I hereby give notice that an ordinary meeting of the Appointments, Performance Review and Value for Money Committee will be held on:

**Date:** Thursday, 4 April 2019  
**Time:** 10.30am  
**Meeting Room:** Room 1, Level 26  
**Venue:** 135 Albert St  
Auckland

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**Komiti Tohu me te Arotake Tūranga Mahi, me te Rite o te Whiwhi ki Tā Tērā i Utu Ai / Appointments, Performance Review and Value for Money Committee**

**OPEN AGENDA**

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**MEMBERSHIP**

**Chairperson**  
Hon Phil Goff, CNZM, JP

**Deputy Chairperson**  
Cr Hon Christine Fletcher, QSO

**Members**  
Cr Josephine Bartley  
Cr Ross Clow  
Cr Chris Darby  
Cr Richard Hills  
Cr Penny Hulse  
Cr Desley Simpson, JP

**Ex-officio**  
Deputy Mayor Cr Bill Cashmore  
IMSB Chair David Taipari

**Suad Allie**  
Governance Advisor

**1 April 2019**

Contact Telephone: (09) 977 6953  
Email: suad.allie@aucklandcouncil.govt.nz  
Website: www.aucklandcouncil.govt.nz

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**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
ITEM | TABLE OF CONTENTS |
--- | --- |
1 | Apologies | 5 |
2 | Declaration of Interest | 5 |
3 | Confirmation of Minutes | 5 |
4 | Petitions | 5 |
5 | Public Input | 5 |
6 | Local Board Input | 5 |
7 | Extraordinary Business | 6 |
8 | Value for Money Customer Services Review | 7 |
9 | Appointments and Performance Review Committee Information Report - 4 April 2019 | 99 |
10 | Forward Work Programme | 101 |
11 | Update report for director appointments to the board of Watercare Services Limited | 109 |
12 | Consideration of Extraordinary Items |

**PUBLIC EXCLUDED**

13 | Procedural Motion to Exclude the Public | 113 |
C1 | Confidential report: Shortlist candidates for director vacancies on Watercare Services Limited | 113 |
C2 | Confidential Report: Review of the Full Time Equivalent Metric within the Chief Executive’s Performance Objectives (Covering report) | 113 |
C3 | Confidential report: Chief Executive's performance objectives (Covering report) | 114 |
1 **Apologies**

At the close of the agenda an apology from Cr P Hulse had been received.

2 **Declaration of Interest**

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

3 **Confirmation of Minutes**

That the Appointments, Performance Review and Value for Money Committee:

a) confirm the ordinary minutes of its meeting, held on Thursday, 7 March 2019, including the confidential section, as a true and correct record.

4 **Petitions**

At the close of the agenda no requests to present petitions had been received.

5 **Public Input**

Standing Order 7.7 provides for Public Input. Applications to speak must be made to the Governance Advisor, in writing, no later than **one (1) clear working day** prior to the meeting and must include the subject matter. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders. A maximum of **thirty (30) minutes** is allocated to the period for public input with **five (5) minutes** speaking time for each speaker.

At the close of the agenda no requests for public input had been received.

6 **Local Board Input**

Standing Order 6.2 provides for Local Board Input. The Chairperson (or nominee of that Chairperson) is entitled to speak for up to **five (5) minutes** during this time. The Chairperson of the Local Board (or nominee of that Chairperson) shall wherever practical, give **one (1) day’s notice** of their wish to speak. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders.

This right is in addition to the right under Standing Order 6.1 to speak to matters on the agenda.

At the close of the agenda no requests for local board input had been received.
7 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

(a) The local authority by resolution so decides; and

(b) The presiding member explains at the meeting, at a time when it is open to the public,-

(i) The reason why the item is not on the agenda; and

(ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

(a) That item may be discussed at that meeting if-

(i) That item is a minor matter relating to the general business of the local authority; and

(ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but

(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”
Value for Money Customer Services Review

File No.: CP2019/03832

Te take mō te pūrongo
Purpose of the report
1. To provide an overview of the findings and recommendations contained in the value for money (s17A) review report of customer services.
2. To seek endorsement for the completed report (contained in Attachment B of the agenda report), to be recommended to the Governing Body for approval.

Whakarāpopototanga matua
Executive summary
3. Customer services is the latest review to be completed by the Value for Money Programme.
4. In each review the first step is identifying the key strategic opportunities to improve value for money. The recommendations contained in this report are at a conceptual stage. They require management review and detailed investigation, including feasibility studies, business case development and consultation on potential plans, options, process changes and associated decisions.
5. The review of Customer services found:
   - All organisations are actively building customer service cultures
   - Overall customer satisfaction is good although performance is variable
   - Service requests which require Group interaction are not measured and may have multiple hand-offs
   - Cost-efficiency and effectiveness are being achieved through digitisation and re-organisation
   - Process simplification is required to enable the move to digital
   - The Group has a fragmented view of the customer
   - A joined-up approach to the customer needs research.
6. The review of customer services recommends that the chief executive of Auckland Council collaborate with the chief executives of the CCOs to:
   - Improve customer experience by simplifying the channel interface with customers
   - Focus on the resolution of customer queries at first point of contact with the Group.

Ngā tūtohunga
Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:
  a) receive the Customer Services Value for Money Review 2019 report
  b) endorse the recommendations set out in (c) below and recommend that the Governing Body approve the report and the recommendations
  c) recommend that the council’s chief executive collaborates with the chief executives of the council-controlled organisations to:
     i) design and implement a group approach to simplifying the customer channels and points of interaction including:
        A) mapping the end-to-end customer journey across the value chain and across organisational (and department) boundaries
B) identifying and measuring all the points of contact/channels the customer has to deal with across the group that impact on the customer experience

C) developing a brand framework outlining what a customer should expect when interacting with the group

D) adopting a common approach to measuring customer service quality particularly customer satisfaction with service delivery

E) evaluating the value of having a group customer service improvement action plan.

ii) develop a programme of work, building on initiatives underway to improve first time resolution of customer enquiries including:

A) empowering contact centre staff with the delegations, knowledge and systems access to respond (on the first telephone call) to a greater variety of customer information and service requests

B) improving responsiveness of business units to answer first point of customer contact enquiries by placing subject matter experts (on secondment) in the contact centre to take customer calls immediately on matters requiring specialist advice

C) expanding the case management approach to enquiries with a named person responsible for resolution proactively tracking unresolved issues and work back-logs.

Horopaki Context

7. In March 2017 the Finance and Performance Committee endorsed a value for money programme for the Auckland Council group (resolution number FIN/2017/23).

8. In March 2018 the Governing Body approved the terms of reference for the Appointments, Performance Review and Value for Money Committee. This incorporated the oversight for the value for money programme required by section 17A of the Local Government Act 2002 (resolution number GB/2018/57).

9. The report (Attachment B) is the latest output from the value for money programme, which delivers on the requirements of the Act, to review the cost-effectiveness (or value) of current arrangements for delivering local infrastructure, local public services and regulatory functions.

10. Each review is the first step in identifying the key strategic opportunities to improve value for money. The recommendations contained in each report are at a conceptual stage. They require management review and detailed investigation, including feasibility studies, business case development and consultation on potential plans, options, process changes and associated decisions.

11. The value for money review uses a well-established strategic and evidence-based approach. It draws on published reports, council data, interviews and engagement with management and CCOs. Each report contains an overview of the review methodology.

12. The report is reviewed by the Independent Review Panel and council management. CCOs were consulted as part of the review leading to this report.

13. A focused summary of the review (Attachment A) has been developed which is attached together with the full review report (Attachment B).
## Tātaritanga me ngā tohutohu
### Analysis and advice

14. Customer service is the process of managing customer interactions while ensuring customer satisfaction. It usually takes the form of an in-person interaction, a phone call, an online self-service system, or in writing.

15. Customers are the current and future residents, ratepayers, visitors and businesses in Auckland. Each service provided by the group has a different group of customers.

<table>
<thead>
<tr>
<th>A summary of the key findings of the review:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All organisations are actively building customer service cultures</strong></td>
</tr>
<tr>
<td><strong>Overall customer satisfaction is good although performance is variable</strong></td>
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<tr>
<td><strong>Service requests which require group interaction are not measured and may have multiple hand-offs</strong></td>
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<tr>
<td><strong>Cost-efficiency and effectiveness are being achieved through digitisation and re-organisation</strong></td>
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<tr>
<td><strong>Process simplification required to enable the move to digital</strong></td>
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<tr>
<td><strong>The group has a fragmented view of the customer</strong></td>
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<td></td>
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<tr>
<td><strong>A joined up approach to the customer needs research</strong></td>
</tr>
</tbody>
</table>
Item 8

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views
17. The review considered all substantive organisations in the group who have been consulted with in the development of the final review report.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe
Local impacts and local board views
18. The decision to endorse this report has no direct implications for local boards.

Tauākī whakaaweawe Māori
Māori impact statement
19. The decision to endorse this report has no direct implications for Māori.

Ngā ritenga ā-pūtea
Financial implications
20. Any financial implications arising from the implementation of these review reports will be determined when implementation plans are developed and reported back to this committee.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations
21. The primary risks arising from these recommendations are regarding their implementation which will be addressed through implementation plans and where required business cases.

Ngā koringa ā-muri
Next steps
22. Should the report and their recommendations be endorsed then the next step will be for the reports to be tabled with the Governing Body for adoption.

Ngā tāpirihanga
Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Customer Services VFM review - overview</td>
<td>11</td>
</tr>
<tr>
<td>B</td>
<td>Customer Services VFM review report</td>
<td>13</td>
</tr>
</tbody>
</table>

Ngā kaihaina
Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Ross Chirnside – Programme Lead Value for Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Kevin Ramsay - General Manager Corporate Finance and Property</td>
</tr>
<tr>
<td></td>
<td>Matthew Walker - Group Chief Financial Officer</td>
</tr>
<tr>
<td></td>
<td>Phil Wilson - Governance Director</td>
</tr>
</tbody>
</table>
Customer Services VFM review

Scope
Customer Services is part of the organisational support group of activities. It forms part of the VFM programme which meets councils obligations under S17A of the Local Government Act.

Background
Customer service is the process of managing customer interactions while ensuring customer satisfaction. It usually takes the form of an in-person interaction, a phone call, an online self-service system, or in writing.

Customers are the current and future residents, ratepayers, visitors and businesses in Auckland. Each service provided by the Group has a different group of customers.

The scope of the review is wider than customer service departments, taking a value chain approach, considering key process activities involved in serving customers across multiple Group organisations, channels and touchpoints.

Value was assessed by considering these key questions

<table>
<thead>
<tr>
<th>Key question</th>
<th>Confidence that VFM achieved and planned</th>
<th>VFM review conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 What have been the customer service gains from amalgamation, and key initiatives since then?</td>
<td>✔</td>
<td>Customer experience is improving.</td>
</tr>
<tr>
<td>2 Trends in costs &amp; service levels: how do they compare across the Group and to benchmarks?</td>
<td>✔</td>
<td>Performance is variable – waste, roads and consenting negatively impact satisfaction. Other services over 80% satisfaction.</td>
</tr>
<tr>
<td>3 How is customer satisfaction trending &amp; measured? How does it compare across the Group and to other organisations?</td>
<td>✗</td>
<td>All services have same targets – may need to vary depending on service type.</td>
</tr>
<tr>
<td>4 What channels are used and are crossovers in customers between processes and business units managed effectively, with the customer at the centre?</td>
<td>✔</td>
<td>Customers have a range of channels to use.</td>
</tr>
</tbody>
</table>

Executive Summary
All organisations are actively building customer service cultures which are clearly featured in strategies and plans.

Overall customer satisfaction is good although performance is variable.

Service requests which require Group interaction are not measured and may have multiple hand-offs.

Cost-efficiency and effectiveness are being achieved through digitisation and re-organisation.

Process simplification required to enable the move to digital.

The Group has a fragmented view of the customer.

A joined up approach to the customer needs research.

Key facts

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>$51m cost of customer services per annum</td>
<td>$18m Capital spend</td>
</tr>
<tr>
<td>50% of council staff in customer facing roles</td>
<td>45% of service online</td>
</tr>
<tr>
<td>1.6m residents forecast to be 2m in 2033</td>
<td>22% trust in council (2)</td>
</tr>
<tr>
<td>20 + websites</td>
<td>80 locations</td>
</tr>
</tbody>
</table>

Value for Money Customer Services Review

Recommendations

1 Improve customer experience by simplifying channel interface
   - Making it easier for customers to interact with the Group with a clear understanding of the customer journey and how crosses organisational and department boundaries

2 Faster resolution of customer enquiries
   - Building on activity underway focus on resolving enquiries at the first (and only) contact with Council

Summary of potential value

<table>
<thead>
<tr>
<th>Value proposition</th>
<th>NPV (10 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplifying channel interface</td>
<td>+ve not estimated</td>
</tr>
<tr>
<td>Faster resolution of customer enquiries</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Total | 10.5 |
## Item 8

### Contents

<table>
<thead>
<tr>
<th>Options analysis</th>
<th>Appendices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value proposition #1 Customer experience</td>
<td>Value for Money model (detail)</td>
</tr>
<tr>
<td>Value proposition #2 Service resolution</td>
<td>Case studies</td>
</tr>
<tr>
<td>Summary of potential value</td>
<td>Methodology</td>
</tr>
<tr>
<td>Recommendations</td>
<td>Glossary</td>
</tr>
<tr>
<td>5</td>
<td>66</td>
</tr>
<tr>
<td>9</td>
<td>68</td>
</tr>
<tr>
<td>10</td>
<td>73</td>
</tr>
<tr>
<td>11</td>
<td>77</td>
</tr>
</tbody>
</table>

### Current state assessment

<table>
<thead>
<tr>
<th>Key questions assessed</th>
<th>Challenges and issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>57</td>
</tr>
</tbody>
</table>

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1 The sections not completed in this draft report.
Scope: the interaction a customer has with the council

This review covers all organisations in the Auckland Council Group (the Group) and tests whether customer service process (including the cost and effectiveness of service delivery, funding and governance) supports the customer experience and the council in its role to deliver on the Auckland Plan’s customer-oriented outcomes.

Customers are the current and future residents, ratepayers, visitors and businesses in Auckland. Each service provided by the Group has a different group of customers.

Scope: What is customer service?¹

Customer service is the process of managing customer interactions while ensuring customer satisfaction. It usually takes the form of an in-person interaction, a phone call, an online self-service system, or in writing.

Customers typically interact with the Group to:
- fix a problem
- apply for something
- join or use something
- experience something
- provide feedback
- pay for something.

