relevant Council policies and strategies	Management	<p>Council has a number of policies in place that the PMO aligns to including:</p> <ul style="list-style-type: none"> • Procurement Policy. • Delegations. 	<ul style="list-style-type: none"> • Procurement Policy is very prescriptive and is written as a set of procedures and guidelines. A policy generally sets the rules and direction. • Compared with other councils, \$100,000 is considered a high value of works for direct appointment for professional services and so reduces price tension in the market (although appropriate for the urgency in delivering the recovery works) 	<ul style="list-style-type: none"> • Ongoing monitoring that processes and procedures within the PMO align to Council policy. • BDC to consider if \$100,000 is an appropriate value for direct appointment for professional services (this would be Council led not PMO). • BDC to review organisational Procurement Policy to be at a more strategic level. 	2
Value for money					
Ability to source funding and deliver works in accordance with that funding	Management	<ul style="list-style-type: none"> • A significant volume of externally funded capital works has been delivered through the PMO since it was established in 2021. • Without the establishment of the PMO, it is unlikely that BDC could have delivered the works with subsequent benefits to the communities. 	<ul style="list-style-type: none"> • Project management costs are relatively high – partly a reflection of the PMO mainly comprising external contractors. • Some projects have had to be re-scoped to be like-for-like rather than increased LOS – highlights the need to ensure works align with approved funding. . 	<ul style="list-style-type: none"> • Costs to be continually monitored. • Resources within PMO to be regularly reviewed against project demand. • Projects to align with approved funding. 	1, 2, 4
Efficiency	Management	<ul style="list-style-type: none"> • The engagement of contracted programme and project managers supports a cost-effective and efficient unit through: • the ability to easily upscale and reduce resources to meet demand. • filling internal capability and capacity gaps. 	<ul style="list-style-type: none"> • There is a heavy reliance on external resources for the PMO which can increase overall delivery costs. • The turnover of resources within the PMO can lead to inefficiencies as new people familiarise themselves with systems, processes etc (note, this can also be an issue with any new in-house personnel). 	Resources within PMO to be regularly reviewed against project demand.	3, 4
Delivery performance in terms of budget,	Process	<ul style="list-style-type: none"> • Effective reporting allows individual projects to be monitored against programme, budgets and quality. 	<ul style="list-style-type: none"> • From discussions with PMO staff, there appears to be some conflict in the understanding of when ‘betterment’ projects can be initiated if budgets are underspent. 	Need to ensure that programme and project managers know the rules around spending (e.g. if money can be	1, 4

Category	Focus areas	Key findings		Recommendations and areas for improvement	Meeting the purpose of the review (1,2,3)
		Overview	Where are the issues		
timeframes and outputs		<ul style="list-style-type: none"> Generally, no issues with delivery of projects (based on discussion with funding partners) 		used for betterment if not spent on the funded-specific works).	
Project delivery					
Future proofing – long term planning	Management	<p>Planning work is underway to future proof Westport. The Alma Road development has been identified as a future area to relocate growth away from high flood risk areas. There is a dedicated project manager that works across Council to facilitate the significant master planning and rezoning for this future growth area. The project manager is shown as part of the PMO but reports to the Group Manager Infrastructure Services and Infrastructure Planning Manager.</p> <p>The current resources for managing this significant programme have suitable capability:</p> <ul style="list-style-type: none"> The project manager worked on the Christchurch rebuild programmes so the learnings are transferable to Westport’s long term flood recovery. The programme manager is from a central government agency so is very familiar with meeting funding partner requirements. <p>The Kawatiri Business Case sets out the proposed integrated package of long-term measures to improve Westport’s flood resilience. The business case has been prepared jointly with West Coast Regional Council and Te Rūnanga o Ngāti Waewae. It is</p>	<ul style="list-style-type: none"> The master planning will require a multi-disciplinary consultant response as it is a departure from the traditional recovery work (i.e. return to service) undertaken by the PMO to date. The capability of BDC and PMO resources and consultants to be engaged needs to be periodically reviewed due to the strategic nature of this programme. There will be much interest nationally in the approach adopted and the outcomes achieved. Periodic lessons learnt would be helpful for BDC and the wider public sector nationally. 	<ul style="list-style-type: none"> Periodically review the capability of BDC and PMO resources and consultants so aligned to specialist needs. Document and shared the learnings of implementing the Alma Road development. 	2

