

I hereby give notice that an ordinary meeting of the Strategic Procurement Committee will be held on:

Date: Tuesday, 1 December 2020
Time: 2.30pm
Meeting Room: Reception Lounge, Level 2
Venue: Auckland Town Hall
301 Queen Street
Auckland

Kōmiti Mahi Āta Torotoro Rawa / Strategic Procurement Committee

OPEN AGENDA

MEMBERSHIP

Chairperson Cr Greg Sayers
Deputy Chairperson Cr John Watson
Members Cr Dr Cathy Casey
Deputy Mayor Cr Bill Cashmore
Cr Linda Cooper, JP
Cr Alf Filipaina
Cr Tracy Mulholland
IMSB Member Karen Wilson

Ex-officio Mayor Hon Phil Goff, CNZM, JP

(Quorum 4 members)

Michelle Judge
Kaitohutohu Mana Whakahaere / Governance
Advisor

26 November 2020

Contact Telephone: 0211950262
Email: michelle.judge@aucklandcouncil.govt.nz
Website: www.aucklandcouncil.govt.nz

Terms of Reference

Responsibilities

The committee is established to assist the chief executive to undertake the management procedure of ensuring sound procurement processes are followed in relation to procurement of goods and services necessary to deliver on the work programme and operations outlined in the council's adopted Annual Plan.

It will ensure that reasonable purchasing procedures have been followed in awarding contracts and will provide an efficient mechanism for documenting the approvals for those contracts.

Within a framework where contracts are an operational matter delegated to the chief executive, this committee will consider all contracts beyond the chief executive's financial delegations. The chief executive may refer contracts within his financial delegations which are sensitive or may impact on the reputation of the council.

The chief executive has power to award contracts up to \$20 million alone and the power to award contracts up to \$22.5 million jointly with the Mayor and Finance and Performance Committee chairperson.

The committee has responsibility for:

- awarding of contracts of \$22.5 million or greater
- awarding of contracts less than \$22.5 million which are sensitive or may impact on the reputation of the council if the chief executive refers the matter to the committee
- oversight over the procurement processes and procedures.

From time to time the committee may advise the chief executive and the council on changes to the procurement and contracts probity procedures.

Powers

All powers necessary to perform the committee's responsibilities.

Except:

- (a) powers that the Governing Body cannot delegate or has retained to itself (section 2)
- (b) where the committee's responsibility is limited to making a recommendation only
- (c) power to establish sub-committees.

Exclusion of the public – who needs to leave the meeting

Members of the public

All members of the public must leave the meeting when the public are excluded unless a resolution is passed permitting a person to remain because their knowledge will assist the meeting.

Those who are not members of the public

General principles

- Access to confidential information is managed on a “need to know” basis where access to the information is required in order for a person to perform their role.
- Those who are not members of the meeting (see list below) must leave unless it is necessary for them to remain and hear the debate in order to perform their role.
- Those who need to be present for one confidential item can remain only for that item and must leave the room for any other confidential items.
- In any case of doubt, the ruling of the chairperson is final.

Members of the meeting

- The members of the meeting remain (all Governing Body members if the meeting is a Governing Body meeting; all members of the committee if the meeting is a committee meeting).
- However, standing orders require that a councillor who has a pecuniary conflict of interest leave the room.
- All councillors have the right to attend any meeting of a committee and councillors who are not members of a committee may remain, subject to any limitations in standing orders.

Independent Māori Statutory Board

- Members of the Independent Māori Statutory Board who are appointed members of the committee remain.
- Independent Māori Statutory Board members and staff remain if this is necessary in order for them to perform their role.

Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Other staff who need to because of their role may remain.

Local Board members

- Local Board members who need to hear the matter being discussed in order to perform their role may remain. This will usually be if the matter affects, or is relevant to, a particular Local Board area.

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.

