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1 KEY TERMS

Alliance Charter: document that defines the Alliance vision, objectives, values, principles and behaviours

Alliance Management Systems (AMS): systems, processes and management plans adopted by the Alliance in delivery of the works

Alliance Management Team (AMT): leadership team responsible for delivery of Alliance works

Alliance Objectives: objectives of the Alliance as stated in the ACAP

Alliance Programme Manager (APM): person engaged to lead the Alliance and report to the PAB

Alliance Works: scope of works agreed with the Owner under the ACAP

Alliance: means the collaborative arrangements formed to perform the Alliance Works

Auckland Civils Alliance Programme (ACAP): planning, design and construct Auckland Large Scale projects (LSP)

Auckland Civils Alliance Programme Agreement (ACAPA): alliance agreement that provides commercial framework

Auckland Large Scale (LSP): enables the development of infrastructure which will unlock land and increase the supply of social, affordable and market housing in Auckland

Construction NOPS (CNOPS): construction suppliers being Hick Bros and Dempsey Wood

Construction TOC (CTOC): agreed TOC for undertaking detailed design and construction works

Cost of Work in Programs (CWIP): cost of works delivered to date, including accruals

Cost to Complete (CTC): forecast remaining expenditure on a TOC

Design NOPS (DNOPS): professional services suppliers being Harrison Grierson, Wood & Partners and Tonkin and Taylor

Design TOC (DTC): agreed TOC for undertaking design only works

Early Works: early Project works conducted by the Alliance in advance of a TOC being agreed

Financial Auditor: advisor retained by the Owner to conduct Establishment Audits during the selection process and conduct financial audits during the execution of the ACAP

Forecast Final Cost (FFC) or estimate at completion (EAC): CWIP + CTC

Housing Land Commission (HLC): predecessor to Kāinga Ora

Independent Estimator: responsible for verifying the target cost estimate prepared by the Alliance

Key Performance Indicator (KPI): for each KRA, a series of Key Performance Indicators (KPIs) are agreed which measure activity or result that may be used to assess project performance. Target or ranges of performance are set for each performance measure

Key Result Area (KRA): areas of operation where performance is of significant interest to the PAB

LEAD: Land Enablement and Delivery, an Alliance between Kāinga Ora, Hick Bros, Dempsey Wood, Tonkin and Taylor, Harrison Grierson, and Wood & Partners.

Limb 1: the direct reimbursable costs within a TOC plus contingency, includes on-site overhead but excludes off site overhead and margin

Limb 2: the corporate overhead (or offsite overhead) and profit, often referred to as NOP fee

Limb 3: bonus paid for achievement of Key Result Areas

Non-Owner Participants (NOP): Hick Bros, Dempsey Wood, Tonkin and Taylor, Harrison Grierson, and Wood & Partners as the suppliers including construction (CNOP) and designers (DNOP) who provide the plant, people and experience to deliver the Alliance scope of works

Owner Interface Manager (OIM): person or persons engaged by the Owner to represent Owner's objectives within the Alliance

Owner Participant: means the Kāinga Ora as one of the participants in the Alliance

Owner: Kāinga Ora as the funder of the scope of works to be delivered by the Alliance

Pain/ Gain Share: allocation of risk to the Owner and NOPs when there is a variance between the Target Outturn Cost and the Actual Outturn Cost (AOC)

Piritahi Alliance: predecessor to LEAD

Programme Alliance Board (PAB): governance board responsible for overseeing the Alliance

Programme TOC (PTOC): agreed TOC for undertaking pre-construction activities and overall management of the Alliance excluding costs incurred through a DTOC and PTOC

Target Cost Estimate (TCE): target Limb 1 cost estimate, or the risk-adjusted cost to deliver the Alliance works and submitted with the Project Proposal

Target Outturn Cost (TOC): the specific sum developed by the participants and approved by the Owner under the Alliance Agreement as being the agreed budget of the reimbursable costs, corporate overhead, profit and contingency

Wider Project Team (WPT): personnel seconded into the Alliance by the Owner and NOPs

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2 EXECUTIVE SUMMARY

The LEAD Alliance has been established to support Kāinga Ora in the pre-construction, detailed design and construction of the Auckland Large Scale (LSP) programme of works. The LSP enables the development of infrastructure which will unlock land and increase the supply of social, affordable and market housing in Auckland. The LSP's span is across a 20-year programme resulting in approximately 40,000 homes.

Kāinga Ora has engaged BRS to undertake a Health-check of the LEAD Alliance to assess the improvement following a similar Health-check in 2022. Kāinga Ora also requested feedback on whether the model is providing value for money and where further value can be realised by the Alliance.

Overall the review found that there had been considerable progress made by the PAB and AMT in leading change on the Alliance which has resulted in observable and measurable improvements in the outcomes identified in the 2022 Health-check. The appointment of a new AMT combined with the Contractual Renewal process in 2022/23 has laid the foundation for the Alliance to meet expectations in terms of performance. In saying that, Kāinga Ora continues to have concerns as to whether it is obtaining value for money through the delivery of the LSP program.

In summary evidence from the surveys undertaken, interviews with key stakeholders and benchmarking identified that the Alliance had made significant progress in the following areas:

- Improved Governance at the PAB level and improved collaboration between the NOPs and the Owner participant
- Improvements in the level of satisfaction and customer experience of the Owner team
- Improved leadership from the AMT and improved operating culture of the Alliance
- Reduction in number and scale of projects exceeding budget (pain share)
- Achievement of key performance indicators set by the PAB
- Material reduction in programme management overheads (PTOC)
- Improvements in program, cost management and forecasting certainty

Evidence from the surveys undertaken, interviews with key stakeholders and benchmarking also highlighted that there is a number of areas both Kāinga Ora and the Alliance can work together in collaboration to improve value for money through improved planning, decision making and productivity. Some of the areas identified include:

- Improved planning by Kāinga Ora to deliver an optimised and stable forward works program
- Developing a value for money statement to provide clarity to the AMT around the PAB's expectation
- Working with Council to ensure there are clear Asset Technical Service levels are in place and designing to minimum viable product requirements
- PAB developing a risk appetite statement and standard risk allocation table to ensure the pricing decision made by the Alliance and the Owner Interface team align to the PAB's risk appetite
- Establishing more effective policies and controls around changes in scope, particularly changes initiated after the project scope and TCE have been agreed
- Reducing layers of project management between the Alliance and the Owner team by embracing the Alliance principles of "one team"
- More effective management and control over design resource to improve productivity across professional services
- Improving efficiency and effectiveness of decision making and process by reducing layers of approvals and increasing delegation levels
- Establishing target dates and KPI's for close out of the TCE process to ensure bidding timeframes are consistent with competitive procurement timeframes
- Targeting productivity and cost saving initiatives through detailed design and construction to improve capital efficiency
- Revising the KRA, KPI and Limb 3 framework to incentivise the Alliance around delivering improved productivity, efficiency and cost savings

At the point in time the review was undertaken it was noted that the external landscape for Kāinga Ora and the LSP program was somewhat uncertain with a change in Government and changes with the board and senior leadership



within Kāinga Ora. The impact of these changes through the review meant that many stakeholders were uncertain around the future requirements of the Alliance in terms of the pipeline of work which could potentially impact on the scale, scope and objectives of the Alliance. Given this uncertainty it is recommended that the outcomes from this review and opportunities for improvement are presented for consideration but may not be acted upon until there is greater clarity on the future Kāinga Ora's requirements for the Alliance.

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3 INTRODUCTION

The Auckland Civics Alliance Programme (ACAP) was established to allow Kāinga Ora to source suitable capability and capacity to support them in the design and construction of Auckland Large Scale projects (LSP). The LSPs enable the development of infrastructure which will unlock land and increase the supply of social, affordable and market housing in Auckland. The LSPs span across a 20-year programme resulting in approximately 40,000 homes.

The LEAD Alliance was established in 2018 as the Piritahi Alliance by the Housing Land Commission (HLC) following a competitive procurement process. The successful designers being Harrison Grierson, Wood & Partners and Tonkin and Taylor were then requested to form an Alliance with the successful contractors being Hick Bros and Dempsey Wood. The Alliance model and scope of works was chosen to enable Kāinga Ora to deliver the ACAP programme of works which involved the planning, design and construct LSP.

The original Request for Proposal (RFP) issued by HLC stated that ACAP Alliance vision was to:

- Increase the supply of market, affordable and social housing in Auckland
- Implement fit for purpose project governance, risk management and compliance
- Become recognised as the exemplar in social, affordable and market housing
- Develop the building industry to provide greater capacity, innovation and cost reduction
- Deliver resilient communities and agreed financial returns, with the balance of economic and social value described in the business plans.

The original scope covered 38 super-lots at Northcote, 530 to 650 super-lots at Mt Roskill, 400 to 500 super-lots at Mangere, 35 to 40 super-lots at Oranga.

3.1 2022 Alliance Health-Check

In 2022 BRS was engaged to undertake a Health-check of the Piritahi Alliance. Whilst the Health-check found that the Alliance had fundamentally delivered on its promise around scale and pace, it also found that there was a high level of dissatisfaction with Kāinga Ora around the performance of the Alliance. The Health-check identified a number of areas in which there was need for improvement which included:

- Delivering greater value for money and reducing the cost of delivering the LSP, including reducing time in pre-construction, reduction in programme management costs (PTOC) and efficiencies in design and construction
- A shift in culture of the Alliance from one of empire building to one focused on efficiency and effectiveness and working as one team with Kāinga Ora
- Reducing the time taken in pre-construction to undertake pricing, agree scope, reconcile the TCE with the Independent Estimator (IE) and agree a TOC with the Owner
- Working with Kāinga Ora to reduce changes to the design, particularly once the TOC has been agreed
- Improving the certainty, reporting and transparency over cost, forecasting and program
- Improving the level of collaboration and working relationship between Kāinga Ora and the Alliance
- Greater alignment between Kāinga Ora and the Alliance around shared risks, and how Kāinga Ora and the Alliance collaborate to mitigate shared risks

Following this Health-check the PAB made a number of changes to the Alliance Management Team and Kāinga Ora undertook a Contract Renewal process to realign expectations and priorities. The Health-check made a number of recommendations which included:

- Undertake a Contract Renewal process to re-align the Alliance to Kāinga Ora's emerging needs around improved programme and cost control
- Leadership alignment, which resulted in changes to the Alliance Management Team
- Realignment of the Alliance Charter and Key Result areas to focus on programme and cost control
- Reduction in the programme overhead (PTOC)

- Improving the process and time taken during pricing and TOC reconciliation
- Improving the fundamentals around project controls (programme, cost, reporting)
- Improved collaboration with Kāinga Ora around shared risks
- Closing out outstanding commercial matters and addressing the structural trend around pain share

3.2 2024 Alliance Health-Check

Kāinga Ora has since engaged BRS by Kāinga Ora to undertake a follow-up Health-check to assess the improvement of the Alliance since the Contract Renewal.

The brief provided in undertaking the review was:

- Undertake a similar scope, approach and methodology to the 2022 Health-check to assess progress that the Alliance has made since the contract renewal process that was undertaken in late 2022 and early 2023
- Assess value for money and opportunities for Kāinga Ora and the Alliance to deliver greater value with regards to the LSP program.

In undertaking the health-check consultation was undertaken through interviews, staff focus groups, surveys and a review of background documentation. Throughout this review, the following people were consulted:

- Programme Alliance Board (PAB)
- Alliance Management Team (AMT)
- Owner Interface Manager (OIM)
- Focus groups from the Lead Alliance
- Focus groups from Kāinga Ora
- Senior Members from Kāinga Ora

The health-check also considered benchmarking and lessons learnt from other programs and Alliances that provide similar services and scale and nature.

3.3 Assumptions

Since 2022, there has been significant changes in the external landscape for the Alliance. In particular, there has been a change of government in New Zealand with a stronger focus on delivering the fundamentals around the themes of 'better, faster and cheaper'. As such BRS were also asked by Kāinga Ora to provide feedback around value for money and how they could ensure the LSP programme achieves the Governments objectives.

Furthermore, there has been subsequent changes in the senior leadership of Kāinga Ora in terms of the Board Chair, Board and Chief Executive. There is a new Board, eight new Board members and a new Chief Executive that has commenced. It is important that future expectations for the Alliance particularly around delivering value for money outcomes for Kāinga Ora are aligned with these new senior appointments to ensure the Alliance delivers what they are looking to achieve in line with the new Governments expectations.

Given this context and changes a core assumption made was that the Alliance would continue to operate on a business-as-usual basis, and any material changes to the delivery model or approach were outside of the scope of this review. This review assumes continuation of the current scope and model.

4 BACKGROUND

LEAD stands for Land Enablement and Delivery and is an Alliance between Kāinga Ora, Hick Bros, Dempsey Wood, Tonkin and Taylor, Harrison Grierson, and Wood & Partners. LEAD's role includes:

- Programme management
- Input into master and neighbourhood planning
- Demolition/removal of existing buildings and houses
- Concept design and development of the target cost estimate
- Site remediation of ground contaminants such as asbestos and lead
- Site investigations
- Detailed design for civil works, urban design and landscaping
- Consents related to earthworks and infrastructure
- Construction of earthworks and infrastructure, broadly described as earthworks for roading and building platforms, roading construction, utilities construction and landscaping
- Traffic management
- Stakeholder management

The ACAP model is unique in that it is designed to undertake work packages that include a broad range of Asset Classes requiring many trades and disciplines ranging from site remediation, demolitions, urban design, landscaping, stormwater, earthworks, roads and footpaths and utilities. Most Alliances specialise in one Asset class predominantly Transport or Water. The ACAP model is also unique in that it is a Programme Alliance delivering capital works. Most Alliances are either Programme Alliances that deliver Professional Services at the planning stage (such as the Supporting Growth Alliance), Project Alliances that deliver a single capital works project (such as CRL) or Programme Alliances will undertake renewal and maintenance work (such as the Auckland Motorway Alliance). There are no other known examples in New Zealand that deliver capital works, for this range of asset classes under a programme approach.

4.1 Objectives of the Alliance

The Alliance Vision, Purpose, Alliance Principles and Objectives are documented through the Alliance Charter. The Charter is a tool that serves all Alliance staff to simplify and align a common language to capture the why, what and how an Alliance performs. It outlines the vision, values and behaviours expected by all staff and participants to the Alliance. The Alliance Charter sets out:

- The Alliance Vision which is *'Transforming Auckland'*
- The Alliance Purpose which is *'Laying the Groundwork for the new homes and spaces communities need.'*
- The Alliance Principles which drive the behaviours of the Alliance participants to maximise the benefits of the shared risk Alliance procurement model
- The Aspirational Goals which include:
 - Enhance Auckland: Better urban development for tomorrow's generations
 - Empower people: Harnessing the power of our stakeholders our people and Iwi to achieve outstanding outcomes.
 - Create neighbourhoods: Developing the landscape to support community growth
- The Alliance Objectives which include:
 - Prioritising and strengthening the health, safety and wellbeing of our teams and communities
 - Seamless delivery – flawless completion
 - Successful collaborations with our delivery partners
 - Minimising disruption to our communities
 - Respect and enhance the environments in which we work
 - Breakthrough design and construction efficiency
 - Deliver outstanding public value, and
 - Attract, retrain and grow a champion team

4.2 Scope of the Alliance

The LEAD Alliance is a capital works Alliance which includes overall programme management, design development, pricing, and detailed design and construction of LSP packages.

As a Programme Alliance the LEAD uses a combination of Design, Programme Management and Project budgets (known as the Target Outturn cost or TOC), with each having separate pain and gain share determinations. A Project TOC is set for each agreed LSP package of work relates to detailed design and construction. A Design TOC (DTOC) is set for concept design work in the preconstruction phase relating to a LSP package. The 'Programme TOC (PTOC) is set annually for the overall management costs of operating the Alliance.

The nature of the model is shown diagrammatically below:

Diagram 4.2 Summary scope of works



Key activities within each stage of the Alliance include:

Programme Management

- Overall management of the works programme including reporting
- Establishment of management systems to enable improved efficiency through design and construction
- Pricing of work packages and agreement of a Target Cost Estimate in preparation for design and construction
- Early works to enable accelerated construction

Design Development

- Providing design and constructability input during the Master Planning, Neighbourhood Planning and Project Scoping stages
- Providing advice on technical specifications and service requirements to support Kāinga Ora in alignment with Council
- Development of concept design for individual packages of work

Design and Construction

- Demolition/removal of existing buildings and houses
- Site remediation of ground contaminants such as asbestos and lead
- Site investigations
- Detailed design for civil works, urban design and landscaping
- Consents related to earthworks and infrastructure
- Construction of earthworks and infrastructure, broadly described as earthworks for roading and building platforms, roading construction, utilities construction and landscaping
- Traffic management

- Stakeholder management

4.3 Stakeholders

One of the benefits of an Alliance delivery model compared with traditional contracting is its ability to manage stakeholders and interfaces. The risk sharing model in Alliancing and the programme approach adopted in the ACAP allows the NOPs to be more flexible in working with Kāinga Ora’s stakeholders.