Category	Focus areas	Key findings		Recommendations and areas for improvement	Meeting the purpose of the review (1,2,3)
		Overview	Where are the issues		
		a mix of options (protect, avoid, adapt and retreat) and solutions.			
Programme / project reporting	Management	<p>A number of reporting tools have been developed including:</p> <ul style="list-style-type: none"> • Project Management Plan. • Monthly Reporting Template. 	<ul style="list-style-type: none"> • Templates can be quite complex for smaller projects, not always fit-for-purpose which may have a cost impact. • Do the reports deliver more than is asked for by the funding partners? 	Need to make sure that the templates being used are fit-for-purpose / appropriate for the project.	2, 4
Contractor panel	Process	<ul style="list-style-type: none"> • A Panel is appropriate for work delivered under the PMO allowing projects to be procured easily when they are ready for construction. • Panel is working as intended. • Panel supports delivery of works. • Appears to be a sharing of work across the panel. 	<ul style="list-style-type: none"> • From discussion with panellists <ul style="list-style-type: none"> ○ there is some lack of comms re future work. ○ Some lack of understanding as to whether the panel is solely for PMO work or if it includes LTP projects. • Processes need to ensure clear separation between panel works and works provided under O&M contracts. • Some concerns from the incumbent contractor that works provided for in the O&M contracts is being undertaken as panel works. • Whilst there appears to be no real concern, the secondary procurement process is fairly loose and could be tightened. • Is there a Panel partnership charter as proposed in the Procurement Strategy Oct 2022? 	<ul style="list-style-type: none"> • Consider structure and size of panel as externally funded works reduce. • As works reduce, need to ensure the method of secondary procurement is clear to service providers. • Monthly collaborative meetings with service providers – progress, upcoming projects, red flags etc. this will become more important as works under the panel reduces. • Scope of panel works should be clear and transparent. • Secondary procurement process should be tightened for transparency. 	1, 2
Roles in project delivery	Management	<ul style="list-style-type: none"> • Have appropriate structure within PMO made up of a Lead, Programme and Project Managers. • PMO Lead typically takes Eng to Contract role. 	Some questions from service providers over whether the project ‘designer’ would better suit the Eng Rep role (will depend on scope and scale of project) rather than PMO Project Manager.	<ul style="list-style-type: none"> • Regular review of roles and responsibilities both in relation to the PMO / BDC resources as well as project specific roles. • Programme manager vs project manager – can this be refined as the volume of work reduces. 	3, 4

Category	Focus areas	Key findings		Recommendations and areas for improvement	Meeting the purpose of the review (1,2,3)
		Overview	Where are the issues		
Relationships					
PMO / asset owner relationship	Management	There is a strong relationship between the PMO lead and various project managers, and Council's Group Manager Infrastructure and Infrastructure Delivery Manager. This ensures the asset owner's input is provided at key programme / project milestones.	<ul style="list-style-type: none"> Acting and contractor roles (including the Infrastructure Planning Manager) within Council's structure require close monitoring to ensure full alignment between the PMO and the Infrastructure Team. 	Strengthen internal relationships to ensure long term planning requirements are considered with the capital projects / programmes (two-way process). This will become more important as BDC and central government agencies work towards future proofing Westport so its community is safe and resilient to weather events.	2
Relationships with funding partners	Management	<ul style="list-style-type: none"> Discussions with stakeholders recognise that there are good relationships with funding partners (across all partners). Funding partners confirm that reporting is good and meets requirements. All parties agree that a single point of contract between the PMO and funding partners through the Programme Manager works well. 	Funding partner acknowledged a lack of early comms in confirming scope of works can lead to issues in confirming and then meeting budgets.	Programme and project managers need to be fully aware of the particular funding partner's requirements as they vary.	1, 2, 4
External service providers	Management	<ul style="list-style-type: none"> A selection of 'trusted' contractors and consultants who continue to deliver works for Buller and the West Coast. Panel arrangement for contractors is in place and allows efficient procurement processes. Panellists see themselves as working with BDC as opposed to a separate PMO. 	Consultants have indicated that they are not fully aware of the pipeline of work or what others are delivering – need better visibility.	BDC / PMO to facilitate regular combined meetings with consultants (similar to contractor panel arrangements) to ensure all service providers are aware of the pipeline of work, who is engaged for what etc.	1, 2, 3
Financial					
Financial accountability	Process	Council has adequate financial processes to ensure the capital projects delivered by the PMO are sound and transparent, including: <ul style="list-style-type: none"> Financial Delegations Policy (2019). 	<ul style="list-style-type: none"> There were queries from funding partners on eligibility criteria issues and disparities in claiming costs. It was recognised that it was a learning process for both parties. Funding 	<ul style="list-style-type: none"> Complete the electronic purchasing system review and consolidate any PMO recommendations with this health check review for completeness. 	1, 2