ITEM	TABLE OF CONTENTS	PAGE
1	Apologies	7
2	Declaration of Interest	7
3	Confirmation of Minutes	7
4	Petitions	7
5	Public Input	7
6	Local Board Input	7
7	Extraordinary Business	7
8	Summary of Strategic Procurement Committee information memoranda and briefings (including the forward work programme) - 1 December 2020	9
9	Contract extension for legal service panel contracts	15
10	Community Facilities Full Facilities Contracts Performance	19
11	Extension of SAP support and maintenance agreement	23
12	Consideration of Extraordinary Items	
PUBLIC EXCLUDED		
13	Procedural Motion to Exclude the Public	27
C1	CONFIDENTIAL: Contract extension for legal service panel contracts	27
C2	CONFIDENTIAL: Community Facilities Full Facilities Contracts Performance update	27
C3	CONFIDENTIAL: Extension of SAP support and maintenance agreement	28

1 Apologies

At the close of the agenda no apologies 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 Strategic Procurement Committee:

- a) confirm the ordinary minutes of its meeting, held on Tuesday, 13 October 2020, 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.”

Summary of Strategic Procurement Committee information memoranda and briefings (including the forward work programme) - 1 December 2020

File No.: CP2020/17798

Te take mō te pūrongo Purpose of the report

1. To note the progress on the forward work programme appended as Attachment A.
2. To receive a summary and provide a public record of memoranda or briefing papers that may have been held or been distributed to Strategic Procurement Committee members.

Whakarāpopototanga matua Executive summary

3. This is a regular information-only report which aims to provide greater visibility of information circulated to Strategic Procurement Committee members via memoranda/briefings or other means, where no decisions are required.
4. The following memorandum has been distributed:

Date	Subject
15/10/20	Community led projects, community volunteers and local suppliers

5. This document can be found on the Auckland Council website, at the following link:
<http://infocouncil.aucklandcouncil.govt.nz/>
 - o at the top left of the page, select meeting/Te hui “Strategic Procurement Committee” from the drop-down tab and click “View”;
 - o under ‘Attachments’, select either the HTML or PDF version of the document entitled ‘Extra Attachments’.
6. Note that, unlike an agenda report, **staff will not be present to answer questions about the items referred to in this summary.** Strategic Procurement Committee members should direct any questions to the authors.

Ngā tūtohunga Recommendation/s

That the Strategic Procurement Committee:

- a) note the progress on the forward work programme appended as Attachment A of the agenda report.
- b) receive the Summary of Strategic Procurement Committee information memoranda and briefings – 1 December 2020.

Ngā tāpirihanga Attachments

Item 8

No.	Title	Page
A↓	Forward Work Programme	11
B⇒	Memo: Community led projects, community volunteers and local suppliers (Under Separate Cover)	

Ngā kaihaina Signatories

Author	Michelle Judge - Kaitohutohu Mana Whakahaere / Governance Advisor
Authoriser	Jazz Singh - General Manager Procurement

Komiti Mahi Āta Torotoro Rawa / Strategic Procurement Committee Forward Work Programme 2020

This committee deals with ensuring sound procurement processes are followed in order to deliver on the work programme and operations outlined in council's adopted Annual Plan. It has responsibility for awarding contracts of \$22.5 million or greater, awarding sensitive contracts and oversight of procurement strategies, processes and procedures.

The full terms of reference can be found here: [Governing Body Terms of Reference](#)

Area of work and Lead Department	Reason for work	Committee role (decision and/or direction)	Expected timeframes											
			Highlight the month(s) this is expected to come to committee in 2020											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
External Legal Services Legal	To procure external legal services. Current contracts expire in December 2020.	Decision: Approval of extension of current legal contract for legal services. A report will be provided in December 2020. Decision: Approval of the procurement plan for new external legal contract/services commencing June 2021. A report will be provided in February 2021.												
SAP Licensing Renegotiation Procurement	To review current SAP agreement to better suit council's current and future needs, and to better align with SAP's commercial and technical roadmap.	Decision: Approval of contract variation for support and maintenance services for one year. A report will be provided in December 2020.												
Full Facilities contract performance update Community Facilities	To update the Strategic Procurement Committee on suppliers' performance under Community Facilities' arboriculture services, ecological services, and full facilities maintenance contracts.	Update: Receive the Community Facilities full facilities contracts performance update for Financial Year 19/20.												

