

Terms of reference

Value for Money Review:
Investment Attraction and
Global Partnerships

BE THE HOW.
WHAKAMAUA KIA TINA!



1 Document control

1.1 Document purpose

This Terms of Reference (ToR) outlines the purpose of the review, the way it will be structured, governed and how it will be executed.

1.2 Document history

Version	Date	Update by	Update details
1	20 March 2017	Sally Garrett	Consultation Draft
2	14 May 2017	Sally Garrett	Feedback from Stakeholders
3	20 June 2017	Sally Garrett	Feedback from Oversight Group

1.3 Document Approval

Role	Signature	Date
Chair, Finance and Performance Committee		
Deputy Chair, Finance and Performance Committee		

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2 Introduction

2.1 Finance and Performance Committee resolution

1. At its meeting on 21 March 2017, the Finance and Performance Committee endorsed 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.

2.2 Statutory requirements

2. This programme also meets Auckland Council's statutory obligations under section 17A of the Local Government Act 2002 (LGA02). Under s17A, Auckland Council "must review the cost effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions".
 - Good quality is defined in s10 of the LGA02 in relation to local infrastructure, local public services, and performance of regulatory functions to mean infrastructure, public services, and performance that are efficient, effective and appropriate to present and anticipated future circumstances. The Auditor-General has defined "cost effectiveness" to mean "the relationship between the levels of resources used (cost) and progress towards a predetermined outcome".
 - Local infrastructure, local public services and performance of regulatory functions include essentially all of council's functions.
 - The transition provisions (Schedule 1AA of the LGA02) in relation to s17A require that the first reviews need to be completed by August 2017. After that, s17A requires that reviews are conducted every 6 years, or when:
 - council is considering a significant change to relevant service levels;
 - a council contract or binding agreement in relation to delivery of infrastructure, service or regulatory function is expiring within the next 2 years.
 - There are exceptions to the review requirements where:
 - the delivery of that infrastructure, service or regulatory function is governed by legislation, contract or binding agreement such that it cannot reasonably be altered within the following 2 years;
 - Auckland Council is satisfied that the potential benefits of undertaking a review in relation to that infrastructure, service or regulatory function do not justify the costs of a review.

2.3 Value for Money Review: Investment Attraction and Global Partnerships

3. This programme includes reviewing economic development activities across the group.
4. 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 including Panuku Development Auckland. These services are delivered in the context of the wider economic development system including local and central government organisations (e.g. Local Government NZ, Ministry of Foreign Affairs & Trade, MBIE, NZTE,

Tourism NZ, Education NZ and the Auckland Investment Office) and business groups including Sister Cities New Zealand.

5. The reviews of economic development activities will be undertaken in tranches. The first review will consider investment attraction and global partnership services. Other reviews will follow.
6. This work will build on the findings of previous studies.

3 Objectives, Lines of Inquiry, and Scope

3.1 Objective

7. 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 established objectives and social, economic, environmental and cultural outcomes (desired outcomes).

3.2 Lines of Inquiry

8. 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, environmental, social and cultural value in respect to the desired 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 desired 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.

3.3 Scope

9. The review will consider investment attraction and global partnership services within the Auckland Council parent and ATEED. This includes partnership city relationships and networks, city-to-city initiatives, and global partnerships.
10. The scope of the review is activity and service-based, mirroring the group budget and service areas in the Annual Plan and the Long-term Plan.
11. The review is concerned with value for money in a broad sense –i.e. how well the existing policy and institutional arrangements deliver on council’s strategic objectives and desired outcomes for Aucklanders. This extends beyond the legislative requirement in s17A to look at cost efficiency, effectiveness and appropriateness of services.