The scope of the review is wider than customer service departments. The VfM methodology used in all reviews takes a value chain approach and considers the key process activities involved in serving customers across multiple Group organisations, channels and touchpoints.

Out of scope: What is service delivery?

This scope excludes a VfM assessment of the various products (for example pre-paid Hop cards) and services (for example potable water) provided by the Group.

The cost-effectiveness and appropriateness of specific products and services (e.g. three waters, rail transport or community facilities) will be assessed in separate value for money reviews.

“Citizen” and “community” segments are considered separately from the “customer” segment with the former two segments being considered as part of the completed Communications and Engagement services VfM review.
A snapshot of customer services

Auckland

- 1.6m residents forecast to be 2m by 2035
- 192k business locations
- 7.3m guest nights
- Trust in council 22% - Increasing

Selected services

- 46% Auckland use public transport
- 88.4m trips made on public transport
- 2.8m face-to-face interactions
- 521k visitors
- 572k households
- 9m visitors to pools & leisure centres
- 640k music fans
- 1.4m customers
- 21k building consents
- 12k resource consents
- Contributed to 2.6m international visitors
- Westhaven 683k visitors
- Auckland Zoo 2,800,000 viewers

Channels

- 29% of residents contact council annually
- 45% of services online
- 50% of council staff in customer facing roles
- 2 contact centres
- 20+ websites
- 80 locations

Customer services in context of the Group*

- Operating spend 17/18 (Total $3.8b) $51M
- Capital spend 17/18 (Total $1.5b) $18M

Rates-funded share ($0.05 for every $100 of total rates) 17%

* Cost information relates to operation of contact centres, service centres and managing customer first point of contact.
Attachment B

Value for Money Customer Services Review

Item 8

Executive summary

- Each organisation in the Group understands the importance of having a strong customer service culture.
- Operational performance, investment strategies, plans, and customer service values and traits are strongly evident in improvement initiatives, emphasizing the importance of a customer service ethic.
- Developing a customer service culture is an important high-level strategy for providing outstanding customer service delivery
- The growth of a specialised customer service capability is being developed, i.e. roles that are responsible for understanding customer needs or improving the customer experience.

There is an emphasis on improvement and being more agile, flexible and responsive to customer needs, i.e. designing processes from a customer perspective.

Auckland Council has recently introduced an employee charter which includes “we look after the people we serve” as a key principle.

We care more about customer service commitments directly to its customers in its service contract.

Making service commitments directly to the customer is a common practice in the public sector.

The customer's perspective has been introduced to Auckland Council and the customer focus has improved. This is focused on customer service improvement and customers as a customer service design.

New customer service requirements include an increase in future customer service improvements, and the customer service approach may need to change in the future if the Group's customers change.

There is a clear focus on improving customer outcomes.

All organisations are actively building customer service cultures.
Executive summary

- Services are generally achieving high customer satisfaction and net promoter scores (the key measures of customer service performance) relative to other public sector organisations across the Group.
- Customer effort is increasingly being used to measured the customer service experience from the customer’s point of view.
- Customer complaints are monitored and used constructively as a key input for continuous process improvement.
- It is expected that different services will have higher or lower customer satisfaction performance. Library services, public transport, the Zoo and the Art Gallery all have very high satisfaction levels.
- Building and resource consents (where customer service may be negatively impacted by legal or planning requirements) have lower satisfaction levels.
- The targets for each service are generally the same (80% satisfaction) and the review queries whether satisfaction targets for statutorily required services may set unrealistically high. Auckland Transport have a target of 65% for customer satisfaction with roads.
- Overall customer satisfaction is being impacted by deteriorating results for roads, waste and regulatory services. Sometimes the results can be explained, e.g. a temporary disruption of major roadworks which cannot be fully mitigated.
- In other cases, deteriorating performance indicates systemic service issues that require operating process remediation. For example, the council’s building consenting area in which has recently been independently reviewed.
- The overall capital programme, America’s Cup, APEC and City Rail Link will all benefit the city but at the same time will adversely impact some customers. Continued measurement and monitoring is essential.
Executive summary

- 30% of calls to the council’s contact centre are not resolved when the customers call (and generally are more complex).
- Parking and roading-related enquiries are generally handed off to Auckland Transport (AT). Water and wastewater enquiries are handed off to Watercare. Council departments deal with enquiries where customers need to access specialist expertise such as regulatory or planning or to other organisations providing services on behalf of the Group.
- Apart from the number of times the customer calls back, customer enquiry resolution times are not tracked.
- Tracking customer effort and improving the contact centre’s access and visibility to the appropriate knowledge may improve customer satisfaction.

- Across the Group, significant investment is being made to improve customer service performance. This is supported by customer services strategies at AT and Watercare, performance plans at the council and proactive staff development in all organisations to improve service culture.
- Governance changes in the retail functions at AT and Watercare include the creation of a chief customer officer role (AT and Watercare), and AT have a board committee oversight of customer service performance.
- Customer self-service management with online access to information, electronic forms and transactions are areas for improvement focus.

- Customer services are increasingly available online which include water and wastewater connection applications, outages and faults notifications, parking permits, facilities and building inspection bookings, and resource and building consent applications.
- With the exception of AT, smartphone applications are less well developed across the Group. This may be due to the challenges of automating processes.
- In order to move more services to digital channels processes will need to be simplified. Currently migrating some services to digital channels is constrained by the costs and complexity of integrating the user interface with core systems, and automating workflows across multiple departments and back-office processes. For example, allowing the customer visibility of the progress of their consent application.
Executive summary

Cost-efficiency and effectiveness are being achieved through digitisation and re-organisation

- Across the Group there has been a significant shift to online digital formats/channels to provide customers with the choice of self service.
- These initiatives also lower transactional costs. They're typically measured by a set of online transactional or cost-to-serve-type targets.
- The council has reorganised library services, consolidated its call centres and help desks, and developed home-based service agents to improve customer service effectiveness and efficiency.

The Group has a fragmented view of the customer

- Council research indicates that Group customers do not differentiate between council organisations – all services are seen as Auckland Council*.
- Each council organisation is investing separately on creating visibility for their particular customer base and their particular interactions.
- AT has MYAT Account where customers can log in and top up their HOP cards. Separately, the council is investing in an online My Account service to provide rates billing information to ratepayers. Watercare has an existing on line My Account billing related service for its customers.
- As public sector organisations mature, they take on a more unified view of their customers. Customers can access multiple online services with one portal or at least one username and password, and transact across related organisations securely.

A joined up approach to the customer needs research

- The Group customer experience and service needs are unknown.
- A research-based evaluation, from the customer’s perspective, would determine if they would value a “joined up” online service experience – logging onto various Group sites with the same details, updating personal details just once for multiple accounts, and checking the status of multiple transactions and interactions across the Group.
- Customers may value a single group user identity and password or a “My Group Account” service and this should be explored.

*Trust and confidence survey 2017, Citizen Insight Monitor 2018
### Value was assessed by considering these key questions

<table>
<thead>
<tr>
<th>Key question</th>
<th>Confidence that VfM achieved and planned</th>
<th>VfM review conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What have been the customer service gains from amalgamation, and customer service initiatives and related organisational change since then?</td>
<td>➡️</td>
<td>• Customer experience is improving&lt;br&gt;• All organisations have clear customer service targets, strategies and plans focused on customer outcomes</td>
</tr>
<tr>
<td>2. What are the trends in costs and service levels of customer services, and how do these compare across the Group and to other organisations?</td>
<td>➡️</td>
<td>• Additional investment has been made in customer services teams to improve customer experience&lt;br&gt;• Cost per transaction falling as investment in digital increases</td>
</tr>
<tr>
<td>3. How is customer satisfaction measured, how is it trending, and how does it compare across the Group and to other organisations?</td>
<td>➡️</td>
<td>• Good, although performance is variable – waste, roads and consenting negatively impact satisfaction. Other services over 80% satisfaction&lt;br&gt;• All services have same targets – may need to vary depending on service type</td>
</tr>
<tr>
<td>4. What channels are used to manage customer service, and are crossovers in customers between processes and business units managed effectively, with the customer at the centre?</td>
<td>➡️</td>
<td>• Customers have a range of channels to use&lt;br&gt;• Investment in digital channels occurring to allow customer self-service</td>
</tr>
<tr>
<td>5. To what extent are customer service channels duplicated or shared across the Group and what does that mean for cost-effectiveness?</td>
<td>➡️</td>
<td>• Operating model focuses each organisation focused on their own customer needs rather than the Group&lt;br&gt;• Duplication exists and no single front door to all Group services</td>
</tr>
<tr>
<td>6. How does the approach to customer service across the Group compare to best practice, including use of customer charters and complaint resolution processes?</td>
<td>➡️</td>
<td>• Complaints are tracked and used to improve performance</td>
</tr>
<tr>
<td>7. How are resources allocated across the key channels, in the context of customer preferences and strategic objectives (such as digital first, customer convenience, more with less)?</td>
<td>➡️</td>
<td>• Strong customer focus and improvement plans in place across the Group</td>
</tr>
<tr>
<td>8. What governance arrangements, planning and strategies are in place to manage customer services, including across the Group?</td>
<td>➡️</td>
<td>• Clear alignment of customer to overall organisational objectives</td>
</tr>
</tbody>
</table>
Summary of potential value and dependencies

<table>
<thead>
<tr>
<th>Value propositions</th>
<th>NPV (10 years) $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Improve customer experience by simplifying channel interface</td>
<td>+ve not estimated</td>
</tr>
<tr>
<td>2 Faster resolution of customer enquiries</td>
<td>10.5</td>
</tr>
<tr>
<td>Total</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Note
- The financial estimates are cash releasing benefits. That means the Group will improve its cash flow from implementing the opportunity.
- Estimates are indicative of the order-of-magnitude of the opportunity, drawing on assumptions from the literature and experiences in other places. Their purpose is to establish the case for progressing options and associated business cases. In some cases, the evidence is strong; in others, the basis for assumptions is speculative.
Recommendations to Appointments, Performance Review and Value for Money Committee

It is recommended that the Council’s chief executive collaborate with the chief executives of the CCOs to:

**Improve customer experience by simplifying channel interface**

Value will be delivered by making it easier for customers to interact with the Group with clear understanding of the customer journey across organisational and departmental boundaries. This reduction in customer effort will positively impact the overall customer experience.

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**Faster resolution of customer enquiries**

Value will be delivered from improving the overall customer experience by having inquiries resolved on the first (and only) contact with the council. Initiatives underway to make improvements should be continued and become a programme of work.

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**Recommendations**

1. Design and implement a Group approach to simplifying the customer channels and points of interaction. We anticipate this would be research-based and include:
   - mapping the end-to-end customer journey across the value chain and across organisational (and departmental) boundaries
   - identifying and measuring all the points of contact/channeles the customer has to deal with across the Group that impact the customer experience
   - developing a brand framework outlining what a customer should expect when interacting with the Group
   - adopting a common approach to measuring customer service quality particularly customer satisfaction with service delivery
   - evaluating the value of having a Group customer service improvement action plan

2. Develop a programme of work, building on initiatives underway to improve first time resolution of customer enquiries. We anticipate this would include:
   - empowering contact centre staff with the delegations, knowledge and systems access to respond (on the first telephone call) to a greater variety of customer information and service requests
   - improving responsiveness of business units to answer first point of customer contact enquiries by placing subject matter experts (on secondment) in the contact centre to take customer calls immediately on matters requiring specialist advice
   - expanding the case management approach to enquiries with a named person responsible for resolution
   - proactively tracking unresolved issues and work backlogs
The review considers the cost and effectiveness of the customer service value chain

Councils, in general, don’t have the same incentives as competition-driven private enterprise to provide great customer service. However, councils’ successes are just as dependent on their customer service performance. Customer experience with council services influences how citizens regard the value and legitimacy of a council overall.

**Value drivers**

- Clarity and consistency
- Diversity
- Information age
- Democracy

- Customers seek clear and consistent service, engagement and experience
- Council services must cater to the preferences and needs of a diverse set of customers
- Customers expect digital-first channels, and a seamless, effective journey
- Customer experience reflects on perceptions of value from, and trust in, council overall

**Value chain**

- **Understand customers**
  - Who are the different customer groups, now and in future?
  - What are their wants and needs?

- **Customer strategy**
  - How will we establish a customer service culture?
  - What resources will we allocate to customer services?
  - How do we decide the appropriate level of service and cost to serve the customer?

- **Customer interaction**
  - What channels does the customer want to use and how will we respond?

- **Deliver services**
  - How do we empower staff to deliver customer experience?

- **Customer feedback**
  - How can we make it easy for customer to provide feedback?
  - How do we use the feedback?
  - How do we measure performance?

- **Review**
  - What do we learn and how do we innovate and continuously improve our service?

- Out of scope for this review
What makes a good customer experience?
What drives New Zealanders’ satisfaction with public sector services?

A State Services Commission report found just a few things are key in achieving a good level of satisfaction with public sector services:

- New Zealanders want their expectations met and to deal with competent staff who keep their promises
- New Zealanders want to be treated fairly and have their circumstances taken into account.

Implications:

- **Recruit the right people**: Recruit people who want to help, have good people and listening skills, and are solution-focused.
- **Give staff the right knowledge and experience**: Train staff in how to deal with customers and the range of enquiries that might come up, with back-up to deal with unexpected or complicated situations.
- **Be clear and easy to understand**: Communications across channels should be accurate, comprehensive and consistent.
- **Apologise and explain when things go wrong**: When a promise has been broken or a mistake has been made, explain what happened and outline what will be done to avoid it from happening again.

The “trust in council” performance measure used by the council is directly impacted by the quality of the customer service experience.

The report for the SSC found:
- The two greatest drivers of trust in the public service are:
  1. competent staff
  2. meeting expectations
- trust is strongly influenced by anecdotes, high profile breaches of ethics, and public service stereotypes in the media. These influences make it difficult for the public sector to earn trust.