Item 8

Attachment A

Completed

Item 8

Attachment A

Lead Department	Area of work	Committee Role (decision and/or direction)	Decision
Extension to inorganic services contracts Waste Solutions	To allow time for a review of the current inorganics service, which is an action in the Waste Management and Minimisation Plan 2018: Working together for Zero Waste. Implementing the waste plan is a legislative requirement under the Waste Minimisation Act 2008.	To approve a one-year extension/variation with incumbent suppliers for the inorganic collection and inorganic processing contracts.	Procurement plan approved for the inorganic collection service, and the six-month extension of the current inorganic collection contracts. (Resolution number STR/2020/18)
Te Whau pathway shovel-ready funding project Community Facilities	Environmental outcomes and better transport connectivity through walkways and pathways. Faster project delivery and construction to support multiple community outcomes using the shovel-ready funding.	Approval of procurement plan to approach market for the main project works covered by the shovel-ready funding.	Procurement plan approved. Authority delegated to council's chief executive to execute the procurement plan. Authority delegated to council's chief executive to approve the supplier recommendation report, award of contract and approval of variations. (Resolution number STR/2020/19)
Update on suppliers for the Retrofit Your Home panels Environmental Services	To provide an update on the suppliers who were appointed to the Retrofit Your Home panels.	Establishment of supplier panels.	The establishment of the panels was approved. (Resolution number STR/2019/66)
Update on suppliers for physical works and technical services panels Healthy Waters	To provide an update on the suppliers who were appointed to the Healthy Waters technical services and physical work panels.	Establishment of supplier panels.	The establishment of the panels was approved. (Resolution number STR/2019/25)
Biodiversity protection services delivered through the Natural Environment Targeted Rate – Category Strategy Environmental Services	This procurement category strategy will support effective implementation of the council's key services related to the natural environment targeted rate work programmes.	Endorsement of procurement category strategy for biosecurity protection services delivered through the Natural Environment Targeted Rate.	The Category Strategy was endorsed. (Resolution number STR/2020/4)

Komiti Mahi Āta Torotoro Rawa / Strategic Procurement Committee Forward Work Programme 2021

This committee deals with ensuring sound procurement processes are followed in order to deliver on the work programme and operations outlined in council's adopted Annual Plan. It has responsibility for awarding contracts of \$22.5 million or greater, awarding sensitive contracts and oversight of procurement strategies, processes and procedures.

The full terms of reference can be found here: [Governing Body Terms of Reference](#)

Item 8

Area of work and Lead Department	Reason for work	Committee role (decision and/or direction)	Expected timeframes											
			Highlight the month(s) this is expected to come to committee in 2021											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
External Legal Services Legal	To procure external legal services. Current contracts expire in December 2020.	<p>Decision: Approval of extension of current legal contract for legal services. A report will be provided in December 2020.</p> <p>Decision: Approval of the procurement plan for new external legal contract/services commencing June 2021. A report will be provided in February 2021.</p>												
Update on the award of Waiheke waste services Waste solutions	New waste services for Waiheke were procured in 2019 to deliver on the objectives on the Waste Management and Minimisation Plan 2018 and the Tġapa Moana Hauraki Gulf Islands Waste Plan which is an appendix to the overall waste plan. Implementing these plans is a legislative requirement under the Waste Minimisation Act 2008.	<p>Information: Updates on Waiheke Waste Services will be provided.</p> <p>Progress to date: The procurement plan for Waiheke waste services was approved on 7 February 2019 and the supplier recommendations were approved on 4 September 2019. Staff advised that the value of the final contract would be confirmed by November 2019. A memo was sent in November 2019 to provide an update on the award of Waiheke waste services. A report will be provided in June 2021.</p>												
Inorganic services contract Waste Solutions	To procure an inorganics service, which is an action in the Waste Management and Minimisation Plan 2018: Working together for Zero Waste. Implementing the waste plan is a legislative requirement under the Waste Minimisation Act 2008.	<p>Decision: Approval of procurement plan for new inorganic contract/services commencing February 2022 Approval of supplier recommendation report.</p> <p>Progress to date: Procurement plan approved for the inorganic collection service, and the six-month extension of the current inorganic collection contracts on 13 October 2020. A report will be provided in June 2021.</p>												