4 Framework for analysis

12. In pursuing the lines of inquiry above, the review will address the following:
 - **Description of the current state**, including institutional arrangements (governance, funding, and delivery arrangements), demand, service levels, resourcing, costs, quality and performance measures, and benchmarking with other New Zealand and international comparator organisations.
 - **Outline of future pressures and demands**, including strategic issues and trends that will impact on the operating environment for the service over the medium term. This includes for example any social, cultural, economic, commercial, demographic, regulatory, environmental or technology issues that are significant in considering the context for service delivery in the medium term.
 - **Key cost drivers**, clarifying the factors that impact on the cost of delivering the services, and how they are likely to change over the medium term in light of the trends noted above.
 - **Value chain**, articulating how the resources are applied to deliver the services, and how the services are intended to contribute to the council’s strategic objectives and desired outcomes for Aucklanders.
 - **Performance evaluation**, assessing the value for money of the services in terms of the efficiency of resource use in delivering the services, and the effectiveness of those services in contributing to the council’s strategic objectives and impact on desired outcomes for Aucklanders.
 - **Opportunities to improve value for money**, including through changes to the level or mix of services provided, to business practice, or to organisational arrangements.
 - **Options**, outlining alternative arrangements for governance, funding, or service delivery that would allow opportunities to improve value for money to be realised, and evaluation those options in terms of their likely performance in practice, and any implementation issues that would need to be addressed. This must include (but is not limited to) examination of the options noted in s17A(4) LGA02. Further, this should include examination of the options indicated in the lines of inquiry above.

- **Recommendations**, to improve value for money in the delivery of those services.