Being a programme of work, involving both pre-construction as well as detailed design and construction means the LEAD Alliance has considerably more stakeholders and interfaces than normal Project Alliances. Not only must the LEAD Alliance manage complex relationships during design and construction such as residents, local traffic, utility providers (telecommunications, water, electricity), but it also has to manage expectations of Council, multiple divisions within Kāinga Ora and Build Partners. This is shown diagrammatically below:

Alliance stakeholders and their needs

Stakeholder	Needs and expectations of the Alliance
Central Government	<ul style="list-style-type: none"> • Demonstrating progress (things are getting done) • Minimising overall cost (Owners costs + Alliance costs) and maximising # of housing enabled • Minimising community disruption (residential, transport networks etc) • Demonstrating opportunity benefit (i.e. spending money on LSP is better use of taxpayer funds compared to other Government services such as health, education, law enforcement) • Addressing social inequity and economic development • Support political agenda’s and key messaging
Council	<ul style="list-style-type: none"> • Fund capital investment in new infrastructure • Adhere to consent requirements • Enhanced place, urban and natural environment (liveability) • Reduce maintenance costs • Minimise impact on transport investment and maintenance due to population growth • Minimising community disruption (residential, transport networks etc)
Kāinga Ora	<ul style="list-style-type: none"> • Enhanced place, urban and natural environment (liveability) • Deliver LSP infrastructure at speed • Minimising cost and maximising # of housing enabled • Protect relationships with Central Government, Council, Build Partners, local residents and the broader community • Enhance Kāinga Ora brand • Maintain status of Kāinga Ora staff • Support interdivisional political agenda’s • Provide cost and programme certainty • Deliver works safely
Utilities	<ul style="list-style-type: none"> • Programme deconfliction • Asset damage
Build Partners	<ul style="list-style-type: none"> • Programme deconfliction • Enhanced place, urban and natural environment (liveability)

Stakeholder	Needs and expectations of the Alliance
Residents	<ul style="list-style-type: none"> Enhanced place, urban and natural environment (liveability) Programme certainty Minimising community disruption (noise, dust, traffic)
NOPs	<ul style="list-style-type: none"> Delivering margin Minimising risk Resource utilisation within their business Protecting their reputation with Government Long term security of work Safety and well-being of their staff
Alliance Staff	<ul style="list-style-type: none"> Career development Interesting and meaningful work Psychological and physical safety Rewarding working relationships within the Alliance Support from their parent organisations

4.4 Commercial Framework

Alliancing is a widely used delivery model for planning, design and construction on major programmes and projects. Under an Alliance, the Owner and NOPs enter an Alliance agreement to deliver planning, design and/or construction works as a partnership. The intention is that Kāinga Ora and NOPs work together to achieve the Alliance objectives focusing on collaboration around shared risks. The fundamental difference between Alliancing and other delivery models is that risks are shared between the Owner and the NOPs.

Generally accepted principles in Alliancing are as follows:

- Risk and opportunity sharing between the Owner and NOPs (known as pain or gain share)
- Commitment to ‘no disputes’ (no litigation)
- Best-for-project decision-making at all levels of the Alliance
- Unanimous decision-making at the Programme Alliance Board level
- No fault and no blame culture between Participant organisations
- Expectation to work together in good faith but also respect the rights of each of the Participants (i.e. right for NOPs to recover their costs and make a fair margin)
- Open book approach in pricing and reporting, with open transparency around NOPs margins
- Joint management structure using common systems and staff from both the Owner and NOPs reporting to a single Alliance Management Team

Under the Alliance, Kāinga Ora and the NOPs have entered into an Alliance agreement (ACAPA) to deliver planning, design and construction works of the LSP programme as a partnership. Kāinga Ora provides the funding, and the NOPs provide people, plant, systems and corporate experience to design and construct the works. It requires a culture of ‘no fault, no blame’ and unanimous decision making requiring all participants to find best for programme solutions.

The NOPs are guaranteed reimbursement of their direct costs (Limb 1) plus reimbursement of corporate /offsite overheads and margin (Limb 2) in an open book approach. Kāinga Ora engage an Independent Estimator (IE) and Financial Auditor (FA) to provide assurance over the pricing and assumptions provided by the Alliance.

To incentivise collaboration, each party shares in any variances between the Actual Outturn Cost (AOC) and the Target Outturn Cost (TOC). Favorable variables are known as gain share and unfavorable variances are known as pain share. To promote a healthy risk appetite for the NOPs their pain share is capped at their Limb 2.

NOPs also receive a bonus (Limb 3) for achievement of outstanding performance against their Key Result Areas to

encourage a focus not just on cost and programme but also performing against non-cost criteria that are important to the Owner.

The Target Outturn Cost is a detailed costing budget for a defined project work package. The TOC is made up of direct costs relating to people, plant and materials; indirect costs such as on-site overheads; contingency (risk and opportunity); escalation and Limb 2 (Profit margin and Off-site overhead).

Each TOC Proposal is developed by the Alliance team and submitted for Health-check by the AMT. Kāinga Ora appoint an Independent Estimate (IE) to Health-check the TOC and benchmark the TOC against market rates and comparative industry costing standards. The IE is an iterative process with the Alliance and provides feedback to the AMT to either submit the TOC to PAB for approval.

The TOC defines the boundaries and parameters for delivery of the Project work package. As contingency and risk mitigation should be costed into TOC, rarely is a TOC to be altered unless there has been a scope change or a risk event occurs which is allocated to Kāinga Ora.

A key feature of the Alliance model is the sharing of risk and reward. This is known as pain and gain share. Pain or gain share are the variances between AOC and TOC. Favorable variances known as gain share. Unfavorable variances known as pain share. The pain gain share has a considerable impact on incentivising the NOPs as it directly impacts margin. Pain share decreases margin and gain share increases it. As an example, a gain share of 10 % can result in a 100 % increase in margin. The level of incentive for the Owners is less significant and hence NOPs will be more sensitive to pain share than the Owners will be.

LEAD has a unique calculation of the pain or gain share, compared with Alliance models, in that it has a more favorable realisation of any gain share. 80 % of any gain share above 10 % variance is passed back to Kāinga Ora. This unique approach means that LEAD is far less exposed to having soft "TOCs" compared with traditional project Alliances where all gain share is shared 50:50.

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5 FINDINGS

One of the key objectives of this Health-check was to assess the level of improvement in the management of the Alliance since the previous Health-check undertaken in 2022. The previous Health-check undertaken in 2022 identified a number of performance issues with the Alliance which resulted in PAB making a number of Leadership changes followed by Kāinga Ora undertaking Contract Renewal process where extension of the ACAPA agreement was subject to the Alliance demonstrating strategies, actions and commitments to delivering improved performance.

5.1 Alliance Governance

In an Alliance, Kāinga Ora trades off its traditional contractual rights (under a 'risk transfer' contract) in exchange for NOPS bringing to the project their good faith and acting with the highest level of integrity to achieve collective goals. The Alliance is Governed by a PAB which comprises of senior personnel from the Owner and NOPS, with the principle of "a peer relationship where all participants have an equal say" and all decisions of the PAB within the scope of ACAPA are required to be unanimous. The exception is where it is an Owner Reserved Power or the decision breaches the delegation of authority of the individual PAB members in terms of their parent organisations.

The findings from the Health-check are best shown through the survey results below which includes respondents from Kāinga Ora and the NOPS' senior leadership. The survey found a significant improvement in how the NOPS and Owner are working together to govern the Alliance. This finding was also supported through the interviews and workshops conducted with key stakeholders.

Results from PAB survey (2022 vs 2024)

Question	2022	2024	%
We all win or lose together	2.83	3.89	37%
We take shared responsibility for Alliance outcomes	3.67	4.11	12%
We work as a single integrated team within the Alliance	3	3.89	30%
All decisions by the PAB are "best for program"	3.83	4.22	10%
There is a no-blame culture between participants	2.67	4.11	54%
Each participant provides full access to the resources of its parent company	2.33	3.78	62%
Development of the TOC is transparent, and costs are open-book	4.17	4.33	4%
The Alliance delivers innovative thinking	3.5	3.33	-5%
All participants are commitment to achieving outstanding outcomes	4	4.22	5%
All participants provide unconditional support from their senior management	3	4	33%
There is open and honest communication between participants	3.33	4.11	23%
PAB meetings are well run with agenda's, actions and sufficient time available for	4	4.67	17%
PAB is future focused on risk and opportunity	2.17	4.11	89%
PAB is strategic and doesn't drill into operational detail	2.5	3.78	51%
Each participant's commercial interests are respected	2.83	3.89	37%
Each participant's reputational interests are respected	3.5	4.11	17%
PAB members connect with each other outside formal meetings	3.33	3.78	14%
PAB members connect with the AMT outside of formal meetings	3.17	3.78	19%
The PAB is stakeholder and community focused	3.67	4	9%
PAB reporting is transparent and provides line of sight over performance	2.33	4.11	76%
PAB members constructively deal with risks, problems and disputes	3.33	4.33	30%
There are adequate controls in place to safeguard against key risks	2.67	4.33	62%
PAB provides constructive support and guidance to the AMT	3.67	4.11	12%
PAM members spend time in field to provide visible leadership to the workforce	3.83	4	4%
People and safety is a high priority to the PAB	4.33	4.78	10%
Customers and community are at the forefront of all decision making	3.17	3.56	12%

5.2 Owner Satisfaction

Under the Alliance, Kāinga Ora and the NOPS have entered into an Alliance agreement (ACAPA) to deliver planning, design and construction works of the LSP programme as a partnership. Kāinga Ora provides the funding, and the NOPS provide people, plant, systems and corporate experience to design and construct the works. Kāinga Ora have appointed an Owner Interface Manager (OIM) to manage the interactions and interface between the LEAD Alliance and Kāinga Ora.

The findings from the Health-check are best shown through the survey results below which includes respondents from Kāinga Ora. The survey found a significant improvement in the level of satisfaction from the Owner towards the Alliance. This finding was also supported through the interviews and workshops conducted with key stakeholders.

Results from Kāinga Ora survey (2022 vs 2024)

Question	2022	2024	%
Kāinga Ora receives value for money	1.38	2.87	108%
Development of the TOC is transparent and costs are open-book	1.85	3.26	76%
The Alliance enhances the reputation of Kāinga Ora	2.08	3.52	69%
The Alliance delivers outstanding outcomes	2.08	3.48	67%
Alliance staff take initiative to solve problems and make things happen	2.23	3.64	63%
Alliance staff work to meet or exceed your expectations	2.23	3.39	52%
The PAB makes win/win decisions that are good for both you and their organisation	2.31	3.35	45%
The Alliance delivers what they promised	2.08	3.74	80%
Alliance staff approach special requests with interest and creativity	2.69	3.26	21%
Alliance staff maintain standards and personal integrity	3.31	4.26	29%
Alliance staff seem to enjoy working on the program	2.85	3.83	34%
The Alliance delivers quality outcomes for Kāinga Ora's customers	2.38	3.78	59%
Alliance staff are willing to go out of their way to assist you	3.15	3.7	17%
Alliance staff are helpful and supportive	3.15	4	27%
Alliance staff try to satisfy your needs as a customer	2.46	3.7	50%
The PAB is focused on the long-term relationship with Kāinga Ora's	2.31	3.83	66%
Alliance staff treat you in a friendly manner	4.23	4.43	5%
Alliance staff take time to listen to your concerns	3.31	4.17	26%
Alliance staff make you feel important as a customer	2.46	3.7	50%
Alliance staff show appreciation for you and what you can contribute	2.92	3.91	34%

5.3 Alliance Leadership and Culture

The Alliance model works on the principle of a single integrated team with the best person for the role appointed to each position from the Owner or one of the NOPS. Staff from the Owner and the NOPS are seconded from the parent organisation to work for LEAD for an undefined period of time. Each staff participant in the Alliance has an employment contract with either the Owner or one of the NOPS. Reporting to the PAB, The Alliance Programme Manager (APM) leads the Alliance Management Team (AMT), which in turn leads, manages and coordinates day-to-day activities of the Alliance. The AMT provides day to day leadership to the Alliance and is responsible for the leadership of the Wider Programme Team (WPT) to deliver the Alliance works to ensure the Alliance objectives are met or exceeded.

The findings from the Health-check are best shown through the survey results below which include surveys of the AMT and a separate survey with the WPT. The survey found a significant improvement in the leadership and culture of the Alliance since 2022. This finding was also supported through the interviews and workshops conducted with key stakeholders.

Results from AMT survey (2022 vs 2024)

Question	2022	2024	%
Kāinga Ora receives value for money	1.38	2.87	108%
Development of the TOC is transparent and costs are open-book	1.85	3.26	76%
The Alliance enhances the reputation of Kāinga Ora	2.08	3.52	69%
The Alliance delivers outstanding outcomes	2.08	3.48	67%
Alliance staff take initiative to solve problems and make things happen	2.23	3.64	63%
Alliance staff work to meet or exceed your expectations	2.23	3.39	52%
The PAB makes win/win decisions that are good for both you and their organisation	2.31	3.35	45%
The Alliance delivers what they promised	2.08	3.74	80%
Alliance staff approach special requests with interest and creativity	2.69	3.26	21%
Alliance staff maintain standards and personal integrity	3.31	4.26	29%
Alliance staff seem to enjoy working on the program	2.85	3.83	34%
The Alliance delivers quality outcomes for Kāinga Ora's customers	2.38	3.78	59%
Alliance staff are willing to go out of their way to assist you	3.15	3.7	17%
Alliance staff are helpful and supportive	3.15	4	27%
Alliance staff try to satisfy your needs as a customer	2.46	3.7	50%
The PAB is focused on the long-term relationship with Kāinga Ora's	2.31	3.83	66%
Alliance staff treat you in a friendly manner	4.23	4.43	5%
Alliance staff take time to listen to your concerns	3.31	4.17	26%
Alliance staff make you feel important as a customer	2.46	3.7	50%
Alliance staff show appreciation for you and what you can contribute	2.92	3.91	34%

Results from WPT survey (2022 vs 2024)

Question	2022	2024	%
The Alliance has a clear sense of purpose	4.2	4.44	6%
Customer is at the heart of all decisions we make	3.9	4.13	6%
I am clear on what my authority is to make decisions	3.8	4.25	12%
Staff are consulted on key decisions that impact on us	3.7	3.75	1%
We are recruiting the right people for the right roles	3.7	3.88	5%
I receive adequate training to undertake my role	3.7	3.94	6%
I feel respected by my supervisor and colleagues	4.4	4.44	1%
I receive regular feedback on what I am doing well and what I can improve	4.1	3.94	-4%
I am rewarded for delivering quality work	3.9	3.88	-1%
I am supported when I am learning and make mistakes	4.1	4.25	4%
I have clear set of objectives	3.8	4.4	16%
My objectives are challenging but achievable	3.9	4.31	11%
There is alignment of objectives across the teams – we are working towards a common goal	3.4	3.5	3%
I feel that the work I do makes a difference	3.9	4.25	9%
I have autonomy and feel empowered	3.8	4.19	10%
I receive regular communication from the AMT	4	4.31	8%
My supervisor is open and transparent	4.4	4.63	5%
I have opportunities to provide feedback to my supervisor	4.5	4.44	-1%
I feel my human rights are respected	4.6	4.5	-2%
Our Alliance values diversity and inclusion	4.3	4.38	2%
We have transparent performance metrics as an Alliance	2.9	4.13	42%
We regularly debrief as a team on our performance and how we can improve collectively	3.6	3.81	6%
Safety and well-being is a high priority	4	4.5	13%
Levels of pressure, stress and anxiety are high on the Alliance	4.1	3.2	-22%
Staff on the Alliance work as one team leaving their home organisations at the door	3.7	3.56	-4%
Staff collaborate across different departments within the Alliance	3.9	4	3%

5.4 Pain Gain Share

A key feature of the Alliance model is the sharing of risk and reward. This is known as pain and gain share. Pain and gain share is calculated as the variance between the AOC and the TOC. For a Programme Alliance it is largely expected that pain share and gain share nets to zero over the longer term. If the Alliance is consistently in pain share it means the NOPs are not realising their budgeted margin which can cause damage to the relationships over time. If the Alliance is consistently in gain share it means the NOPs are realising above their budgeted margin, which means Kāinga Ora is potentially not receiving value for money.

The graph below maps out the pain and gain share over since 2022. It shows that initially the Alliance was largely experiencing pain share. However, over the past 12 to 18 months the Alliance recovered and is trending towards gain share.

TOC gain / pain share trend



5.5 KRA and KPI Performance

Under the Alliance model, the NOPs are incentivised to deliver outstanding non cost performance through the Limb 3 model. The Limb 3 model provides a bonus payment (2.5 % of turnover) to the NOPs where they achieve their agreed key performance indicators which are jointly set with Kāinga Ora.