Attachment A

Item 8

Attachment A

Area of work and Lead Department	Reason for work	Committee role (decision and/or direction)	Expected timeframes											
			Highlight the month(s) this is expected to come to committee in 2021											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<p>Healthy Waters Maintenance contracts Healthy Waters</p>	<p>To provide effective operations and maintenance of the regional stormwater network. This contributes to managing and improving the health of Auckland's harbours and waterways and responding to flooding events. This is council's responsibility under the Regional Stormwater Network Discharge Consent.</p>	<p>Decision: Award contracts to recommended suppliers for Healthy Waters operations and maintenance contracts, and the regional maintenance of catchpits and treatment devices.</p> <p>Progress to date: The procurement plan for the following Healthy Waters contracts was approved 4 September 2019: - operations and maintenance services for the southern area of the Auckland region - regional maintenance of catchpits - regional maintenance of treatment devices.</p> <p>The committee also approved the overall strategy for procuring stormwater operations and maintenance services for the northern and central areas.</p> <p>On 9 April 2020, the Emergency Committee approved the awarding of the southern and regional maintenance contracts.</p> <p>The procurement plan for the operations and maintenance contract for the northern and central area of the Auckland region was approved 15 September 2020</p> <p>A report will be provided in June 2021.</p>												

Contract extension for legal service panel contracts

File No.: CP2020/17977

Item 9

Te take mō te pūrongo Purpose of the report

1. To approve an extension of existing external Legal Services panel contracts to 30 June 2021.
2. To note the intention to submit a proposal to the Strategic Procurement Committee in February 2021 to approve issuing a new Request for Proposal (RFP) for external legal services contracts to commence 01 July 2021.

Whakarāpopototanga matua Executive summary

3. In January 2018 the council deployed a contracted provider model for provision of external legal services following an open RFP.
4. The contractor model has met the cost savings and performance objectives of the RFP, and the response from internal clients, providers and the inhouse legal team has been positive.
5. The contracts were initially for a two-year term with a one-year right of renewal for the council which has been exercised. The contracts expire on 31 December 2020.
6. Legal Services seeks to extend the contracts with providers for a further period of six months to 30 June 2021, on reduced rates agreed to by providers following the reduction in budget for external legal services in the emergency budget.
7. A new Procurement Plan and Request for Proposal will be prepared for approval by the Committee in February 2021 for new provider contracts commencing 1 July 2021.

Ngā tūtohunga Recommendation/s

That the Strategic Procurement Committee:

- a) note the information contained in this report on the legal service enables transparency on the topic due for discussion in the public excluded part of the meeting.
- b) note that the confidential report contains information that could prejudice the council's position in negotiations with suppliers.