Category	Focus areas	Key findings		Recommendations and areas for improvement	Meeting the purpose of the review (1,2,3)
		Overview	Where are the issues		
		<ul style="list-style-type: none"> Procurement Policy (2019). PMO works within Council's delegations manual but the PMO Lead has no financial delegation (sits with Council management). Detailed sign-off process for all works - four-step process for setting up new capital projects requiring sign off from relevant BDC department (at Tier 2 / 3) and finance managers. A new electronic purchasing system was set up 2022 and includes financial checks based on the Financial Delegations Policy. 	<p>partners wish to be confident with financial reconciliations between projects and reimbursement claims. The financial information needs to be consistent so funding partners can assess reimbursement claims with confidence.</p>	<ul style="list-style-type: none"> Strengthen the process to ensure reimbursement cost claims submitted to funding partners fully meet the specific eligibility criteria and formal documentation for the approved project as defined in the Funding Letters. 	
Financial transparency	Process	<ul style="list-style-type: none"> Council has been transparent in their flood recovery costs as part of the local share (mainly for meeting NEMA and Waka Kotahi funding requirements). Council's contributions were estimated at \$1.75 million (excluding GST). There is strong governance oversight of capital projects with Risk and Assurance Committee for the BDC funded projects and Projects and Partnerships Committee for externally funded projects. Project structure has been set up in the financial system rather than only at the general ledger level. This allows projects to be tracked (budget, actuals, forecasts) by stages and at work type level (i.e. consent, design, construction). 	<p>Can be issues with changes in staff with BDC, the PMO and funding partner organisations. A formal handover process for changes in BDC staff and PMO project managers would be helpful to reduce the financial reimbursement risks and improve efficiency.</p>	<p>Develop a formal handover process for changes in BDC staff and PMO project managers to reduce financial reimbursement risks and improve efficiency.</p>	1, 2, 3
Conflicts of interest		<ul style="list-style-type: none"> Detailed / multi person sign-off process for all procurement and allocation of works. PMO has no financial delegation. 	<p>Potential conflict in the allocation of works.</p>	<p>Any conflicts of interest should be documented and managed in accordance with Council's Procurement Policy.</p>	1, 2