1. What gains in customer services have been made from amalgamation, and from related initiatives since then?
### Customer experience is improving

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>8 councils consolidated into one</td>
</tr>
<tr>
<td></td>
<td>Integration of retail and wholesale water and wastewater services</td>
</tr>
<tr>
<td></td>
<td>CCOs including Regional Facilities Auckland (RFA) and AT formed</td>
</tr>
<tr>
<td>2012</td>
<td>Council customer service strategy developed</td>
</tr>
<tr>
<td></td>
<td>Council retail experience model developed – service centres redesign</td>
</tr>
<tr>
<td></td>
<td>Libraries launch of mobile app service with free access to online titles</td>
</tr>
<tr>
<td>2013</td>
<td>Art Gallery enjoys highest visitor numbers since establishment and visitor satisfaction of 94%</td>
</tr>
<tr>
<td></td>
<td>New electric trains: growth in AT’S rail customers starts to exceed all forecasts. Satisfaction up to 84%</td>
</tr>
<tr>
<td>2014</td>
<td>Council consolidates contact centre</td>
</tr>
<tr>
<td></td>
<td>Council “Consenting made easy” project redesigns processes to speed up decisions</td>
</tr>
<tr>
<td>2015</td>
<td>Watercare MyAccount online service launched</td>
</tr>
<tr>
<td>2016</td>
<td>AT customer central established</td>
</tr>
<tr>
<td>2017</td>
<td>RFA unified website launched</td>
</tr>
<tr>
<td>2018</td>
<td>Council introduced self-service for bookings, consent applications and meeting scheduling</td>
</tr>
<tr>
<td></td>
<td>AT and Watercare Chief Customer Officer roles created</td>
</tr>
<tr>
<td></td>
<td>Website redevelopment for Watercare and the council</td>
</tr>
</tbody>
</table>

### Keep the lights on
- Council offers electronic rates billing to customers
- AT Hop Card launched for buses
- Watercare introduced a self-service portal for customers on its website

### Standardise customer experience
- Watercare introduced the Water Utility Consumer Assistance Trust to provide financial support to customers
- Council’s New Core IT project goes, live standardising customer relationship management systems
- Watercare standardised non-domestic wastewater tariffs

### Digitally transform
- Council introduced self-service for bookings, consent applications and meeting scheduling
- AT and Watercare Chief Customer Officer roles created
- Website redevelopment for Watercare and the council
Each council organisation with a large customer base has clear customer service targets, strategies and plans

<table>
<thead>
<tr>
<th>Customer is a focus of Auckland Council’s performance plan</th>
<th>AT’s customer central strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Looking to understand its customers and what they need so it can develop the channels and services that are most important to them.</td>
<td>▪ Achieve well defined benefits from investment in service improvement</td>
</tr>
<tr>
<td>▪ Rolling out online transactional services to help customers self-serve, providing more services online such as applying and paying for permits, booking building inspections or community facilities, and paying rates.</td>
<td>▪ Create a central customer function called the Customer Central Hub</td>
</tr>
<tr>
<td>▪ Planning to create a single view of customer so customers can see all of their activity in one spot – whether it’s a consent that is in process or an application for a dog licence.</td>
<td>▪ Grow the customer testing toolkit</td>
</tr>
<tr>
<td>▪ Simplifying things for customers to make it easier for them to interact with the council.</td>
<td>▪ Provide top-down advocacy for a multi-year commitment to customer-led practices.</td>
</tr>
<tr>
<td>▪ Planning to understand customers better so it can customise service offerings and communicate in a way that suits the customer.</td>
<td>▪ Roll out agile project management and Lean User Experience (UX) expertise</td>
</tr>
<tr>
<td></td>
<td>▪ Introduce a framework within the customer insights team to compile market scan information, customer insights and data, and ideas from within the business; prioritises those ideas based on the agreed customer principles to feed into delivery</td>
</tr>
<tr>
<td></td>
<td>▪ Build on highly available customer data platforms and access layers to co-design world-leading digital products with external partners.</td>
</tr>
<tr>
<td></td>
<td>▪ Defined measures for success and availability of customer data across all systems.</td>
</tr>
</tbody>
</table>
Customer service targets, strategies or plans (continued)

Watercare aims to achieve best in class customer experiences

- Prioritising:
  - understanding customer needs and delivering value
  - consistently providing exceptional products and customer service
  - being trusted by the customer who understands the organisation's purpose and values the service.
- Providing research based insight to understand how customers view the organisation and what they would like it to improve on at both a micro and macro level.
- Implementing a digital-first channel strategy, with a strong push for customer self-service.
- Focusing on making it easy for customers to do business with, as well as reducing cost to serve to keep the price of water down.

RFA's customer experience approach is a key priority

- Customer experience is a stated strategic priority across the organisation with the following key principles:
  - customer simplicity
  - single platforms
  - customer insight and feedback.
- The approach acknowledges end-to-end customer journeys and the role of digital and non-digital components in customer service interactions.
- A significant investment being made in customer centred practices e.g. strategy development, design thinking and digital delivery.
Each organisation generally manages its customer service to meet each its objectives.

<table>
<thead>
<tr>
<th>How is service delivery organised?</th>
<th>How is it funded?</th>
<th>How is it governed?</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The council provides contact centre services for the smaller CCOs and for AT parking and roading services. • Manager Customer Services manages the contact and service centres and written customer communications. • Head of Digital and Transformation manages the digital customer channel • Specialist customer services are provided by functional areas i.e. Finance for rates billing, Regulatory for consenting services • Customer satisfaction is measured by key service groupings i.e. consenting, waste, healthy waters, libraries, etc.</td>
<td>Rates, user charges</td>
<td>General Manager Customer Service reports to COO Head of Digital and Transformation reports to Director People &amp; Performance</td>
<td>• Very wide range of customer services and significant volume of complex customer service interactions requiring specialist support. • Customer satisfaction (target of 80%) is the key corporate customer service performance measure. • The council provides contact centre services to AT for parking and roading customers, but has no access to AT systems for inter-Group requests for service, constraining customer enquiry resolution. • Development customers engage with the council and Watercare touchpoints separately (rather than as a single point of contact).</td>
</tr>
</tbody>
</table>
| **Auckland Transport** | Rates | Exec GM Customer Service reports to the CEO Board has Customer Focus sub-committee | Extensive monthly reporting and analysis | Customer satisfaction (target of 80%) is the key corporate customer service performance measure. AT operates a contact centre for public transport including HOP cards AT uses the council’s contact service for parking and roading customer inquiries AT has a number of service centre locations for public transport customer enquiries and AT Hop Card top-ups.
Auckland Council’s customer contact centre provides services for AT & the smaller CCOs.

<table>
<thead>
<tr>
<th>How is service delivery organised?</th>
<th>How is it funded?</th>
<th>How is it governed?</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Tourism, Events and Economic Development</td>
<td>Mainly business-to-business customer relationships.</td>
<td>Rates and commercial revenue</td>
<td>General Manager-Destination and General Manager - Economic Development reporting to CEO</td>
</tr>
<tr>
<td>Auckland Art Gallery Auckland Live, Auckland Conventions, Auckland Stadiums, NZ Maritime Museum</td>
<td>Each business unit (Auckland Zoo, Auckland Art Gallery Auckland Live, Auckland Conventions, Auckland Stadiums, NZ Maritime Museum) measures, monitors, and reports customer experience (net promoter score) and customer satisfaction.</td>
<td>Rates and commercial revenue</td>
<td>Director Customer Experience reports to Chief Operating Officer (digital channel) Each business unit led by a director</td>
</tr>
<tr>
<td>Panuku Development Auckland</td>
<td>Panuku has retail (property tenants, marina licence holders) and business (property) customers. Each business unit measures, monitors, and reports customer satisfaction.</td>
<td>Commercial revenues and User charges</td>
<td>Customer management reporting to Chief Operating Officer and Directors of Portfolio, Development, and Design and Place.</td>
</tr>
<tr>
<td>Watercare</td>
<td>The Chief Customer Officer is responsible for building a customer-centric culture and overseeing all customer touchpoints in the business.</td>
<td>User charges</td>
<td>Chief Customer Officer reports to CEO</td>
</tr>
</tbody>
</table>
Council has express obligations to its Māori customers

Māori Responsiveness Framework for improving outcomes

The Māori Responsiveness Framework sets out a statement of intent for the improvement of Māori outcomes. This is being implemented across the Auckland Council Group. Treaty of Waitangi audits have highlighted the need to enhance engagement with Māori.

However, council efforts to engage with Māori is more as a community of interest for matters associated with statutory planning, land management and urban design, rather than as a customer group.

The council also influences Māori outcomes through the way it delivers its public services to its Māori customers. Even so, we could not find any specific Māori-as-a customer insights, performance targets or services strategy.

There are specific examples of such a focus, such as the Te Whaihanga programme to help those people working in the built environment to work better Māori. However, in generally it is difficult to assess the adequacy and performance of customer service to Māori customers as data is not available.

As part of the Māori engagement work being actively undertaken across the Group we would expect the council to include a Māori customer service element reflecting their importance.

Given the council’s obligations for achieving Māori outcomes, we would also expect the council to have the following major services elements identified by the Auditor-General as improving Māori outcomes:

<table>
<thead>
<tr>
<th>Auditor-General service elements</th>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Māori participation in customer service design and delivery.</td>
<td></td>
</tr>
<tr>
<td>Māori considered as one, or several, of the council’s major customer groups.</td>
<td></td>
</tr>
<tr>
<td>Māori needs and differences reflected in design of services, experiences and customer service decisions.</td>
<td></td>
</tr>
<tr>
<td>Ensure that accessible, appropriate and effective services are available to Māori.</td>
<td></td>
</tr>
<tr>
<td>Disseminate information in a manner and form suitable for Māori e.g. using iwi, Māori organisations, and Māori communication networks.</td>
<td></td>
</tr>
</tbody>
</table>

Evidence of Involvement and consideration of Māori
- High involvement
- Some involvement but gaps exist
- Limited involvement
2. What are the trends in costs and service levels of customer services, compared across the Group and to other organisations?
Across the Group it is everyone’s responsibility to serve customers supported by specialised teams who manage customer channels.

Example: Auckland Council

<table>
<thead>
<tr>
<th>Customers</th>
<th>Channels</th>
<th>Products and Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Someone wanting a service</td>
<td>How customers and the council connect</td>
<td>What the council provides to customers</td>
</tr>
</tbody>
</table>

- **Digital**
  - 2014 volume: 8,200,000
  - 2018 volume: 13,500,000
  - Costs: Low

- **Written**
  - 2014 volume: 168,000
  - 2018 volume: 205,000
  - Costs: Low

- **Phone**
  - 2014 volume: 2,100,000
  - 2018 volume: 1,800,000
  - Costs: High

- **Face to face**
  - 2014 volume: 305,000
  - 2018 volume: 188,000
  - Costs: High

- **Cost to serve**
  - Low: $6 per item, $10 per call, $15 per visit
  - High: $6 per item, $10 per call, $15 per visit

- **Initial point of contact**
  - Self-serve or business unit staff respond

- **Not first time resolution**
  - Business unit respond

- **71% first time resolved**
  - CS team coordinate
  - CS – First-time resolution
  - CS – First-time resolution

- **29% resolved by business unit**
  - Business unit respond

50% of staff are in customer facing roles
5% of staff are in dedicated customer services team

CS - Customer service team
At Auckland Council there are further opportunities for efficiencies

Contact centre operating costs are constant; they’re dealing with more complex calls as transaction volume falling

Consolidation not yet delivered expected efficiencies
- Comparing customer service cost between organisations is difficult each has different services. However, cost trends provide an indication of improving efficiency.
- Contact centre transactions have declined 21% from 2013 with costs growing by 5% in the same period.
- The mix of calls is changing with easier calls being self-service through digital channels and more complex calls being handled by the contact centre. More complex calls are longer and more costly but the increased cost should be offset by a reduction in volume.
- The council consolidated contact centres from 6 locations to one in 2017 creating employment opportunities in south Auckland (including te Reo speakers).
- The council anticipated a 5% reduction in operating costs from the consolidation and has achieved a 2.5% reduction.

Increasing costs reflecting additional front line staffing

Transactions have decreased but complex customer service will always need a degree of personal interaction
- Service centre transactions have declined 38% from 2014 and operating costs have increased 11%.
- The contact centre is getting a higher ratio of complex customer service requests with higher levels of customer call-backs.
- Growth is driven by demand, including an increase in additional consenting staff between 2017 and 2018.
Efficiencies achieved at AT and Watercare as service demand and customer numbers increase

Contact centre for public transport is now managed by AT
- In 2016, AT insourced the public transport ticketing booths previously operated by Transdev, achieving savings of 20%. (Transdev costs were previously included in public transport contracts)
- Costs are increasing in line with growth of passenger numbers and related service demand.

Watercare costs are reducing as the number of water users increases
- Watercare closed their contact centre. In its place they use an interactive telephone menu system to route customers to the correct part of the business. This is intended to achieve a higher level of customer satisfaction by achieving less hand-offs and higher first-time resolution of customer enquiries.
- Watercare invoices 20,000 customers each day to spread the workload across the month.
Auckland Council contact centre has high resolution times although it is below benchmark for call handling.

We benchmarked call handling statistics using the Dimension Data’s 2016 Global Call Centre Benchmarking Report for government organisations.

<table>
<thead>
<tr>
<th>% of inbound calls answered in 20s</th>
<th>Average call handle time (talk, hold, clerical)</th>
</tr>
</thead>
<tbody>
<tr>
<td>76.2% Global</td>
<td>306.1s Global</td>
</tr>
<tr>
<td>40.0% Auckland Council</td>
<td>413s Auckland Council</td>
</tr>
<tr>
<td>1.9x less</td>
<td>1.3x more</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% phone first-time resolution</th>
<th>% of calls abandoned</th>
</tr>
</thead>
<tbody>
<tr>
<td>73.1% Global</td>
<td>8.9% Global</td>
</tr>
<tr>
<td>74.8% Auckland Council</td>
<td>17% Auckland Council</td>
</tr>
<tr>
<td>2% more</td>
<td>2x more</td>
</tr>
</tbody>
</table>

Based on global benchmarking standards, improvements can be found.

- Call answer time and abandonment rates suggest opportunities to improve performance with more, or better scheduling of, staff. Factors such as skills or process inefficiencies within the contact centre may also be contributing.
- While average handle time is higher than benchmark, there are a number of factors that impact the complexity of calls.
- As more customers use digital channels, call volume is expected to decrease. However, the council will still need an efficient contact centre with an ability to see and support online customer interactions.

1 Auckland Council data – 12 months ended May 2018
2 Dimension Data, 2016 Global Contact Centre Benchmarking Report
Tracking first time resolution may assist in AT improve contact centre performance

We benchmarked call handling statistics\(^1\) using the Dimension Data’s 2016 Global Call Centre Benchmarking Report\(^2\) for government organisations.

<table>
<thead>
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<th>% of inbound calls answered in 20s</th>
<th>Average call handle time (talk, hold, clerical)</th>
</tr>
</thead>
<tbody>
<tr>
<td>76.2% Global</td>
<td>306.1s Global</td>
</tr>
<tr>
<td>80% AT</td>
<td>416s AT</td>
</tr>
<tr>
<td>5% more</td>
<td>1.2x more</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% Phone First Time Resolution</th>
<th>% of calls Abandoned</th>
</tr>
</thead>
<tbody>
<tr>
<td>73.1% Global</td>
<td>8.9% Global</td>
</tr>
<tr>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>N/A</td>
<td>12% AT</td>
</tr>
<tr>
<td>n/a</td>
<td>1.3x more</td>
</tr>
</tbody>
</table>

Based on global benchmarking standards, areas for potential improvement are:

- High number of calls are answered within 20s but there is relatively high abandonment rates which may indicate need for more or better scheduling of contact centre agents
- factors such as skills and process inefficiencies within the contact centre may also be contributing.