Horopaki Context

Background to contracts

8. Effective delivery of legal services depends on managing external provider relationships, optimising their performance, ensuring value for money, and balancing quality service delivery standards with demand reduction and self-help tools.
9. In January 2018 the council deployed an innovative contracted provider model for provision of external legal services following an open RFP. This made a shift from ad hoc estimates-based instructions to a structured contracting model covering thirteen legal workstreams, to achieve:

Item 9

- scale economies for shared cost-savings (volume for discount);
 - higher value, tailored services (outcomes focused, not reactive output based);
 - efficient contract management (lower overheads, effective accountability);
 - innovation in “business as usual” services, budget control, and management of organisational risk.
10. The new model has met all those objectives, and the response from internal clients, providers and the inhouse legal team has been positive.
 11. The contracts were initially for a two-year term with a one-year renewal right for the council which has been exercised. The extension of the contracts expires on 31 December 2020.
 12. The impact of Covid 19 has resulted in sporadic shifts and lifts in demand for legal services at the council as well as adjustments to offerings in the legal market.
 13. Legal Services seeks to extend the current arrangements with providers for a further period of six months to 30 June 2021 on the current rates. This would enable clarity in the scope of services that is required, and potentially secure more beneficial terms for the council.
 14. External providers have agreed to extend the current arrangements to 30 June 2021.
 15. A new Procurement Plan and Request for Proposal will be prepared for approval by the Committee in February 2021 with the intention of new provider contracts commencing 1 July 2021.

Tātaritanga me ngā tohutohu Analysis and advice

16. The reasons for this proposed six-month extension of existing legal services contracts are:
 - The impact of COVID-19 on the council has caused some uncertainty around the extent and nature of provision of external legal services.
 - The emergency budget included a commitment from Legal Services to reduce its budget for external services. This has required Legal Services to review its operating model to find ways to complete more work in-house, while demand for legal services continues to rise.
 - The impact of Covid 19 resulted in some volatility in the type of instructions received by Legal Services, with initial spikes in demand for public law and commercial/property advice and forecast increases in litigation.
 - External providers have agreed to extend the current arrangements (including reduced rates) to 30 June 2021.
 - The additional time will enable Legal Services to more accurately define the scope of external services that will be required and the budget available for that procurement.
 - This will allow the scope of legal services in the proposed RFP to be more clearly defined.
 - It may also position the council to secure more advantageous terms arising out of adjustments in the legal market.
 - Extending the contracts to 30 June 2021 will align the contracts with the council's financial year.

Tauākī whakaaweawe āhuarangi Climate impact statement

17. The recommendations made in this report are not considered to have any specific climate impacts.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

18. No impact on other members of the council group are expected at this stage. The current contracts extend to ATEED, RFA and Panuku, and this will continue under the proposed extension.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

19. The recommendations made in this report are not considered to have any specific impacts on local boards.

Tauākī whakaaweawe Māori Māori impact statement

20. The recommendation made in this report is not considered to have any specific impacts on Māori.

Ngā ritenga ā-pūtea Financial implications

21. Detail regarding the financial implications of the legal service contract extension will be provided in the confidential section of the Strategic Procurement Committee meeting agenda for 01 December 2020.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

22. Detail relating to risks and mitigations for the legal service contract extension will be provided in the confidential section of the Strategic Procurement Committee meeting agenda for 01 December 2020.

Ngā koringa ā-muri Next steps

23. Next steps for the legal service contracts will be provided in the confidential section of the Strategic Procurement Committee meeting agenda for 01 December 2020.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	Margaret Malcolm - Legal Practice Manager
Authorisers	Helen Wild - General Counsel Jazz Singh - General Manager Procurement

Community Facilities Full Facilities Contracts Performance

File No.: CP2020/17978

Item 10

Te take mō te pūrongo Purpose of the report

1. To update the Strategic Procurement Committee on suppliers' performance under Community Facilities' arboriculture services, ecological services, and full facilities maintenance contracts, including the streetscape variation.

