

Report No.	25-89
Decision Required	

REGIONAL HOUSE PALMERSTON NORTH PROJECT GOVERNANCE

1. PURPOSE

- 1.1. The purpose of this report is to seek Council's endorsement of the formation of a Panel to act as the Governance Body for the Regional House Palmerston North (RHPN) New Build Project. The report also outlines the proposed Governance structure, procurement policy and associated delegations.

2. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 25-89 and Annexes.
- b. acknowledges that MWRC Holdings Ltd (Holdings) will no longer act as the Governance Body for the Regional House Palmerston North New Build Project (the Project); and
- c. agrees to endorse decisions made by Holdings for the Project; and
- d. agrees to endorse the formation of a 'subordinate decision-making body' (Panel), made up of three Elected Members to act as the Governance Body for the Project; and
- e. agrees to appoint Chair of Council, Chair of Audit and Risk and one other Councillor (to be named at meeting) to the Panel; and
- f. agrees to adopt the Terms of Reference (Annex A) for the Panel with or without amendment (delete one).

3. FINANCIAL IMPACT

- 3.1. There is no financial impact associated with the setting up and operation of a 'subordinate decision-making body' (Panel). Councillors already receive remuneration for their role as a Councillor.

4. COMMUNITY ENGAGEMENT

- 4.1. Community engagement is not required to set up a 'subordinate decision-making body' (Panel).

5. SIGNIFICANT BUSINESS RISK IMPACT

- 5.1. A project of this magnitude has significant costs, which can be impacted by rising costs and inflation rates. Delays in the project, including decision making delays, will likely increase the cost of construction.

6. CLIMATE IMPACT STATEMENT

- 6.1. There is no climate impact in setting up the Panel.

7. BACKGROUND

- 7.1. At its 17 December 2024 Council Meeting, Council resolved the following:
- Remain in RHPN for up to a maximum of 5 years.
 - To vacate RHPN permanently and occupy a new IL2 building on the Victoria Ave site.
 - Approve the progression to the next phase of work.
 - To endorse the Board of MWRC Holdings Ltd to act as the Governance Body for the RHPN Project, until such time (if at all) Holdings is revised.
- 7.2. At its 25 February Council Meeting, Council resolved the following:
- To endorse the Build and Own option as the preferred build model.
 - Approve the progression to the next phase of work.

8. DISCUSSION

8.1. Following discussions at the 7 April Holdings Board meeting and the 8 April Council Workshop it was agreed that a paper would be brought to Council recommending that a Panel be formed to act as the new Governance Body for the Project (rather than Holdings).

8.2. Proposed Structure



8.3. Panel

Council can delegate to a sub-committee, person, or a ‘subordinate decision-making body’ (SDMB).

- 8.4. Three elected members who are required to make decisions as a group is within the meaning of a SDMB.
- 8.5. The term ‘Panel’ refers to a SDMB.
- 8.6. Part 7 of LGOIMA (relating to meetings) does not apply as to how the Panel will make decisions and does not fall within the statutory interpretation of a meeting. Furthermore, meetings of the Panel are not subject to the formal meeting process, however, information does remain discoverable within the provisions of LGOIMA.
- 8.7. The principle in Section 14(1)(f) LGA to ‘undertake any commercial transactions in accordance with sound business practices’ does apply to the Panel.
- 8.8. While the Panel would have responsibility for decision making throughout the Project, it would report to, update and consult with Council at regular intervals throughout the life cycle of the Project.

8.9. It is proposed that the Panel be comprised of the following members:

- Chair of Council
- Chair of Audit and Risk
- One other Councillor (to be appointed)

8.10. **Programme Director**

Horizons' Group Manager – Corporate and Governance has been temporarily seconded into this full-time role, effective 1 June 2025.

8.11. The Programme Director is accountable for the overall success of the Project. The Programme Director will champion the Project at a strategic level, ensuring it has the necessary resources, support, and alignment with the organisation's goals. This role acts as the link between Project Governance, The Steering Group and the Project Lead.