The PAB has agreed a set of Key Result Areas which reflect areas of operation where performance is of significant interest to the PAB. The purpose of the KRAs is to drive the desired behaviour from the AMT and WPT. For each KRA, a series of Key Performance Indicators (KPIs) are agreed which measure activity or result that may be used to assess project performance. Targets or ranges of performance are set for each performance measure.

The table below shows the Alliance has achieved breakthrough or high performance across most of its KPIs in the last financial year.

KRA performance

KRA	KPI	Outcome
Health, Safety & Environment: Establish a high-performance safety and	Visible Safety Leadership	Breakthrough Performance

KRA	KPI	Outcome
environmental culture that demonstrates safety and environmental leadership	Critical Risk Audit Safety by Design	Breakthrough Performance
Cost & Programme: Deliver the programme of work on time and within budget through individual and team commitment to the agreed TOC parameters	Achievement of the following milestones in current forecast programs: <ul style="list-style-type: none"> IFC Issued (5%) Construction Complete (5%) Practical Completion (5%) DTOC NP Phase (3&4) (5%) 	Pass
	Robust monthly programme reviews of all active TOC's and DTOC's	Breakthrough Performance
	Robust monthly cost reviews of all active TOC's and DTOC's	Breakthrough Performance
Collaboration: Provide for a collaborative working environment with the Owner Participant to achieve outcomes and create efficiencies while developing our people and ensuring that the alliance principles are engrained in the team.	Collaboration Survey Improvement Plan for 3 lowest scoring survey questions	High Performance
Our People: Provide for and enable strong leadership and a constructive operating culture	Alliance Team Survey	High Performance (1 st Half) Breakthrough Performance (2 nd Half)
	Improvement Plan for 3 lowest scoring survey questions	
Public Value: Deliver value for money by ensuring that efficient processes are implemented that will drive the delivery of the right amount of work is delivered to achieve outcomes	Adherence and timeliness to change management process (Change & Variation) Quality of Construction Delivery Quality Resource Consent & EPA	Breakthrough Performance

5.6 Programme Management Costs

The PTOC covers costs of the Alliance Management Team, pre-construction, design, construction management, people and safety, stakeholder and engagement, and commercial. Over the past 5 years the LEAD Alliance has incurred costs of approximately \$149 M with regards to management of the programme. During the first three years of the Alliance PTOC costs peaked at around \$36 M per annum, which equated to 20 % of total overall Alliance costs.

The 2022 Health-Check found that the Alliance was overservicing the Programme Management role, and the PTOC included a number of roles and costs that were viewed as not delivering value for money. As part of the Contract Renewal, Kāinga Ora requested the Alliance to undertake a restructure of the Programme Management functions with

a view to reduce cost. This resulted in considerable savings and led by the OIM, has resulted in a reduction of the PTOC from \$33 M to \$12 M pa.

Alliance expenditure since 2019

	2019 (\$M)	2020 (\$M)	2021 (\$M)	2022 (\$M)	2023 (\$M)	2024 (\$M)	Total
PTOC	\$ 11.4	\$ 36.6	\$ 34.3	\$ 33.4	\$ 21.8	\$ 11.7	\$ 149
DTOC	\$ 0.3	\$ 13.0	\$ 7.3	\$ 6.4	\$ 6.6	\$ 6.9	\$ 41
D&C	\$ 9.2	\$ 134.3	\$ 169.1	\$ 131.7	\$ 90.1	\$ 35.0	\$ 569
Total	\$ 20.9	\$ 184.0	\$ 210.7	\$ 171.4	\$ 118.5	\$ 53.6	\$ 759

5.7 TCE and TOC Reconciliation Process

The Target Outturn Cost is a detailed costing budget for a defined project work package within the Alliance. The TOC is made up of direct costs relating to people, plant and materials; indirect costs such as on-site overheads; contingency (risk and opportunity); escalation and the NOPs fee. Each TOC Proposal is developed by the Alliance team and submitted for Health-check by the AMT. Kāinga Ora appoint an IE to review the TOC and benchmark the TOC against market rates and comparative industry costing standards. The IE is an iterative process with the Alliance and provides feedback to the AMT to either submit the TOC to PAB for approval.

One of the agreed requirements of Contract Renewal in 2022 was that the Alliance would implement a number of improvements in the timeframe in which TOCs were being completed. During the interviews and focus groups undertaken in this Health-check there was general consensus that the TOC Reconciliation process continues to be an area with need for improvement. Feedback during Health-check was that whilst there has been improved rigor and certainty over the TCE proposed by the Alliance, the timeframes of between 6 and 9 months to reconcile the TOC is seen as taking too long.

5.8 Design Productivity

One of the unique aspects of the LEAD Alliance is the way it utilises professional services or DNOPs. As a Programme Alliance as opposed to Project Alliance, professional services are utilised in a number of ways which include:

- Concept Design work during pre-construction
- Detailed Design work post TOC award
- Programme Management services.

Under traditional infrastructure delivery models these services would be procured and managed separately, and there is often segregation of these functions. In the LEAD model there are three separate DNOPs who provide personnel to be seconded into the Alliance and report to the AMT, who deliver these functions as a single integrated team. DNOPs charge time of staff to the Alliance using an hourly rate, and their costs are factored into either the project TOCs, DTOCs or PTOC packages. DNOPs are also liable for a portion of pain share with up to 40 % of their fee at risk.

One of the agreed requirements of Contract Renewal in 2022 was that the Alliance would deliver improvements in productivity of design resource. During the interviews and focus groups undertaken in this Health-check there was general consensus that the productivity of professional services continues to be an area with need for improvement. Some statistics were quoted as design fees being around 24 % of Construction Costs although this could not be substantiated.

5.9 Programme and Cost Management

During the 2022 Health-check, one of the key causes of dissatisfaction with Alliance was the rigor and transparency of programme and cost control. There was high levels of frustration within the NOPs around the degree of pain share they were experiencing as well as the lack of confidence the PAB had in forecasting of programme and final cost. There were also high levels of frustration within Kāinga Ora, over the level of transparency over programme and where money was being spent.

One of the agreed requirements of Contract Renewal in 2022 was that the Alliance would implement a number of improvements in this area including transparency of cost and program, reliability of completion date forecasts and forecast final costs, improvement in early warning and critical path management.

During the interviews and focus groups undertaken in this Health-check there was general consensus that there has been significant improvement in programme and cost management. This is supported by evidence around stability of project forecasting, as well as a trend improvement in the Alliance shifting from pain share to gain share.

5.10 Management Plans and Processes

As a separately formed entity, the Alliance requires its own systems and processes separate from those of its individual NOPs. These are known as Management Plans and form part of the overall Alliance Management System (AMS). Management Plans outline the key policies, processes, and responsibilities of key members of the Alliance and include the following:

- Programme Governance
- Owner Interface Management
- High Performance Management
- Design Management
- Construction Management
- Risk Management
- Health, Safety & Wellbeing
- Quality Management
- Change Management
- Programme Systems
- Commercial Management
- Programme HR Plan
- Procurement Management
- Stakeholder & Communications Management
- Environmental Management
- TOC Management / TOC Close Out

One of the agreed requirements of Contract Renewal in 2022 was that the Alliance would ensure all these plans were updated. Feedback during this Health-check was that the commercial, finance, TOC, risk, programme systems and handover management plans were still to be updated.

6 VALUE FOR MONEY

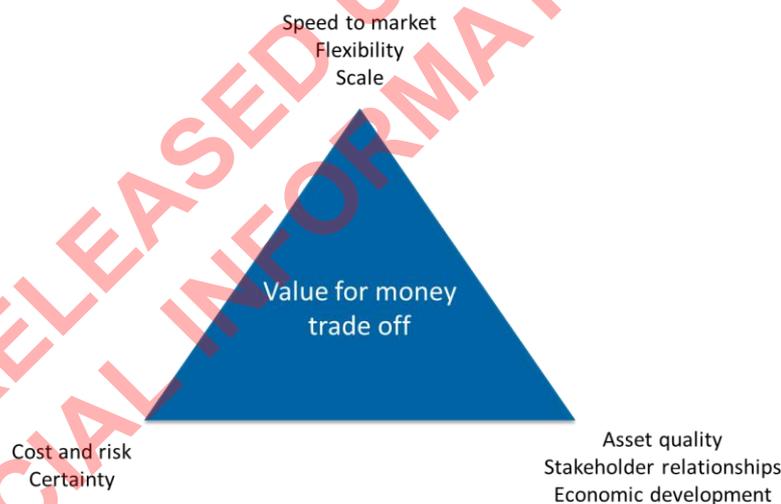
Value for Money is often defined as the optimised combination of cost, quality, benefit and risk. In the context of the LEAD Alliance this is often defined as the Right Land Enabling Strategy; Right Groundwork; Right Housing Outcomes; Right Total Cost; Right Outcomes and Right Time. Value for money does not always mean lowest cost and can consider non cost performance or social outcomes such as employment, sustainability and social equity, and in the case of the LEAD Alliance this is measured through the achievement of the Key Result Areas.

For the purposes of this Health-check, value for money has been defined as “total cost of delivering LSP infrastructure that meets the minimum requirements of council to enable the development of LSPs in the most cost effective and timely manner.” This definition recognises that determination of value must consider both Owners costs as well as Alliance costs and recognises that the LSP must meet the requirements of the asset owner including their maintenance obligations.

6.1 Defining value for money

A key role of an Owner in an Alliance is to develop the value for money (VfM) statement. The VfM statement provides direction to the Alliance on where the Owner is looking for minimum viable product and where it is looking for enhanced level of service or enhanced performance. The Owner may want LSP at lowest cost, at fastest speed, and at highest quality, in reality the Alliance needs guidance on where and how the Alliance should make trade-offs.

Value for money trade-offs



In the early years of the Alliance from 2018 to 2022 it appears as though the Kāinga Ora’s direction around value for money was around delivering at speed and delivering LSPs at scale. This was largely achieved but came at the expense of cost and programme certainty, process discipline and overall LSP costs. Following the Contract Renewal in 2022, Kāinga Ora’s direction shifted to focus on improving programme certainty, process discipline and delivering greater public value.

One of the key challenges for Kāinga Ora moving forward is aligning internally with staff and being clear on how it will assess value with regards to LEAD but also the LSP program. This goes beyond the direct cost of the Alliance, and should consider Owner’s costs, non-cost performance, and community outcomes.

There are a number of considerations that need to be considered when defining value for money including:

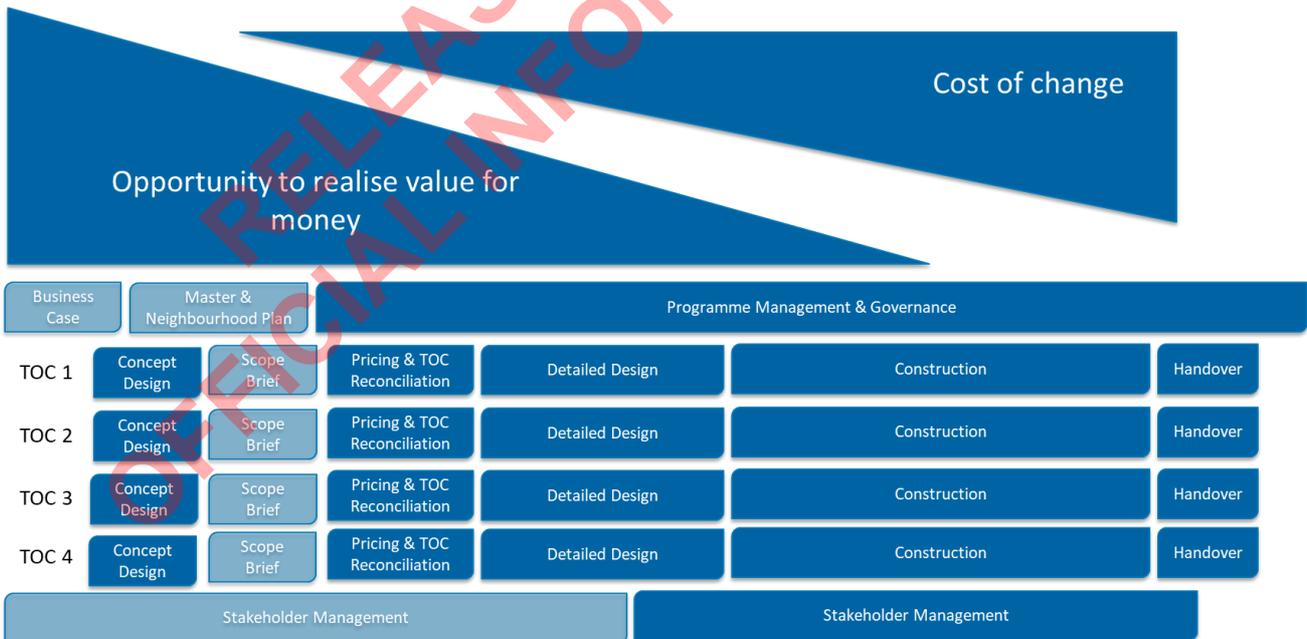
- Aligning any value for money definition and categories/attributes to the Government key focus areas of Better, Faster and Cheaper

- Identifying the value for money cost and non-cost categories/attributes
- Working through and aligning on key areas of focus including weighting and expectations around reporting this regularly to the PAB and Kāinga Ora
- Direct cost of delivering pre-construction works and design and construction of the LSP
- Costs of Owners staff involved in the LSP
- Community benefits from delivery of social housing faster thereby mitigating the current housing shortage
- Community well-being achieved through the quality of assets provided through the LSP programme
- Ability to deliver the scale and volume of works within the target timeframe
- Flexibility to make changes in scope or functionality
- Earlier programme completion due to faster end to end cycle time from business case to asset handover
- Improved relationships with stakeholders, residents and the community
- Ability to deliver works in a brownfield’s environment with risks such as ground conditions, utility strikes and traffic interaction
- Ability to share cost overruns with the supplier, with less contractual administration caused by variations.

6.2 Decision making and value for money

Whilst the Alliance is a large area of expenditure, value for money is most influenced through decision making by the Owner during the pre-construction phase. It is often said that a decision made during the strategy and planning phase of the asset lifecycle has a ten times bigger impact on value for money than a decision made in detailed design or construction delivery. This is because decisions made in pre-construction impact on priorities, timing, scope and functionality of the LSP program. In contrast decisions made in detailed design or construction delivery largely are made within the boundaries defined by Kāinga Ora in the forward works programme and project briefs, and therefore there is less scope to drive value. This is demonstrated through the diagram below:

Impact of early decision making on value for money



The purpose of this diagram is to highlight that value for money is most achieved through decision making at the business case, master planning and neighborhood planning stage of the LSP Program. Decisions at this at this stage are largely driven by Councils’ requirements as well as decisions by Kāinga Ora around the functional requirements, outcomes and scope of the LSP projects. The diagram also tries to highlight the cost of change and how the further a

project progresses through the lifecycle the greater the impact on change. Changes post agreement of the project brief have a significant impact on programme risk and cost.

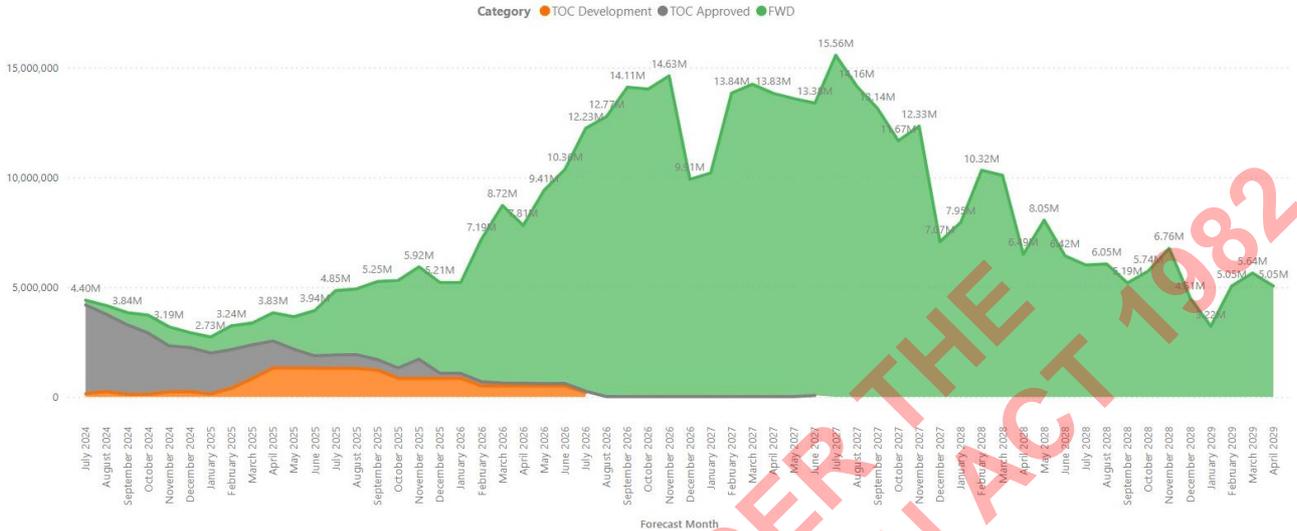
Decision making around value for money starts to take place at the business case stage, through asset service level definition, master planning, neighborhood planning, project scoping, design development, construction, change management, handover and maintenance. The earlier a decision is made in the project lifecycle the greater the impact on value for money.