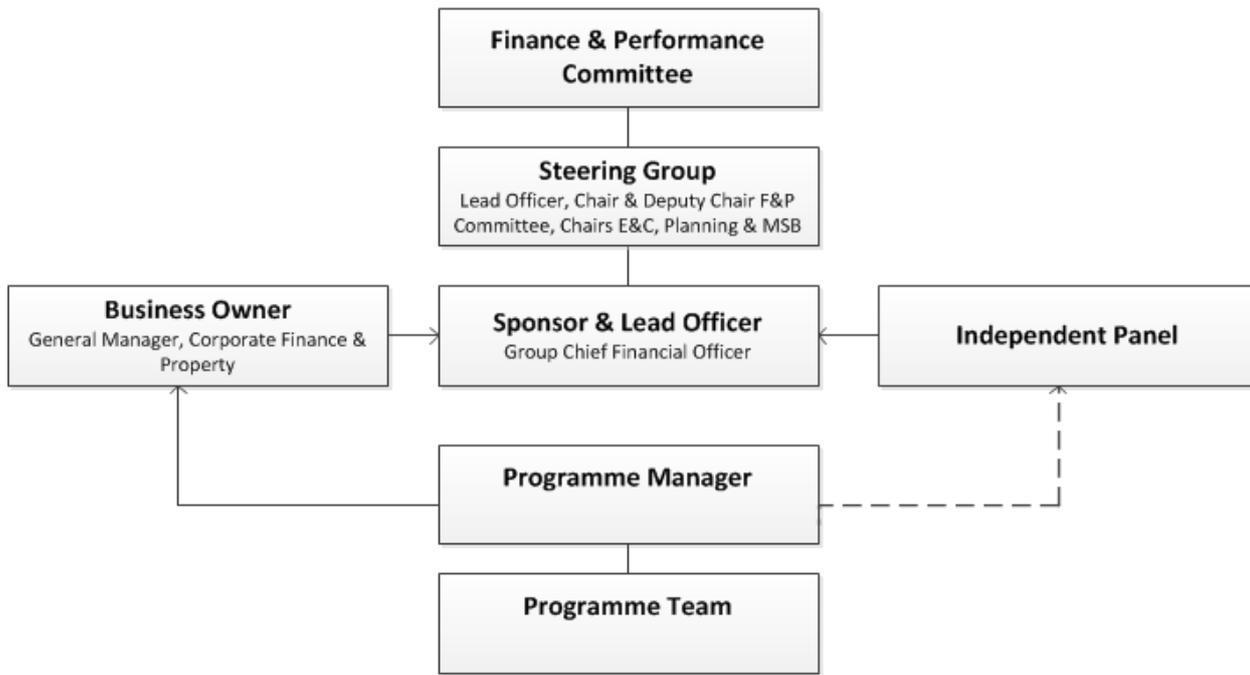
5 Project approach

13. The review will be undertaken by an in-house project team, supported by an external reference group (with expertise in public finance, public policy/public management, and local government operations), under the direction of a governance group as noted below.
14. The review will proceed in the following phases:
15. **Establishment:** The approval of the review's objectives, lines of inquiry and scope. The development of the terms of reference and consultation of those terms with the key stakeholders. This phase will result in the approval of those terms of reference and the subsequent resourcing, and establishment of the project team.
16. **Assessment:** Evaluating the value for money of the services across the Auckland Council group with reference to the current state, future pressures, key drivers, and current performance and preliminary findings. This phase will result in the publication of a current state assessment report which will include identifying high level opportunities for improving value for money through changes to the level or mix of services provided, to business practice, or to organisational arrangements.
17. **Options and evaluation:** This phase will consider the relative merits of the opportunities and alternative arrangements for governance, funding or delivery of those services in supporting Auckland Council group's objectives and desired outcomes.
18. **Final report:** Including assessment, options, findings and recommendations, based on the above.
19. The review team will prepare interim reports on each phase, for consideration by the governance group.
20. The review team will consult with relevant parties in the Auckland Council and ATEED in developing the material for the assessment.
21. The review team will consult with Auckland Council, ATEED, the Independent Maori Statutory Board, Panuku Development Auckland and local boards in preparing the final report.

6 Governance and resourcing

6.1 Governance

S17a Value for Money Programme Governance Structure



6.2 Roles & Responsibilities

Programme /Review Roles	Responsible	Purpose & Responsibilities
Programme Sponsor/Lead Officer	Group Chief Financial Officer	<ul style="list-style-type: none"> Programme sponsor who champions the group value for money programme and has accountability for the programme overall Authorises (and recommends to the Finance and Performance Committee) key programme reports Recruits and approves expert panel membership Responsible for communications to the Chief Executive and executive leadership team of Auckland Council
Programme Business Owner	General Manager Corporate Finance & Property	<ul style="list-style-type: none"> Business owner who ensures the programme is adequately resourced to deliver on its objectives Authorises (and recommends to the Sponsor) key programme reports Resolves issues and manages risks escalated by the Programme Manager Briefs the Programme Sponsor and the Steering Group

		<ul style="list-style-type: none"> Engages stakeholders to assist with timely responses to information requests and socialisation of deliverables Ensures the participation and co-operation of business resources
Programme Champion	Director Finance & Policy, Mayoral Office	<ul style="list-style-type: none"> Responsible for communications to the Chairs of the CCOs Resolves CCO-related issues escalated by the Sponsor or Business Owner Champions the group value for money programme
Programme & Review Oversight	Steering Group	<ul style="list-style-type: none"> Provides political oversight to monitor progress of the programme at key milestone points
Programme Review & Oversight	Chair & Deputy Chair Finance and Performance Committee	<ul style="list-style-type: none"> Primary programme customer who will approve the terms of reference and receive the draft reports and findings
Programme Review	Finance and Performance Committee	<ul style="list-style-type: none"> Receive and consider proposals and recommendations for value for money review proposals and the final reports from value for money reviews
Independent Advice & Quality Review	Independent Panel - TBA	<ul style="list-style-type: none"> A core panel of three members with expertise in public finance, infrastructure, public policy, economics and/or local government governance experience supplemented by subject matter experts for particular reviews as required Reporting to the Lead Officer Panel members will be asked to: <ul style="list-style-type: none"> provide independent advice on the objectives, lines of inquiry, performance, opportunities options and recommendations for value for money reviews undertake a quality review of the documentation supplied, based on the review criteria including: <ul style="list-style-type: none"> the value for money review evaluation/analysis is clearly defined the research questions are appropriate and feasible to support the objectives and lines of inquiry for the reviews data analysis techniques are robust and appropriate and correctly applied opportunities, options, evaluations and recommendations are based on evidence there is coherence, consistency