---

\(^1\) AT data – 12 months ended May 2018
\(^2\) Dimension Data, 2016 Global Contact Centre Benchmarking Report
Customer satisfaction research may be a Group procurement opportunity, but it will need a consistent measurement approach

Customer research may be a procurement opportunity

- Around $6m is spent annually on customer research and insight across the Group.
- This is focused on each organisation’s research needs and customers’ needs, experiences and service performance.
- In the council parent, work has begun on aligning and standardising the provision of customer research so that the key satisfaction and effort metrics are all measured in the same way. This will result in some consolidation of spend and being able to compare apples with apples.
- This approach could be extended across the Group to deliver a consistent measurement framework. This, in turn, may present an opportunity to compare customer service quality across the Group and to provide shared Group procurement.
3. How is customer satisfaction measured and how is it trending, compared across the Group and to other organisations?
When measured, excellent net promoter score (NPS) results are being achieved. NPS is a good measure when customers have a choice.

The NPS establishes the likelihood of a customer to recommend your product or service. The NPS survey asks customers, on a scale of 1-10: “How likely are you to recommend this company, product or service to a friend or colleague?”

To calculate NPS, the percentage of customers who are detractors is subtracted from the percentage who are promoters. This returns a NPS score between -100 and +100.

* Other Auckland Live venues are also measured
Customer satisfaction for Auckland Council is variable

It is common (and good practice) that customer satisfaction is being measured, analysed and understood across different services. Customer satisfaction measures the overall service quality performance from the customers experiential viewpoint not just the customer service process element.

Overall customer satisfaction sits at 60%
- Customer effort assesses how easy it was for the customer to achieve what they wanted to achieve.
- If the downward trend in satisfaction continues, the council may need to increase its investment in customer service.
- Customer satisfaction with the rates billing process, (representing the largest customer segment by transactional volume and customer numbers) is not currently measured. Water rates aren’t included; they’re measured by Watercare.

Customer satisfaction varies significantly by service
- The council’s overall customer satisfaction score is negatively affected by the scores for resource and building consenting where there may be legal or planning requirements that affect customer satisfaction.
- Wellington has set variable targets for services. It sets higher targets for community services such as libraries services than for regulatory services such as animal management services. This approach may be more realistic by differentiating targets for community vs. regulatory services.

*There is no consolidated customer satisfaction measure available prior to 2013
AT’s overall customer satisfaction has been negatively affected by disruption from roadworks

The decline in customer satisfaction is mainly due to the disruption caused on roads and footpaths by road works
- Roads customer satisfaction has been affected by major infrastructure works (e.g., Watercare’s Hunua 4 programme, CRL project, and works on SH20, Point Chevallier Interchange, and SH16 near St Luke’s).
- For footpaths, satisfaction has been affected by ultrafast broadband installation and general development works.
- Such disruptions are anticipated and AT actively monitors and minimises disruptions, seeking alternative arrangements, where practical.
- Population growth and implementing the Regional Land Transport Plan will result in ongoing disruption and potential negative customer impact

Public transport services are achieving 92% customer satisfaction which is exceeding the target
- Public transport customer satisfaction has remained consistently high during a period of significant growth in customer demand.
- There has been significant investment in public transport links and technology (including payments and smartphone apps) to make it easier for the customer to use public transport.
- AT is monitoring customer satisfaction closely as some routes at certain times are nearing capacity.
- A new customer satisfaction measure has been introduced for road safety.

* Customer satisfaction is the average of the customer satisfaction measures for road safety, footpaths, roads and public transport services. These measures are the satisfaction with the overall service and not just the customer service elements of providing the services and an average does not include any weighting on importance.
Watercare and RFA consistently exceed customer satisfaction targets

Customer satisfaction is consistently high for Watercare
- Watercare constantly exceeds its target of 80% for customer satisfaction.
- It is ranked 5th out of 38 water companies across Australasia for customer satisfaction. Wellington Water does not currently track customer satisfaction*
- Watercare focuses on customer service and has consistently maintained high levels of customer satisfaction
- Watercare also measure its NPS which, at 30, is high for a utility company.

Regional facilities continuously looking to improve customer satisfaction
- Customer satisfaction across all RFA business units have consistently been over the 80% target
- RFA is an attractions business with each business unit delivering a customer experience
- Its venues and attractions must compete for customers with those in the private sector
- Customer satisfaction reports are forward-focused, seeking to improve the experience for the future customer
- Neither Wellington Stadium Trust or NSW Venues report customer satisfaction measures.

* Wellington Water half year report December 2017
ATEED and Panuku are maintaining high levels of satisfaction

**ATEED**
Percentage of customers satisfied with business advice programmes and major events

**Panuku**
Percentage of customers satisfied with marina facilities

**ATEED supports businesses to establish in Auckland**
- ATEED discontinued the survey measuring customer satisfaction from 2016 and adopted NPS, (NZTE (who support businesses to establish in New Zealand) also changed measurement approach). ATEED’s NPS for 2017 was 54. For the same period NZTE had a NPS of 61. These are high scores and considered excellent.

**Visitors satisfied with major events**
- Satisfaction measured for Pasifika, Lantern Festival, Diwali, World Masters Games (2017) and Tamaki Henega Waka (from 2016)
- In some years, the target of 85% is not achieved which is generally due to changing location and adverse weather.

**Investment in marina facilities has resulted in improved customer satisfaction**
Public satisfaction is lower than for those who *actually use* a council service

Public satisfaction: How satisfied or dissatisfied are you with the overall performance of Auckland Council over the last 12 months?

- This satisfaction measure is significantly lower than the customer service satisfaction measures.
- In part, this is because respondents include those who haven’t interacted with the council for services, so are expressing their perceptions of the council.
- Factors such as politics, trade-off decisions, traffic and housing mean the council will always be challenged to achieve high levels of satisfaction. However, it is valuable research and insight for the organisation.

Public satisfaction: Overall I trust Auckland Council to make the right decisions

- The general public’s trust that the council will make the right decisions is increasing.
4. What channels are used to manage customer services, and are crossovers in customers between processes and business units managed effectively with the customer at the centre?

5. To what extent are customer service channels duplicated or shared across the Group and what does it mean for cost-effectiveness?
Some shared channels exist but may be opportunity for more sharing in the future to improve cost-effectiveness

<table>
<thead>
<tr>
<th></th>
<th>Sharing actual</th>
<th>Sharing potential</th>
<th>Comments on sharing and value opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Face to face</strong></td>
<td><img src="" alt="Illustration" /></td>
<td><img src="" alt="Illustration" /></td>
<td>Auckland Council and Auckland Transport both operate service centres. Auckland Transport is focused on public transport.</td>
</tr>
<tr>
<td><strong>Telephone</strong></td>
<td><img src="" alt="Illustration" /></td>
<td><img src="" alt="Illustration" /></td>
<td>Some shared services currently exist – Auckland Council providing to Auckland Transport. Auckland Council operate a 24 hour contact centre.</td>
</tr>
<tr>
<td><strong>Written</strong></td>
<td><img src="" alt="Illustration" /></td>
<td><img src="" alt="Illustration" /></td>
<td>Managed by each organisation according to their needs.</td>
</tr>
<tr>
<td><strong>Digital</strong></td>
<td><img src="" alt="Illustration" /></td>
<td><img src="" alt="Illustration" /></td>
<td>Our Auckland key communication channel. Web portals focused on each organisation. Opportunity for these to have clearer links to other Group organisations to support customer navigation.</td>
</tr>
<tr>
<td><strong>Social media</strong></td>
<td><img src="" alt="Illustration" /></td>
<td><img src="" alt="Illustration" /></td>
<td>Managed by each organisation. Protocols in place to share in civil defence emergency.</td>
</tr>
</tbody>
</table>
Moving to lower cost channels must be balanced with customer priority and needs

<table>
<thead>
<tr>
<th>Customer priority</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance</td>
<td>Fix it</td>
<td>Experience it</td>
</tr>
<tr>
<td></td>
<td>Apply for it</td>
<td>Care about me</td>
</tr>
<tr>
<td></td>
<td>Use it</td>
<td>Discover it</td>
</tr>
<tr>
<td></td>
<td>Listen to me</td>
<td></td>
</tr>
</tbody>
</table>

Channels need to meet customers priority and needs, but each organisation is progressing its own strategies

- Water supply is considered to be a lifeline utility – if a customer has no water, it is both urgent and important to fix. So, too with flooding or other health and safety-type emergencies. The customer must be able to interact via a variety of channels including digital.

- Getting a customer where they want to on public transport is important to them but less urgent than other services. Self-service channels combined with personal assistance can meet these needs.

- Customers want to be listened to. Their issue is important but may not urgent. They have a range of options to contact council at a time convenient to them.

- As transactions and requests for service move online, it is important that customers can still interact by telephone or in person. Digital can be lower cost to serve but must be balanced with customer’s needs to be listened to.

- While the Group has their social media channels which they manage and control to interact with customers, the Group does not control the majority of social media accounts. The nature of social media is that comments from customers can be made on their own social media account or accounts of others. These may be connected by hashtags but the challenge facing all organisations is the organic nature of social media messaging.
Moving to digital transactions and customer self-service is reducing call volumes

Auckland Council customer channels

- 50% of services now available online
  - Significant investment is being made in the digital channel to make it easier for customers to do business with the council.
  - New online services include facilities bookings, consents, solicitor rates enquiries, property information and dog registration.
  - As illustrated by the online property revaluation service as website visits to access revaluation data has increased there has been a related reduction in the number of calls to the contact centre.
  - The next council priority for digital improvement is enabling customers to make online requests for service. However, customer service needs must be considered when planning future service priorities.
  - The digital customer experience will suffer if the transaction or request is not fully automated; if it’s just a new front end or façade placed on top of old, paper-based processes.
  - As the case study at page 76 shows, the risk of placing forms online without automated workflow may increase costs and provide a low return on investment. It risks negative customer feedback and public comment if they're seeking a completely automated online experience.
Tangible results have been achieved with the journey planning smartphone app

Journey planning interactions

Apps provide real time customer information

- AT has invested in mobile technology to provide real time journey planning for customers, launching the AT App in April 2017.
- The customer receives information quickly, and it has also reduced journey queries to AT service centres.
- In other words, it is a mark of value for money, as customers shift to a lower-cost but more convenient channel, while maintaining high customer satisfaction.
The parking enforcement customer experience is negatively affected as staff don’t have the information to immediately resolve enquiries

Develop business case for improving the customer experience with parking enforcement enquiries

- The council provides the contact centre service for AT parking enquiries, receiving 20,000 calls per month
- Staff don’t have access (and visibility) to the right systems to address customer enquiries, so simply pass customers to AT
- This is inefficient and delays resolution of customer enquiries and negatively affects both customer and staff experience.
- Auckland Council and AT staff are working together to improve the efficiency and customer experience and this work should be continued.

Should the council be providing contact centre services?

- Contact centres can be good candidates to be operated by specialised companies who provide best practice tools and technologies.
- In 2015, the council considered outsourcing their contact centre to a third party. This included options around consolidation and job creation in Auckland. This didn’t proceed due to concerns about risk to the council’s operations. Subsequently, the council has consolidated its contact centre in Manukau and home-based contact centre staff.
- We understand the Council has been approached by other councils about how they may support them with customer contact services.
A single Group customer identifier could provide a first step towards a consistent customer experience

The future could create a joined up customer view

- There are a number of duplicated customer-centred initiatives we observed across the Group, including the My Account-type services planned or in place in the council, Watercare and AT.
- With the growth in websites across the Group, each organisation requires customers to have different usernames and passwords to access services online.
- These examples represent duplication. Each organisation focuses on their own customers’ needs without considering the customer value proposition or a common customer segment having a single view of their transactions across all organisations and whether this is of value to the customer/segment. For example, the major customer segment for regulatory services impacts Auckland Council, AT and Watercare.
- There is an opportunity to create a single view of customer across the Group as the council strengthens its online transaction-based services.
Measurement based on customer satisfaction, effort and how long to resolve customer enquiry

McKinsey & Co says that government organisations often only see customers when a specific transaction takes place. They are blind to the fact that the customer experience stretches across multiple channels, functions and touchpoints and time, often with repeated re-starts.

30% of Auckland Council’s contact centre calls are not resolved when the customer calls and these calls need to be handed off to parts of the business for expert service resolution or to AT or Watercare. In general, these are matters where the contact centre doesn’t have the expertise, training or the visibility of the systems and information to answer the customer query.

We do not routinely monitor resolution times for these calls or have the capacity to make automated requests for service across the group. If customers ring Auckland Council and their enquiry relates to (for example) an AT stormwater issue rather than a Auckland Council stormwater issue this often results in hand-offs that require the customer having to deal with multiple touchpoints to achieve a service resolution.

The improvement opportunities around hand-offs are to:
- To provide the contact centre agents with greater access, training and visibility to systems and associated training and information to enable them to resolve customer enquiries at first point of contact. For example provide the contact centre visibility of who has the consent application file and its status so they may answer a greater range of process-based enquires.
- To either virtually or physically place subject mater experts into the contact centre environment. For example a senior planner is seconded into the contact centre on a rotational basis to answer first point of contact enquiries on resource consent applications.

Notwithstanding which organisation owns an asset, if health and safety is at stake, empower the customer service agents to resolve the service request and deal with the administrative matters as a secondary consideration.

For example an AT manhole cover has been dislodged. The customer rings Auckland Council’s contact centre. The agent is empowered to send an urgent request for service to operations and operations seal AT’s manhole cover.

6. How does the approach to customer service across the Group compare to best practice, including use of customer charters and complaint resolution processes?
A good customer service experience requires a number of interconnected capabilities

Customer experience vision
- Customer Experience Vision Development
- Link To Strategic Objectives
- Roadmap

Customer Insights
- Data Collection, Maintenance & Hygiene
- Privacy
- Analytics

Customer Value Proposition
- Customer Value Proposition Development / Use
- Customer Segmentation
- Branding

Customer Experience Operations
- ‘Voice Of The Customer’ Utilisation
- Customer Journeys
- Customer Experience Touchpoints

Customer Experience Organisation
- Leadership Commitment / Governance
- Roles & Responsibilities
- Customer Experience Training
- Performance Management

Customer Experience Technology
- It Strategy & Architecture
- Customer-facing It Enablement
- Operational Efficiency

Customer Experience Measurement
- Metric Definition
- Measurement Processes
- Metric Reporting And Utilisation

Customer experience
- Achieving good customer experience requires investment in each of the capabilities
- An assessment of each of the capabilities can help
  - assess extent to which the Voice of the Customer is developed
  - highlight the importance of linking the customer experience to delivering the council’s outcomes
- evaluate customer experience culture
- understand how customer experience success is measured
- identify areas for improvement.

