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Water Leaders Course

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Module 10: Utility Governance

Video 2: Application & Strategic Development

In the previous video, we established the governance structures, ethics frameworks, and transparency mechanisms that underpin effective utility management.

This video builds on that by examining how boards translate principles into strategic direction, financial accountability, and public policy.

Good governance is not static. It requires active, ongoing commitment to planning, oversight, and accountability at every level of the organisation.

- Frame governance as a strategic function across four value categories
- Apply financial oversight and fiduciary responsibility in practice
- Navigate crisis governance when normal decision-making is compressed
- Ensure board decisions deliver public accountability alongside operational performance.

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The Four Value Categories of Governance

ENDS

What the utility exists to achieve, for whom, and at what cost. This is the board's most fundamental responsibility: defining outcomes, not processes

EXECUTIVE LIMITS

The boundaries within which the executive operates. The board does not manage day-to-day operations but sets the parameters of acceptable practice, financial exposure, and ethical conduct

BOARD-STAFF LINKAGE

The relationship between the board and the executive defining accountability, delegation, and the flow of information between governance and management

PROCESS

how the board itself operates, makes decisions, evaluates its own performance, and maintains its integrity over time

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Strategic Planning: Lessons from the United States

In the United States, water utility strategic planning has evolved into a highly structured and coded discipline.
Four principles should be followed:

1. A formal planning cycle, usually three to five years, with annual reviews tied to finances
2. Detailed stakeholder consultation, including customers, regulators, and community groups
3. Data-driven scenario planning that assesses a range of future conditions, including drought, population change, and regulatory shifts
4. Linkage between strategic goals, capital investment programmes, and operational KPIs
5. Public reporting on progress, with results communicated in accessible formats

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Case Study: Denver Water, Colorado, United States

Long-term vision: Denver Water developed a 50-year Integrated Resource Plan.

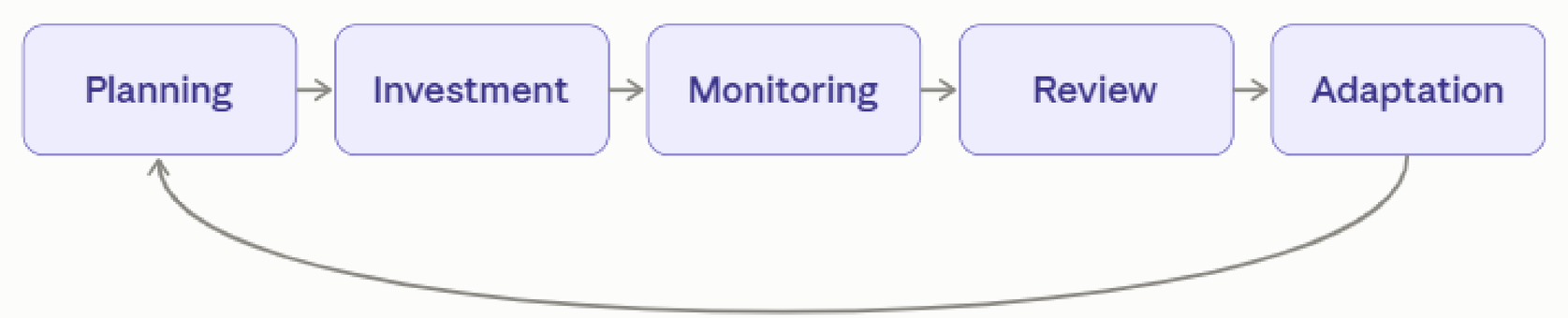
Stakeholder engagement: More than 30,000 customers and stakeholders contributed to the planning process.

Evidence-based investment: Priorities were informed by risk and cost-benefit analysis.

Public accountability: Clear commitments allowed performance to be independently measured.

Adaptive planning: The plan is regularly reviewed and updated as conditions change.

For Ukraine: Interpretation of a similar process is fundamental to the reconstruction process



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Risk Oversight

While operational risk management is the executive's responsibility, the board carries a distinct and non-delegable role in risk governance:

- Setting the utility's risk appetite: how much risk is acceptable in pursuit of strategic objectives
- Reviewing and challenging the risk register at regular intervals
- Ensuring that risk-based management is reflected in capital allocation and policy decisions
- Satisfying itself that monitoring systems provide adequate early warning of emerging risks

Risk oversight is an absolute necessity to prevent operational problems while engaging with risks that have no precedent, including:

Infrastructure destruction

Supply chain collapse

Widespread staff displacement

Funding uncertainty

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Self-Assessment

Boards that do not evaluate their own performance cannot improve it. Self-assessment should be conducted annually and should examine:

CHAIR EFFECTIVENESS	COMMITTEE PERFORMANCE
BOARD COMPOSITION	SUCCESSION PLANNING
QUALITY OF INFORMATION	STRATEGIC CONTRIBUTION

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Policy Setting and Public Accountability

Rate Setting

Budget Approval and Monitoring

Incremental budgeting:

Adjusting the previous year's budget by a percentage. This is efficient but risks embedding inefficiencies.

Zero-based budgeting:

Every line of expenditure must be justified for every cycle. This is more demanding but produces more precise prioritisation.

Investment Policy Oversight

Audits

Asset Protection

Contracting Approval

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Legal and Regulatory Compliance

The board is ultimately responsible for ensuring the utility operates within its legal framework. This includes:

- Compliance with national water legislation and environmental standards
- Progressive alignment with EU regulatory requirements as part of Ukraine's accession trajectory
- Ensuring that compliance obligations are tracked, reported, and escalated to board level when at risk



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Hiring, Succession, and Institutional Continuity

To ensure executive hiring is transparent and ethical:

- Have independent recruitment firms run the search
- Ensure that the criteria for selection are published in advance
- The final decision is made by an independent board, rather than mayor or council

To ensure the succession of key roles is selected fairly:

- Put in place leadership continuity plans when the board is established
- Ensure technical knowledge is well documented and not held by individuals
- Create recruitment pipelines for staff to address skills gaps created by displacement and migration

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Crisis and Emergency Governance

Who has authority to act under emergency conditions and within what financial limits?

What decisions require full board approval even in crisis, and which can be delegated to the chair or a designated committee?

How are emergency decisions documented, reviewed, and reported after the fact?

- Setting tiered financial authority limits for emergency spending, escalating to the Chair or Board above a defined threshold
- Assigning specific emergency decision-makers to develop plans
- Reverse major decisions (debt, asset disposal, executive appointments) for full board approval regardless of crisis conditions
- Develop written records of emergency decisions, including who acted, under what authority, and why
- Mandate retrospective board review and ratification of emergency decisions at the next scheduled meeting

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Summary

Across both videos in this governance section, you should now be able to:

- Describe the structures, ethics frameworks, and transparency mechanisms that underpin effective utility governance
- Apply the four value categories of governance to your own board's work
- Understand fiduciary responsibility across budgeting, auditing, investment, and asset protection
- Navigate crisis governance and succession planning in a post-conflict context
- Explain how good governance connects directly to strategic planning, public accountability, and reconstruction funding

Governance is not administration. It is the strategic and ethical backbone of a utility that serves the public. In Ukraine's reconstruction, getting it right is not optional.

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