Role of Council, Kāinga Ora and the Alliance in decision making

Owner	Asset Management	Planning	Proposal	Design	Construction	Maintenance
Council Asset Owner	Service level definition (MVP) Service level standardisation WOL requirements Maintenance requirements Needs identification	Master Plan endorsement Neighbourhood Plan Endorsement Approval requirements	Scope approval Approvals	Change Management	Change Management	Planned vs reactive maintenance Renewal budgeting Maintenance scheduling Procurement
Kāinga Ora Delivery Entity	Budgeting Forward works plan Business case Adherence to service levels (MVP) Needs identification Community consultation	Forward works plan Master Planning Neighbourhood Planning Functional requirements Scope definition Community consultation	Risk appetite CCO approvals TOC reconciliation Change Management Community consultation Build partner engagement	Stakeholder management Change Management	Stakeholder management Change Management	Planned vs reactive maintenance Maintenance scheduling Procurement
Alliance Owner and NOPS	Service level advice	Master plan advice Cost intelligence Early contractor involvement Maintainability input Resource planning	Risk appetite TOC development Design development Programming Construction planning Design productivity	Value engineering Maintenance in design Design productivity	Construction productivity P&G costs Mobilisation/demobilisation Procurement	Asset handover

Changes also impact value for money. Changes to requirements and design post agreement of the project brief drive significant costs in programme and cost. Whilst Kāinga Ora enjoys flexibility, this can come at a significant cost to the LSP program.

It was observed that the Forward Works Programme (FWP) set by Kāinga Ora can be quite lumpy, with the Alliance delivering \$176 M in 2021 and this reducing to \$42 M in 2024. Such a lumpy FWP significantly impacts on the Alliance’s efficiency as they are unable to optimise the utilisation of their people and plant. It also results in considerable mobilisation and remobilisation costs.



One of the other observations of the review was that LSP infrastructure was at times designed to a higher standard than required. Examples were provided during the Health-check of footpaths being designed to 3 m (rather than the standard 1.8 m), underground of services (where most Council regions have these above ground), higher specification parks and gardens than what would normally be expected, and inclusion of shared use paths that were desirable but not required. Designing above minimum need will not only consume Kāinga Ora’s funding for the LSP programme at a faster rate, but also creates future maintenance costs for the Council when they are gifted the assets.

6.3 Commercial drivers and value for money

One of the observations of the review was that the Commercial drivers of the NOPs can also impact on value for money. This is one of the common challenges in contracting in terms of balancing the need for an Owner around efficiency with the drivers from the Supply Chain around risk and margin.

The ACAP model delivers a number of benefits for Kāinga Ora. Some of these include:

- Expediated timeframe to progress from business case to construction by reducing the number of interfaces between planning, design and construction
- Early contractor involvement in planning and concept design to ensure constructable design
- Building up knowledge and lessons learned through the NOPs
- Reduced reliance and costs associated with in-house personnel
- Ability to deliver the scale and volume of works within the target timeframe
- Flexibility to make changes in scope or functionality
- Improved relationships with stakeholders, residents and the community
- Ability to deliver works in a brownfield’s environment with risks such as ground conditions, utility strikes and traffic interaction

However, the ACAP model also has a number of commercial risks which can adversely impact on value for money which include:

- There is no competitive tension for design packages or construction packages. This can mean that Kāinga Ora does not benefit from the NOPs competing for work and using this competition to drive efficiencies and cost savings. The Alliance is less incentivised to push hard for cost savings and efficiencies compared to what they would be in a traditional design and build model.

- The Alliance is involved in both pre-construction and post construction delivery, as well as programme management of the LSP program. This means that they can use pre-construction and programme management activities to de-risk post construction delivery.
- The Alliance can leverage investment in the PTOC and pre-construction activities to achieve its Limb 3. As PTOC and DTOCs are largely a cost reimbursable model then effectively Kāinga Ora is funding the achievement of Limb 3.
- The Alliance gets paid to submit its project proposals compared with normal contracting where this is part of bidding costs. This can incentivise conservatism during the bidding process as the longer it takes to price a package of work and reconcile the TOC, the more professional fees are generated but also it allows de-risking of the construction pricing.
- The professional services mindset required in pre-construction is generally very different from that in construction delivery. For example, design managers who are very strong in pre-construction tend to be more proficient in working with users to develop the design, vs design managers who are strong in construction delivery are generally stronger at value engineering and driving efficiency. Having one design team do both phases can mean Kāinga Ora is not getting the best of both worlds.
- As the Alliance is sole sourced work and re-imbursed all Limb 1 cost it can be incentivised to use sub-contractors to perform work rather than its self-perform capability.

This is not to say the risks of the model outweigh the benefits of the model, but it can explain why for example when Kāinga Ora benchmarks costs of individual design or construction packages to what they would see in a traditional design and build model they may see higher pricing.

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7 CONCLUSION

Overall the review found that there had been considerable progress made by the PAB and AMT in leading change on the Alliance which has resulted in observable and measurable improvements in the outcomes identified in the 2022 Health-check. The appointment of a new AMT combined with the Contractual Renewal process in 2022/23 has laid the foundation for the Alliance to meet expectations in terms of performance. In saying that, Kāinga Ora continues to have concerns as to whether it is obtaining value for money through the delivery of the LSP program.

In summary evidence from the surveys undertaken, interviews with key stakeholders and benchmarking identified that the Alliance had made significant progress in the following areas:

- Improved Governance at the PAB level and improved collaboration between the NOPs and the Owner participant
- Improvements in the level of satisfaction and customer experience of the Owner team
- Improved leadership from the AMT and improved operating culture of the Alliance
- Reduction in number and scale of projects exceeding budget (pain share)
- Achievement of key performance indicators set by the PAB
- Material reduction in programme management overheads (PTOC)
- Improvements in program, cost management and forecasting certainty

Evidence from the surveys undertaken, interviews with key stakeholders and benchmarking also highlighted that there is a number of areas both Kāinga Ora and the Alliance can work together in collaboration to improve value for money through improved planning, decision making and productivity. Some of the areas identified include:

- Improved planning by Kāinga Ora to deliver an optimised and stable forward works program
- Developing a value for money statement to provide clarity to the AMT around the PAB's expectation
- Working with Council to ensure there are clear Asset Technical Service levels are in place and designing to minimum viable product requirements
- PAB developing a risk appetite statement and standard risk allocation table to ensure the pricing decision made by the Alliance and the Owner Interface team align to the PAB's risk appetite
- Establishing more effective policies and controls around changes in scope, particularly changes initiated after the project scope and TCE have been agreed
- Reducing layers of project management between the Alliance and the Owner team by embracing the Alliance principles of "one team"
- More effective management and control over design resource to improve productivity across professional services
- Improving efficiency and effectiveness of decision making and process by reducing layers of approvals and increasing delegation levels
- Establishing target dates and KPI's for close out of the TCE process to ensure bidding timeframes are consistent with competitive procurement timeframes
- Targeting productivity and cost saving initiatives through detailed design and construction to improve capital efficiency
- Revising the KRA, KPI and Limb 3 framework to incentivise the Alliance around delivering improved productivity, efficiency and cost savings

At the point in time the review was undertaken it was noted that the external landscape for Kāinga Ora and the LSP program was somewhat uncertain with a change in Government and changes with the board and senior leadership within Kāinga Ora. The impact of these changes through the review meant that many stakeholders were uncertain around the future requirements of the Alliance in terms of the pipeline of work which could potentially impact on the scale, scope and objectives of the Alliance. Given this uncertainty it is recommended that the outcomes from this review and opportunities for improvement are presented for consideration but may not be acted upon until there is greater clarity on the future Kāinga Ora's requirements for the Alliance.

8 APPENDIX: OPPORTUNITIES FOR IMPROVEMENT

#	Observation	Implication	Recommendation	Owner
1	<p>Forward Works Program (FWP)</p> <p>The pipeline of work approved by Kāinga Ora for the Alliance has ranged from \$176 M in 2021 to \$42 M in 2024. The FWP then shows a considerable ramp up in 2026.</p> <p>Swings in workload will reduce efficiency of the Alliance and result in higher costs of delivery.</p>	<ul style="list-style-type: none"> PTOC costs cannot scale to the level that the pipeline is changing and as such overheads as a % of construction costs increase. For example, even though the PTOC has decreased to \$12 M in 2024, the PTOC as a % of construction cost has actually increased. The Alliance is unable to resource level (i.e. find a fixed level of people and plant) which means they cannot optimise the utilisation of resources to deliver efficiency. BRS has observed examples in other contracts where resource levelling has resulted in 10% + savings in construction costs. There are de-mobilisation and re-mobilisation costs associated with ramping up and ramping down. This not only impacts on cost but also impacts on safety and quality as it takes time to train new personnel when they are mobilised. The NOPs will be risk adverse in committing self-perform resources and more likely to use sub-contractors, which defeats one of the original objectives of the ACAP model to build industry capability. As the market heats up in 2025, this is a key risk attracting and retaining the best possible staff to deliver the programme of works 	<p>Kāinga Ora review its integrated planning and investment decision making processes. Specifically, it is recommended that Kāinga Ora consider:</p> <ul style="list-style-type: none"> An integrated approach to planning LSP infrastructure with a single prioritised programme across all precincts. This will co-ordinate timing and smooth the scale of delivery A constraints-based approach where minimum and maximum thresholds are set for annual spend (i.e. max \$140 M and min \$120 M each year). This will drive prioritisation of the LSP packages and time phasing of the work. This would not only benefit the Alliance but would also provide efficiencies for Kāinga Ora’s own staff. 	Kāinga Ora

#	Observation	Implication	Recommendation	Owner
2	<p>Value for Money Statement</p> <p>A key role of the Owner (Kāinga Ora) is to develop the value for money statement for the Alliance which should define what its priorities are with regards to value and how tradeoffs should be treated.</p> <p>During the stakeholder engagement in this review, it was observed that staff at Kāinga Ora had competing objectives with regards to value for money. On one hand there was an expectation for the Alliance to be flexible, scalable and move at pace, but on another hand, there was an expectation that the Alliance provides certainty, efficiency and productivity.</p> <p>As an example, having poor rigor over change control, having a lumpy FWP, having project briefs which exceed MVP and sharing of brownfields risk with the NOPs but then expecting design and construction packages to be cheaper than traditional design and build contracts.</p>	<p>Lack of clarity around value for money makes it difficult for the Alliance to set clear goals and objectives, as well as build its organisational systems, structures, processes and resources to deliver efficiency. The Alliance is unable to establish core competency, specialization, operational maturity and deliver excellence as it has competing priorities. This results in a higher number of resources and costs as the Alliance needs to balance the need for flexibility, pace, certainty and reducing cost simultaneously.</p> <p>Areas where this can conflict include:</p> <ul style="list-style-type: none"> Higher PTOC costs to enable flexibility and pace during pre-construction Higher PTOC costs to invest in more rigorous project control systems Increased LSP TOCs to accommodate changes or higher specification Increased likelihood of pain share due to changes post TOC reconciliation Competing demands on the time of the AMT and WPT as they balance competing priorities 	<p>PAB agree and prioritise its requirements and attributes around value for money and provide guidance around priorities and tradeoffs. This should be documented as a formal value for money statement and incorporated as an appendix to the ACAPA.</p> <p>In developing the VfM statement it's important not only that it is documented but that all staff are in alignment and all external stakeholders such as the Council are also in alignment.</p> <p>In parallel to the development of the value for money statement it is also recommended that the PAB agree a set of metrics to measure value for money which is aligned to the value for money statement. These can then be tracked and reported by the Alliance on a quarterly basis through a value for money report which is provided to the PAB. A subset of these metrics should be incorporated into the Public Value Key Result Area so that the Alliance is incentivised through Limb 3 to deliver on the VfM statement.</p>	PAB
3	<p>Minimum Viable Product</p> <p>During the Health-check a number of examples were provided where the project briefs and functional requirements were in excess of generally accepted standards. Examples were provided where the project brief required 3 M footpaths, underground services, inclusion of shared use paths or higher specification parks and gardens.</p>	<p>Exceeding MVP has a number of implications around Value for Money which include:</p> <ul style="list-style-type: none"> Higher capital and construction costs, driving up the cost of LSP infrastructure and consuming funding at a faster rate Increased maintenance costs for the asset owner as they will require more resources to maintain the Asset over its life 	<p>Kāinga Ora develop a policy around the requirement for MVP on all LSP projects. This should be developed in conjunction with Council maintenance teams who will be the ultimate asset owner, as well as involvement of the Alliance to provide constructability input. This should be communicated and re-enforced to staff at both Council and Kāinga Ora in terms of expectations.</p>	Kāinga Ora / AMT

#	Observation	Implication	Recommendation	Owner
	<p>Generally accepted practice in public infrastructure design is that infrastructure should be designed in accordance with minimum viable product (MVP). MVP requires that assets are only designed to the level absolutely required to meet the communities needs to ensure there is not over investment in certain community assets at the expense of others. MVP also ensures that the whole of life cost of the asset is taken into account during the design to ensure assets are not designed in a way which increases operational and maintenance costs for the asset owner.</p>		<p>Kāinga Ora work with Council to define Asset Technical Service levels for all Asset Classes ranging from roads, footpaths, lighting, car parks, recreation facilities, trees, and community reserves. These Service Levels should form the baseline for the design decision making.</p> <p>The Alliance is provided greater opportunity to be involved in value engineering at early stages in planning and design with the objective of driving down whole of life costs (both capital cost and maintenance costs).</p> <p>The Project Brief approach includes specification of outcomes such as number of residents, number of houses etc. to enable the Alliance to have clarity and drive unit cost efficiency (i.e. cost per house approach).</p>	
4	<p>Risk Appetite</p> <p>One of the benefits of the Alliance model is that risks are shared between the Owner and the NOPs. This means that the NOPs are only exposed to 50 % of any cost over runs and their downside exposure is capped at their Corporate Overhead and Profit. The benefit of this is that it promotes a higher risk appetite from the NOPs as their level of exposure is much lower compared with traditional design and build or build only projects.</p> <p>It was also noted that the gain share model adopted by Kāinga Ora for the Alliance is particularly favorable to Kāinga Ora compared with traditional Alliance models. The ACAPA outlines that Kāinga Ora benefits from 80 % of any gain share above a 10 % cost underrun. This should promote a higher risk appetite from</p>	<p>The risk sharing and the portfolio approach adopted through the ACAP should result in a high-risk appetite from both Kāinga Ora and the NOPs than what is currently being observed. Specifically, it should result in:</p> <ul style="list-style-type: none"> • A more aggressive approach to risk allocation by Kāinga Ora (i.e. Owner holding more risks) which will reduce cost • A more aggressive approach to pricing by the Alliance which will reduce cost • Faster pricing of TCE and reconciliation of the TOC which will reduce PTOC costs as well as get projects to completion faster • Reduced oversight by the Independent Estimator over time which will accelerate the TOC reconciliation and reduce IE fees and PTOC costs 	<p>The PAB develop a Risk Appetite statement define the level of risk each party accepts and to guide pricing of contingency. This should not be an overall risk but provide guidance on key elements of the TCE build up showing where the Alliance should adopt a conservative approach and where it should be more aggressive. This should not only drive down costs by ensuring contingency is appropriately costed but should also provide greater certainty and reduce the variation of pain and gain share.</p> <p>Kāinga Ora look to reduce the level of oversight by the IE recognising that the risk of a soft TOC is significantly lower on the ACAP model as well as recognising that both Kāinga Ora and the Alliance will build historical knowledge and trust over time. This will reduce fees with the IE but also accelerate the TOC reconciliation.</p>	PAB

#	Observation	Implication	Recommendation	Owner
	<p>Kāinga Ora, as in the event of a “soft” TOC then Kāinga Ora is rewarded with a higher recovery of gain share.</p> <p>Further the Programme Approach of the LEAD Alliance allows both Kāinga Ora and the NOPs to develop knowledge and learnings over time around risk and pricing. This allows both the Alliance and Kāinga Ora to take a more informed view of risk allocation as lessons from the past can be incorporated.</p> <p>The portfolio also allows the Alliance to adopt a higher risk appetite as whilst some projects may go into pain share this can be offset by other projects going into gain share, or the PTOC being in gain share.</p>		<p>The PAB develop a standardised Risk Allocation table which provides guidance around which risks should be priced in a TOC and which risks will be Owner retained. This should be based on historical data but also adopt a portfolio approach with the view of driving down costs.</p>	
5	<p>Change Management</p> <p>One of the issues identified as a project moves from project brief, through to pricing and then delivery, is growth or changes in scope. This ‘scope creep’ is contributing to escalating costs and may be overt, for example with stakeholders seeking to include additional items into a scope of work even where there is no direct relationship to the minimum requirements sought, or it may be more subtle, for example choosing to interpret a standard in one way versus another.</p> <p>A generally accepted principle with infrastructure planning, design and construction is that changes to scope or functionality post the agreement of the Project Brief has a considerable impact on cost as well as increasing</p>	<p>Changes to scope or requirements post release of the Project brief have a number of implications for cost:</p> <ul style="list-style-type: none"> • Increasing functionality or scope which drives up construction cost • Rework of the design which drives up professional services fees • Increased risk to program, which is a key driver of cost • Increased risk of error resulting in rework or defects 	<p>Kāinga Ora establish clear accountability for scope change, which is supported by a RASCI, approval steps and change management systems. Internal approval requirements for scope change should make it extremely difficult to make changes in scope unless there is a material public safety or significant cost benefit.</p>	<p>Kāinga Ora / AMT</p>

