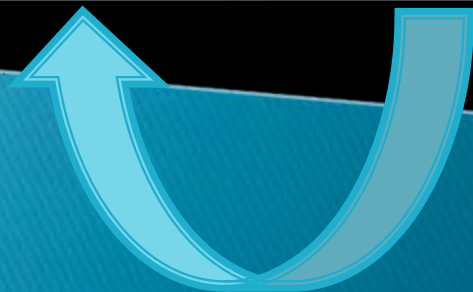




# RCA Forum May 2011

WAIROA DISTRICT COUNCIL  
Professional services





# Wairoa district snapshot

- ▶ Wairoa district has a population of 8500 with 4800 of Maori descent
- ▶ 880 km of sealed with 600km of unsealed. 180 Bridges
- ▶ Central town of Wairoa pop 5000 with 6 rural villages
- ▶ Subsidised roading expenditure \$10 mil per annum
- ▶ Value of roading assets; \$200 mil



# Challenges

- ▶ Isolation
- ▶ Retention of local high achievers
- ▶ Ability to attract new skill sets
- ▶ Diverse rural communities
- ▶ Limited rate base



# Wairoa recent service history

- ▶ In 1990 WDC restructured its professional and physical works functions creating an in-house professional services unit and a council controlled organisation (LATE)
- ▶ Whilst the CCO competed in the local marketplace effectively providing local physical works services, the professional services unit suffered from a low critical mass of professional staff resulting in poor staff retention



# Professional services outsourcing

- ▶ In 1995, WDC tendered out its professional services function and upon securing a preferred consultant, disbanded its own in-house professional service unit
- ▶ The successful consultant employed the previous WDC professional staff and managed the entire roads and utilities asset for WDC



# Consultant – 'losing favour'

- ▶ By 2005, after re-bidding the professional services contract, WDC took the management of the utilities component back in-house
- ▶ Although the appetite of the Council was to take all the services back in-house, Transfund policies did not support this direction



# The Winds of Change 2005–2010

- ▶ Professional services consultant had the base contract managing the roading Infrastructure for the district
- ▶ 2008 – WDC involved in procurement manual review being undertaken by LTNZ
- ▶ 2009 – WDC first ‘Approved Organisation’ to get their procurement strategy ‘endorsed’ by NZTA.
- ▶ Procurement strategy highlighted need to review value for money in professional services area (amongst other things).





# Professional Services Tender 2010

- ▶ Received only one tender (from the incumbent).
  - Issues noted by others was projected (guaranteed) revenue stream insufficient to provide reasonable payback on start up costs.
  - Requirement for key staff to be resident in Wairoa hard to achieve. (this was fundamental to us as we had seen remote working fail time and again over the past 10 years).
- ▶ Conclusion in Late April 2010 – situation that had evolved was one in which WDC does not have a competitive market for professional services of this nature



# Discussions

- ▶ Approached NZTA about this concern and to explore options :
  - Negotiate and accept tender
  - Look at an in-house solution (business unit)
  - Retender on some revised basis (eg unbundle some service – RAMM etc).
- ▶ ‘Did the numbers’ on an in-house option. This included assessment of our ability to source and retain staff, the costs of setting up, other costs and benefits. Key benefits we saw was staff ‘ownership and engagement’. Efficiency of an in-house model and more ability for collaborative effort in delivery of service.
- ▶ Key risks – staff recruitment and retention.
- ▶ In-house endorsed by Council



# Formation of Infrastructure business unit (IBU)

- ▶ WDC formal agreement for service with the business unit. NZTA approval.
- ▶ Meanwhile – had talked to incumbent consultant and advised we would be “rejecting all tenders”. Negotiated a range of agreements that made the change easier for them.
- ▶ They became preferred supplier for a range of external prof services not being provided in-house on a series of 1 year contracts. This is essentially an unbundling exercise that in the future will help us improve the health of our professional services market in Wairoa.



# Changing Philosophies

- ▶ Fundamental change in service delivery ethic that could start to lift customer satisfaction from a low of around 50% up to a target of 80%. This is built into IBU structure and individual employment agreements
- ▶ Asset management–led operational/maintenance regime developed.
- ▶ This model empowers area engineers who are on the network and talking to the contractors on the ground.
- ▶ Fundamental change – Area Engineers responsible for programming work.



# Immediate benefits

- ▶ Reduced inefficiencies from duplicated oversight functions
- ▶ WDC branding is now out there on the network again (as opposed to consultants badges on vehicles).
- ▶ Cadet training scheme developed in conjunction with local contractors
- ▶ Engagement of staff in the network





# Case study– Lake Waikaremoana Hapu restoration trust

- ▶ Small rural community (pop 200) serviced by a central contractor
- ▶ Local trust came en masse to LTCCP hearing indicating that they wished to manage their villages services
- ▶ The local trust now manages their reserves, waste management services as well some capital improvements in a co-management relationship with WDC
- ▶ Managed for the same cost with easily measured improvements in customer satisfaction, engagement and efficiency

# Summary

- ▶ One stop shop contractor or consultant is easiest solution requiring least effort
- ▶ Greater effort is required and greater rewards received from robust engagement leading to tailoring specific solutions for Community outcomes
- ▶ Tailored solutions are generally not more expensive but certainly better informed solutions for our communities





# Back to Future

- ▶ Taking the best of the old style into a new environment and staying vigilant so efficiency remains a focus
- ▶ Ensure robust cadet training and succession procedures are in place so the professional services experience evolves rather cycling like a pendulum !

