**Kōmiti Tiaki Pūtea / Value for Money Committee**

**OPEN MINUTE ITEM ATTACHMENTS**

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**Note:** The attachments contained within this document are for consideration and should not be construed as Council policy unless and until adopted. Should Councillors require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
**Value for Money Committee**

**20 February 2020**

**Attachment A**

**Item 8**

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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 by 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
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
What success looks like

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

How will we create value?
Auckland Council progress on savings for the period ended 31 December 2019

Value for Money Committee

20 February 2020

Progress for the 6 months to 31 December 2019

<table>
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<th>Workstream</th>
<th>Savings achieved</th>
<th>Initiatives</th>
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<td>Procurement</td>
<td>$0.1m</td>
<td>Negotiations with MBIE for capping administration fee for the All-of-Government (AoG) recruitment contract</td>
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<td>Organisational design</td>
<td>$5.5m</td>
<td>Organisational structure review, change processes completed for six areas across the council</td>
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| Technology and process improvement| $2.6m            | • 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            | • Improved workforce planning and reporting  
• Monitoring and reporting on sensitive spend such as professional services                                                               |
| Total                             | $10.2m           |                                                                                                                                            |
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

Organisational Design | Briefing for Value for Money Committee

20th February 2020

Shawnell Sibani, Head of Strategy & Capability
Organiisation Design Expectations

- Alignment of all functions and roles within the council to improve overall efficiency and effectiveness.
- Clear and concise job descriptions that are easy to understand and follow.
- Transparent and open communication channels between all levels of the organization.
- Strategic alignment with the council's overall mission and values.
- A focus on continuous improvement and learning.
- Effective performance management and feedback systems.
- A culture of innovation and adaptability.

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 in 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.
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

Regulatory Services Improvements
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

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
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)