#	Observation	Implication	Recommendation	Owner
	risk, particularly around programme (which is a key driver of cost).			
6	<p>Integrated Team</p> <p>One of the key benefits of the Alliance model compared with traditional design and build delivery models is that it allows the Owner to integrate its own personnel into the delivery of works. One of the key Alliance principles is working as one integrated team and there should be no need to “position” mark, which means no need for the Owner to have roles that potentially duplicate what the Suppliers have within their team.</p> <p>It was observed that there are multiple layers of project management which exist within LEAD but also then exist within Kāinga Ora. Within the Alliance there are project managers who oversee design and construction works, and then Kāinga Ora has project managers (SBMs) who also oversee works from a Kāinga Ora perspective.</p>	Having separate layers of project management not only adds additional cost (potentially \$2 to \$3 M pa), but also creates layers of decision making which reduces effectiveness and dilutes accountability.	<p>Kāinga Ora and the Alliance work together to review the organisational structure of both the Alliance and Kāinga Ora with a view to consolidate project management roles. With the Alliance model there is no reason for Kāinga Ora staff from being part of the Alliance and taking more of a direct role in managing design and construction works. Rather than being outside the Alliance trying to manage works, Kāinga Ora staff can be part of the Alliance managing projects directly. This would reduce the need for NOPs to provide resources and reduce the total cost of delivering the LSP programme as well as improving effectiveness and promoting greater accountability. Integration of Kāinga Ora staff into the Alliance would also improve relationships as Kāinga Ora would have more skin in the game around the performance of the Alliance rather than sitting on the outside.</p> <p>As part of integrating Kāinga Ora roles into the Alliance it is common in other Alliances for salaries of Kāinga Ora staff to be incorporated into the TOC pricing (often known as Owner Alliance costs) and be part of the pain gain share equation so that the Alliance is accountable to manage these costs as they would be NOP staff.</p> <p>It is also worth considering having single project managers responsible for end-to-end delivery of projects from pre-construction, through design and then construction to reduce handover interfaces between the disciplines. There is some research indicating that end-to-end ownership over projects can significantly</p>	Kāinga Ora / AMT

#	Observation	Implication	Recommendation	Owner
			improve value for money as it ensures there is accountability for decisions made during pre-construction. This would also allow the project managers to work closely with Development Managers and Build Partners to ensure alignment around programme and critical outcomes sought.	
7	<p>TCE and TOC Development</p> <p>It currently can take up to 6 to 9 months for the Alliance to price and then reconcile a TOC with the IE and Kāinga Ora. This compares with 6-12 weeks for the NOPs to price and bid for traditional design and build and build only procurements. During this period the Alliance is fully re-imbursed its Limb 1 costs for preparing the TOC as well as recovering Limb 2 gross margin. The Independent Estimator also recovers fees to validate the TOC which is an additional cost the Kāinga Ora incurs. In addition, whilst not captured within the Alliance costs, there are the costs of Kāinga Ora staff salaries during this time.</p>	<p>Whilst taking the time to rigorously develop pricing and reconcile the TOC does create cost certainty and reduces risk of pain share, it also delays start of construction and increases pre-construction costs. Further, the timeframe to price the TCE and reconcile the TOC causes relationship damage between the Alliance and Kāinga Ora, as Kāinga Ora staff feel that the Alliance is not being efficient.</p>	<p>Identify how the timeframe for pricing and reconciling the TOC can be accelerated.</p> <p>The timeframe to price and reconcile the TOC should be part of the KRA framework in order to incentivise the Alliance to expediate the completion of the TOC.</p> <p>The level of scrutiny the Independent Estimator applies to the TOC reconciliation is reduced and historical benchmarks are used more frequently to provide Kāinga Ora assurance over the accuracy of the TCE.</p> <p>The timeframe and re-imburement of costs associated with developing the TCE is capped and any costs which exceed this are covered by Limb 2 to ensure the Alliance is accountable for delivering the TCE within budget.</p>	AMT
8	<p>Design Resource Management</p> <p>The ACAP model incorporates Design team resources in pre-construction, programme management and detailed design activities. The ACAP model is unique in this nature as traditionally on most capital delivery programs where the concept design and detailed design are often undertaken by separate design teams (one managed by the Owner and the other by the contractor), and programme management is</p>	<p>Management of design resources can have a direct financial saving for the LSP programme without compromising quality or risk.</p>	<p>The Alliance implement a Design Resource plan in order to ensure greater accountability and transparency over time spent by the Design team on LSP works. This may include having more granular accounting and reporting of time spent by the design team at both a project and WBS level.</p> <p>The design fee as a % of construction costs is incorporated within the KRA framework to</p>	AMT

#	Observation	Implication	Recommendation	Owner
	<p>normally undertaken by the Owner. For LEAD this resource is part of one integrated team, with resources sourced from three different design NOPS.</p> <p>During the consultation with stakeholders in this Health-check the productivity of the design resource was raised as one of the areas that Kāinga Ora did not feel was getting value for money. It was antidotally raised that design fees were 25 % of construction costs (although it was not clear if this included pre-construction costs). Whilst is generally difficult to benchmark the Alliance in terms of Design fees as its scope and objectives are considerably different from other Alliances, it was generally felt that there is area for improvement in the productivity and management of design resource.</p> <p>Design resource productivity was also raised by stakeholders during the 2022 Health-check as an area for improvement and was one of the requirements outlined as part of the 2022 Contract Renewal process. This indicates it continues to be an ongoing cost concern.</p>		<p>incentivise the Alliance to reduce design fees and deliver efficiencies.</p> <p>Other strategies to reduce design costs should also be considered such as using part-time resourcing, repeatable designs, off shoring or using junior resources where possible. Other options may include having job codes closed off in a timely manner to prevent hours being charged to the Alliance when work has been completed.</p> <p>Further, having Kāinga Ora staff more directly embedded in the Alliance to end to end manage design and construction works will enable greater scrutiny over time spent and billed to the Alliance.</p>	
9	<p>Alliance Management</p> <p>Throughout the Health-check there was consistent feedback that the layers of approvals required were impacting on progress and efficiency. It was widely viewed that this was necessary post the 2022 Contract Renewal to gain tighter control over cost and program. It was felt that the Alliance has since matured.</p> <p>The observation was that many of the approvals and decision-making processes introduced since the Contract Renewal have been effective in</p>	<p>Tight delegations can be effective in improving rigor and providing greater certainty. However, it can also create inefficiency and disempower people.</p>	<p>The Alliance undertake a review of its Delegation of Authority, approval process and management plans with a view to streamline approvals and increase levels of empowerment. The general principle should be to push decisions down to the lowest level possible. This will enable the Alliance to have greater capacity to scale as required and reduce costs in pre-construction activities.</p> <p>Review is undertaken of the AMT to streamline meetings across the Alliance with a view to</p>	AMT

#	Observation	Implication	Recommendation	Owner
	<p>managing programme and cost more rigorously, however that many of these approvals and layers are becoming bottlenecks and are inefficient. This was supported by the fact stakeholders felt that to make decisions there were too many meetings with too many attendees as there can be a consensus culture as people do not feel empowered.</p> <p>It was also noted that a number of Management Plans are still incomplete.</p>		<p>reducing both number of meetings and number of attendees. Ensure that meetings have a clear purpose and there are clarity around roles, delegations of authority and decision making.</p> <p>The Alliance look at how to view how they utilise their Alliance Management Plans on a day-to-day basis through their SharePoint site so that their Management Plans are at the cornerstone of their 'ways of working'. This will help drive an efficient culture and greater consistency.</p> <p>A deadline is set by the PAB to finalise all outstanding Management Plans with a view to have these closed out by March 2025. Currently it is understood that the Commercial, Finance, TOC, Risk, Programme Systems and Handover plans have not been completed or updated.</p>	
10	<p>Design and Construction</p> <p>Feedback during the Health-check indicated that the Alliance is doing a lot of things well and delivers value in many areas. However, stakeholders felt there were a number of areas that the Alliance could deliver reduced cost of construction in order to deliver greater value for money.</p>	<p>Targeted efficiency initiatives in pre-construction and design and construction can have a direct financial saving for the LSP programme without compromising quality or risk.</p> <p>Specific examples provided included:</p> <ul style="list-style-type: none"> • Demolitions and land remediation (reduce direct cost) • Traffic management (reduce direct cost) • Use of self-perform resource wherever possible rather than sub-contractors (reduce direct cost) • Selective use of Hydrovac (reduce direct cost) • Integration of Kāinga Ora staff into the Alliance as Project Managers (reduced overheads) 	<p>The recommendations outlined above in this report are implemented as combined they will enable significant savings in cost of delivering the LSP program.</p> <p>The Alliance undertake targeted initiatives and continuous improvement focus in the delivery of construction works. This may include identifying top 5 focus areas and reporting to the PAB on a quarterly basis around savings made. This should include savings targets set and incorporated into the AMT's quarterly performance objectives.</p> <p>The achievement of delivery cost savings is incorporated within the KRA framework to incentivise the Alliance to reduce costs. This ensures that the NOPs are incentivised through their Limb 3 to reduce cost.</p>	AMT

#	Observation	Implication	Recommendation	Owner
		<ul style="list-style-type: none"> • Design resource management (reduce professional services cost) • Reduced layers of approvals (reduced overheads) • Value engineering the design to MVP (reduced scope) • Accelerating the TOC development timeframe reducing bidding costs and IE fees (reduced overheads) • More effective allocation of risk between the Owner and the Alliance reducing contingency and gain share (reduced contingency) • More rigorous control over changes in scope reducing programme duration and scope creep (reduced scope and minimise programme risk) • Resource optimisation through a more stable FWP maximising plant and people productivity (reduced labour and plant costs and increased overhead productivity) 		
11	<p>Incentivisation</p> <p>The KRA's and KPI's framework plays a key role in driving behavior of the Alliance, as the NOPs get paid 2.5 % of revenue as additional margin if they achieve the KPIs. This significantly increases their margin and is therefore an important incentive.</p> <p>The current KRA and KPI framework was set post the 2022 Contractual Renewal where there was a large focus on stabilising the Alliance and providing certainty around programme and cost. However, with the current Governments</p>	<p>Ensuring the KRA and KPI framework is designed to incentivise efficiency is important as it ensures that any margin lost by the NOPs through reducing cost (and in turn reducing Limb 2 gross margin) is offset by margin achieved through the Limb 3. If the NOPs are not incentivised through Limb 3 to promote efficiency, then they are unlikely to have a sense of urgency to reduce costs as this reduces their Limb 2 margin.</p>	<p>It is recommended that the KRA and KPI framework is reviewed in accordance with the new Government direction with a focus on delivering efficiency.</p> <p>Some suggested KRAs may include:</p> <ul style="list-style-type: none"> • Value in design • Risk appetite • Efficiency and effectiveness • Cost of design and construction • Performance, risks and relationships 	PAB

#	Observation	Implication	Recommendation	Owner
	<p>direction around “better, faster and cheaper” and the shift in focus of Kāinga Ora to reducing cost and promoting efficiency there is a need to reset and review the KRA’s and KPIs to ensure the Alliance is incentivised for the critical outcomes sought by Kāinga Ora.</p> <p>In setting the KRAs and KPIs, the PAB should ensure that the Limb 3 focuses on behaviours that are not already incentivised through the pain share model or not already incentivised as part of business as usual. For example, the Alliance is already incentivised to achieve programme certainty and cost certainty through the pain and gain share model. Likewise, the Alliance is also incentivised around safety as it is part of the core business as usual expectation of the NOPs businesses.</p>			

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9 APPENDIX: SURVEY RESULTS

9.1 Kāinga Ora Survey Response Summary

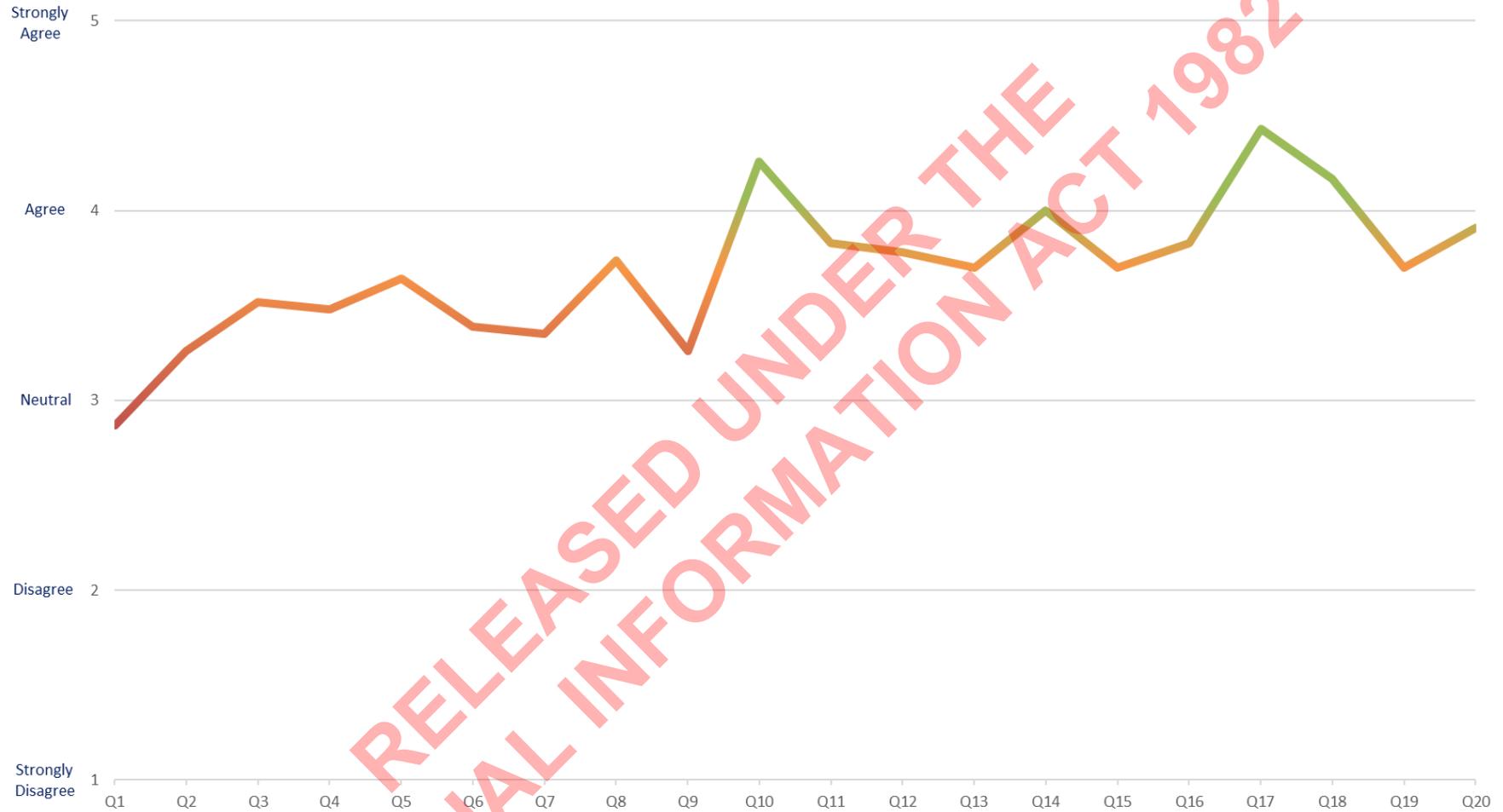
There was a total of **23 out of 27** responses.

LEAD Alliance Health Check Kāinga Ora Survey - September 2024



Interpretation: High scores indicate that the behaviours in the relevant categories are demonstrated/observed more than frequently. Scores lower than *agree* suggest that these behaviours may not be demonstrated consistently or observed by the overall team.

LEAD Alliance Health Check Kāinga Ora Survey - September 2024



9.2 Detailed breakdown of responses

The following table represents a breakdown of responses received based on a percentage split of all responses per question – The mode is the response that occurred most frequently per question.