Source: Deloitte CX maturity framework
What do we promise our customers?

Commitments to the customer is a foundation of customer service

- Many of the council's customers are captive – they have no choice
- In the public sector, good practice is to have a customer charter. This outlines commitments to the customer.
- Having commitments to the customer doesn't mean agreeing with the customer; sometimes the Council won't but it is disagreeing the right way.

<table>
<thead>
<tr>
<th>Website search</th>
<th>Customer charter</th>
<th>Customer complaints policy</th>
<th>Contact details</th>
<th>Web navigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Council</td>
<td>X</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>AT</td>
<td>X</td>
<td>included CCD options</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Watercare</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

What we found

Our Observations

- Watercare's website (refreshed March 2018) is easy to navigate and you can quickly find how to contact Watercare
- Auckland Council website (refreshed November 2017) provides the contact numbers of other CCDs for different issues. The complaints policy is long, complex and legalistic but does cover RFA, ATEED and Panuku. There are no response times.
- AT website provides different contact options navigated from the home page. Customers can provide feedback and make complaints.
- Complaints are not viewed from the customer's perspective e.g. a noise complaint. While this is not a complaint about something the council's performance, it is a complaint from the customer's perspective.
There is a correlation between complaints and customer satisfaction

Waste solutions satisfaction is decreasing as complaints are increasing

Waste satisfaction and complaints trends are concerning

- While the overall number of complaints for the council is decreasing we reviewed complaints about waste collection in more detail. This is the area with the largest number of complaints.
- During this period, there have been changes to the collection services for the North and West of the city – moving from plastic bags to bins with tags (collected by waste collector).

Case study: The customer’s perspective of service

- A customer has not had their rubbish bin emptied on their usual collection day and calls the contact centre to complain.
- The contact centre operator verifies who they are talking to and asks the customer for their bin serial number.
- The customer, who is at work at the time, did not even know that the bin had a serial number.
- The contact centre operator asks the customer to call back when they have the serial number.
- Don’t you have the number, asks the customer, as you gave me the bin?
Complaints are “gold” – and are being used proactively to improve performance

Watercare’s complaint volumes have fallen substantially. 99% are resolved within SLA

99% of complaints are resolved within 10 working days
- Watercare’s average response time to complaints is 3 days, and 99% are resolved within their stated resolution time of 10 working days.
- Watercare analyses the root cause of complaints to identify opportunities for improvement.

Auckland Council complaints are also trending down

65% of complaints are resolved within 10 days
- The resolution trend has been improving and the overall number of complaints decreasing.
- The council’s complaints team works with business units to understand the root cause of complaints and uses these to improve the service.
- The Auditor-General reviewed complaints in 2016 and while noting room for improved commented on how easy it was for a customer to make a complaint and staff responsiveness to these complaints.

AT only started tracking complaints in 2017

As complaints increase, resolution times within SLA is declining
- AT had around 9000 complaints in 2018. This includes escalation of previous service requests as they can’t differentiated at this time.
- 53% were responded to within published timeframes
- AT is actively improving their complaint resolution processes and using complaints as feedback for improvement.
Complaints to Ombudsman are less than Auckland’s share on a population basis

Local authority complaints to the Ombudsman

<table>
<thead>
<tr>
<th>Year</th>
<th>Complaints to the Ombudsman</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>50</td>
</tr>
<tr>
<td>2011</td>
<td>450</td>
</tr>
<tr>
<td>2012</td>
<td>400</td>
</tr>
<tr>
<td>2013</td>
<td>350</td>
</tr>
<tr>
<td>2014</td>
<td>300</td>
</tr>
<tr>
<td>2015</td>
<td>250</td>
</tr>
<tr>
<td>2016</td>
<td>200</td>
</tr>
<tr>
<td>2017</td>
<td>150</td>
</tr>
</tbody>
</table>

The Ombudsman – the last resort

Auckland has approximately 34% of the population and in 2017, council (and AT) complaints represented 28% of the total local government complaints received by the Ombudsman.

Watercare suggest their customers contact Utility Disputes Limited (formerly The Office of the Electricity and Gas Complaints Commissioner) if a customer has an unresolved complaint. While this is a recent change by Watercare, they’ve never had a complaint made against them to the Ombudsman.

The number of complaints received by the council is falling, resolution is improving and complaints to the Ombudsman are relatively static, suggesting that resolving complaints has been a focus.

The council could consider developing specific guides and case studies (see Fairway Resolution or Government Centre for Dispute Resolution) to help customers should they have a complaint or want to access additional information.
7. How are resources allocated across the key channels, in the context of customer preferences and strategic objectives?

8. What governance arrangements, planning and strategies are in place to manage customer services, including across the Group?
Low council brand awareness and customers don’t distinguish who provides customer service within the Group

Customers, in general, do not differentiate between council, CCOs and their contractors

- All council organisations and their contractors share the same brand identifier (the pohutukawa) although it is not universally used and some organisations have developed their own logo’s and brand identifier
- The quality of each organisation’s customer services impact on the trust in council measure.
- The council doesn’t have an overall understanding of how customers view all the organisations and whether they expect to be able to transact on a Group basis. For example:
  - How do customers with an overflow problem differentiate between water, wastewater and stormwater manholes?
  - Should they call the council, Watercare or AT?
  - Customers can’t pay water bills at council and AT service centres.
- These examples show how each organisation focuses on its own customers. There has been no research on what the Group customer needs.
- The council provides a shared contact centre service to AT for parking, roading and footpath customer inquiries.
- The Group communications forum is working on developing Group print and online channels, including those for emergencies.

### % of citizens who consider Auckland Council responsible for services¹

- Public Transport
- Water and Wastewater
- Dog control
- Arts, culture events
- Roads and footpaths
- Building consents
- Libraries
- Parks & open spaces
- Waste collection

A consistent customer experience across the Group

- Auckland Council brand awareness is low. This can be linked to the low perception of the council’s performance. A 2017 report on Auckland Council Trust and Reputation² found Aucklanders do not understanding the services the council provides.
- The Citizens Insight Monitor² shows people believe the council delivers services which may be delivered by the council, CCOs or central government.
- The council needs to work hard to help customers achieve a greater understanding of what it does, much in the same way as a company may develop a brand strategy.
- Research—based work needs to be done to understand common customers and their needs including whether they would value a joined up approach to some of the pohutukawa- branded services from the council Group.

¹Understanding Trust and Reputation, Qualitative Research Report for Auckland Council, May 2017
²Auckland Council Citizens Insight Monitor, Q2 2018
A customer experience maturity model supports qualitative aspects of this review

The maturity model assesses customer experience against the 7 categories below on a scale of 1 to 5.

**Maturity Levels**
1. Aware
2. Develop
3. Practice
4. Optimise
5. Best in class

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer experience vision</td>
<td>The development of a holistic, conceptual understanding of the future state of a company’s customer experience.</td>
</tr>
<tr>
<td>Customer insights</td>
<td>The ability to regularly capture and maintain enterprise-wide customer data to enable voice of the customer insights for analysis and decision-making.</td>
</tr>
<tr>
<td>Customer value proposition</td>
<td>The understanding of the lifetime value of the customer and how to incorporate this knowledge into product/service development, segmentation and operations.</td>
</tr>
<tr>
<td>Customer experience operations</td>
<td>Roles, responsibilities, training and performance management established to develop a customer experience-driven organisation.</td>
</tr>
<tr>
<td>Customer experience organisation</td>
<td>The development of business processes dedicated to the management and improvement of the customer experience.</td>
</tr>
<tr>
<td>Customer experience technology</td>
<td>Technology which enables a company’s customer experience vision at all points of contact with the customer.</td>
</tr>
<tr>
<td>Customer experience measurement</td>
<td>The definition of key metrics related to customer experience and the ability to capture, track, and report these metrics to key stakeholders within the organisation.</td>
</tr>
</tbody>
</table>

Source: Deloitte
Customer experience is developing at Auckland Council. Gaps need to be closed to improve customer experience position

Focus areas to move from developing to practicing

- Auckland Council currently rates highest in:
  - organisation - there is clear leadership commitment to support customers
  - insight and measurement – lots of customer data is collected to understand customers wants and needs.

- To improve customer experience, the council should focus on:
  - Vision – the development of a customer experience vision and key customer commitments are aspects that could be developed.
  - Insights and value proposition – using the current customer data to develop deeper insights.
  - Organisation – embed customer centricity across the Council as part of the employee charter.
  - Technology – focus technology investments which put the customer first.
  - Measurement – consider a council committee being responsible for customers matters, with regular reporting.

Customer friendly services strategic objective

- Focused on digitising front-end customer interface. More work to be done on end-to-end process.
- Each aspect of the programme is subject to business justification. To better enable success, financial certainty should be provided to the whole programme.

Maturity levels
1. Aware
2. Develop
3. Practice
4. Optimise
5. Best in class

More details of the maturity model are included as an appendix.
AT is reorganising itself to practice and optimise its “customer centricity”

Focus areas to move from developing to optimising

- AT currently rates highest in:
  - Organisation - there is clear leadership commitment to support customers and a board sub-committee focused governance oversight of customer service. Organisation currently being realigned to improve customer focus
  - Insight – lots of customer data is collected to understand customers wants and needs.
  - Technology – innovative use of smartphone apps.

- To improve customer Experience, AT should focus on:
  - Vision – develop a joined up value proposition across the multiple AT brands (AT, AT Hop, AT Metro, AT Park).
  - Insights and value proposition – use customer data to develop deeper insights, particularly predictive analytics.
  - Technology – continue making data available to third parties but ensure privacy is effectively managed.

Customer central programme focused on improving customer outcomes

- Programme of work, delivered, largely using an Agile project approach with a focus is on improving customer outcomes.
- AT has reported economic benefits of $10m - $23m over 5 years from work completed in 2018.

Maturity levels
1. Aware
2. Develop
3. Practice
4. Optimise
5. Best in class

More details of the maturity model is provided as an Appendix.
Watercare are transforming service delivery and customer experience in an agile manner to achieve all round “best in class”

Focus areas to move from practicing to best in class

- Watercare currently rates highest in:
  - Vision – there is clear alignment between organisation strategy, service delivery and customer outcomes.
  - Organisation – customer service is organised to allow the customer to speak directly with the person addressing their enquiry.
- In order to improve customer experience, Watercare should focus on:
  - Value proposition – develop value propositions and customer segmentation across all customer types.
  - Insights - Develop customer journeys and further research to understand customers needs.
  - Measurement – consistent data providing insight and moving to predictive analytics.
- Watercare aspires to Best in class performance. Watercare should ensure that the level of investment required to achieve this can be effectively spent to achieve the desired customer outcomes.

Watercare transformation programme

- Programme of work, delivered, largely using an Agile project approach focused on improving customer outcomes. Clear alignment with organisation strategy and the approach to service delivery.

Maturity levels
1. Aware
2. Develop
3. Practice
4. Optimise
5. Best in class

More details of the maturity model is provided as an Appendix.
Challenges and issues
## Challenges and issues in realising further value - Group

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is no Group customer value proposition outlining the approach where there are common customers and journeys across different organisations</td>
<td>There is no joined up cross-organisation approach to customers who span organisations, resulting in a silo approach to customer service improvement</td>
</tr>
<tr>
<td>Customer satisfaction is declining for some services at Auckland Council parent and at AT</td>
<td>Further investment (people, process and technology) may be required to achieve customer service improvement</td>
</tr>
<tr>
<td>Council has a finite amount of money to invest in the city. Investment decisions are made which may adversely impact customer experience</td>
<td>The long-term plan includes customer satisfaction measures but does not provide any assessment of negative implications on customer service from investing in one area over another</td>
</tr>
<tr>
<td>In general, council services aren’t exposed to the discipline of competing for customers, the Group must use other ways to show its commitment to customer service</td>
<td>The Group does not have a customer charter or a set of customer commitments that set out the service the customer can expect from dealing with the Group</td>
</tr>
<tr>
<td>Each organisation is embarking on projects (including customer self-service) to improve the interface and interaction with the customer, without considering the Group customer experience</td>
<td>Services are not joined up from the customer perspective and there is a risk of duplication and confusion in the service journey (particularly for common customers)</td>
</tr>
<tr>
<td>Multiple channels exist for the customer to contact each organisation, but there is no single view of a customer’s interactions with the council</td>
<td>The customer does not have a consistent experience in its interactions with the council Group, which can make the customer journey seem disjointed, i.e. multiple passwords to log in to Group websites</td>
</tr>
<tr>
<td>Staff engagement is recognised as an essential building block towards a good customer experience. On going development is required in developing customer services capacity and culture</td>
<td>Staff engagement at Auckland Council is only 51% which may impact customer satisfaction</td>
</tr>
</tbody>
</table>
Options assessment
Value proposition #1: Make it easier for customers to interact with the Group

IF

... we simplified the channel interface for customers, making it easy to contact the right organisation first time and therefore improving the customer experience...

By

- Using customer research-based approach and:
  - Mapping the end-to-end customer journey across the value chain and across organisational (and department) boundaries
  - Identifying and measuring all the points of contact/channels the customer has to deal with across the Group that impact on their experience
  - Develop a brand framework outlining what a customer should expect when interacting with the Group
  - Improving the visibility of information on the status of a customer enquiry
  - Adopting a common approach to measuring customer service quality particularly customer satisfaction with service delivery and extending it to all customer services (including the rates billing processes)
  - Evaluating the value of having a Group customer service improvement action plan.