Whakarāpopototanga matua Executive summary

2. In 2016-2017, Community Facilities undertook a procurement process ("Project 17") to put in place new contracts for managing arboriculture, ecological services, parks, open space and building maintenance, and cleaning services.
3. Contracts were awarded to the successful tenderers in March 2017, with the contracts starting in July 2017 and now entering year four of the contract term. The contracts have been monitored over the past three years using Key Performance Indicators agreed with suppliers and are now approaching the first opportunity for a one-year extension.
4. The Streetscape variation which encompassed the services transferred from Auckland Transport with associated budgets to Community Facilities, was awarded to the incumbent full facilities contractors in December 2018. The green services (berm mowing, edging and weed management, and vegetation management) commenced in April 2019, and the clean services (town centre cleaning, litter bins, loose litter, furniture maintenance) commenced in July 2019.
5. Overall results indicate that there is generally good compliance with the contract and areas that require improvement are being effectively managed in accordance with contract performance processes to ensure delivery of the expected services levels within the contract.
6. More detail on performance management activities are included in the confidential report appearing on the confidential agenda of the committee meeting.

Ngā tūtohunga Recommendation/s

That the Strategic Procurement Committee:

- a) receive the Community Facilities full facilities contracts performance update for November 2020.

Horopaki Context

7. In 2016-2017, Community Facilities undertook a procurement process ("Project 17") to put in place new contracts for managing arboriculture, ecological services, parks, open space and building maintenance, and cleaning services.
8. Contracts were awarded to the successful tenderers in March 2017, with the contracts starting in July 2017 and are now entering year four of the contract term. The contracts have been monitored over the past three years using Key Performance Indicators agreed with suppliers, and are now approaching the first opportunity for a one year extension.

9. The Streetscape variation which encompassed the services transferred from Auckland Transport with associated budgets to Community Facilities, was awarded to the incumbent full facilities contractors in December 2018. The green services (berm mowing, edging and weed management, and vegetation management) commenced in April 2019, and the clean services (town centre cleaning, litter bins, loose litter, furniture maintenance) commenced in July 2019.
10. Overall, it is pleasing to observe that contractors continue to build on the progress made since commencement of the contract in 2017. Good responsiveness in relation to any performance concerns and a consistency of performance across the region has been experienced. With the new digital 'Request for Service' going live this has seen an increase in requests due to a better customer pathway being available.
11. Community Facilities has aligned resources with local board areas to enhance service delivery and community outcomes. Suppliers have worked positively to align services to the new model.
12. In March and August 2020, COVID-19 resulted in council needing to temporarily suspend services and work to reduced schedule of services across the region at Government's direction. The flexibility of our Full Facilities contracts allowed this to be implemented efficiently and effectively. Our suppliers worked hard to ensure safety measures were in place at our facilities in a timely manner.
13. The water restrictions have resulted in the need for suppliers to work closely with council on alternative approaches to ensure consistent service delivery during the drought period.
14. Contract managers in Community Facilities monitor a range of Key Performance Indicators (KPIs) which relate to the contracts, the details of which are reflected in the confidential report.
15. Streetscape services were varied into the contract specification and fully implemented in July 2019 and are progressing positively. All associated budgets were transferred from Auckland Transport to assist with delivery of the Streetscapes service.
16. Arboriculture and ecological suppliers are continuing to work positively with council to enhance service delivery and look for opportunities to drive regional consistency. The alignment of technical staff in the Community Facilities Area Operations team with suppliers has resulted in improved monitoring of service delivery and identification of opportunities for improvement.

Tātaritanga me ngā tohutohu Analysis and advice

17. Community Facilities utilises a 'Customer and Community Experience Dashboard' to monitor contractor performance, the detail of which is reflected in the confidential report.

Tauākī whakaaweawe āhuarangi Climate impact statement

18. Community Facilities Contractors activities represent 20% of Auckland Council's total GHG emissions. Contractor emissions are from the combustion of petrol and diesel in the vehicles they operate. Contractors also have a degree of control over Auckland Council's fertiliser, open space waste and building energy emissions through their planned maintenance activities.
19. Reducing GHG emissions and delivering sustainability and environmental outcomes more generally, are core requirements of the contracts. These outcomes are monitored using the Key Performance Indicators (KPIs), reported through the contractors' environment management systems and delivered through planned maintenance and the way they operate.