Average 4-5 = on target | Average 3-4 = improvement needed | Average 0-3 = urgent action needed

Survey Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Weighted Average
Kāinga Ora receives value for money	0.00%	39.13%	34.78%	26.09%	0.00%	2.87
Development of the TOC is transparent and costs are open-book	0.00%	26.09%	34.78%	26.09%	13.04%	3.26
The Alliance enhances the reputation of Kāinga Ora	0.00%	13.04%	30.43%	47.83%	8.70%	3.52
The Alliance delivers outstanding outcomes	0.00%	13.04%	30.43%	52.17%	4.35%	3.48
Alliance staff take initiative to solve problems and make things happen	0.00%	0.00%	40.91%	54.55%	4.55%	3.64
Alliance staff work to meet or exceed your expectations	0.00%	13.04%	34.78%	52.17%	0.00%	3.39
The PAB makes win/win decisions that are good for both you and their organisation	0.00%	13.04%	43.48%	39.13%	4.35%	3.35
The Alliance delivers what they promised	0.00%	4.35%	21.74%	69.57%	4.35%	3.74
Alliance staff approach special requests with interest and creativity	4.35%	8.70%	43.48%	43.48%	0.00%	3.26
Alliance staff maintain standards and personal integrity	0.00%	0.00%	0.00%	73.91%	26.09%	4.26
Alliance staff seem to enjoy working on the program	0.00%	0.00%	30.43%	56.52%	13.04%	3.83
The Alliance delivers quality outcomes for Kāinga Ora's customers	0.00%	4.35%	21.74%	65.22%	8.70%	3.78
Alliance staff are willing to go out of their way to assist you	0.00%	4.35%	30.43%	56.52%	8.70%	3.70
Alliance staff are helpful and supportive	0.00%	0.00%	17.39%	65.22%	17.39%	4.00
Alliance staff try to satisfy your needs as a customer	0.00%	13.04%	13.04%	65.22%	8.70%	3.70
The PAB is focused on the long-term relationship with Kāinga Ora's	0.00%	0.00%	30.43%	56.52%	13.04%	3.83
Alliance staff treat you in a friendly manner	0.00%	0.00%	0.00%	56.52%	43.48%	4.43
Alliance staff take time to listen to your concerns	0.00%	0.00%	8.70%	65.22%	26.09%	4.17
Alliance staff make you feel important as a customer	0.00%	13.04%	30.43%	30.43%	26.09%	3.70
Alliance staff show appreciation for you and what you can contribute	0.00%	4.35%	26.09%	43.48%	26.09%	3.91

9.3 What do you think we do well as an Alliance?

- Once we get to site, sites are managed well, H&S is managed well, sites are delivered to expectation
- Tackling a huge programme of work in a manageable way.
- We can undertake complex and large volume delivery targets
- Great working with the design and construction teams. Seen an improvement in LEAD coming up with solutions to delivery more efficiently and reduce cost.
- Construction and design are usually well done
- Work together as a team, generally a good culture.
- I think the culture has significantly improved with a focus on consistent processes, cost and programme.
- Focus on improvements, receive feedback and reflect on performance
- All work well together as a wider team, great expertise to draw on
- There has been a noticeable improvement in the Alliance understanding Kāinga Ora's delivery expectations in terms of time and cost-savings. As a result, trust has improved.
- Leading upfront conversations when issues arise
- Definitely seen large improvements and moving in the right direction. Specifically, culture seems to have improved, relationships with development teams improving, cost management and tracking
- Have the ability to do an extensive amount of work at once across a large geographic area
- People on the ground doing the best they can.
- Great Collaboration and open to suggestions and exploring better ways of working.
- Collaborate to solve issues
- Deliver to a programme of work
- Collaborate to successfully deliver projects at scale.
- Delivery of works from pre-implementation through to construction is generally focused on a good outcome.
- Work collaboratively
- Very collaborative, helpful, open.

9.4 What does great look like in 12 months' time?

- Could be a lot simpler. It has become too complicated and we in the development teams, who hold accountability for delivery, are too far removed from the Alliance and have no relationship with the AMT or PAB - good in 12 months to me would look like closing these gaps
- Design component is delivered quicker than at present and represents a significantly smaller proportion of construction costs e.g. can be as high as 24% at present, while it may never be as low as 12% due to nature of alliancing and front-loading design/work, would be good to see this reduce as we re-use designs, develop design libraries, get better at working out what work 'actually needs to be done' to deliver the housing etc.
- A much-improved delivery cost, well aligned with what is achievable in the private sector, deliver with improved quality
- Approval of DTOCs / TOCs in less than 2 months.
- Delivery of superlots and appropriate documentation within programme and cost, hence, complements the build programme of vertical developments.
- Streamlined processes that make working in the alliance easy.
- Programme alignment and better transparency on financials
- Less risk adverse and willingness to try new things to improve the way we work further. Also reduced timeframes for neighbourhood planning and design.

- Demonstrating that the Alliance delivers value for money relative to the market
- Meeting programme timelines continuous improvement
- Maintaining trust, delivering outcomes whilst exceeding cost-saving expectations.
- TOCs in gain and forecast ahead of program
- Close out of outstanding items on old TOCs
- No quality issues in the past 12 months
- Pricing of everything is much quicker
- Programme production is much quicker
- Costs have come down
- Development team are involved and not shut out
- Reduction in amount of paperwork required.
- PC of TOCs where physical works were completed over 12 months ago.
- Free flowing process making progress of works more efficient.
- Achieving TOC completions on time
- Consistency, transparency, value for money
- Greater efficiencies - Lower Design Fees, not tagged to construction costs :)
- Refined process for front end of TOCs. Clear and well understood pipeline of work ahead.
- Delivering projects on time while and budget

9.5 What do we need to focus on to achieve great?

- As per question 3: Faster design stages/modelling/resolution of pathways forward with Council etc.
- And: Design component can be as high as 24% at present, while it may never be as low as 12% due to nature of alliancing and front-loading design/work, would be good to see this reduce as we re-use designs, develop design libraries, get better at working out what work 'actually needs to be done' to deliver the housing etc. e.g. SMPs etc just take too long at present (for all sorts of reasons, no blame here - just needs to get better).
- Understand the concept of Alliance and move away from traditional 3910 engagement (in particular in what concerns cost and approach to variations and P&G)
- Decrease the time taken to approve DTOCs and TOCs
- Project management and not lose focus on documentation
- Reduce excessive bureaucracy
- Working to be more agile on programme. Improve activity durations during the DTOC and Pricing Pack Development phase.
- Finding a balance of process and logic.
- Also working back from a date and finding ways to achieve it, not always planning for the most risk adverse solution
- Greater alignment on programme and cost forecasting, delivering components that underpin the value proposition of an Alliance (i.e. build-ready designs on the shelf to enable flex through the program)
- Simplifying processes that are not complicated
- Much of Kāinga Ora's delivery expectations includes working with Council family. A key focus for the Alliance is to advocate for Kāinga Ora across all spectrum of work and to maintain quality relationships with Council family to build their trust.
- Better programs for new scopes
- Lower gap between IE and TOC initial price

- Faster reconciliation process
- Pricing pack, TOC and CR pricing
- Reducing the number of people that have to approve everything to speed up getting out programs and cost
- More transparency on risk. Reduction in design fees.
- Document quality, timeliness, and response.
- Reduction in governance or approval processes involved to keep things moving forward.
- Tailor make decision on a case-by-case scenario rather than a blanket approach.
- Respond quickly to the requested information
- Trust
- Transparency with cost build ups and more transparent Health-checks from the IE.
- Focus on outcomes as much as process. Empower alliance people through the organisation.
- Continue open and honest communication, provide early notification on issues/risks.
- Improve collaboration between Kāinga Ora, LEAD, CCOs and other stakeholders. Improve information sharing and streamline processes.

9.6 What specific improvements can we make in terms of experience for Kāinga Ora?

- I think the experience is great in terms of working with the Alliance. Mark Crowle has made a series of excellent improvements and the AMT are demonstrating genuine commitment to achieving great outcomes.
- Just keep doing more of that and encourage our designers to push for clever solutions to reduce programme etc.
- As above
- As above
- Simplify administrative procedures
- To achieve the best outcome for Kāinga Ora while ensuring that risks are appropriately considered for the Alliance.
- Sharing of information early. Further involvement of the development team and CCOs to take them on the journey.
- More sharing of Alliance progress reporting and "wins" (i.e. Alliance monthly update packs) shared with Kāinga Ora
- Too many layers, too many people involved.
- Lead not flexible - big machine, not efficient
- Paying a premium. Is the Lead alliance value for money?
- Post completion process needs improvement, takes way too long
- More involvement/monitoring of site works for Kāinga Ora
- Programs management needs improvement and payment claim process
- Maintain high health and safety standards. Ensure lessons are learned to keep workers, public and staff safe.
- Ensure all communication (flyers/letters) within the development neighbourhoods are clear and timely.
- Demonstrate understanding of the full Neighbourhood programme and budget when progressing with Neighbourhood Planning, Pricing Pack and TOCs
- Continue the journey of rebuilding the respect and relationship with the development teams
- Keep processes transparent
- Speed up pricing

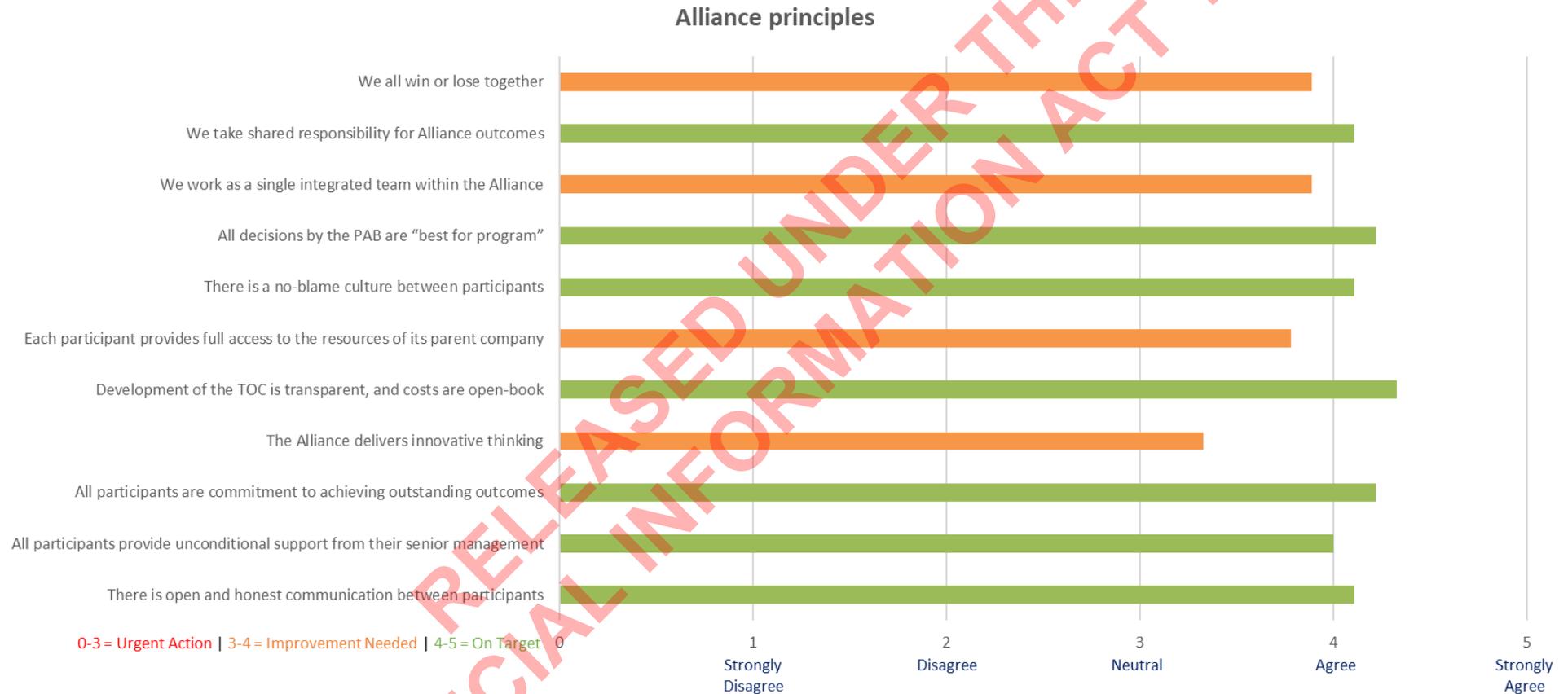
- Addressing extended compliance processing times with assurance of timely quality and full documentation issued, reduced response times to Council RFIs, proactive follow up so able to tell us what the specific issues are, informing and working with Kāinga Ora on road blocks.
- Include the development team in process changes, delivery decision making
- Proactively seeking efficiencies and market-aligned pricing.
- Ensure that the Alliance understand the pipeline of work. It is very hard to plan for an uncertain future.
- Improve the delivery framework (templates, processes, training). Adopt PM software. Consistency between neighbourhoods/precincts.

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9.7 Project Alliance Board Survey Response Summary

There was a total of 9 out of 9 responses.

LEAD Alliance Health Check PAB Survey - September 2024



Interpretation: High scores indicate that the behaviours in the relevant categories are demonstrated/observed more than frequently. Scores lower than *agree* suggest that these behaviours may not be demonstrated consistently or observed by the overall team.

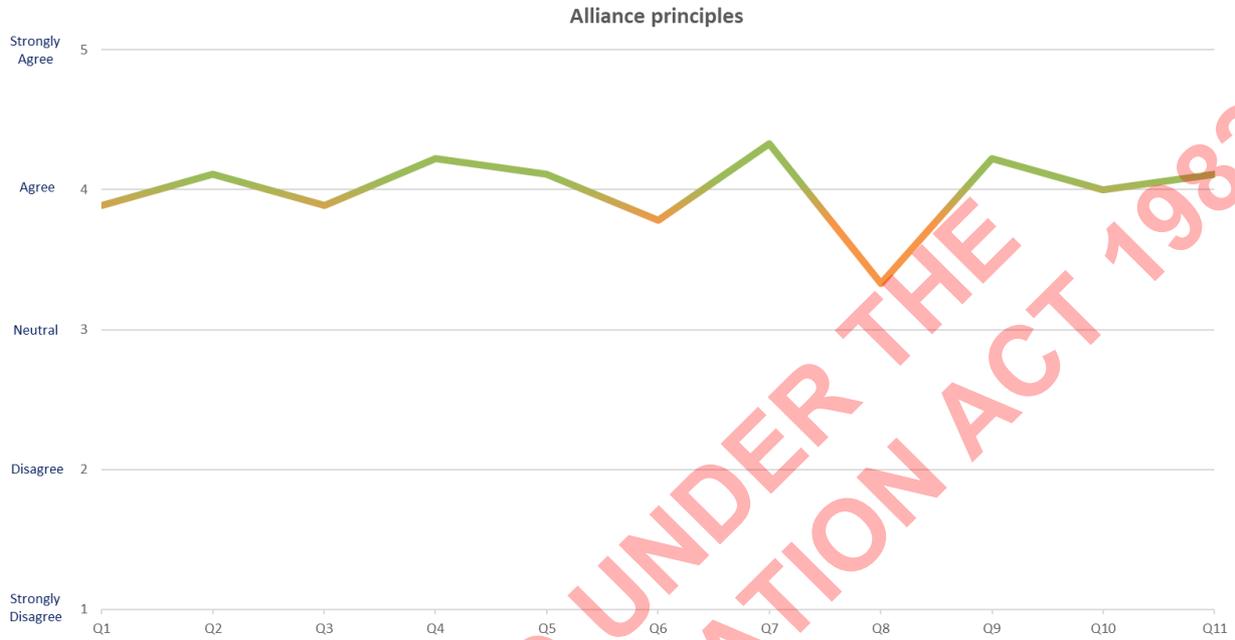
LEAD Alliance Health Check PAB Survey - September 2024

Governance



Interpretation: High scores indicate that the behaviours in the relevant categories are demonstrated/observed more than frequently. Scores lower than *agree* suggest that these behaviours may not be demonstrated consistently or observed by the overall team.

LEAD Alliance Health Check PAB Survey - September 2024



9.8 Detailed breakdown of responses

The following table represents a breakdown of responses received based on a percentage split of all responses per question – The mode is the response that occurred most frequently per question.