		and a clear line of integration across the reports and the reasoning associated with the research/evaluation/analysis.
Independent Specialist with Industry Knowledge (SME)	TBD	<ul style="list-style-type: none"> Advising the expert panel, provide independent expert advice and commentary on the assessment and evaluation of opportunities as they arise based on industry experience with similar undertakings.
Programme Manager-Value for Money	TBD	<ul style="list-style-type: none"> Co-ordinate, recruits and manages programme office resources and approach and is responsible for the delivery of the agreed programme plan to schedule and budget. Develops the programme plan, review methodology and the production of the associated deliverables for authorisation by the Business Owner, the Sponsor, the Steering Group and Finance and Performance Committee. Develops and manages the programme calendar and associated engagement requirements including steering group management and the supply of documentation to the expert review panel. Briefs the Programme Business Owner and Sponsors regarding project status, risks/issues and decisions required.
Senior Financial Analyst	TBD	<ul style="list-style-type: none"> Define and supervise the collection of the data requirements needed for evidence –based value for money reviews from council and CCOs to support the programme methodology. Analysing financial and non-financial records and plans, reports relating to past and planned expenditures and revenues including relevant reviews and benchmarking to distil relevant performance-related trends, issues, opportunities. Work on the application of the public service value for money analytics and modelling between expenditure, inputs, outputs and desired outcomes.
Senior Economist	TBD	<ul style="list-style-type: none"> Define and develop the value for money modelling approach and value –based data requirements for each review including key value drivers desired outcomes for each review. Supervise the collection of the data requirements needed for evidence –based value for money reviews from council and CCOs to support the programme’s value –based methodology. Analyse records and plans, reports relating to

		<p>past and planned expenditure, revenues and social, economic, environmental and cultural outcomes to distil relevant performance-related trends, issues, opportunities.</p> <ul style="list-style-type: none"> Oversee the application of the public service value for money analytics including the relational modelling between expenditure, inputs, outputs and outcomes and draw conclusions and insights from this work.
Financial Analyst		<ul style="list-style-type: none"> Supporting the senior financial analyst, collect the data requirements needed for evidence – based value for money reviews from council and CCOs to support the programme methodology. Assist with the analysis including modelling of financial and non-financial records and plans, reports relating to expenditures and revenues including past reviews and benchmarking to distil relevant trends, issues, and opportunities.

6.3 Stakeholders

The key stakeholders in this review are as follows:

- Mayor Phil Goff
- Ross Clow – Chair, Finance and Performance Committee
- Desley Simpson –Deputy Chair, Finance and Performance Committee
- Penny Hulse –Chair, Environment and Community Committee
- Chris Darby – Chair, Planning Committee
- Greg Sayers –Deputy Chair, Audit and Risk Committee
- David Taipari – Chair, Independent Maori Statutory Board
- Kelvin Norgrove, Policy Project Manager, Independent Maori Statutory Board
- Taha MacPherson Chief of Staff, Mayoral Office
- David Wood- Director Finance & Policy, Mayoral Office
- David McConnell –Chair ATEED
- Stephen Town – CE Auckland Council
- Jim Quinn, Chief of Strategy
- Brett O’Riley –CE ATEED
- Roz Henry – Key ATEED point of contact
- Finance and Performance Committee
- National Secretary, PSA

6.4 Dependencies

22. There are no significant dependencies with this review.

6.5 Schedule

Milestone	Due Date
Terms of reference approved	June 2017
VFM programme established	June 2017
Project team established	June 2017
Current state assessment	August 2017
High level opportunities	September 2017
Options and recommendations	October 2017
Final report	September 2017