20. There are full facilities contractors who have achieved the targeted emissions reductions. With respect to contractors not achieving emission reductions Council is currently working with them to help them meet their targets.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

21. A dedicated Community Facilities operations team have been assigned to each of the 21 local boards. This team is the key contact for maintenance and operational issues for council's open space and built assets, and serve as liaison when suppliers are requested to meet with the local boards to discuss social and environmental initiatives, and address maintenance concerns.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

22. Local boards receive monthly updates on supplier performance, specifically with regards to the full facility contracts. These updates provide evidence of the quality audit outcomes for each local board.

Tauākī whakaaweawe Māori Māori impact statement

23. Suppliers work collaboratively with council to achieve better outcomes for Māori, by supporting skills development, labour market participation, and engagement with Māori owned businesses partnering/joint ventures in the delivery and supply of goods and services. Targets and measures to achieve Māori outcomes have been incorporated as part of the contracts and are covered in the financial implications section of this report. Targets set through discussions with local boards are linked to KPIs and are measured and monitored monthly to ensure that these continue to be progressed.

Ngā ritenga ā-pūtea Financial implications

24. In response to the COVID-19 pandemic, council worked with suppliers to decrease and increase service levels as required, in alignment with the COVID-19 Alert Level restrictions, to minimise financial impacts.
25. The Smart procurement outcomes that are required in the full facilities contracts are listed below. These are continually monitored to ensure delivery of the Community Outcomes and Workforce Development Plan.
- Increase capability and capacity
 - Youth employment
 - Diversity and inclusion
 - Valuing Māori
 - Pacific Auckland
 - Local community and economy

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

26. Routine performance monitoring has indicated that the contracts are generally performing well. Contractual issues identified that require improvement are monitored or are placed under performance management.

Ngā koringa ā-muri

Next steps

27. Community Facilities will continue to manage contractors with the intent of improving on-the-ground performance and realising the benefits of the contracts.
28. Community Facilities will continue to report monthly on contractor performance to local boards and annually to this committee. This will continue until the end of the contracts on 30 June 2022.

Ngā tāpirihanga

Attachments

There are no attachments for this report.

Ngā kaihaina

Signatories

Author	Jennifer Rose - Head of Business Performance
Authorisers	Rod Sheridan - General Manager Community Facilities Jazz Singh - General Manager Procurement

Extension of SAP support and maintenance agreement

File No.: CP2020/17980

Te take mō te pūrongo Purpose of the report

1. To approve variation and renewal of Auckland Council's support and maintenance agreement with SAP for a period of one year.

Whakarāpopototanga matua Executive summary

2. SAP supplies software that supports a considerable number of its functions, including finance, human resources, procurement and regulatory services.
3. The commercial relationship between Council and SAP was last reviewed five years ago. This work resulted in a \$33 million saving over 10 years for the Council group. Since then, both organisations' strategies, capabilities and offerings have evolved and changed.
4. Since August, both parties have been reviewing and developing a new commercial construct that will allow Council to better access SAP's newest offerings while saving money.
5. This work is nearing its conclusion.

Ngā tūtohunga Recommendation/s

That the Strategic Procurement Committee:

- a) note the information contained in this report on the SAP licensing renegotiation enables transparency on the topic due for discussion in the public excluded part of the meeting.
- b) note that the confidential report contains information that could prejudice the council's position in negotiations with suppliers.

