

Date: Thursday 20 February 2020
Time: 10.00am
Meeting Room: Room 1, Level 26
Venue: 135 Albert St
Auckland

**Kōmiti Tiaki Pūtea /
Value for Money Committee
OPEN MINUTE ITEM ATTACHMENTS**

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40 | 20 | 20 is our bold new vision for delivering infrastructure in a safe, sustainable and efficient way by

Reducing carbon in construction by **40 per cent** by 2024

Reducing the cost to deliver our infrastructure programme by **20 per cent** by 2024

Improvement in health, safety and well-being **20 per cent** year on year

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A Progression in our thinking

2015: Reform of operational model for infrastructure delivery
 2017: Selection of core design partners (Professional Engineering Services panel)
 2018: Target Operation Model(entire business) – the bringing together of strategy, planning, design and construction
 2018: Delivery partners - how do we obtain better results in our infrastructure delivery?

Today:

- 40:20:20 vision
- Enterprise model: key players in our supply chain – Watercare, construction, design, suppliers.
- Appointed 2 contractor partners - \$2.4 billion


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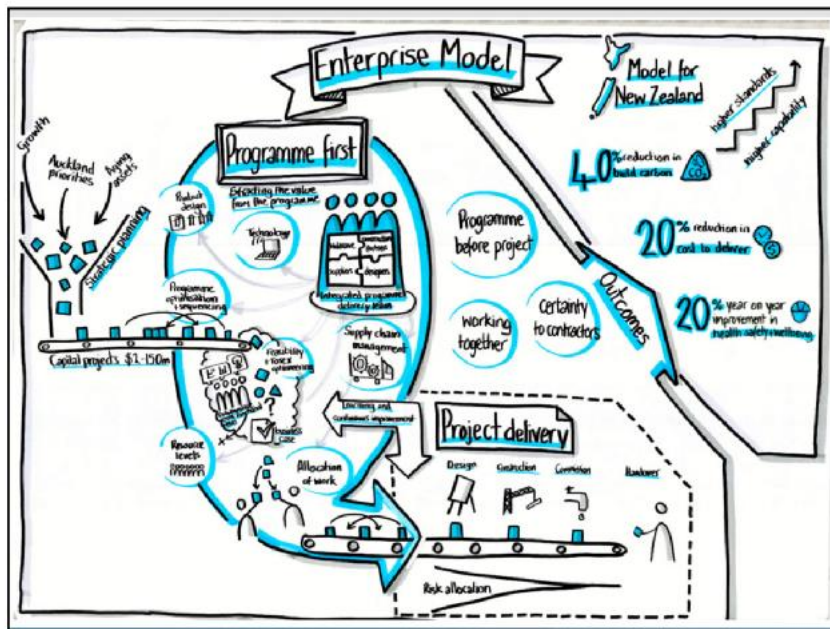
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EM – Core Principles

- programme first, project second
- there is more value to be extracted from our long-term programme
- unable to do this alone
- long term relationships
- unconstrained thinking
- Partners incentivised to achieve 40:20:20


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What success looks like

- 40:20:20
- AMP delivered - needs
- Lift industry capability and capacity
- Model that can be utilised NZ and beyond

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How will we create value?

Programme Opportunity Realisation

Programme insights (component parts)

Opportunities & Ideas

Prioritise

Cross functional teams

Sprint to deliver

Programme solution in the toolkit

learning+improvement

Value delivered

Programme & project delivery


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Auckland Council progress on savings for the period ended 31 December 2019

Value for Money Committee

20 February 2020




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Progress for the 6 months to 31 December 2019

Savings achieved

Workstream	Savings achieved	Initiatives
Procurement	\$0.1m	Negotiations with MBIE for capping administration fee for the All-of-Government (AOG) recruitment contract
Organisational design	\$5.5m	Organisational structure review, change processes completed for six areas across the council
Technology and process improvement	\$2.6m	<ul style="list-style-type: none"> New devices and tools for building consent inspections Billing process improvement for building consent inspections In-sourcing programme in Regulatory Engineering department Robotics process automation for direct debit and credit control processes at swimming pools
Prudent financial management	\$2.0m	<ul style="list-style-type: none"> Improved workforce planning and reporting Monitoring and reporting on sensitive spend such as professional services
Total	\$10.2m	



