

I hereby give notice that an ordinary meeting of the Revenue, Expenditure and Value Committee will be held on:

Date: Tuesday, 19 March 2024
Time: 10.00am
Meeting Room: Room 1, Level 26
Venue: 135 Albert Street
Auckland

Komiti mō te Moni Whiwhi, mō te Whakapaunga me te Uara / Revenue, Expenditure and Value Committee

OPEN AGENDA

MEMBERSHIP

Chairperson	Cr Maurice Williamson	
Deputy Chairperson	Cr Wayne Walker	
Members	Cr Angela Dalton	Cr Daniel Newman, JP
	Cr Chris Darby	Cr Greg Sayers
	Cr Julie Fairey	Cr Sharon Stewart, QSM
	Cr Shane Henderson	Hokura Chair David Taipari
	Hokura Member Tony Kake, MNZM	Cr Ken Turner
Ex-officio	Mayor Wayne Brown	
	Deputy Mayor Desley Simpson, JP	

(Quorum 5 members)

Duncan Glasgow
Kaitohutohu Mana Whakahaere Matua /
Senior Governance Advisor

14 March 2024

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1 Ngā Tamōtanga | Apologies

2 Te Whakapuaki i te Whai Pānga | Declaration of Interest

3 Te Whakaū i ngā Āmiki | Confirmation of Minutes

Click the meeting date below to access the minutes.

That the Revenue, Expenditure and Value Committee:

- a) whakaū / confirm the ordinary minutes of its meeting, held on [Tuesday, 14 November 2023](#), including the confidential section, as a true and correct record.

4 Ngā Petihana | Petitions

5 Ngā Kōrero a te Marea | Public Input

6 Ngā Kōrero a te Poari ā-Rohe Pātata | Local Board Input

7 Ngā Pakihi Autaia | Extraordinary Business

Third Party Community Group Insurance

File No.: CP2024/00758

Te take mō te pūrongo

Purpose of the report

1. To outline the position relating to Auckland Council being able to assist external entities (third party community groups) with affordable and appropriate insurance solutions.

Whakarāpopototanga matua

Executive summary

2. It is often difficult for community groups to place insurance at cost-effective premiums with appropriate policy wordings.
3. Historically, council offered a community assets property insurance scheme. However, changes to legislation made it impossible to continue the scheme.
4. Council now corresponds with community groups to make them aware they can seek insurance advice through our insurance broker.
5. Some community groups utilise this option, however others choose their own approach. As such we don't have visibility as to the adequacy of the insurance cover these community groups purchase.
6. In some cases, full insurance is not taken out as the community groups cannot afford the premiums.

Ngā tūtohunga

Recommendation/s

That the Revenue, Expenditure and Value Committee:

- a) tuhi ā-taipitopito / note the report on Auckland Council's position in relating to being able to assist external community groups with affordable and appropriate insurance solutions.

Horopaki

Context

7. Often non-related community groups (e.g., those which have buildings and other assets on council land) are not able to place insurance at cost-effective premiums with appropriate policy wordings. Others simply cannot afford the insurance premiums given the recent increase in insurance costs.
8. There are three basic types of entities:
 - (1) those who lease (or similar) a council property on council land but are responsible for the insurance of the property under the terms of the lease
 - (2) those who own the property, but the property is on council land
 - (3) those who own the property and the underlying land but are dependent on council grants (or loans or similar) for funding.

Community Assets Scheme

9. In the past council operated a "community assets property insurance scheme" whereby community assets were pooled, and council organised (in conjunction with its broker) a combined insurance policy. This related to those entities identified under (1) and (2) above.

10. This scheme was not without its difficulties, including getting accurate insurance information and appropriate values disclosed and the non-payment of premiums.
11. Not all community groups identified in (1) and (2) above chose to join the scheme as they were satisfied with their own insurance arrangements and broker relationships.
12. Regulation changes in 2021 (and fully effective from 2023) made it impossible to continue the scheme. The government passed legislation that changed how financial advice (including insurance advice) is regulated. Under the new regime financial advice could only be provided by or on behalf of a Financial Advice Provider. As Auckland Council did not qualify as a Financial Advice Provider, we were unable to promote the community assets property insurance scheme.
13. In March 2022 communication was sent out to impacted third parties of the change in approach.