Average 4-5 = on target | Average 3-4 = improvement needed | Average 0-3 = urgent action needed

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9.9 Q1. Alliance principles

Survey Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Weighted Average
We all win or lose together	0.00%	11.11%	0.00%	77.78%	11.11%	3.89
We take shared responsibility for Alliance outcomes	0.00%	11.11%	0.00%	55.56%	33.33%	4.11
We work as a single integrated team within the Alliance	0.00%	11.11%	11.11%	55.56%	22.22%	3.89
All decisions by the PAB are “best for program”	0.00%	11.11%	0.00%	44.44%	44.44%	4.22
There is a no-blame culture between participants	0.00%	0.00%	11.11%	66.67%	22.22%	4.11
Each participant provides full access to the resources of its parent company	0.00%	11.11%	22.22%	44.44%	22.22%	3.78
Development of the TOC is transparent, and costs are open-book	0.00%	11.11%	0.00%	33.33%	55.56%	4.33
The Alliance delivers innovative thinking	11.11%	0.00%	44.44%	33.33%	11.11%	3.33
All participants are commitment to achieving outstanding outcomes	0.00%	0.00%	11.11%	55.56%	33.33%	4.22
All participants provide unconditional support from their senior management	0.00%	0.00%	33.33%	33.33%	33.33%	4.00
There is open and honest communication between participants	0.00%	0.00%	11.11%	66.67%	22.22%	4.11

9.10 Q2. Governance

Survey Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Weighted Average
PAB meetings are well run with agenda’s, actions and sufficient time available for discussion	0.00%	0.00%	0.00%	33.33%	66.67%	4.67
PAB is future focused on risk and opportunity	0.00%	0.00%	11.11%	66.67%	22.22%	4.11
PAB is strategic and doesn’t drill into operational detail	0.00%	0.00%	22.22%	77.78%	0.00%	3.78
Each participant’s commercial interests are respected	0.00%	0.00%	22.22%	66.67%	11.11%	3.89
Each participant’s reputational interests are respected	0.00%	0.00%	11.11%	66.67%	22.22%	4.11
PAB members connect with each other outside formal meetings	0.00%	0.00%	44.44%	33.33%	22.22%	3.78
PAB members connect with the AMT outside of formal meetings	0.00%	11.11%	22.22%	44.44%	22.22%	3.78

Survey Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Weighted Average
The PAB is stakeholder and community focused	0.00%	11.11%	0.00%	66.67%	22.22%	4.00
PAB reporting is transparent and provides line of sight over performance	0.00%	0.00%	11.11%	66.67%	22.22%	4.11
PAB members constructively deal with risks, problems and disputes	0.00%	0.00%	11.11%	44.44%	44.44%	4.33
There are adequate controls in place to safeguard against key risks	0.00%	0.00%	0.00%	66.67%	33.33%	4.33
PAB provides constructive support and guidance to the AMT	0.00%	0.00%	0.00%	88.89%	11.11%	4.11
PAM members spend time in field to provide visible leadership to the workforce around safety	0.00%	0.00%	11.11%	77.78%	11.11%	4.00
People and safety is a high priority to the PAB	0.00%	0.00%	0.00%	22.22%	77.78%	4.78
Customers and community are at the forefront of all decision making	0.00%	11.11%	22.22%	66.67%	0.00%	3.56

9.11 What do you think we do well?

- Good supportive culture focussed on project delivery
- Now running to programme and cost in a reliable way
- Work together productively as a PAB to make decisions
- Address the critical issues most of the time
- Get on the same page most of the time
- Make unanimous decisions relatively easily
- Change management well controlled, strong focus on programme delivery. Constructive discussion at PAB, good prep, all turn up every time and fully engage, great chairing to strike a balance of open discussion and drive to action.
- We empower the AMT to make decisions and to run the Alliance. We provide overview and perspective
- Focus on budget and programme to correct historical issues.
- Driving better performance across the Alliance - safety, completion time, cost v budget.

9.12 What does great look like in 12 months' time?

- A full programme of construction ready TOCs that have gone through pricing, design and consenting phases on time and budget. Designs that are cost efficient and safe to construct. The alliance well-resourced and equipped to deliver the increased construction workload. Alliance continuing to be welcome in the communities we work in.
- We have improved our delivery efficiency and have taken time and cost out
- Time taken to price TOCs and get TOCs started have decreased. Risk is taken into the Alliance on projects at 50/50 as per the Alliance agreement
- The alliance is strongly valued for its project performance and the contributions it makes to each organisation. This value is understood at multiple levels within all participants

- All decisions are best for programme, not OP/NOP driven. Continued strong delivery in design and planning so that TOCs are well-developed and in construction.
- That the Alliance is running smoothly, efficiencies are being realised resulting in value for the OP and that the NOP's are receiving a fair return. That the TOC's are being set in conjunction with the IE without any great iteration.
- Moving past the focus on budget and programme so we are delivering identifiable value for Kāinga Ora
- Much faster and more efficient delivery times, especially in the neighbourhood planning and approvals phase

9.13 What do we need to focus on to achieve great?

- Ensuring we don't become risk averse as an organisation and that we don't blindly follow our own rules and processes. Resourcing.
- The detail of how the work is done to remove waste.
- Leaner organisation and overheads reduced. Innovation in delivery and efficiency comes through
- Improving preconstruction timelines and efficiency in particular
- Demonstrating our value
- Making what is important to the Kāinga Ora clear
- implement the forward-looking PAB agenda we discussed at BRS workshop, rather than remain fully reactive.
- We need for the TOC delivery to be open, transparent and honest. Both the Alliance and the IE need to be realistic, learning from previous losses and wins.
- Streamlined programme for precinct planning, joint programme with CCOs, early contractor involvement in designs
- Time efficiency gains.

9.14 What specific improvements can we make at PAB level?

- Improve focus on risks to success in 12-24 months. Probably quite heavy on the here and now still.
- NOPs to drive client to be better. At the moment it is only really Kāinga Ora that is interested, everyone else going with it. PAB is generally working well however.
- NOPS not staying silent on items that don't apply to their home organisations during discussions
- Having successfully delivered on "back to basics" and after the more recent period of a structured and controlled approach delivering consistency and reliability, we should determine and align on the next direction to take the alliance to meet Kāinga Ora's objectives.
- Connection either side of PAB meetings to further improve the health and rigour of discussion at PAB.
- That the Alliance team are pragmatic in their approach to setting TOC's
- help challenge the norm, align home companies with aligned messaging.
- Support the Daum initiative. Support the Kāinga Ora members and their organisation.

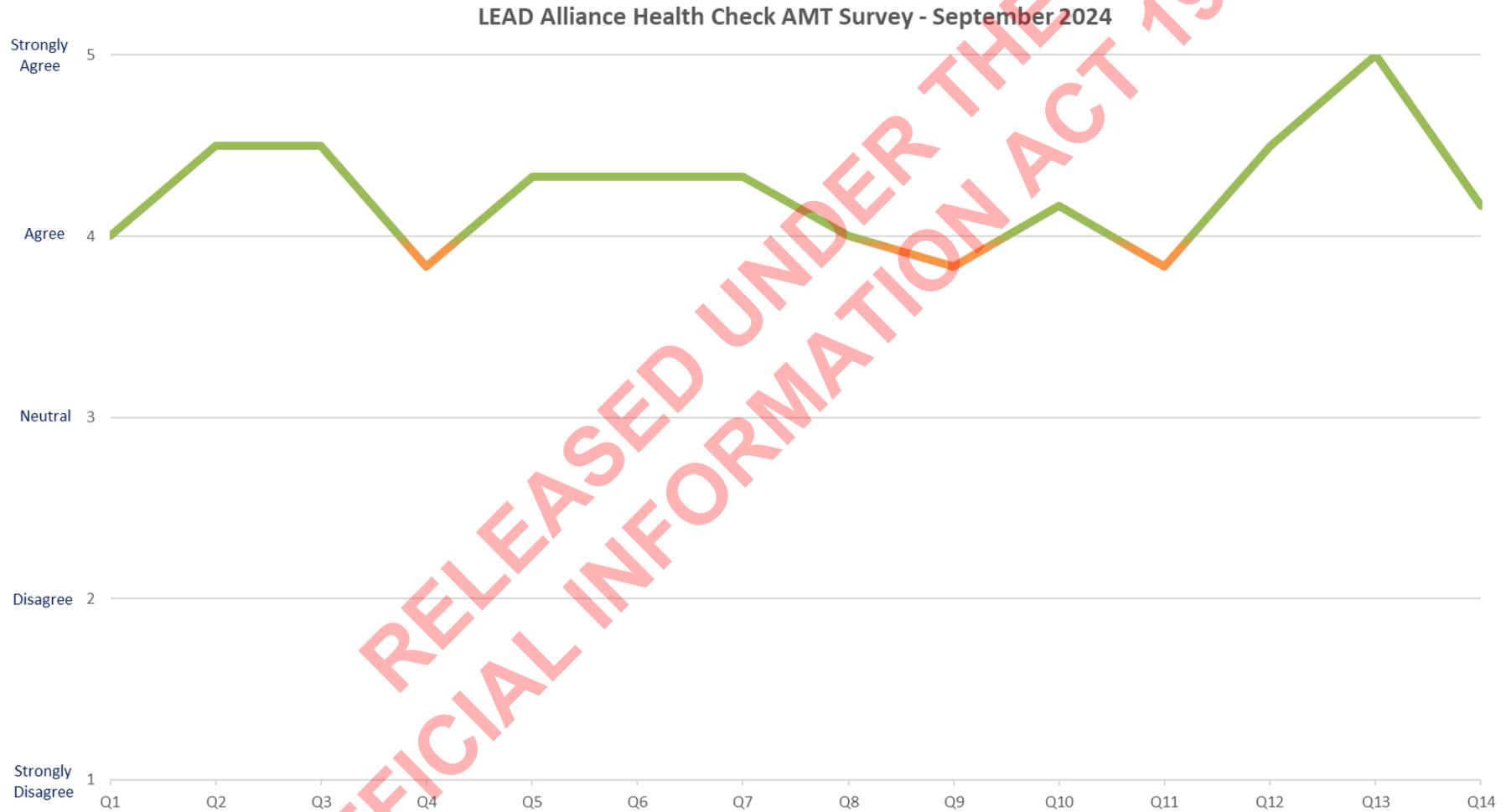
9.15 Alliance Management Team Survey Response Summary

There was a total of **6 out of 6** responses.

LEAD Alliance Health Check AMT Survey - September 2024



Interpretation: High scores indicate that the behaviours in the relevant categories are demonstrated/observed more than frequently. Scores lower than *agree* suggest that these behaviours may not be demonstrated consistently or observed by the overall team.



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9.16 Detailed breakdown of responses

The following table represents a breakdown of responses received based on a percentage split of all responses per question – The mode is the response that occurred most frequently per question.

Average 4-5 = on target | Average 3-4 = improvement needed | Average 0-3 = urgent action needed

Survey Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Weighted Average
The AMT feels they receive support and guidance from the PAB	0.00%	0.00%	0.00%	100.00%	0.00%	4.00
The AMT provides clarity of purpose and vision to the wider project team	0.00%	0.00%	0.00%	50.00%	50.00%	4.50
The AMT role models Alliance principles and constructive behaviours	0.00%	0.00%	0.00%	50.00%	50.00%	4.50
AMT members actively spend time mentoring each other as well as members of the project team	0.00%	0.00%	16.67%	83.33%	0.00%	3.83
The AMT discussions facilitate innovation and solving of complex problems	0.00%	0.00%	0.00%	66.67%	33.33%	4.33
AMT members speak positively of each other and staff and re-enforce what we are doing well	0.00%	0.00%	0.00%	66.67%	33.33%	4.33
AMT reporting is transparent and provides line of sight over performance	0.00%	0.00%	16.67%	33.33%	50.00%	4.33
AMT members provide honest, regular but supportive feedback to each other	0.00%	0.00%	16.67%	66.67%	16.67%	4.00
AMT members actively re-enforce the Alliance values and behaviours to staff	0.00%	0.00%	16.67%	83.33%	0.00%	3.83
AMT members help shape a sense of connection and belonging for staff on the Alliance	0.00%	0.00%	0.00%	83.33%	16.67%	4.17
AMT members empower others and create an environment where people perform at their best	0.00%	0.00%	33.33%	50.00%	16.67%	3.83
AMT members spend time in field to provide visible leadership to the workforce around safety	0.00%	0.00%	0.00%	50.00%	50.00%	4.50
People and safety is a high priority to the AMT	0.00%	0.00%	0.00%	0.00%	100.00%	5.00
Customers and community are at the forefront of all decision making	0.00%	0.00%	33.33%	16.67%	50.00%	4.17

9.17 What do you think we do well as an Alliance?

- We work collaboratively with our client to deliver enabled land as efficiently as possible.
- We have robust and transparent cost and programme reporting.

- We continuously look to improve our systems and processes.
- Focus on Safety, people, community and client.
- Drive best for project results
- Collaboration between alliance and OIM team from Kāinga Ora has come a huge distance, still more to work on as always, but lots of improvement done here.
- Focusing on key issues then smashing them out of the park, e.g. we put our minds to cost and programme for a period of time and we sorted it, e.g. we focused on specific projects that had operational issues, and worked with project teams to solve issues, those projects now doing exceptionally well.
- Working hard - there is a huge amount of effort, blood, sweat and tears going into this place and delivering this alliance.
- Developing our teams members to get the best out of them, lots of success stories of people growing through this alliance.
- Collaboration
- Culture
- Industry knowledge and experience
- We collaboratively work with Kāinga Ora to solve complex problems.
- We are inclusive and welcome all people working on the alliance.
- Focus on priorities of delivery and hearing the needs of the client so that we can deliver to it. Collaboration has been great.
- Active management of cost and programme.

9.18 What does great look like in 12 months' time?

- In 12 months, we are consistently delivering ahead of programme and under our TOC budgets.
- We have succession plans in place and individual development plans have been implemented.
- PAB and AMT are fully aligned
- Construction is ramping up and the NOP's have resources, plant and equipment available to support the ramp up
- Everyone is living the Alliance principles
- We are having fun
- Our systems, processes, ways of working are finally all documented,
- Things are easy for people to pick up and work through the project lifecycle
- We have new tools that are developed to help drive even greater best for project and high-performance outcomes for project teams and high efficient outputs
- Have clear management plans and processes in place that enable the teams to do their work.
- Ensure that accountability for technical and quality Health-checks (D+C) is at the right level (Not AMT).
- Reduce number of meetings (for everyone) – probably an outcome of the two items above.
- Steady flow of work
- We continue to hear from UDD that we are too expensive and take too long. We need to focus on how we demonstrate that we are adding value for money so the client has confidence that the programme alliance is the right model to deliver their large-scale projects.
- More workload, business case approvals, pricing pack durations cut in half, stages on the shelf
- Processes/policy are all in place and well established/understood by all. Ready for the next uptick in construction workload and growth. Pain/gain neutral.

9.19 What do we need to focus on to achieve great?

- PAB alignment
- Strong forward work programme to support growth and development
- Delivering ahead of programme and under budget
- Doing it right the first time - Quality
- Succession planning and growth opportunities within the Alliance
- Refining our systems and processes
- Finish management plans and all the processes, guidelines, templates, etc. for complete lifecycle
- Look at working with project teams to see what sort of things "tools" we could develop to help make their jobs more efficient
- Celebrating the wins with our teams, keep them engaged and enjoying working here.
- Role Clarity
- Improved forecasting of work (scope, programme and cost)
- Change Management (LEAD and Kāinga Ora)
- Issues escalation
- We are achieving ahead of programme, our pain position continues to stabilise. We are close to neutral in our gain position.
- All teams continue to upskill, provide best for programme decisions. Teams are fully aware of their roles and the processes (introduced over the last 12 - 18 months) and they are able to transfer the knowledge to new people as we increase in construction late 2025. Great will be the systems doesn't slow or go backwards as work increases.
- Challenging the current process in place (great that we have got to this point and can continuously improve)
- All policy-based decisions agreed and processes finalised. Comprehensive roll out to project teams including ongoing induction/training.

9.20 What specific improvements can we make at AMT level?

- Now that we are starting to get functioning SLT's below each AMT role we need to start getting the AMT to lift up out of the weeds and into more of a management role. This can happen in some areas but still work in progress in others.
- Prioritising time - to do this we need to ensure we have the right support around us in our teams, don't be afraid of running out of work, we always have heaps on and stacks we never get to. bite the bullet and complete our senior leadership teams, then work on coaching ourselves and for them, and empowering them. Partially a chicken and egg situation, but maybe need to buy some eggs to start the whole process in the right direction.
- Find ways to possibly enjoy working on the alliance/programme together and what we are actually achieving, celebrate the wins, and take time out, some significant work has been done by us and all involved over the last few years.
- In the short term, consider bringing in additional support to the AMT to help with program-wide improvements e.g., Management Plans, Processes and systems improvements. The AMT are busy trying to do this while still needing to be across all of the operational work.
- Identifying within each AMT functional area 1 or 2 additional roles/people that could really help over the next 6 to 12 months to help establish and develop processes and systems within their functional areas e.g. in Design there are a number of outstanding processes, standards and guidelines that have not been rolled out due to focusing on operational matters e.g. CAD Standard, LD Design Guideline, Design Health-check and Verification Process etc.

- Lifting out of the day-to-day operational aspects of the business and focusing on what will be needed when construction increases late 2025.
- Decision making, challenging ourselves, the norm and the process
- Stop changing ideas on policy decisions to enable finalisation of processes. One example how much site investigations should be complete prior to a pricing pack starting.