Then we will achieve

- A research-based understanding of the complete customer journey involving relevant Group service interactions and an understanding of who the Group customer is and their service needs
- Customer interaction seamlessly across the Group irrespective of organisational or department structures
- Shared insights and customer service performance comparisons across the Group referencing the group pohutukawa brand framework to continue to improve Trust in Council
- Greater knowledge of the Group customer experience and the effort required to deal with multiple channels, passwords and points of contact for a single customer service interaction across the Group and a better understanding around how the journey could be improved
<table>
<thead>
<tr>
<th>Criteria</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net estimate (10yr NPV)</td>
<td>+ ve (not estimated)</td>
</tr>
<tr>
<td>Ease of implementation</td>
<td>Hard</td>
</tr>
<tr>
<td>Timing</td>
<td>&gt;12 months</td>
</tr>
<tr>
<td>Overall rating</td>
<td>Must do</td>
</tr>
</tbody>
</table>

**Assessment**

**Criteria** | **Comment**
--- | ---
Strategic fit | Aligns with customer service plans
Value for money | Improved value for money will be achieved from:
| | • A better customer experience
| | • A reduction in the effort the customer requires to resolve requests
| | • Improved cost effectiveness of investments in customer services
| | • Improving Trust in Council performance
Equity | Benefits will be shared by all residents
Feasibility | Option delivers significant positive financial benefit
Affordability | No additional budgeted expenditure is required
Competency | The Group has existing customer research and planning competencies to develop

The biggest value will be making it easier for customers to interact with the Group with clear understanding of the customer journey for Group interactions across organisational and department boundaries. This reduction in customer effort will positively impact the overall customer experience.

**Results**

**Summary of financial costs and benefits**

**Costs**
- Initial work should be funded from existing budgets
- Any future costs for implementation of any recommendations arising from research should be subject to appropriate business case justification

**Benefits**
- **Quantitative benefits**
  • Improved customer satisfaction for service delivery
  • Consistent customer experience across the Group when interacting with the council brand
- **Unquantified qualitative benefits include:**
  • Positive impact on Trust in Council
  • Improved understanding of council customers and their requirements
  • Appropriate customer satisfaction targets for each service
Key risks and constraints

- Needs strong cross-organisational sponsorship of the complete Group customer experience. There is no Group governance for the Group customer experience.

- Each entity has its own approach and systems to manage, performance monitor and service its customer base which must be considered.

- Once set up, a Group customer service plan requires continuous improvement and expansion of evidence base over time.

- The Auckland Council family (pohutukawa) brand strategy doesn’t consider the customer experience and the single brand approach is not universally supported by every organisation which gives rise to customer confusion

- Customer segmentation to identify needs particularly the Māori customer service needs and the linkage with the Council’s Māori Responsiveness Framework and the te reo Māori as the official language is under-developed across the Group.

Key assumptions

- There is value for each organisation in reviewing the need for a joint approach to identifying and evaluating the servicing needs of Group customers

- A common measurement framework and Group customer service action plan, the customer segmentation and journey work will be collaborative and research-driven

- There will be agreed group customer service quality measures and a monitoring framework

- The Group Communications Forum will extend its collaborative role and group action plan to include the three C’s – customer, citizen and community – and oversee the work.

- The forum may need to change its composition and add customer management representation
Value proposition #2: Faster resolution of customer enquiries

IF

... we increase the immediate resolution of customer enquiries and reduce the volume of customer call backs to the council’s contact centre for unresolved matters.....

By

• Empowering the contact centre staff with the delegations, knowledge and systems access to respond (on the first telephone call) to a wider number of customer information and service requests
• Improving responsiveness of business units to answer first point of customer contact queries immediately passed on from the contact centre by:
  • placing subject matter experts (on secondment) in the contact centre to take customer calls immediately on matters requiring specialist advice
  • Expanding on a case management approach to enquiries with a named person responsible for resolving unresolved enquiries
• Proactively tracking unresolved issues and work back-logs by developing reminder systems to red flag follow-ups

Then we will achieve

• A reduced number of customer call backs and an improved customer satisfaction with higher first call resolution of customer enquiries and requests for service
• A more cost effective contact centre from the reduced call back volume resulting in a reduction in rework and restarts arising from following up repeat customer enquiries on the same matters and a shorter response time than the current 10-working day average.
• A greater proactiveness by contact centre staff in dealing with overdue responses to customers
• A better customer experience from the reduction in customer effort in obtaining immediate resolution to a greater number of information or service requests
• Improved staff satisfaction as they are able to better support the customer
Attachment B

Item 8

<table>
<thead>
<tr>
<th>Criteria</th>
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<tr>
<td><strong>Net estimate (10yr NPV)</strong></td>
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<td><strong>Ease of implementation</strong></td>
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### Assessment

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<td><strong>Strategic fit</strong></td>
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<td>• better customer satisfaction and social outcomes</td>
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<td>• a reduction in service restart and customer effort with economic and social benefit</td>
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<td>• greater cost effectiveness of the contact centre</td>
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<td>• improved payment times</td>
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<td><strong>Equity</strong></td>
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<td><strong>Feasibility</strong></td>
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<td><strong>Affordability</strong></td>
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<tr>
<td><strong>Competency</strong></td>
<td>The expert competencies available within the contact centre will enhance its capabilities to service the customer</td>
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The greatest value will be in improving the overall customer experience by having inquiries resolved on the first (and only) call to the contact centre.

There are a number of initiatives currently underway to make improvements which should be continued and become a programme of work.

### Results

#### Summary of financial costs and benefits

**Costs**

- Investment of $5m resulting in annual cost savings of $2.5m (Customer services optimisation programme business case, 2017 (unapproved))
- Net present value (10 years) $10.5m

**Benefits**

- Quantitative benefits
  - Potential annual savings of $2.5m from year 2
  - Increased first-time resolution resulting in increased customer satisfaction
  - Improved ability to address customer enquiries resulting in increased employee satisfaction
- Unquantified qualitative benefits include:
  - Positive impact on Trust in Council
**Key risks and constraints**

- Experts and specialist knowledge will always be required and some complex inquiries take time to resolve.
- Empowering and extending the mandate of the contact center staff to answer an extended range of information categories and associated requests needs to consider against a robust and formal assessment of the council's advisory, regulatory and operating risks e.g. weathertightness, unitary planning interpretation to determine boundaries.
- It may be a challenge to incentivise regulatory and other specialist resources into a contact center environment to deal directly with customers on a permanent basis.

**Key assumptions**

- Customer telephone call backs are a significant detriment to customer satisfaction and customer effort.
- The range of information request categories the council's contact center can answer can be significantly expanded without a corresponding increase in advisory-based risks.
- The council can move expert resources into the contact centre (either virtually or physically) and has the organisational capacity to case manage a larger number of service enquiries than today.
- The systems investment business case(s) to support the required process improvement projects are approved.
- The contact centre has the capacity to increase its outbound calling capabilities.
How is customer services value for money defined?

- Economy
  - Resources
    - Rates
    - User charges
    - NZTA subsidy
  - Inputs
    - Staff
    - Contractors and consultants
    - Existing assets
    - Suppliers
    - Business knowledge and requirements
    - Customer research
    - Customer data

- Efficiency
  - Outputs
    - Channels for customers to engage with council
      - Fix it
      - Apply for it
      - Join it
      - Experience it
      - Provide feedback

- Effectiveness
  - Outcomes
    - Trust in Council
    - Customer experience (and satisfaction)
    - Customer effort
What services does the council provide to its customers?

**Auckland Council**
- Regulatory
  - Building & resource consents
  - Business licences (food, alcohol, home business, etc.)
  - Dog licences
  - Property reports
- Other services
  - Waste collection
  - Storm water
  - Leisure and pools
  - Libraries
  - Parks
  - Community facilities
  - Events
- Problem resolution
  - Rates enquiries
  - Complaints (noise, animal control, etc.)
  - Emergency management (flooding, overflows, etc.)

**AT**
- Public transport
  - Bus services
  - Rail services
  - Ferry services
- Roads, footpaths and cycleways
- Parking and parking enforcement

**Watercare**
- Water sourcing
- Water delivery
- Waste water taking and treatment
- Trade waste management
- Water quality testing

**ATEED**
- Business growth and innovation
- Tourism
- Major events
- Business attraction and investment
- Film investment

**RFA**
- Auckland Zoo
- Auckland Art Gallery
- Auckland Live
- Auckland Conventions
- Auckland Stadiums
- NZ Maritime Museum

**Panuku**
- Marina operations
- Urban regeneration
- Commercial property management
- Residential property management
Customer Experience Maturity Model
Using the Customer Experience Maturity Model

The model survey is used as a starting point to identify development areas unique to an organisation’s customer experience priorities.

Two types of gap analysis

Scoring worksheet

Attachment B

Item 8
Auckland Council

Customer Experience Maturity Model (current vs. future state)

Maturity levels
1. Aware
2. Develop
3. Practice
4. Optimise
5. Best in class

Customer Experience Maturity Model (capability gap analysis)

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Legend: Current State, Gap, Future State
Customer Experience Maturity Model (current vs. future state)

Maturity levels
1. Aware
2. Develop
3. Practice
4. Optimise
5. Best in class

Customer Experience Maturity Model (capability gap analysis)

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## Watercare

### Customer Experience Maturity Model (current vs. future state)

#### Maturity levels
1. Aware
2. Develop
3. Practice
4. Optimise
5. Best in class

### Customer Experience Maturity Model (capability gap analysis)

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**Legend:**
- Current State
- Gap
- Future State

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**Attachment B**

**Item 8**
Case studies
Case study: becoming a responsible dog owner

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<th>Purpose</th>
<th>Situation</th>
<th>Complication</th>
<th>Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td>This case study illustrates that end-to-end process needs to be redesigned and not just the user interface to provide a digital experience.</td>
<td>A customer, believing they would be eligible, applied via the council’s website to become a responsible dog owner. The application involved answering a number of questions.</td>
<td>If the process was designed for the customer perspective • Customer would receive immediate notification, based on their online answers, that they were eligible as a responsible dog owner (subject to any verification required) • The council would email confirmation to the customer. The customer has chosen to use an online channel and the council should use the same channels as the customer. • The council would have already contacted the customer advising them that given that they had been a dog owner for a number of years and that there were no infringements or other issues, it could confirm they wanted to be a responsible dog owner • And we won’t even mention the 2 days...........</td>
<td>Digital is the way of the future. The whole end-to-end process has to be redesigned to provide the appropriate customer experience. McKinsey estimate that only 1 in 6 organisations are truly digitising their business and many, like this example, are applying digital lipstick.</td>
</tr>
<tr>
<td></td>
<td>After answering all the questions the customer expected to be immediately advised whether they were eligible. Instead, an on-screen message advised they would be notified of whether they were successful (no timeframe provided).</td>
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<td></td>
<td>Around 10 days later, the customer received a letter from the council advising that they were successful and were now classed as a responsible dog owner. The letter further explained that they were 2 days late in applying, so the reduced registration fees for responsible dog owners would not apply until the next year.</td>
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International case study: Making commitments to your customers

<table>
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<th>Purpose</th>
<th>Situation</th>
<th>Complication</th>
<th>Implication</th>
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</thead>
<tbody>
<tr>
<td>This case study illustrates how a local authority in the UK made commitments to its customers and what it meant to overall performance.</td>
<td>Cornwall Council has a customer service promise: • Be reliable and prioritise the customer • Provide services that are convenient • Be open, honest and trustworthy,</td>
<td>The council is truly transparent about its customer service performance. On the reliability performance page, people can view statistics on the proportion of calls the council handles from citizens asking for clarification about a topic.</td>
<td>Where customers are captive, as they are for the public sector, more and more organisations are making these external promises to their customers. Across the Group, no organisation is as clear and transparent in its commitment to customer service as Cornwall Council.</td>
</tr>
<tr>
<td>To truly commit itself to the promise, the council publishes its monthly customer service performance metrics. Customer service performance is tracked under three areas: reliability, convenience and trustworthiness – aligning exactly to the three aspects of its customer Service promise.</td>
<td></td>
<td>The council uses this to gauge how well it is performing as a reliable provider of information – a lower proportion of clarification calls indicates good reliability.</td>
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<td>By not only pledging itself to publicly viewable promises, but also allowing people to track its performance against them, Cornwall Council is a leading example of an organisation which has totally committed itself to improving customer experience.</td>
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</table>
International case study: Prioritising customer experience in Boston, USA

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Situation</th>
<th>Complication</th>
<th>Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td>This case study illustrates how a local authority identified a significant “pain point” for its customers and actively worked with the customers to improve the overall experience.</td>
<td>In Boston, the construction industry incurs tremendous cost each year due to the time builders and renovators spend standing in line for permits. The mayor prioritised the development of a streamlined permit acquisition process. The journey began with a hackathon. Over two days, the council had dozens of experts hacking away at key pain points in the permitting process. Some of the hackathon’s outputs included a Find My Address tool to identify the addresses of building records, an app which guides a user to the correct permit type, and a programme to help track applications through the permitting process.</td>
<td>As a result of these innovations, the council processed 12,500 more permits each year than in the past. Boston City Council went further, adjusting its infrastructure and operations to alleviate even more pain points in the permitting process. For instance, the operating hours for the zoning board of appeals were extended from half days to full days, eliminating an application backlog of more than 100 cases.</td>
<td>The story of Boston’s revamped permitting process demonstrates how a determined and aligned approach can completely change the customer experience. Auckland is currently experiencing delays in the consenting process and low customer satisfaction. The economic cost of these delays are significant and overall there is a poor customer experience.</td>
</tr>
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</table>
Item 8

Value for money

This review identifies strategic opportunities to improve value for money (VfM).

The purpose of this internal strategic review is to identify strategic opportunities to improve value for money (VfM).

VfM, or cost-effectiveness, considers both the cost and the effectiveness (or measure of value) of Council’s services.

The Office of the Auditor-General, in its 2008 Procurement Guide, for public entities uses VfM as:

"using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve. In addition, the principle of value for money when procuring goods or services does not necessarily mean selecting the lowest price but rather the best possible outcome for the total cost of ownership or whole-of-life cost."

We define value from the viewpoint of the customers of Auckland Council services. Depending on the service, customers might be specific groups of individuals, households or businesses, or they might be the Auckland public in general.

When we consider VfM, we also look at the public policy reason for the service, the future,oven changes in factors like technology, customer expectations, the environment, legal framework, etc.

These reviews must be undertaken at least every six years.

The value propositions developed in this report indicate the potential value from undertaking certain actions. It provides order-of-magnitude estimates of this value. The value propositions do not explicitly include the costs of implementation. The value propositions have been designed to inform council decisions whether to invest in more detailed investigation, including business case development and consultation on options.
Our methodology uses a fact-based approach

The review involves testing current service arrangements, as well as asking if the rationale is still sound and fit for the future. We focused on specific challenges, issues and opportunities that we found most relevant for service delivery in the future.

Questions

**What**
- What is the service and how big is it?
- How is it delivered, funded, governed, regulated?
- What is its place in the value chain?
- What is the current and future context?

**Why**
- What is the service trying to achieve?
- What are its strategic or statutory drivers?
- What is the public policy rationale for local government role?