Tātaritanga me ngā tohutohu Analysis and advice

Current Position

14. With the exception of (1) above, Auckland Council has no “insurable interest in the property” and therefore would not be in a position to insure these entities directly under our policies (even if we wanted to). In most cases, the third party is required to hold insurance as a term of their lease with Auckland Council.
15. After the discontinuance of the community assets property insurance scheme, in all cases, insurance is arranged independently of council by the third parties. Sometimes this is done through our current broker, Aon.
16. Council therefore has no visibility as to the adequacy of the insurance cover (or if insurance cover is taken out).
17. Indications of inadequate insurance coverage could include: (a) community groups purchasing off-the-shelf insurance products directly from insurers that do not adequately cover their risk; (b) community groups not placing cover on the correct basis (e.g., inadequate sums insured); and (c) purchasing policies from second tier insurers or insurers with a below investment grade claims paying rating.
18. In some cases, full insurance is not taken out as the community groups cannot afford the premiums.

Proposed Way Forward

19. Council continues to correspond with these community groups and provides them details of our broker so they can choose to review their insurance coverages (as we do now). This needs to be done in a way where we are not providing financial advice.

Tauākī whakaaweawe āhuarangi Climate impact statement

20. While the insurance practices of community groups do not have a direct climate impact, it should be acknowledged that the impact that climate change is having on the cost and availability of insurance is affecting our community groups.

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

21. The community groups liaise with council’s Customer and Community Services team and therefore the issue does not significantly impact our council-controlled organisations.

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

22. Whilst it is acknowledged that many of these external community groups are located on or at local facilities or assets which are subject to local board decision-making, council-related insurance practices are a region-wide issue and do not specifically impact any particular local board. Accordingly, there has not been any consultation undertaken directly with local boards.

Tauākī whakaaweawe Māori Māori impact statement

23. The insurance practices of community groups are general in nature and no decision is sought in this paper that has a direct impact on Māori.

Ngā ritenga ā-pūtea Financial implications

24. The approach to community group insurance solutions set out in this report does not have a direct financial impact on council.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

25. The inability of some community groups to fund appropriate insurance may lead to inadequate insurance policies (or no insurance) being held by community groups. In some of these situations external community group may be in breach of their lease conditions.
26. This risk of inadequate insurance coverage for community groups can be mitigated by council continuing to correspond with these community groups and providing them details of our broker so they can choose to review their insurance coverages. This needs to be done in a way where we are not seen to be providing financial advice.

Ngā koringa ā-muri Next steps

27. Our Resilience and Insurance team will liaise with our Community Leasing team to ensure relevant community groups have appropriate messaging with regard to insurance options.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	John Bishop - Group Treasurer
Authoriser	Nicola Mills - Acting Group Chief Financial Officer

Auckland Council savings progress for the quarter ended 31 December 2023

File No.: CP2024/00594

Item 9

Te take mō te pūrongo

Purpose of the report

1. To provide an update on the progress towards meeting the \$50 million savings target for Auckland Council for 2023/2024 financial year.

Whakarāpopototanga matua

Executive summary

2. The Governing Body decision-making on the 2023/2024 Annual Budget included an additional \$32.8 million enduring operating savings target for Auckland Council. This target was on top of the existing \$90 million savings target, of which \$17.2 million was still to be achieved in the 2023/2024 financial year as at June 2023.
3. The adopted final Annual Budget therefore includes a revised enduring savings target for Auckland Council of \$50 million per annum over the remaining term of the 2021-2031 Long-term Plan.
4. At 31 December 2023, Auckland Council has achieved \$43.7 million (87 per cent) towards the \$50 million savings target for the 2023/2024 financial year, including \$6.1 million achieved during the second quarter. Ongoing cost reductions were achieved through the delivery of agreed initiatives through the Annual Budget 2023/2024, improved commercial terms through contract negotiations, and further detailed budget reviews. One-off savings were also achieved from expenditure falling below budget through careful financial management and staff vacancies.
5. Work continues on delivering a pipeline of further savings through ongoing detailed budget reviews, procurement contract negotiation, continuous improvement projects such as cash handling, grants administration, system upgrades, the simplification programme including robotic processing automation, and implementation of functional leadership principles to consolidate similar functions.
6. Progress against the savings target is reported quarterly to the Governing Body as part of the quarterly performance reporting, and monitored monthly by the Executive Leadership Team for progress, risks and opportunities.