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9.21 Wider Project Team Survey Response Summary

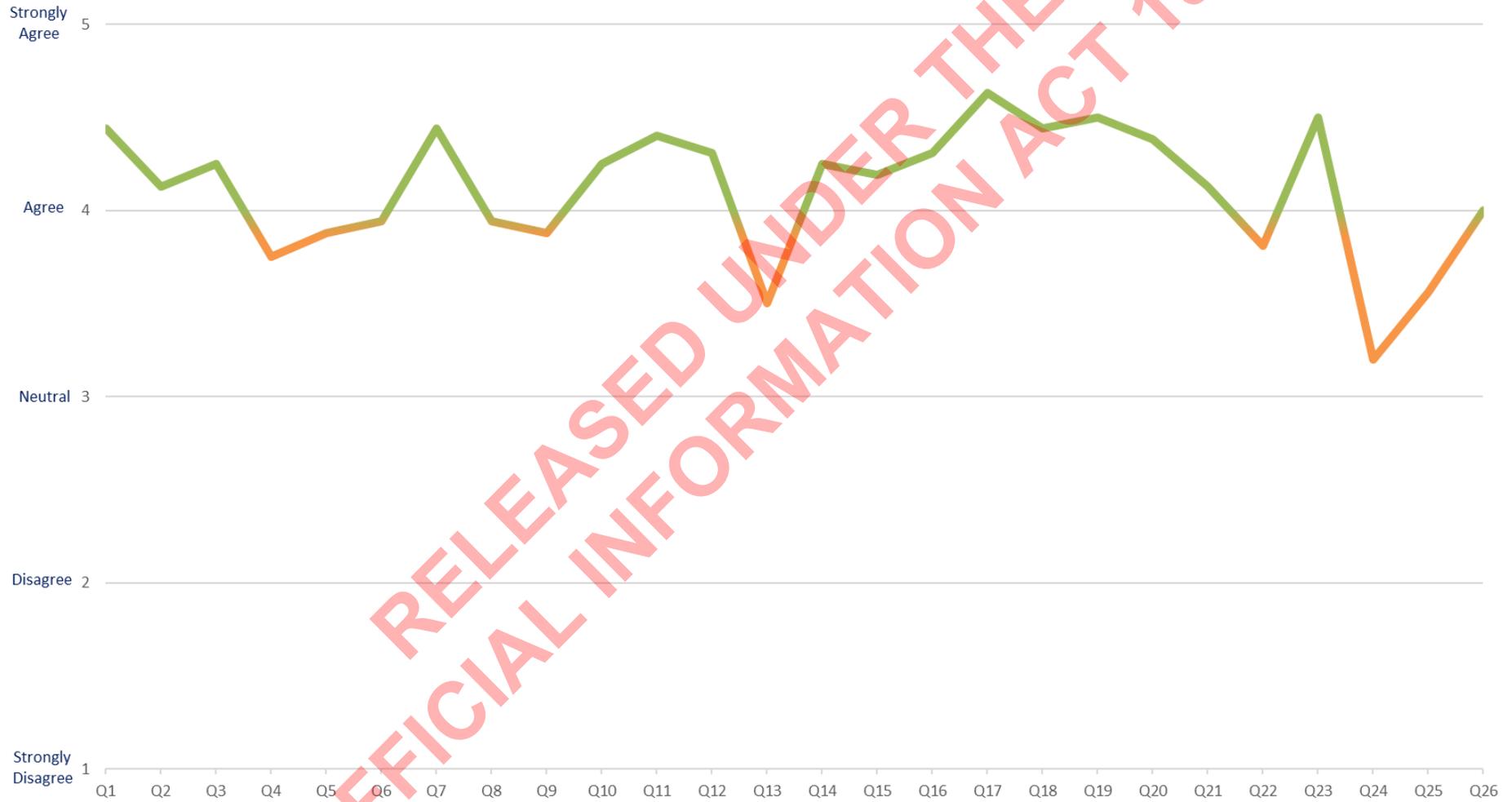
There was a total of 16 out of 16 responses.

LEAD Alliance Health Check WPT Survey - September 2024



Interpretation: High scores indicate that the behaviours in the relevant categories are demonstrated/observed more than frequently. Scores lower than *agree* suggest that these behaviours may not be demonstrated consistently or observed by the overall team.

LEAD Alliance Health Check WPT Survey - September 2024



9.22 Detailed breakdown of responses

The following table represents a breakdown of responses received based on a percentage split of all responses per question – The mode is the response that occurred most frequently per question.

Average 4-5 = on target | Average 3-4 = improvement needed | Average 0-3 = urgent action needed

Survey Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Weighted Average
The Alliance has a clear sense of purpose	0.00%	0.00%	0.00%	56.25%	43.75%	4.44
Customer is at the heart of all decisions we make	0.00%	0.00%	12.50%	62.50%	25.00%	4.13
I am clear on what my authority is to make decisions	0.00%	0.00%	0.00%	75.00%	25.00%	4.25
Staff are consulted on key decisions that impact on us	0.00%	6.25%	25.00%	56.25%	12.50%	3.75
We are recruiting the right people for the right roles	0.00%	0.00%	25.00%	62.50%	12.50%	3.88
I receive adequate training to undertake my role	0.00%	0.00%	31.25%	43.75%	25.00%	3.94
I feel respected by my supervisor and colleagues	0.00%	0.00%	12.50%	31.25%	56.25%	4.44
I receive regular feedback on what I am doing well and what I can improve	0.00%	6.25%	31.25%	25.00%	37.50%	3.94
I am rewarded for delivering quality work	0.00%	12.50%	12.50%	50.00%	25.00%	3.88
I am supported when I am learning and make mistakes	0.00%	0.00%	12.50%	50.00%	37.50%	4.25
I have clear set of objectives	0.00%	6.67%	0.00%	40.00%	53.33%	4.40
My objectives are challenging but achievable	0.00%	0.00%	12.50%	43.75%	43.75%	4.31
There is alignment of objectives across the teams – we are working towards a common goal	0.00%	18.75%	25.00%	43.75%	12.50%	3.50
I feel that the work I do makes a difference	0.00%	0.00%	6.25%	62.50%	31.25%	4.25
I have autonomy and feel empowered	0.00%	6.25%	0.00%	62.50%	31.25%	4.19
I receive regular communication from the AMT	0.00%	0.00%	18.75%	31.25%	50.00%	4.31
My supervisor is open and transparent	0.00%	0.00%	0.00%	37.50%	62.50%	4.63
I have opportunities to provide feedback to my supervisor	0.00%	0.00%	0.00%	56.25%	43.75%	4.44

Survey Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Weighted Average
I feel my human rights are respected	0.00%	0.00%	6.25%	37.50%	56.25%	4.50
Our Alliance values diversity and inclusion	0.00%	0.00%	18.75%	25.00%	56.25%	4.38
We have transparent performance metrics as an Alliance	0.00%	6.25%	0.00%	68.75%	25.00%	4.13
We regularly debrief as a team on our performance and how we can improve collectively	0.00%	6.25%	25.00%	50.00%	18.75%	3.81
Safety and well-being is a high priority	0.00%	0.00%	6.25%	37.50%	56.25%	4.50
Levels of pressure, stress and anxiety are high on the Alliance	6.67%	13.33%	40.00%	33.33%	6.67%	3.20
Staff on the Alliance work as one team leaving their home organisations at the door	0.00%	18.75%	18.75%	50.00%	12.50%	3.56
Staff collaborate across different departments within the Alliance	0.00%	6.25%	0.00%	81.25%	12.50%	4.00

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9.23 What do you think we do well as an Alliance?

- Solve problems / issues that arise quickly and efficiently. Apply consistent approach across the programme of works. Continuous improvement and learnings applied.
- Project teams including OIM teams are much better integrated now - a lot better one team approach
- Have built a good base data system that is beneficial for the Alliance and Kāinga Ora - further development for wider teams can now be looked at
- LEADA provides opportunity for upskilling, training and personal development
- We adapt to change very well in order to keep up with new processes. We build a good end product
- Collaboration
- Focus on outcomes and strive for high performance
- Construction side seem to work well, but design side still seems very fragmented and disjointed,
- Hmmmm - will have to think about that!!!
- Learning from our mistakes and getting better at following agreed processes.
- Awareness around roles and responsibilities has improved since I started.
- Operational focused AMT and their increasing involvement in day-to-day tasks.
- Streamlining of resources and getting Kāinga Ora along with us on the journey."
- The Alliance are ever evolving, which means every new project evolves to do better, learn from lessons and introduce them to how we operate, deliver and close out key infrastructure works by working closely with a wide variety of internal and external stakeholders - with an outcome to fast past BAU within normal contract work while at the same time managing and sharing High risks successfully.
- It is pleasing to see that the alliance has shifted to a new level over the past 2 years. We now collectively try to solve problems rather than individually causing mass confusion in the teams. The AMT is aligned, and this shows with a consistent focus the direction of the alliance.
- While we still have pockets of people within the alliance that appear to be detractors, for the most part there is a great sense of comradery and getting along and getting things done collaboratively.
- Manage the disruption and change in a high-density urban environment well. Produce good value and proficiency to the client.
- Taking lessons learnt and making improvements to process/es
- Both Design and Construction teams working together to find a value engineering solution for a problem and/or working towards delivering a common goal.
- D&C Collaboration. Client interactions and collaboration have also increased which means expectations are more likely to be met. We provide a mechanism where all teams collaborate to achieve the best outcome.
- Collaboration and communication within the teams appears to be very good. There are some very robust systems in place to assist the delivering of the designs however they do add their own complexities and delays to moving the design forward smoothly.

9.24 What does great look like in 12 months' time?

- Building further efficiency into projects through delivering projects quicker and for less. Better alignment with Kāinga Ora.
- Clear processes and expectations across lifecycle of the project to help speed up deliverables and avoid confusion & frustration between all parties
- To me personally for the developments I oversee, great in 12 months' time will be quantified by residents enjoying the upgrades undertaken in their communities.

- Fast tracking RC and detailed design to get construction teams going in the third quarter of 2025 on multiple new TOCs
- Excellence across all KPIs, full pipeline, excellent systems and processes, strong collaborative relationships with Kāinga Ora
- jobs in gain and a strong pipeline of work with an increased team of experienced staff to deliver
- On target with TOCs approved and actual work been undertaken.
- Understanding what processes are actually complicating and delaying the delivery of superlots and remove those elements that are causing delays and frustrations
- Everyone knowing what to do right from project initiation to project closeout
- Teams being aware of their responsibilities and delivering to timelines committed in the program
- People taking pride in the work we are delivering
- Every team making an effort to optimise and deliver works efficiently.
- Clear direction from Kāinga Ora to scope/deliverables and alignment within all departments to have one goal which is not side tracked by difference in opinions or preference. This goes without saying have available funding to continue with success established to date - but it will be challenging due to the drop of workload and having key staff members and skills leaving due to no work. Over the next 12months a culture of accountability and responsibility within Kāinga Ora teams and LEADA design teams could drive better outcomes to deliverables and the urge to do better and faster while CCOs support the programme with resources assign to just look after the programme = which in effect could support better Government financial management within Government entities.
- The alliance will have a consistent pipeline of work to enable our NOPs to be proactive with our resourcing needs, our systems and processes will be well defined and streamlined, people working within the alliance will be developing and doing meaningful work and the client and communities will see successful outcomes.
- Continue to improve communicated processes.
- Capturing and managing change effectively in terms of cost and programme.
- Delivering more than 80% of Projects/Programs on or earlier than agreed completion dates.
- Increase of workload with a continued focus on cost, programme, and quality as the scale increases. This will require maintaining and attracting the right people when things pick up.
- Delivering quality designs consistently ahead of schedule with minimal to no scope changes/creep.

9.25 What do we need to focus on to achieve great?

- Relationship with Kāinga Ora, building trust. Commercial model can hinder efficiency. Kāinga Ora always needing tension on the Alliance works can lead to longer programme.
- Defining processes and understanding of who is responsible, who Health-checks and approves - and at what point along the process people need to be involved, both LEAD and Kāinga Ora
- LEADA should continue to focus, and continue being proud, that this partnership with Kāinga Ora is not based on transactional interactions but on a shared vision to help rebuild social housing across Auckland.
- Focus on not changing things so often. find a process, roll it out, and stick to it.
- Embodying alliance principles
- cost and programme efficiencies
- Need great clarity on design process and process to work to so it does not slow us down. Get a sense that they don't work as a unit and still very home company centric.
- Agreeing on scope of Projects / DTOCs and TOCs that are realistic and achievable, at the beginning of the process - enabling success of the Alliance
- Clarifying our requirements and processes required to deliver.

- Releasing bottle neck signoffs created due to lack of trust.
- Allowing more freedom to discipline deliverable teams and reducing the amount of project management effort.
- Better communication frameworks to align expectations between various teams.
- Clarity around team development, future workload and performance indicators
- Be clear on Scope/Deliverables
- Funding
- Support and back the Alliance model and help grow the mindset within Key senior leaders in Kāinga Ora to understand the benefits the Alliance offer to the organisation, not just now but how the tables could turn and public perception to the organisation changed within 10years time from now
- LEADA could improve on the Quality workmanship offered and continue sharing innovative thinking to do better, or add more value to deliverables for the organization and Tax payer
- It still feels there are teams/people within Kāinga Ora that are still not on board with the alliance model – and if this doesn't change then achieving the above in 12 months' time will be difficult. The alliance also needs to set up some fundamental ways of working that aligns with PAB and client expectations – sometimes the PAB drop work on teams without understanding the level of work involved and it impacts delivery, similarly our teams also need to be confident in pushing back.
- Align between Client/IE/LEAD. Including impacts of Daum & co.
- collaboration and coordination
- The Design and Construction teams are aligned on programs within the alliance, but we need more clarity on third party (for example Council, Watercare, etc.) processing timeframes.
- The commercial model can be a barrier to efficient delivery, need to ensure that we find the right balance between following process but also having the mechanism to fast track certain projects without commercial complexity if the risk is low.
- Improving the speed at which we Health-check / make decisions at all levels. There appears to a significant number of meetings needed to make a decision.
- It would be good to have a session to focus on the elements of the design/Health-check process that take up a significant amount of time so that we look at how we can help to make them more efficient.

9.26 What specific improvements can we make in terms of our Alliance Culture?

- Building more trust between Kāinga Ora and LEAD. Working together more often. Still a disconnect between Kāinga Ora development teams and the Alliance.
- Still some training required for all especially Kāinga Ora on the alliance commercial model - better understanding needed.
- Working with different disciplines I have experienced that it is often asked of people to go above and beyond. To keep programme on track and in the desired direction is the goal, however when going above and beyond becomes an established practice processes and defined responsibilities can get lost and team morale can drop.
- Get to know each other a bit better. maybe start up the cultural catch ups like we used to do where each person in the team would do a small presentation on themselves and where they are from etc.
- More stand up team meets
- Better gender representation
- nothing the culture is great with the core team we have now, but as we gear up in the coming year new people may need something new
- Hard to keep the culture with current staff decrease and changes.

- Develop greater trust between Kāinga Ora and LEAD that will hopefully in the near future expedite decision making processes
- Avoiding the band-aid approach to every project issue - using same process as far as possible
- Getting better understanding of alliance framework in the sense that NOPs are not consultant to Kāinga Ora but a part of the alliance team.
- Recognition of progress on a regular basis
- Home company support to provide or assist in obtaining quality resources and ensure salaries align with outputs and expectation to be industry leading
- Clear career pathways and progression plans - but it could only come with the future workload clearly identified
- Performance manage or replace of Key leaders/decision makers assign to the Alliance or working on Alliance LSPs who is not supportive of the Alliance model which steers efficient deliver off track
- The NOPs, Kāinga Ora PAB and the alliance all need to clear on what the alliance does and doesn't do and stick with it. There is so much unnecessary backwards and forwards, black/white/grey areas, opinions vs direction vs instruction. Where this exists then a way to move forward should be followed – I feel the alliance is more mature now and has a stable AGM/AMT who are able to steer the ship with minimal interference.
- Some people on and within the alliance do not always work in a way that displays taking their home company hat off – and when this is role modelled from the PAB it suggests that others can behave in the same way.
- The alliance is being asked to deliver to a strict budget but still expected to be an attractive place to work. NOPs need to be able to sell working on the alliance if they are expected to provide resource – more thought and recognition should be put into how this works and what can be done, and that some of the basics to attract and retain need to continue – there is always careful consideration to budgets and that should be acknowledged that we are not being frivolous.
- More trust from the client.
- More support for new staff learning the ropes.
- More promoting the no blame culture and ensuring accountability
- More interactive sessions / workshops between Design, Construction and Programme delivery teams.
- Culture is okay. Longer term we need to think about retaining and attracting good staff, particularly within the alliance. Historically, things like professional development (training) have generally been pushed back to home company, or only delivered to AMT. If we ingrain this into the alliance down 1-2 levels from AMT, this will help make it a more attractive place to work. Also, things like guest speakers on topics is another great idea. It's creating an environment where professional development and growth are seen as a benefit and part of the alliance culture.
- Health-check some of the processes to make them more efficient and remove some of the duplication. We could also look at making sure options are addressed as early as possible to minimise the impact to programme.