

Value for Money Review Programme: Three Waters

Context

1. One of the key purposes of the Finance and Performance Committee is to review spending across the Auckland Council Group to improve value for money. To that end, the Committee has established a programme to review effectiveness and value-for-money across the major activity and service lines of Auckland Council group, to ensure that its services continue to best meet Auckland's needs for good-quality infrastructure, local public services, and performance of regulatory functions into the future. These reviews will assist in informing the 2018 long term plan. This programme also meets Auckland Council's statutory obligations under s17A LGA02 to periodically review the cost effectiveness of its arrangements.
2. This programme includes reviewing water supply, wastewater , and stormwater management (i.e. Three Waters) services across the group. Auckland Council group spending on three waters services averages around \$750m operating spending and \$550m capital spending per year, with total assets for three waters services of over \$12b. This is across Watercare Services Ltd (water supply and wastewater treatment) and Healthy Waters within the Infrastructure & Environmental Services department of the Auckland Council parent (stormwater management). There are also important relationships with the Chief Planning Office Directorate (planning, and infrastructure strategy), and Auckland Transport (stormwater and related projects).
3. A number of previous studies have considered issues relating to governance, funding and delivery of three waters services for Auckland. This includes the section 17A review on CCOs undertaken in 2014 and the work being undertaken by the central Auckland stormwater and wastewater optimisation programme (CANOPY). This review will build on the findings of those and other relevant studies.

Objectives and lines of inquiry

4. The objective of the review is to evaluate the value for money of three waters services across the Auckland Council group, and consider the relative merits of alternative options including more integrated management of three waters services in supporting Auckland Council group's objectives and desired outcomes.
5. Specifically, the review will consider:
 - the cost effectiveness of Auckland Council group's three waters services, compared with local and central government benchmarks and international best practice;
 - The performance issues and risks of Auckland Council group's three water services including an assessment of the economic, social, and environmental impacts;

- whether the current governance, funding and service delivery arrangements are the best approach to deliver value for money and achieve the key outcomes for Auckland Council group.

This includes assessing whether greater integration of functions (including governance, regional strategy and planning, regulatory compliance, infrastructure development, asset management and maintenance, service operations and management, etc), would provide opportunities for more cost-effective provision of services over the long run, and better meet long-term planning outcomes.

This may be by reference to the opportunities provided by various integration options for developing regional strategies, delivering large infrastructure projects (e.g. central interceptor), and providing efficient and resilient services.

- options and recommendations to improve value for money in water, wastewater and stormwater services in support of Auckland Council group's desired outcomes and objectives.

Scope of review

6. The review will consider water, wastewater and stormwater functions within the Auckland region across the Auckland Council group, and respective group budget and service areas in the current Annual Plan, the Long Term Plan and the Asset Management Plans.
7. The review will not in itself develop a refreshed three waters strategy, but should address where responsibility for developing that strategy should sit.
8. The review will not address national standards and regulatory requirements.
9. The review will be in the context of s17A of the LGA 2002, s57 of LGACA 2009, the Resource Management Act 1991, and associated policy.
10. The review will not consider organisational support services which will be included in the scope of the organisational support reviews.

Value for Money Review Programme: Domestic Waste

Context

1. One of the key purposes of the Finance and Performance Committee is to review spending across the Auckland Council Group to improve value for money. To that end, the Committee has established a programme to review effectiveness and value-for-money across the major activity and service lines of Auckland Council group, to ensure that its services continue to best meet Auckland's needs for good-quality infrastructure, local public services, and performance of regulatory functions into the future. These reviews will assist in informing the 2018 long term plan. This programme also meets Auckland Council's statutory obligations under s17A LGA02 to periodically review the cost effectiveness of its arrangements.
2. This programme includes reviewing domestic waste management services across the group. Council provides a range of services throughout Auckland in respect of domestic waste (refuse, recycling, inorganic and organic matter). Since amalgamation there has been progress made towards standardisation of services across the different regions, however some significant differences still remain. Auckland Council group spending on solid waste and environmental services averages around \$168m per year.
3. While council has legislative requirements under the Waste Management Act 2008, it does not have any requirement to provide waste collection, sorting, processing or disposal services.
4. *The Auckland Waste Management and Minimisation Plan 2012 and related documents and plans* (Auckland Council) considered the governance, funding and delivery of waste management services for Auckland. The WMMP notes three main drivers, namely:
 - the statutory obligation to promote effective and efficient waste management and minimisation;
 - the obvious desirability of a cohesive and consistent WMMP for the region; and
 - the Council's long-term goal of zero waste.

This review will build on the findings of this and other relevant reports, consistent with these drivers.

Objectives and lines of inquiry

5. The objective of the review is to evaluate the value for money of domestic waste management services across the Auckland Council group, and consider the relative merits of alternative options for the governance, funding and delivery of those services in supporting Auckland Council group's objectives and desired outcomes.
6. Specifically, the review will consider:

- the cost effectiveness of Auckland Council group's domestic waste management services, compared with local and central government benchmarks and international best practice;
- the performance of Auckland Council group's domestic waste management services, including an assessment of the economic, social, and environmental value achieved to date;
- whether the current portfolio of services, allocation of resources, and performance in delivery of those services, is optimal in terms of meeting Auckland Council group's objectives, and adding the most value for the level of expenditure. This includes assessing the appropriate balance between refuse, recycling, inorganic collection, and organic collection services in contributing to that.
- whether the current governance, funding and service delivery arrangements are the best approach to deliver value for money and achieve the key outcomes for Auckland Council group.