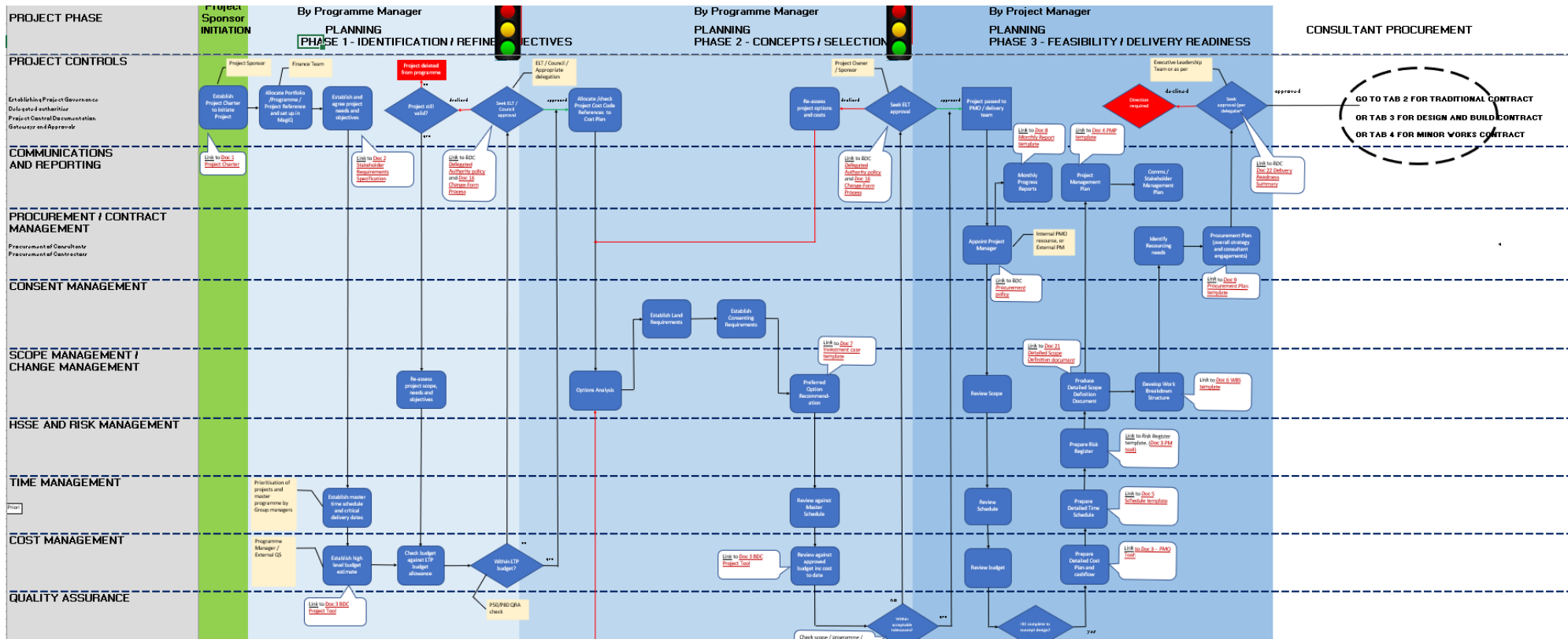
Category	Focus areas	Key findings		Recommendations and areas for improvement	Meeting the purpose of the review (1,2,3)
		Overview	Where are the issues		
Structure and systems					
Clear PMO roles and responsibilities	Process	<p>The PMO has been set up with clear roles. The latest structure chart is in Appendix C:</p> <ul style="list-style-type: none"> • PMO Lead – oversees the overall unit and works across BDC and with the other Infrastructure Services Group managers as the asset owners / project sponsors. • Programme managers – oversee bundles of work, typically 7 to 8 projects led by different project managers. Are single point of contact with funding partners. • Project managers – directly responsible for specific projects including health and safety and ensuring quality and timely deliverables and with approved budget. • Procurement manager – Part of the project support role working across the PMO in a procurement oversight role. 	<p>It is unclear how the project support roles (Systems and Procurement Manager) will reduce as the PMO works change.</p>	<ul style="list-style-type: none"> • Ensure the NEMA Programme Manager is an impartial role and remains neutral. • Review the project support role function particularly the Procurement Manager as the major capital programmes are completed and the overall programme reduces. • Continue with the programme manager role as the single point of contact with the BDC for the different funding partners. 	1, 2, 3, 4
Robust processes and system set up and used	Process / systems	<ul style="list-style-type: none"> • A suite of systems and processes have been set up. • PMO systems aligned to BDC systems. • These processes and procedures can be used as organisation-wide tools. 	<ul style="list-style-type: none"> • The systems and templates should be tailored fit-for-purpose to the changing scale and complexities of the projects. 	<ul style="list-style-type: none"> • Review processes and systems to ensure they are fit-for-purpose in the longer term as capex reduces. 	2, 4
People capability and capacity	People	<ul style="list-style-type: none"> • BDC have increased the PMO capacity to deliver the significantly larger capital programme, mainly achieved through use of contractors. Many of these people bring valuable industry skills from other regions and sectors including the Christchurch rebuild learnings. • Some funding partners require the PMO costs to be contractors only and not BDC staff to meet their criteria. 	<ul style="list-style-type: none"> • There has been a high turnover of contractors in the PMO with potential continuity issues on projects as well as rebuilding relationships with the funding partners and reduction in efficiency (note, this can also be an issue with any new in-house personnel). • The proportion of BDC staff to contractors in the PMO should be increased where possible (whilst 	<ul style="list-style-type: none"> • Reduce the PMO resources as major capital programmes are completed, particularly in project support roles. • Seek to recruit BDC staff into the PMO roles while ensuring the processes and practices are maintained and enhanced. 	3, 4