8.12. **Project Lead**

Horizons' Assets and Facilities Advisor - MWRCH has been temporarily seconded into this full-time role, effective 17 March 2025.

8.13. The Project Lead has responsibility for making day-to-day decisions and coordinating all activities necessary to successfully complete the project from inception to handover.

8.14. **Steering Group**

The Steering Group has been formed with its inaugural meeting taking place on 30 May. The Steering Group will perform an Advisory Function to the Panel. The Steering Group is composed of the following members:

- Chair of Council
- Chief Executive
- Secretary
- Exec Members (x4)
- Te Ao Māori Advisor
- Group Representatives (x4)
- Change Management Representative (x1)

8.15. The Steering Group will be supported by specialist reference groups from within Horizons, as well as external project consultants. It is anticipated the group would meet weekly, though the frequency is subject to change to align with the on-going project tempo.

8.16. The following reference groups have been identified with the acknowledgement that other specialist needs may be identified as the project commences:

- Technical (e.g. IT connectivity, technology and support).
- Design (e.g. architects working with specialist groups to address requirements).
- Te Ao Maori (partnership with Tangata Whenua and Iwi groups).
- Cultural (e.g. driven by Horizons' organisational culture and values, ensuring representation of the organisation's multi-cultural and diverse groups).
- Sustainability (e.g. shaping sustainability, carbon and climate positive goals for the new building, as well as identifying Horizons' aspirations on the spectrum of carbon efficiency versus cost efficiency).

8.17. **Specialist Groups**

8.18. A key focus in the early stage of the Project will be on requirements gathering. This is crucial to deciding what is incorporated in the building design. For this, specialist groups from within Horizons, identified below, will be consulted with to learn their specialist requirements. Once again, other specialist groups may be identified as the project commences:

- Cultural Reference Group
- Executive Group
- Chair Suite Requirements
- Elected Members and Democracy Services
- Contact Centre
- IT Services
- Print and Records
- Remote/Mobile Workers
- River Management Design Team
- Environmental Data Maintenance / Repair / Connectivity
- Science Laboratory
- Social Connectivity Group
- Sustainability

8.19. **Terms of Reference**

A Terms of Reference (ToR) document has been devised for approval by Council to be adopted by the Panel.

- 8.20. The ToR sets out how the Panel would provide strategic oversight and governance for the planning and delivery of the Project, facilitating transparent decision-making and accountability through regular reporting to Council.
- 8.21. The main responsibilities of the Panel would include monitoring progress, managing risks, engaging stakeholders, and ensuring transparency, accountability, and quality throughout all Project phases.
- 8.22. The ToR Delegations identify that while the Panel would be responsible for most decision making for the Project, there are five critical decision points that must be referred directly to Council for decision making. These are:
1. Treatment of existing RHPN
 2. Funding arrangements for the Project, including design and construction
 3. Approval of Concept Design
 4. Approval of Detailed Design
 5. Approval for tender for Main Contract.
- 8.23. While the Panel has delegation for all other decision making the ToR emphasizes the importance of regular reporting to Council to keep Council informed throughout the whole process. Through regular workshops, particularly throughout the design phases, Council will have the opportunity to provide feedback to the Panel which will help inform and shape the Panel's decision making.
- 8.24. As previously noted, at the 17 December Council meeting it was resolved that Holdings will act as Governance for this project (until such time (if at all) Holdings is revised), and accordingly, the procurement approach adopted in the Project's Procurement Strategy (Annex B) utilises the provisions of Holding's procurement policy.
- 8.25. Should Council endorse the recommendation to transition Governance from Holdings to the Panel, Horizons' Procurement Policy and Delegations Manual would be utilised moving forward. It is important to note that although all procurement activity to date has utilised Holdings' procurement policy it does also comply with Horizons' procurement policy and it is anticipated to be an uncomplicated transition. The specific delegations to the Panel can be found in the ToR.