This includes assessing

- the scope for improvements in domestic waste management vs non-domestic waste management to meet Council's objectives and outcomes,
 - the role of regulatory policy (including regulation through licensing and/or by-laws) to drive better domestic waste management and assist in achieving the Council's goals,
 - whether changes to the mix of funding (such as waste targeted rates, user pays charges, waste levy grants) would have merit,
 - whether alternative management, including improvements to governance, planning and policy setting of domestic waste would add value to the delivery of the WMMP, the Low Carbon Action Plan, and other social and environmental objectives,
 - any opportunities for optimisation of infrastructure for waste processing and transfer, and scale economies through a more regionally integrated approach.
- options and recommendations to improve value for money in waste management services in support of Auckland Council group's desired outcomes and objectives.

Scope of review

7. The review will consider domestic waste management services across the Auckland Council group. The review will be consistent with the drivers in the WMMP and the obligations in the WMA .

Value for Money Review Programme: Organisational Support -- Communications & Engagement

Context

1. One of the key purposes of the Finance and Performance Committee is to review spending across the Auckland Council Group to improve value for money. To that end, the Committee has established a programme to review effectiveness and value-for-money across the major activity and service lines of Auckland Council group, to ensure that its services continue to best meet Auckland's needs for good-quality infrastructure, local public services, and performance of regulatory functions into the future. These reviews will assist in informing the 2018 long term plan. This programme also meets Auckland Council's statutory obligations under s17A LGA02 to periodically review the cost effectiveness of its arrangements.
2. This programme includes reviewing organisational support arrangements across the group. Auckland Council group spending on organisational support averages around \$269m per year. This work will build on the findings of previous studies, including the Alternative Sources of Financing Report, 2015, and the principles and framework for shared organisational support services across the Auckland Council group.
3. The reviews of organisational support arrangements will be undertaken in tranches. The first tranche will consider arrangements for communications and engagement services. Other tranches will follow including reviews for transaction services, finance, human resources, information communication and technology, legal, procurement and customer services.

Objectives and lines of inquiry

4. The objective of the review is to evaluate the value for money of communications and engagement services across the Auckland Council group, and consider the relative merits of alternative options for delivery of those services in supporting Auckland Council group's objectives and desired outcomes.
5. Specifically, the review will consider:
 - the cost effectiveness of Auckland Council group's communication and engagement services, compared with local and central government benchmarks and international best practice;
 - the performance of Auckland Council group's communications and engagement services, including an assessment of the economic and social value achieved in respect to the outcomes being sought to date;
 - whether the current portfolio of services, allocation of resources, and performance in delivery of those services, is optimal in terms of meeting Auckland Council group's objectives, and adding the most value for the level of expenditure;

- whether the current governance, funding and service delivery arrangements are the best approach to deliver value for money and achieve the key outcomes for Auckland Council group, including trust in Council.

This includes assessing how the application of the Group's principles for shared organisational support services could improve value in the achievement of Auckland Council group's communication and engagement outcomes and objectives, and whether greater consolidation of communications and engagement functions would reduce the potential for duplication and fragmentation of services, and provide opportunities (including economies of scale and procurement opportunities) for more cost-effective provision of services;

- options and recommendations to improve value for money in communications and engagement services in support of Auckland Council group's desired outcomes and objectives.

Scope of review

6. The review will consider all communications and engagement services across the Auckland Council parent and CCOs.

Value for Money Review Programme: Investment Attraction and Global Partnerships

Context

1. One of the key purposes of the Finance and Performance Committee is to review spending across the Auckland Council Group to improve value for money. To that end, the Committee has established a programme to review effectiveness and value-for-money across the major activity and service lines of Auckland Council group, to ensure that its services continue to best meet Auckland's needs for good-quality infrastructure, local public services, and performance of regulatory functions into the future. These reviews will assist in informing the 2018 long term plan. This programme also meets Auckland Council's statutory obligations under s17A LGA02 to periodically review the cost effectiveness of its arrangements.
2. This programme includes reviewing economic development activities across the group. Auckland Council group spending on economic growth and visitor economy programmes averages around \$78m per year. This is primarily across the Auckland Council parent and Auckland Tourism, Events and Economic Development Limited, and to a lesser extent other CCOs. These services are delivered in the context of the wider economic development system including central government agencies (e.g. MBIE, NZTE, Tourism NZ, Education NZ) and business groups.
3. The review of economic development activities will be undertaken in tranches. The first tranche will consider investment attraction and global partnership services. Other tranches will follow.

Objectives and lines of inquiry

4. The objective of the review is to evaluate the value for money of investment attraction and global partnership services across the Auckland Council group, and consider the relative merits of alternative options for delivery of those services in supporting Auckland Council group's objectives and desired outcomes.
5. Specifically, the review will consider:
 - the cost effectiveness of Auckland Council group's investment attraction and global partnerships, compared with local and central government benchmarks and international best practice;
 - the performance of Auckland Council group's investment attraction and global partnership services, including an assessment of the economic and social value in respect to the outcomes being sought to date;
 - whether the current portfolio of services, allocation of resources, and performance in delivery of those services, is optimal in terms of meeting Auckland Council group's objectives, and adding the most value for the level of expenditure. This includes assessing the appropriate role of Auckland Council group vis-à-vis other public and

private sector agencies in securing desired economic development outcomes for Auckland;

- whether the current governance, funding and service delivery arrangements are the best approach to deliver value for money and achieve the key outcomes for Auckland Council group.

This includes assessing whether greater consolidation of investment attraction and global partnership functions would reduce the potential for duplication and fragmentation of services and provide opportunities for more cost-effective provision of services;

- options and recommendations to improve value for money in investment attraction and global partnership services in support of Auckland Council group's desired outcomes and objectives.

Scope of review

6. The review will consider investment attraction and global partnership functions within the Auckland Council parent and ATEED. This includes partnership city relationships and networks, city-to-city initiatives, and global partnerships.