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Further potential opportunities:

- Further organisational design changes
- Further robotic process automation
- Mobile voice and data services across the group
- Continued focus on prudent financial management



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Organisational Design | Briefing for Value for Money Committee

20th February 2020

Shameel Sahib, Head of Strategy & Capability



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Actions taken

- By the end of December 2019, change processes had been completed in six areas across the council.
- Key structure changes implemented include disestablishment of vacant positions, increases to spans of control by reducing middle management, and a reduction of management layers.
- In the first half of the year, the reductions in staffing have locked in salary savings of \$5.5 million, representing 106 FTE

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Benefits to date

- Staff cost savings have been realised from the following areas:
 - Finance including ICT: \$4.2 million
 - People and Performance \$1.0 million
 - Legal & Risk: \$0.3m
- In the Finance Division, the overall impact of changes has been a 6% reduction in FTE from July, reduced management layers and increased spans of controls.
- Reviews are underway in Customer and Community Services, Regulatory Services and Governance



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Building Consent Inspections

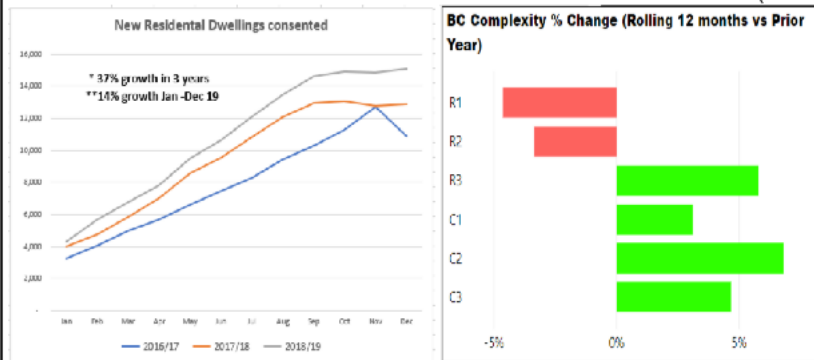
- 200,000 inspections are delivered per annum to support the Building Consenting/ Certification and Swimming Pool monitoring processes
- New Inspection technology implemented in February 2019 has enabled:
 - A Customer on-line self-booking service - ability to book 24/7
 - Smarter “routing” of Inspections – making it easier to make adjustments in schedules and better supporting officers to work remotely
 - Design / deployment of enhanced digital checklist – that are easier to use, improving the quality of data, providing integration to back-end systems and enabling more efficient billing
 - Integration of our code of practice guidance with the technology, enhancing inspector self-development and refreshing knowledge
 - Improved customer wait times – now 1-3 days previously 9-11 days for commercial inspections in concert with the delivery of accelerated competency development training courses to deal with the increased complexity of work



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Managing Building Growth & Scale

- New Dwelling numbers
- Increased 37% across 3 years
- Increase in complexity for residential (R3) reflecting new dwelling numbers and commercial increase across all levels (C1-C3)



- Through a combination of service demand growth, enabling technology and improved team performance - Year end financial forecast is **\$1m** ahead of budget for inspection activities



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Engineering focus on consultant reduction

Focus on reducing outsourcing to consultants to improve bottom line results (Forecast \$1.5m favourable to budget)

- The Engineering team support Resource consents, Building Consents, manage Engineering applications and work with Council asset owners (AT, Watercare etc.)
- Department achieved a 25% reduction in engineering outsourcing through improved processes, increase in FTE (13 engineers) and operational focus
- Result is a bottom line forecast **\$1.5m** financial improvement – attributable to managing higher revenue from growth and lower outsourcing spend
 - Every FTE saves \$80k -\$90k spend compared to outsourced consultant rates
- As programmed business improvements are implemented Regulatory services will have lower operating costs that will be built into future fees and charges (built into LTP process)

