## Komiti ā Pūtea, ā Mahi Hoki / Finance and Performance Committee

### OPEN MINUTE ITEM ATTACHMENTS

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**Note:** The attachments contained within this document are for consideration and should not be construed as Council policy unless and until adopted. Should Councillors require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Auckland Council progress on savings up to 31 December 2018

Appointments, Performance Review and Value for Money Committee meeting on 7 March 2019 and the Finance and Performance Committee meeting on 19 March 2019

Overview

- Progress for the 6 months to 31 December 2018

- Progress update on:
  - Corporate Property Strategy
  - Robotic Process Automation
  - Building Consent Inspect Mobilisation
Progress for the 6 months to 31 December 2018

Background

- The 10-year budget includes a $62 million savings target over the first three years, with a $23 million target for financial year 2018/2019.

  ![Savings profile over time](image)

- This contributes to the total target for the 10-year period of over $560 million.

Progress for the 6 months to 31 December 2018

Savings achieved

- Up to 31 December 2018 $13.5 million of savings have been realised, leaving a balance of $9.5 million to be achieved for the remainder of the year.

- The savings achieved to date, equates to approximately $135 million over 10-years. This is 24% of the overall $560 million target.

- More than $500 million of other benefits such as cost avoidance and capital expenditure savings have been identified through the Value for Money, procurement and other workstreams.
Progress for the 6 months to 31 December 2018

Savings initiatives

<table>
<thead>
<tr>
<th>Workstream</th>
<th>Savings achieved</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>$1.9m</td>
<td>Corporate property renegotiations, Internet Connection renegotiations</td>
</tr>
<tr>
<td>Organisational design</td>
<td>$2.1m</td>
<td>Commercial Finance redesign, ACC disestablishment</td>
</tr>
<tr>
<td>Technology</td>
<td>$0.9m</td>
<td>Robotic Process Automation, Technology infrastructure licensing cost reduction</td>
</tr>
<tr>
<td>Non-rates revenue</td>
<td>$0.5m</td>
<td>Venue and facilities hire digital booking system improvements</td>
</tr>
<tr>
<td>Prudent financial</td>
<td>$3.5m</td>
<td>Focus on employee benefits, including improved workforce planning and reporting and better use of contingent workers</td>
</tr>
<tr>
<td>management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value for Money</td>
<td>$0.5m</td>
<td>Reduced costs in communications and engagement</td>
</tr>
<tr>
<td>Total</td>
<td>$13.5m</td>
<td></td>
</tr>
</tbody>
</table>

Further potential opportunities:

- Corporate property strategy
- Further robotic process automation
- Building Consent Inspect Mobilisation
- Streamline low risk and low value procurements
- Corporate support review
- Sector shared services
- Multi-cloud data centre
- Digital transformation enabling self-serve and awareness of services
- Ongoing prudent financial management
- Future VFM reviews
WorkSmart@AC: Our value proposition
- Improved Customer and Employee Experience
- Significantly reduced compliance risk
- $17m cost avoidance

FY19 Runs on the board – Disposals (value released / cost and risk avoidance)
- 35 Graham St - Out to market now
  - Two stage EO/RFP process designed to allow purchaser to advocate for non-financial value-based outcomes alongside financials
- 4-16 Mayoral Drive / Aotea station - Out to market 16 March
  - Two stage EO/RFP process designed to achieve station / over station design and delivery integration and achieve council public realm strategic objectives of Aotea Precinct Framework
- 6 Henderson Valley Road - Currently in negotiation with an interested party
  - Disposal fully integrated with wider Unlock Henderson programme objectives
- 6 Ostler Bay Way Manukau / Keteku House - Out to market Q4 FY19
  - Two stage EO/RFP process in planning integrated with wider Transform Manukau objectives.
- Other sites: Orava, Pukekohe and Papakura: Panuku and Corporate Property are working to deliver development framework documents to relevant local boards during 2019 calendar year.
FY19 Runs on the board – Reinvestment, enabling staff to deliver for our customers

- HO Reconfiguration to accept 35 Graham St staff consolidation has commenced.
- Complete FY20

- Operational consolidation in the south to Manukau Civic and Kohuku House complete.
- Operational consolidation in the north/early exit Takapuna under action
  - Provisionally $6m cost avoided through early lease surrender terms

- 4 Spokes now delivered, 13 Spokes complete end of FY19
- 16 Library and Leisure Centre spaces refreshed end of FY19

- More than 60% of our staff now have the ability to work remotely/ flexibly
- Corporate WiFi extended to all Library network for our staff. Enabled FY19

- New Devonport Takapuna LB and Customer Service Centre in design
- New Franklin LB and Customer Service Centre in design

Robotic Process Automation (RPA)

- Robotic Process Automation (RPA) uses software to automate repetitive, mundane tasks within business processes to free up staff to focus on value added activities.

- The RPA program has deployed ten “BOT’s” since February 2018, generating benefits of over $848k (of which $200k is direct budget savings) across the following business units:
  - Citizens and Insights - Public Consultation process for the Long-Term Plan (LTP) saving 4,274 hours.
Robotic Process Automation (RPA)

- Citizens and Insights - The RLTP process which allowed us to meet the challenging timeframes to deliver.

- Regulatory - Building Consents lapsing process provided customers early notification that their consents were due to expire.

- Regulatory - Animal Management automated the handling time between the 'Call Centre' and the 'Animal Management Officers' (AMO). This resulted in improved faster deployment of AMOs and quicker resolution times.

Robotic Process Automation (RPA)

- Financial Transactions - Accounts Payable invoicing automated the checking process of goods receipting to an invoice, allowing for budget savings.