**Performance**
- What are the cost and value drivers?
- Cost: economy [cost of inputs] and efficiency [service delivery]
- Effectiveness: economic, environmental, social impacts
- Cost-effectiveness
- Equity

**Implications**
- Does current performance indicate good VFM?
- Do incentives/controls give confidence about achieving future value?
- What are the areas of risk and uncertainty affecting VFM?
- Continued relevance in light of likely changes in context?
- What funding, governance, delivery options for improvement?
Approach to current state assessment

We undertake VFM reviews in three parts, starting with a current state assessment:

1. Current State
2. Options
3. Findings

As part of our evidence-based approach we draw on a range of sources:

- Analysis of service and financial data (official docs)
- Check benchmarks, best practice, and case studies
- Draw on international literature and reviews of international practices
- Test our thinking with subject matter experts and other agencies involved in investment attraction and international relations

What we do:

- Engage with relevant staff for their operational and strategic knowledge, and access to data and expert reports
- Review business plans, financial reports and selected literature
- Test the intervention logic

The current state assessment effort leads to a list of challenges, issues and opportunities for further testing during the second part of the review.
Approach to options analysis

In the second stage of the review we identify and evaluate improvement opportunities. Findings follow feedback on the assessment and options.

Our critical success factors draw on the Better Business Case framework

<table>
<thead>
<tr>
<th>Strategic fit (strategic case)</th>
<th>Does the option progress the outcomes the council is pursuing, and fit with the council’s role?</th>
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</thead>
</table>
| Value for money (economic case) | Do benefits to Aucklanders exceed costs? Does the option provide:  
- clear accountability  
- transparency  
- compatible incentives  
- risk allocation to where best managed  
- proportional admin and compliance costs. |
| Equity (social case) | Does the option promote a strong inclusive and equitable society, and share costs appropriately? |
| Feasibility (commercial case) | Can the option be commercially viable? |
| Affordability (financial case) | Do options fit Auckland Council’s financial objectives and constraints? |
| Competency (management case) | Has the council the competencies to execute? |

In the second part of the review, we analyse opportunities to improve value for money.

We evaluate the ongoing relevance of governance, funding and service delivery arrangements and alternative options.

We outline the action required to deliver value, and provide orders-of-magnitude estimates of the potential future value.
References, glossary and acknowledgements
### Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>APQC</td>
<td>Global performance benchmarking company based in USA. Used by consultancies to provide performance comparisons</td>
</tr>
<tr>
<td>ATEED</td>
<td>Auckland Tourism, Events and Economic Development</td>
</tr>
<tr>
<td>Auckland Council (the council)</td>
<td>Auckland Council</td>
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<tr>
<td>Channel</td>
<td>Method used to connect customers with a council organisation</td>
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<tr>
<td>Contact centre</td>
<td>Channel where customer contact is primarily made by telephone. Also, known as call centre</td>
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<tr>
<td>Customer</td>
<td>Recipient of a council service</td>
</tr>
<tr>
<td>Deloitte</td>
<td>International professional services company</td>
</tr>
<tr>
<td>Digital</td>
<td>Channel where customer contact uses technology to connect with the council e.g. via website</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>The fixed, long-lived structures that facilitate the production of goods and services and underpin many aspects of quality of life. Infrastructure refers to physical networks, principally transport, water, energy, and communications</td>
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<tr>
<td>Local boards</td>
<td>There are 21 local boards which share responsibility for decision-making with the governing body. They represent their local communities and make decisions on local issues, activities and facilities</td>
</tr>
<tr>
<td>Long-term plan (LTP)</td>
<td>This document sets out the council's vision, activities, projects, policies, and budgets for a 10-year period. Also commonly referred to as the LTP/ the 10-year budget</td>
</tr>
<tr>
<td>Parnel Development Auckland (Parnel)</td>
<td>A new CCD combining Waterfront Auckland and ACPL to work as a single outward facing entity in the development of the region</td>
</tr>
<tr>
<td>Rates</td>
<td>A charge against the property to help fund services and assets the council provides</td>
</tr>
<tr>
<td>RFA</td>
<td>Regional Facilities Auckland</td>
</tr>
<tr>
<td>Value for Money (VFM)</td>
<td>Using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve</td>
</tr>
<tr>
<td>Watercare</td>
<td>Watercare Services Limited</td>
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</tbody>
</table>
Reference material

References

- Auckland Council 2015. LTP 2015-2025
- Auckland Council Annual Report, 2017
- Auckland Council Citizens Insight Monitor, Q2 2018
- Gartner Top 10 Strategic Technology Trends for 2018
- McKinsey & Co (2018), Understanding the customer experience with government
- McKinsey Solving the customer experience puzzle 2018
- McKinsey Improving the customer experience to achieve government agency goals 2017
- Auckland Council: How it deals with complaints , OAG
- KPMG 2018 New Zealand Customer Experience Excellence Report
- Net Promoter Score New Zealand benchmark 2018
- Transport NSW Customer Satisfaction Index 2017
- Transport For London Customer Charter for transport Services 2015
- City West Water: Customer Charter Summary 2013
- Sydney water customer complaints process 2017
- Understanding Trust and Reputation, Qualitative Research Report for Auckland Council, May 2017

The review also used a variety of internal documentation, some of which is commercially sensitive. These include:

- procurement category plans
- evaluation frameworks
- decision to appoint vendors.
Acknowledgements

We wish to thank the following people who were either interviewed or participated in discussions relating to this review.

**Watercare**
- Emma McBride: Governance and Change Manager
- Amanda Singleton: Chief Customer Officer

**Auckland Council**
- Nigel King: General Manager - Customer Services
- Rubab Khan: Strategic Advisor
- Charlotte Masters-Wood: Team Manager Customer Issues
- Kieran Morrison: Business Improvement Advisor
- Sarah O’Hagan: Manager Service Design & Process Improvement
- Charmaine Neuwenhuys: Senior Business Analyst
- Dave Richies: Manager, Business Excellence | Customer Services
- Shameel Sahib: Head of Strategy & Capability
- Jeremy Todd: Head of Strategy Planning & Performance
- Tania Winslade: Executive Officer to P&O
- Stuart Young: Digital Analyst

**Auckland Transport**
- Chris Atkinson: Performance and Improvement Manager
- Mark Lambert: Chief Transport Services Officer
- Jo Stansfield: Group Manager - Customer Services

**Regional Facilities**
- Louise Gardiner: Head of ICT
- Simon Tran: Chief Financial Officer

**Panuku**
- Carl Gosbee: Director, Corporate Services
- Tom Warren: General Manager Marinas

**ATEED**
- Joy Buckingham: Chief Financial Officer
Te take mō te pūrongo
Purpose of the report
1. To provide a public record of memos, workshop or briefing papers that have been distributed for the committee’s information since 4 April 2019.

Whakarāpopototanga matua
Executive summary
2. This is a regular information-only report which aims to provide public visibility of information circulated to committee members via memo or other means, where no decisions are required.
3. The following confidential workshop has taken place:
   - 7 March 2019
4. Note that, unlike an agenda report which requires a decision, staff will not be present to answer questions about the items referred to in this summary. Committee members should direct any questions to the authors.

Ngā tūtohunga
Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:
   a) receive the information report – 4 April 2019.

Ngā tāpirihanga
Attachments
There are no attachments for this report.

Ngā kaihaina
Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Suad Allie - Governance Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authoriser</td>
<td>Phil Wilson - Governance Director</td>
</tr>
</tbody>
</table>
Forward Work Programme

File No.: CP2019/03962

Te take mō te pūrongo
Purpose of the report
1. To review and update the Appointments, Performance Review and Value for Money Committee’s three-year forward work programme.

Whakarāpopototanga matua
Executive summary
2. It is good practice to review the forward work programme at each committee meeting, to ensure that it can be adapted quickly if council’s risk profile changes and that it remains relevant to the needs of the committee.
3. There are no substantive changes recommended to the forward work programme that arise from a change in the risk profile of council.

Ngā tūtohunga
Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:

a) approve its forward work programme.

Ngā tāpirihanga
Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
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<tbody>
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<td>A</td>
<td>20190404 Forward Work Programme</td>
<td>103</td>
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Signatories

<table>
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<th>Suad Allie - Governance Advisor</th>
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</thead>
<tbody>
<tr>
<td>Authoriser</td>
<td>Phil Wilson - Governance Director</td>
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</tbody>
</table>
**APPENDIX REVIEW AND VALUE FOR MONEY COMMITTEE FORWARD WORK PROGRAMME 2019**

This committee reviews the chief executive’s performance, makes appointments to Council-Controlled Organisations (CCOs) and Council Organisations (COs), and approves policies relating to the appointments of directors and trustees to CCOs and COS as well as approving the Value for Money programmes.

### Priorities for 2019:
1. **Director appointments**
2. **Value for Money**
3. **Chief Executive**

The work of the committee will:

1. The Council Appointments, Performance Review and Value for Money Committee is established to:
   1. Review the chief executive’s performance and to recommend to the Governing Body the terms and conditions of the CE’s employment including any performance agreement measures and annual remuneration.
   2. Make appointments to Council-Controlled Organisations (CCOs), Council Organisations (COs) and exempt CCOs and COS.
   3. Approve policies relating to the appointment of directors and trustees to CCOs and COS.
   4. Monitor and report to the Governing Body on the implementation of service delivery reviews required under s17A of the Local Government Act 2002, and the recommendations arising from those reviews.
   5. Approve the scheduling of the forward s17A work programme, and recommend to the Governing Body the terms of reference for individual reviews.
   6. Request reports on Auckland Council parent and CCO value for money, savings and effectiveness-focused initiatives that are beyond the scope of s17A reviews, and make recommendations on these reports to the Governing Body.

- Deliver succession priorities
- Deliver programme key milestones

### Updated February 2019

<table>
<thead>
<tr>
<th>Priority Area</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Appointments, Performance and Review Committee role (decision or direction)</th>
<th>Expected timeframes Quarter (month if known)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Controlled Organisations Watercare</td>
<td>Approve appointment process and director appointments</td>
<td>6 December meeting confidential resolutions</td>
<td><strong>Progress to date:</strong> Report at 4 April 2019 meeting – approve shortlist candidates</td>
<td>Q3</td>
</tr>
<tr>
<td>Tamaki Redevelopment Company Limited</td>
<td>Approve appointment process and director appointments</td>
<td><strong>Progress to date:</strong> Workshop to be confirmed.</td>
<td>Q3</td>
<td></td>
</tr>
<tr>
<td>Board Interns</td>
<td></td>
<td>6 December meeting confidential reasons</td>
<td><strong>APP/2018/2</strong></td>
<td>Q2</td>
</tr>
<tr>
<td>Board Performance Review</td>
<td>Board Performance Review Framework</td>
<td></td>
<td><strong>Progress to date:</strong> Report considered at 7/06/2018 meeting. Res. <strong>APP/2018/3</strong></td>
<td>Q1</td>
</tr>
<tr>
<td>Board Appointment Policy</td>
<td>Appointment of Directors, board members 2019-2020</td>
<td></td>
<td><strong>Progress to date:</strong> Report received on 6 December 2018. Resolution <strong>APP/2018/90</strong></td>
<td>Q1</td>
</tr>
<tr>
<td>Remuneration Review</td>
<td></td>
<td>2019-2020</td>
<td></td>
<td>Q2</td>
</tr>
<tr>
<td>Auckland Transport board Regional Facilities Auckland</td>
<td>Process and selection panel for appointment Director appointments</td>
<td></td>
<td><strong>Progress to date:</strong> A confidential report was considered at 4/04/2018 meeting. Confidential resolution <strong>APP/2018/19</strong></td>
<td>Q1</td>
</tr>
<tr>
<td></td>
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<td><strong>Progress to date:</strong> Report back shortlist for Auckland Transport and Regional Facilities Auckland at 3 October 2018 meeting. Confidential resolution <strong>APP/2018/74</strong></td>
<td></td>
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<td></td>
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<td></td>
<td><strong>Progress to date:</strong> Report receive on 6 December 2018 Confidential resolutions <strong>APP/2018/96</strong></td>
<td></td>
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<td><strong>Progress to date:</strong> Report received on 14 February 2019 reappointment of directors to CCO’s Confidential resolutions <strong>APP/2019/7</strong></td>
<td></td>
</tr>
<tr>
<td>Auckland Council’s organisational performance</td>
<td></td>
<td></td>
<td><strong>Progress to date:</strong> Report received on 4 April 2018 meeting date noting organisational update</td>
<td>Q1</td>
</tr>
<tr>
<td>Priority #</td>
<td>Area of work</td>
<td>Reason for work</td>
<td>Appointments, Performance and Review Committee role (decision or direction)</td>
<td>Expected timeframes Quarter (month if known)</td>
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<td></td>
<td>Confidential resolutions APP/2018/20</td>
<td>Q1</td>
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<td></td>
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<td></td>
<td><strong>Chief Executive’s Performance Objectives</strong> Setting objectives: Performance objectives 2017/18 close-off</td>
<td>Q2</td>
</tr>
<tr>
<td></td>
<td>Mangere Mountain Education Trust</td>
<td>Board appointments</td>
<td>Progress to date: Report was considered 17/11/2017. Resolution APP/2017/4 recommend to Governing Body for approval.</td>
<td>Q1</td>
</tr>
<tr>
<td></td>
<td>Tamaki Redevelopment</td>
<td>Director appointments</td>
<td>Progress to date: Report to be received at the 3 October meeting to approve director appointments Confidential resolution APP/2018/73</td>
<td>Q2</td>
</tr>
<tr>
<td></td>
<td>Arts Regional Trust</td>
<td>Appointment of trustees</td>
<td>Progress to date: Report to be received at the 3 October meeting to approve appointment of trustees Confidential resolution APP/2018/73</td>
<td>Q2</td>
</tr>
<tr>
<td></td>
<td>Manukau Beautifical Charitable Trust</td>
<td>Director appointments</td>
<td>Progress to date: Report to be received at 3 October meeting to approve appointment of director Confidential resolution APP/2018/78</td>
<td>Q1</td>
</tr>
<tr>
<td></td>
<td>Appointment process for the Board of Ports of Auckland Limited</td>
<td></td>
<td>Receive list of shortlisted candidates Progress to date: Report received at 4/5/2017 meeting Confidential resolutions APP/2017/33</td>
<td>Q1</td>
</tr>
<tr>
<td></td>
<td>Value for Money Reviews (Section 17a) Regional Parks, sport and recreation</td>
<td>Final Value for Money Review programme Parks open Spaces Group Procurement</td>
<td>Report at the 7/06/2018 meeting Progress to date: Res Resolution number APP/2018/28 Group procurement endorsed Resolution number APP/2018/47 Parks and Open spaces to be workshop and reported further to the committee – needs to come back to the committee for approval. May 2019</td>
<td>Q1</td>
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<tr>
<td></td>
<td>Local Parks, sport and recreation</td>
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<td>1 November 2019</td>
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<td>Benefits Realisation</td>
<td>Quarterly updates on initiatives delivering value to Council and benefits realisation management</td>
<td>Receive the benefits realisation report against savings targets Progress to date: Report at the 3 October meeting Resolution number APP/2018/66</td>
<td>Q1</td>
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<tr>
<td></td>
<td>Organisational Support</td>
<td>Customer Services HR</td>
<td>April 2019 – approve Terms of Reference July 2019</td>
<td>Q1</td>
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<tr>
<td></td>
<td>Information Systems</td>
<td></td>
<td>Underway – June – September 2018</td>
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<td></td>
<td>Corporate Property</td>
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<td>May 2019</td>
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Forward Work Programme
### Attachment A

