

## Infrastructure Working Group - Terms of Reference / Ngā Ārahina Mahinga

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Chair	Cllr Keown
Deputy Chair	Cllr Coker
Membership	The Mayor
Timing	Workshop 1: February 2025 Workshop 2: April 2025 Workshop 3: June 2025 Present findings to F&P: 27 <sup>h</sup> August 2025
Reports To	Finance and Performance Committee

### Purpose

Enquire as to the steps management has taken to embed a culture that is committed to probity and ethical behaviour.

Review the processes or systems in place to procure and deliver infrastructure contracts effectively and present findings to the Finance & Performance Committee.

The foundations on which this working group operates, and as reflected in this Terms of Reference, includes independence; clarity of purpose; competence; open and effective relationships and no surprises approach.

### Compliance with legislation, standards and best practice guidelines

#### Project Lifecycle

The project lifecycle at Council can be summarised broadly as the following steps:

- LTP (initial estimate based on asset management & planning)
- Design (pre-tender estimate based on design)
- Tender
- Award
- Contract Management
- Operation & Maintenance

### Procurement

Regarding procurement, the Council as a Local Authority has obligations pursuant to the Local Government Act 2002 (LGA) to:

- conduct its business in an open, transparent, and democratically accountable manner" (LGA: s14(1)(a)(i));
- give effect to its identified priorities and desired outcomes in an efficient and effective manner" (LGA: s14(1)(a)(ii));
- undertake any commercial transactions in accordance with sound business practices" (LGA: s14(1)(f)); and
- ensure prudent stewardship and the efficient and effective use of its resources (LGA: s14(1)(g)).

Controller and Auditor-General's Procurement Guidance for Public Entities (June 2008) (part 2, paragraph 2.3) (OAG Guidelines):

- Value for money: Public entities should use resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve.
- Fairness: Public entities have a general public law obligation to act fairly and reasonably. Public entities must be, and must be seen to be, impartial in their decision-making.

The Principles of the Government Procurement Rules – 4th Edition 2019 apply to all government agencies and provide government's overarching values. The LGA applies as a direct obligation, on Council. OAG Guidelines apply as best practice i.e. we must have a sound basis for not following them.

Our procurement framework and rules, formally adopted by the Council incorporate the LGA obligations along with best practice public sector procurement. Following our rules and framework ensures that we fulfil our LGA obligations and best practice is followed.

The Construction Contracts Act 2002 provides a process for dealing with payments and disputes under a construction contract, including retention money provisions to protect subcontractors. The Construction Contracts Act:

- protects retention money withheld under commercial construction contracts,
- helps to ensure a fair, balanced and timely payment regime,
- provides a fast and cost-effective adjudication process for people with disputes, and
- provides enforcement mechanisms to recover any unmade payments.

## Procedure

### Working Group Effect

The Working Group should present findings to the Finance & Performance Committee based on the outcomes of the workshops outlined below. The Working Group does not have any delegated authority under the Council's Delegations Register and has no decision-making powers.

## Workshops

### Workshop 1: Current Initiatives

A workshop to review the following:

- Continuous improvement measures currently underway
  - Budget validation – every annual plan cycle plus project initiation stage
  - End to end project lifecycle review – consistency and scalability
  - Delegations – do we have this right for timely approvals
  - PACE scoring – performance scoring of contractors
  - Collaboration across programmes – within activities (kerb and channel, resurfacing, cycleways) and across activities (3 Waters, Transport, Vertical Capital)
  - Procurement policy & framework review – ensuring procurement rules are appropriate for the scale of work

## Workshop 2: Project Initiation & Estimation

A workshop to review the following:

- How a project makes it into the LTP where a project is generated by growth, asset life and condition etc.
- How briefs affect the success of a project.
- How estimates for projects are done at the annual planning stage.
- How estimates for projects are done throughout the design process up to the pre-tender estimate.
- How and when the use of consultants for design is determined.
- How and when the use of consultants for contract management is determined.
- Consultancies spend for project delivery.

## Workshop 3: Construction Contract Management & Lessons Learned

A workshop to review the following:

- How contract management is delivered internally via Council's Technical Services & Design Unit.
- How contract management is delivered externally via consultancies.
- How quality-assurance and performance measures are utilised.
- Lessons learned from the following projects:
  - Innes Road Street Renewal
  - Major Cycleway – Northern Line Route (Section 2)
  - Eastern Terrace Trunk Main Renewal
  - Matatiki Hornby Centre