- Sentient - automation ensured SAP and Sentient had updated project financial information.

- The RPA programme was recognised at ALGIM in November 2018, winning the "Best Use of New Emerging Technology" award and is taking these learnings and collaborating with Auckland Transport and other CCO’s as well as other Councils around the country (i.e. Tauranga, BOPLASS, Environment Canterbury).
Building Consent Inspect Mobilisation

Introducing a single inspections operating model across the Auckland region

All inspectors have new devices with robust connections, a new inspections app, access to historical information. Giving real time results to our customers.

Customers will feel the benefits of Inspect through e.g. increased lead and inspection times enabling them to plan and manage projects more efficiently. Inspections will be more consistently conducted with results more consistently presented across the region.

Go Live Stats & Feedback

<table>
<thead>
<tr>
<th>Date</th>
<th># Inspections processed</th>
<th># Images/attachments</th>
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<tbody>
<tr>
<td>Week 1 – 18/22 Feb</td>
<td>3,966</td>
<td>10,809</td>
</tr>
<tr>
<td>Week 2 – 25 Feb/1 Mar</td>
<td>4,404</td>
<td>11,754</td>
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- "Best Council roll-out I've seen" - South
- "Early days and needs time to embed but so far so good" - Manukau
- "The system roll-out was better than we could have possibly expected and the feedback from our people has been positive" - Central
- "Team has adjusted well and it's been easy to get hold of the support team" - Papakura
- "Most people have adjusted well and are supporting the others" - North
Auckland Regional Amenities Funding Board

28 February 2019

Councillors Ross Clow and Desley Simpson
Chair and Deputy Chair, Finance and Performance Committee
Auckland Council
Private Bag 92300
Victoria Street West
Auckland 1142

Dear Ross and Desley

Submission to 2019-2020 Funding Plan

Thank you for your recent submission to the Draft 2019-2020 Funding Plan, published by the Auckland Regional Amenities Funding Board on 11 January 2019.

The Funding Board met on 19 February to consider both the written and oral submissions made in respect of the draft plan.

Following careful deliberation of the matters raised in the submissions, the Funding Board has resolved that there would be no changes to the provisional allocation of grants to the specified amenities. The overall levy requirement for 2019-2020 remains the same as published in the draft plan.

In response to the specific matters raised in the Auckland Council submission, I can advise as follows:

a) Regarding future year grant requests, the Funding Board shares a similar concern as Auckland Council that the Specified Amenities continue to signal unrealistic future funding requirements. The need to state anticipated future grant requests is contained in the Act, and the Funding Board relies on the amenities to take a realistic stance when completing this part of the annual funding application. The amenities will nevertheless be requested to remind to take a realistic approach to forecasting future funding requirements.

It is hoped that despite the large grants signalled by some amenities, that Council notes that the Funding Board, through its rigorous assessment process, that has moderated the rates of increase to levels considerably below those forecasted by the amenities. The board will continue to apply this stringent overview to the annual grants assessment process.

b) As in previous years, the Funding Board continues to remind all the specified amenities of the requirement to maximise revenue from other sources. However, the ability for amenities to achieve this is proving to be challenging as traditional sources of revenue (e.g. gaming trusts, philanthropic trusts) are also experiencing downturns in revenue.

c) It is noted that the requests for increases in grants from the amenities is also reflective of the cost increases being imposed on the amenities. For instance, hire charges for Regional Facilities Auckland operated facilities continue to increase, but in the competitive entertainment industry, it is
not possible to automatically pass on these costs to patrons. The value of funds ‘returned’ to Auckland Council continues to increase year on year, as costs for hire, consents and other cost recovery mechanisms are implemented. On top of this, the increasing popularity of Auckland as a destination is putting considerable pressure on other costs such as hotel accommodation.

The 2019-2020 Funding Plan and details of the proposed levy for 2019-2020 have been forwarded to Auckland Council under separate cover for its consideration at a meeting of the Finance and Performance Committee.

The final version of the Funding Plan with details of the confirmed grant allocations for 2019-2020 will be published after the board has met on 1 April 2019.

Yours sincerely

Vern Walsh
Chair
Auckland Regional Amenities Funding Board

Cc: Alastair Cameron
Josie Meuli
LOAN HISTORY AND BACKGROUND.

- $40m loan history
- EPT has borne the interest cost since 2010
- EPT Deed - Financial autonomy
- Capital support by way of grant is essential
FINANCIAL PRUDENCE.

- Supporting Eden Park is financially prudent for Auckland Council and ratepayers
- Capital avoidance of up to $482m for Mt Smart, North Harbour and Western Springs stadiums as they come to the end of their useful economic lives*
- Provides time to consider any new stadium proposal

*Auckland Stadiums’ Venue Development Master Strategy, Jan 2019
FAIRNESS, PRECEDENT, POLICY, BEST PRACTICE.

- Eden Park’s funding options align with Auckland Council’s Facility Partnerships Policy
- OAG’s Good Practice Guide sets out key principles for Public Entity funding of NGOs
VENUE DEVELOPMENT MASTER STRATEGY JANUARY 2019.

- Eden Park is a public amenity, a public benefit entity
- EPT supports a partnership agreement to work with RFA and Auckland Council
- Eden Park is critical infrastructure for Auckland
- Local, regional and national content base
- “Eden Park will continue to be Auckland’s premier stadium for the next 10 to 15 years.” – Stephen Town, Auckland Council CEO.
EDEN PARK FUNDING OPTIONS.

1. Forgive the existing debt and grant $3.2m each year for 3 years

2. Make existing debt interest free and grant $3.2m each year for 3 years

3. Take over existing debt on the same general terms and grant $3.2m each year for 3 years