#### Item 10

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Appointments, Performance and Review Committee role (decision or direction)</th>
<th>Expected timeframes Quarter (month if known)</th>
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<td></td>
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<td>Appointments, Performance and Review Committee role (decision or direction)</td>
<td>Fy 19</td>
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<td>Q1 Jul-Sept</td>
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<tr>
<td>Board Appointments to Auckland Regional Amenities Board</td>
<td>Approve selection</td>
<td>Progress to date: Report received 4/05/2017, RES APP/2017/3</td>
<td>Q1 Jul-Sept</td>
<td>Q2 Oct - Dec</td>
</tr>
<tr>
<td>City Rail Link Board Appointments</td>
<td>To appoint 4 directors to the board</td>
<td>Progress to date: A report was considered on 8/06/2017. RES APP/2017/4</td>
<td>Q1 Jul-Sept</td>
<td>Q2 Oct - Dec</td>
</tr>
<tr>
<td>Mount Albert Grammar School Community Swimming Pool Trust: Appointment of Trustees</td>
<td>Director appointments</td>
<td>Progress to date: Report received at 8/06/2017. RES APP/2017/5</td>
<td>Q1 Jul-Sept</td>
<td>Q2 Oct - Dec</td>
</tr>
<tr>
<td>Auckland Council Organisation Strategy (Performance Plan)</td>
<td>To provide feedback to Chief Executive</td>
<td>Progress to date:</td>
<td>Q1 Jul-Sept</td>
<td>Q2 Oct - Dec</td>
</tr>
<tr>
<td>Appointments to the board of Auckland War Memorial Museum and Museum of Transport and Technology</td>
<td>Director of appointments</td>
<td>Progress to date: Report received at 7/09/2017. RES APP/2017/7</td>
<td>Q1 Jul-Sept</td>
<td>Q2 Oct - Dec</td>
</tr>
<tr>
<td>Appointments to the boards of Watercare Services Limited and Auckland Tourism, Events and Economic Development Limited – shortlisted candidates for interview.</td>
<td>Decision-making over regional environment fund as per the grants funding policy and fund guidelines</td>
<td>Decision on shortlisted candidates for Watercare, ATEED Boards. Progress to date</td>
<td>Q1 Jul-Sept</td>
<td>Q2 Oct - Dec</td>
</tr>
<tr>
<td>Substantive council-controlled organisations board remuneration update review</td>
<td></td>
<td>Progress to date:</td>
<td>Q1 Jul-Sept</td>
<td>Q2 Oct - Dec</td>
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<tr>
<td>Appointment of directors to the boards of Watercare Services Limited and Auckland Tourism, Events and Economic Development Limited</td>
<td>Appointment of Directors</td>
<td>Progress to date: a) appoint directors to ATEED and Watercare board, Res APP/2017/12</td>
<td>Q1 Jul-Sept</td>
<td>Q2 Oct - Dec</td>
</tr>
<tr>
<td>Priority #</td>
<td>Area of work</td>
<td>Reason for work</td>
<td>Appointments, Performance and Review Committee role (decision or direction)</td>
<td>Expected timeframes Quarter (month if known)</td>
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<td>Decision approve to interview candidates. Progress to date: a) approve list of interview candidates res APP/2017/13</td>
<td>Q1 July-Sept Q2 Oct-Dec Q3 Jan-March Q4 April-June</td>
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<td>Decision: a) review performance against 2016/2017 objectives b) report back to the 27 October 2017 APR Committee meeting Res APP/2017/14</td>
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<td>Interviews February 2018. Progress to date: Shortlisted candidates were considered and approved at X meeting confidential resolution APP/2018/8</td>
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<td>Committee workshop on: • 2017 Observations and process improvements for 2018 programme • 2018 Success Priorities 2018 Key milestones</td>
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<td>Approve panel selection for Director appointments. Progress to date: Report was considered at 103/2018 meeting. Res APP/2018/12</td>
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<td>Report was considered at 3/05/2018 meeting Res APP/2018/9 a) approve shortlist candidates Report approved at 7/06/2018 meeting. Confidential resolutions APP/2018/10</td>
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<td>Decision on approval for public release Progress to date: Res APP/2018/11 Report received 4 April 2018. Recommend to Governing Body TOR changes</td>
<td>Q1</td>
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<td>Report was considered at 3/05/2018 meeting Res APP/2018/12</td>
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<td>Progress to date: Report was considered at 7/06/2018 meeting Res APP/2018/13 Resolutions recommened to Governing Body – 28 June 2018</td>
<td>Q1</td>
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<td>Shortlist report back August 2017 Progress to date: Report received at 4/05/2017 confidential resolution APP 2017/3 a) approve process appointment • approve skill set requirements • approve joint panel members</td>
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<td>Progress to date: Report received 3/08/2017 confidential resolution APP/2017/6 a) approve shortlist Progress to date: 2016/07/05 Resolution number confidential resolution APP/2018/42 Joint process for chair vacancy</td>
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<tr>
<td>Priority #</td>
<td>Area of work</td>
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<td>Contemporary Art Foundation</td>
<td>Process for the appointment of a trustee to the Contemporary Art Foundation</td>
<td>Report at the 2 August 2018 meeting Resolution number APP/2018/55</td>
<td>Q1 Jul-Sept</td>
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<td></td>
<td>Council Controlled Organisations</td>
<td>2018 Board Appointment programme – chair vacancies</td>
<td>Approve panel selection for COO organisations</td>
<td>Q2 Oct - Dec</td>
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<td>To decide on chairs for council controlled organisations, skill requirements and selection panel for COO recruitment process</td>
<td>Progress to date:</td>
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<td>Approve panel selection for COO organisations</td>
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<td>Report received at the 7/06/2018 meeting. Confidential Resolutions APP/2018/15/5/07/2018</td>
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<td>A report was provided Resolution number APP/2018/16</td>
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<td>Progress to date:</td>
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<td>2 August 2018. A report was provided Resolution number APP/2018/57</td>
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<td>Appointment of ATEED and RFA chairs</td>
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<td>Progress to date:</td>
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<td>6 September confidential reason APP/2018/17</td>
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<td>Chair appointed for Panuku Development Auckland Limited</td>
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<td>Auckland Regional Amenities Funding Board</td>
<td>Council-controlled organisations</td>
<td>Decision to agree on the skill requirements for director and board appointment vacancies and panel selection for vacancies</td>
<td>Q2 Oct - Dec</td>
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<td>Auckland Transport</td>
<td>Approve skills requirements for appointments</td>
<td>Progress to date:</td>
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<td>Confidential resolution APP/2018/18</td>
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<td>Approval of panel selection and skill requirements for director – Auckland Regional Amenities Funding Board</td>
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<td>Progress to date:</td>
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<td>7 June 2018 meeting. Confidential resolution APP/2018/19</td>
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<td>Chair candidate shortlist approved for ATEED and ARFA</td>
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<td>Council-controlled organisation</td>
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<td>Progress to date:</td>
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<td>Confidential resolution APP/2018/20</td>
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<td>2016/06/07 Confidential resolution number APP/2018/3521</td>
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<td>Council Controlled Organisations</td>
<td>2018 Board Appointment programme – chair vacancies</td>
<td>Progress to date:</td>
<td>Q1 Jul-Sept</td>
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<td>To decide on chairs for council controlled organisations skills and requirements</td>
<td>Approve panel selection for COO organisations</td>
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<td>Report was considered at 1/03/2018 meeting. Res APP/2018/22</td>
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<td>Report received at the 7/06/2018 meeting. Res APP/2018/23</td>
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<td>Report was considered at 5/07/2018 meeting for selection of COO chair</td>
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<td>5/07/2018</td>
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<td>A report was provided Resolution number APP/2018/24</td>
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<td>Progress to date:</td>
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<td>2 August 2018. Appointment of Chairs Resolution number APP/2018/57</td>
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<td></td>
<td>Value for Money Reviews (Section 17a)</td>
<td>Terms of Reference for each new Value for Money review</td>
<td>3 May Committee meeting Res APP/2018/26</td>
<td>Q1 Jul-Sept</td>
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<td></td>
<td>Value for Money Reviews (Section 17a)</td>
<td>Forward work programme</td>
<td>Report at the 7/06/2018 meeting Res APP/2018/26</td>
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<td></td>
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<td>Work programme approved</td>
<td>Q1 Jul-Sept</td>
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</table>
Te take mō te pūrongo
Purpose of the report
1. To provide an update on the programme of appointments to the board of Watercare Services Limited (Watercare).

Whakarāpopototanga matua
Executive summary
2. On this committee agenda is a confidential report that considers two director vacancies for Watercare, the skill requirements approved by this committee, the full list of candidates and those chosen by the selection panel for pre-interview by council’s external director recruitment support partners Kerridge and Partners (Kerridge).
3. Attached to the confidential report is the longlist prepared by Kerridge.
4. The committee will today make decisions regarding the recommended shortlist of candidates (from Kerridge), and any other candidates whose skills and experience qualify for a shortlist interview for either vacancy on the Watercare board.

Ngā tūtohunga
Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:
a) note that a confidential report is included on today’s committee agenda that provides information to:
   i) make decisions on the shortlist candidates for two director vacancies on Watercare Services Limited
   ii) note that the reports include the skill requirements for the two director vacancies and is confidential due to the personal information relating to candidate applications and curricula vitarum contained in it.
Horopaki

Context

Links to strategies, policies and plans

5. The board appointment process for appointing directors to any CCO and external partnership board is outlined in the table below:

<table>
<thead>
<tr>
<th>Committee</th>
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</thead>
<tbody>
<tr>
<td>Approves retirement or reappointment of directors / board members</td>
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<tr>
<td>Approves skills required for director positions</td>
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<tr>
<td>Approves members of the selection panel</td>
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</table>

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<thead>
<tr>
<th>Selection panel</th>
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<tbody>
<tr>
<td>Considers the complete list of candidates</td>
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<tr>
<td>Recommends the short-listed candidates to the committee</td>
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<thead>
<tr>
<th>Committee</th>
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<tr>
<td>Approves the short-list of candidates for interview</td>
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<table>
<thead>
<tr>
<th>Selection Panel</th>
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<tbody>
<tr>
<td>Interviews the short-listed candidates approved by the committee</td>
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<tr>
<td>Recommends preferred candidates to the committee</td>
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</table>

<table>
<thead>
<tr>
<th>Committee</th>
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</thead>
<tbody>
<tr>
<td>Considers selection panel’s recommendations</td>
</tr>
<tr>
<td>Makes appointments to the board</td>
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</table>

6. The confidential reports on this agenda provide advice and options to assist the committee to make decisions regarding the shortlist candidates for interviews.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera

Council group impacts and views

7. There are no significant council group impacts but views in the form of CCO staff advice have been used to inform recommendations.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe /

Local impacts and local board views

8. Board appointments to CCOs are the role of the Governing Body. Local boards can participate in the nomination process for each director vacancy. The nomination of a candidate requires the consent of that candidate.

Tauākī whakaaweawe Māori

Māori impact statement

9. Council’s policy also aims to achieve a diverse range of directors to all CCO boards.

10. This can have positive impacts for Māori by creating opportunities for Māori directors.

11. In line with the policy, an Independent Māori Statutory Board member may be appointed to the selection panel to provide a Māori perspective throughout the process.

Ngā ritenga ā-pūtea

Financial implications

12. The costs associated with these appointments will be managed from existing budgets.
Ngā raru tūpono me ngā whakamaurutanga

Risks and mitigations

13. There are risks associated with all board appointments including:

i) Reputational: all candidates are appropriately screened to meet the skill requirements for directors of a board such as this and have appropriate governance experience especially within public-facing entities. To mitigate any potential risks of disqualified directors or under-qualified candidates:

   a) a thorough due diligence process will be completed on all candidate applications in line with the council’s appointment policy
   b) short-listed candidates have completed the council’s director consent form prior to interview which requires directors to confirm that there is nothing that would disqualify them from being a director
   c) thorough reference checks of candidates who are approved for appointment to the CCOs are being conducted by Kerridge and Partners.

ii) Reputational: breach of privacy if confidential candidate information is provided to media outlets prior to final decisions being made by the committee. The risk is fewer and potentially less qualified candidates being attracted into future board appointment programmes. To mitigate the risk staff will continue to highlight the need for maintaining confidentiality during the board appointment programme.

iii) Governance: the risk of an unbalanced board where a loss of institutional knowledge impacts decision-making. Conversely, retaining board members for too long can mean the board lack innovation and fresh thinking.

Ngā koringa ā-muri

Next steps

14. Following approval from this committee, staff from the CCO Governance and External Partnerships department and Kerridge will maintain progress on the appointment programmes for 2018.

Ngā tāpirihanga

Attachments

There are no attachments for this report.

Ngā kaihaina

Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Josie Meuli - Senior Advisor</th>
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<tbody>
<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships</td>
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<tr>
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<td>Phil Wilson - Governance Director</td>
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</table>
Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the Appointments, Performance Review and Value for Money Committee

a) exclude the public from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

C1  Confidential report: Shortlist candidates for director vacancies on Watercare Services Limited

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
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</thead>
<tbody>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains private information about the candidates that have applied for the two director vacancies on Watercare Services Limited.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
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C2  Confidential Report: Review of the Full Time Equivalent Metric within the Chief Executive’s Performance Objectives (Covering report)

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<tr>
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<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, during this item, the committee will be discussing performance objectives for the Chief Executive and to assist with the context the discussions may have to go wider into terms of employment.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
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## C3 Confidential report: Chief Executive’s performance objectives (Covering report)

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<tr>
<th>Reason for passing this resolution in relation to each matter</th>
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<th>Ground(s) under section 48(1) for the passing of this resolution</th>
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<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, during this item, the committee will discuss performance objectives for the Chief Executive including possible discussion about terms of employment and remuneration.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
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