Category	Focus areas	Key findings		Recommendations and areas for improvement	Meeting the purpose of the review (1,2,3)
		Overview	Where are the issues		
		<ul style="list-style-type: none"> The approach of using contractors rather than full time staff is scalable. 	meeting requirements of funding partners), giving more ownership to Council, reducing cost and addressing reputational risk. This is currently low (refer to structure chart in Appendix C).		
Consultant structure / scalability	Process	<ul style="list-style-type: none"> Allocation of work using known consultants works well (Procurement Policy 2019 allows direct appointment up to \$100,000). 	<ul style="list-style-type: none"> High value of work allocated without testing the market. Minimal competitive tension for professional services. 	<ul style="list-style-type: none"> Review the direct appointment policy (Council wide). 	1
Improving BAU	Process	<ul style="list-style-type: none"> PMO is used to deliver some BAU, using same systems and processes which has efficiencies and can take load off the Infrastructure Delivery Team. 	<ul style="list-style-type: none"> Has been some slippage in BAU delivery with focus on capital works delivery – this slippage will likely reduce as volume of capex reduces. 	<ul style="list-style-type: none"> Efficient planning and programming of BAU and capex needed – identify resources needed. 	1, 4

Appendix F Documents referred to

- 1 Project Management office (PMO) Statement of Intent, June 2021, prepared by PMO Lead
- 2 Buller District Council Project Management Office Review, Nov 2021, prepared by Team Projects Advisory
- 3 Buller District Council Procurement Policy 2019
- 4 Buller District Council Registration of Interest - Contract Works - Roothing Return to Service and Civil Works
- 5 Buller District Council Procurement plan: Roothing Return to Service – Secondary Procurement – Allocation and invited tenders for bundles, May 2023, BDC
- 6 BDC Roothing Projects - Procurement Strategy, Oct 2022
- 7 BDC – Roothing Return to Service – programme Update May 2023 (letter PMO-Panel member)
- 8 PMO Organisation Chart 2022
- 9 PMO Organisation Chart 2023
- 10 Delivery Readiness Summary
- 11 BDC Roothing Projects - Procurement Strategy, Oct 2022
- 12 Buller District Council Roothing Procurement Strategy, Rationale, 2023
- 13 Contract 21/22/14 Buller District Council Three Waters Operations and Maintenance
- 14 Waka Kotahi Transport Services Funding Decisions March 2023 (includes BDC increased FAR)
- 15 Waka Kotahi Emergency Works Funding Application Form, Nov 2022
- 16 Letter - Formal Approval of 'Tranche 2' Funding , NEMA, Sept 2022
- 17 Buller District Council Tranche 2 Funding Request (to NEMA), Mar 2022
- 18 NEMA formal approval of 'Tranche 2' funding, Sept 2022 (letter)
- 19 Draft Steering Group meeting minutes
- 20 Buller District Council Registration of Interest - Contract Works Roothing Return to Service and Civil Work, Nov 2022
- 21 Project Charter template
- 22 Position description – Project Manager (2023)
- 23 Buller District Council Draft Annual Report 2022/23
- 24 Buller District Council – Roothing Return to Service - Programme Update (letter BDC-Waka Kotahi), May 2023

Appendix G Sample PM Project Flow Chart



Appendix H Capital works projects

List of capex projects discussed as part of interviews, with sighted documentation.

Table 8 List of capital works projects

Project	Funding partner
Wharf repair project	NEMA
Reefton campground project	
Reefton landfill repair project	NEMA
Tiphead project	NEMA
Reefton chlorination project	NEMA
RTS roading bundles 1 – 13 (funded as an enhanced FAR of 95%). Works include: <ul style="list-style-type: none"> • Rock protection and roading repairs • MSE walls • Bridgeworks and ford crossings • Stabilisation works 	Waka Kotahi
TAS Village project	MBIE
NEMA Betterment projects <ul style="list-style-type: none"> • Alternative drinking water supply study • Pump stations and backflow prevention • WWTP upgrade • Coates Street stormwater • Domain stormwater upgrade • Mill and Robuck Street stormwater 	NEMA
Waimangaroa water upgrade project	
Westport trunk main project	BDC Annual Pan 2022/23
Westport wastewater level of service project	