9. **CONSULTATION**

- 9.1. Public consultation for the wider project is occurring as part of the 2025-2026 Annual Plan process. However, there is no requirement to consult in support of the setting up of a 'subordinate decision-making body' (Panel).

10. TIMELINE / NEXT STEPS

- 10.1. It is important to recognise that at this stage timelines are indicative only but will be further developed following the appointment of key consultants and will continue to be refined throughout the lifecycle of the Project. Nevertheless, following a robust procurement process that commenced beginning of April, four key consultants/services will be appointed by mid-June 2025. These consultants will be involved throughout the life of the Project:
- Planning and Development Capability (P&D)
 - Technical Design and Architecture Capability (TDA)
 - Legal Services
 - Quantity Surveyor Services
- 10.2. By late June, requirements gathering will begin, led by the P&D and TDA teams and working with the Steering Group and Specialist Groups. This work will feed into and shape the Client Brief, which is expected to be completed and endorsed by the Panel (or Holdings) by late August.
- 10.3. Concurrently a range of due diligence reports will commence, such as:
- Geotechnical Site Investigation Report
 - Contamination Site Investigation Report
 - Topographical Survey
 - Environmentally Sustainable Design Strategy
 - Planning Assessment
- 10.4. Concurrent to this Council paper, a second paper is being brought to Council for decision making on the treatment of the existing RHPN.
- 10.5. In August, a second Council Workshop will be held on the funding structure for the Project but it is expected that a decision on the subject will be deferred until after the triennial general elections to be held in October.
- 10.6. The Concept Design is estimated to be completed, along with the first budget estimate in February 2026 these will be brought Council for approval at this time.
- 10.7. The Detailed Design is estimated to completed, along with it the detailed budget in May 2027 and these will be brought to Council for approval at this time.
- 10.8. The Tender for the Main Contractor (Construction), along with the Contracted budget, is expected to be brought to Council for approval in August 2027.

10.9. The timeline below is a high level programme of the key phases of the Project, showing in red the 3 significant approval points noted above.

Phase:	★	PRE-PROJECT	Completed			15/11/23	17/12/24	266d
Workstream	☆	▸ Preliminary Feasibility Study	Completed			15/11/23	17/12/24	266d
	★	Regional House PNth - New Build	In Progress			26/03/24	27/02/30	1476d
Phase:	★	▸ INITIATE	In Progress			26/03/24	30/06/25	313d
Phase:	★	PLAN	Not Started			10/06/25	20/08/27	548d
Workstream	☆	▸ Project Establishment	Not Started			10/06/25	15/09/25	69d
Workstream	☆	▸ Due Diligence Reports	Not Started			23/06/25	01/08/25	30d
Workstream	☆	▸ Client Brief	Not Started			23/06/25	30/09/25	71d
Workstream	☆	▸ Master Planning	Not Started			01/10/25	05/12/25	47d
Workstream	★	▸ Concept Design	Not Started			13/11/25	02/02/26	52d
Workstream	☆	▸ Preliminary Design	Not Started			03/02/26	30/10/26	187d
Workstream	☆	▸ Resource Consent	Not Started			02/06/26	28/07/26	40d
Workstream	☆	▸ Developed Design	Not Started			29/07/26	15/12/26	99d
Workstream	★	▸ Detailed Design	Not Started			16/12/26	19/05/27	101d
Workstream	☆	▸ Building Consent	Not Started			07/04/27	19/05/27	30d
Workstream	★	▸ Tender Phase	Not Started			14/05/27	20/08/27	68d
Phase:	★	▸ DELIVER	Not Started			23/08/27	27/02/30	628d
Phase:	★	▸ CLOSE						

11. SIGNIFICANCE

11.1. This is not a significant decision according to the Council's Policy on Significance and Engagement.

Craig Grant
PROGRAMME DIRECTOR

Harriet Jackson
PROJECT LEAD

ANNEXES

- A Terms of Reference RHPN Project Panel
- B Procurement Strategy