Horopaki Context

6. SAP Products support a significant proportion of Council's core services and functions:

Service	SAP Product
Regulatory	SAP CRM
Customer Services	SAP CRM
Payroll	SAP ECC
HR	Success Factors
Procure to Pay	SAP Ariba, SAP SRM
Finance	SAP SRM, SAP ECC
E-commerce	Hybris
Data Warehouse and Business Intelligence	Business Objects
Expense Management	Concur

7. SAP and Council last conducted an in-depth review and renegotiation of its license structure in 2015. This resulted in a \$33 million dollar saving over 10 years.
8. Since then, Council has invested in a number of SAP's cloud delivered software products including Ariba and Success Factors, and has implemented S/4 HANA, which is SAP's latest version of its on premise software.
9. Since the relationship was last reviewed, both SAP and Council have developed their respective strategies.
10. SAP now invests most of its R&D into cloud, while Council has undergone a transformation in how it delivers services.
11. SAP and Council have been negotiating to both deliver savings and enable the transition to SAP's latest products at a lower cost.

Tātaritanga me ngā tohutohu Analysis and advice

12. Analysis and advice for the SAP licensing renegotiation will be provided in the confidential section of the Strategic Procurement Committee meeting agenda for 01 December 2020.

Tauākī whakaaweawe āhuarangi Climate impact statement

13. The products and services purchased from SAP are primarily software, which has a minimal carbon footprint.
14. SAP Cloud Services are hosted primarily in data centres run by Microsoft and Amazon. Data Centres are energy intensive and if powered by carbon intensive means can have climate impacts. Microsoft has been a carbon neutral organisation since 2012, while Amazon has committed to run all its data centres off renewable energy by 2025.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

15. Council provides SAP software and support directly to RFA, ATEED and Panuku Development Auckland. As such they are covered by this .
16. Auckland Transport has a small SAP environment that is managed under a separate contract but is covered by the overall PLSE construct. Watercare does not use SAP products.
17. Auckland Transport have been consulted throughout this process and will enjoy any benefits that Council may achieve.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

18. Local Boards and communities use services that are delivered through SAP software.
19. While there is no direct impact of these negotiations to Local Boards, the desired outcome will result in simpler and more effective services to all citizens and stakeholders

Tauākī whakaaweawe Māori Māori impact statement

20. Māori communities use services that are delivered through SAP software.
21. While there is no direct impact of these negotiations to Māori, the desired outcome will result in simpler and more effective services to all citizens and stakeholders.

Ngā ritenga ā-pūtea

Financial implications

22. All contractual commitments covered by this paper are covered by existing OPEX budgets.
23. This advice has been reviewed and approved by the Commercial Manager for ICT.

Ngā raru tūpono me ngā whakamaurutanga

Risks and mitigations

24. Detail relating to risks and mitigations for the SAP Licensing Negotiation will be provided in the confidential section of the Strategic Procurement Committee meeting agenda for 01 December 2020.

Ngā koringa ā-muri

Next steps

25. Next steps for the SAP Licensing Negotiation will be provided in the confidential section of the Strategic Procurement Committee meeting agenda for 01 December 2020.

Ngā tāpirihanga

Attachments

There are no attachments for this report.

Ngā kaihaina

Signatories

Author	Stephen Horsley - Procurement Manager
Authorisers	Mark Denvir - Director ICT Jazz Singh - General Manager Procurement

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the Strategic Procurement 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: Contract extension for legal service panel contracts

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
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.	<p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>In particular, the report contains information that could prejudice the council's position with potential suppliers.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <p>In particular, the report contains information that could prejudice the council's position with potential suppliers.</p>	<p>s48(1)(a)</p> <p>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.</p>

C2 CONFIDENTIAL: Community Facilities Full Facilities Contracts Performance update

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
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.	<p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>In particular, the report contains information that could prejudice council's position with suppliers.</p>	<p>s48(1)(a)</p> <p>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.</p>

C3 CONFIDENTIAL: Extension of SAP support and maintenance agreement

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
<p>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.</p>	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>In particular, the report contains information that could prejudice council's position in commercial negotiations with suppliers.</p> <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>In particular, the report contains information that could prejudice council's position in commercial negotiations with suppliers.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <p>In particular, the report contains information that could prejudice council's position in commercial negotiations with suppliers.</p>	<p>s48(1)(a)</p> <p>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.</p>