Ngā tūtohunga

Recommendation/s

That the Revenue, Expenditure and Value Committee:

- a) tuhi ā-taipitopito / note the Auckland Council operating savings progress for the quarter ended 31 December 2023 was \$43.7 million or 87 per cent of the annual target achieved, including \$6.1 million achieved during the second quarter.

Horopaki

Context

7. In June 2023, the Governing Body agreed a mix of levers for the 2023/2024 annual budget to close the estimated \$325 million operating budget gap. This mix of financial levers included rates increases, increasing fees and user charges, the sale of some of the council's Auckland International Airport shares, modest use of additional debt and operating cost savings.

8. The additional \$32.8 million operating spend reduction savings target was set for Auckland Council and the resolution is listed as follows:

Resolution number GB/2023/100

Operating spending reductions

ii) additional operating savings of \$33 million for Auckland Council including:

- A) \$7.9 million of reductions for regional services**
- B) \$1 million of estimated savings from withdrawing from the direct provision of early childhood education services as a regional service, acknowledging strong local support for some of council's current Kauri Kids centres and allowing for those centres to continue to operate as local services sitting with local boards, in discussion with relevant local boards and communities**
- C) \$3 million from changes to fees and charges**
- D) \$12 million of reductions under existing delegations to the Chief Executive**
- E) \$4 million of reductions to local board funding**
- F) \$5 million of unallocated savings to the Chief Executive**

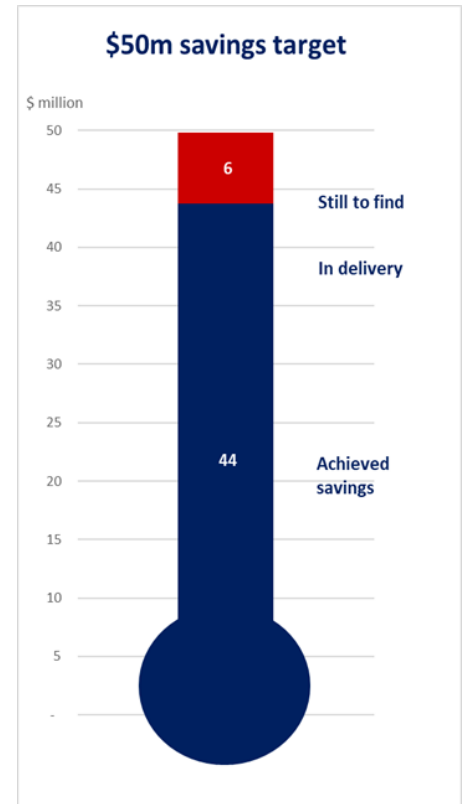
9. This was on top of the existing \$90 million savings target, of which \$17.2 million was still to be achieved as at June 2023.
10. The adopted final Annual Budget 2023/2024 therefore includes a total remaining operating savings target for Auckland Council of \$50 million per annum over the remaining term of the 2021-2031 Long-term Plan (LTP).
11. Some reductions were specifically decided by the Governing Body and may have an impact on some services that council currently delivers, such as the withdrawal from the direct provision of early childhood education (ECE) services on a regional basis.
12. Savings targets under the delegation of the Chief Executive focus on efficiencies without material changes to service levels to the community.
13. There are a pipeline of initiatives underway that deliver savings and efficiencies including:
- Procurement – reducing contract spend with third parties through negotiating better terms for the council
 - Functional leadership project – centralising and reducing internal support functions, leveraging capability and capacity more efficiently, e.g. centralisation of software purchasing and management
 - Simplification programme – improving the efficiency of processes by leveraging robotic processing automation and consolidating transactional services across the organisation, e.g. automating the transfer of data between systems for licensing and regulatory compliance activities
 - Revenue project – identifying new or growing existing revenue opportunities to improve non-rates revenue
 - Prudent financial management – a strong focus on costs through a culture of questioning and challenging expenditure, reviewing and evaluating budgets and other finance-related transactions, e.g., zero-based budgeting on targeted areas and review of targeted expenditure lines.
14. The savings target relates to operating expenditure. It excludes any benefits related to capital works and cost avoidance. These benefits are tracked separately.

Tātaringa me ngā tohutohu Analysis and advice

15. In the second quarter ended 31 December 2023, \$6.1 million of savings have been realised through the initiatives below:

Operating spending reductions of \$1.4 million implemented per the Annual Budget 2023/2024:

- \$0.1 million of ongoing reductions from the “other regional services” reduction target
 - \$0.2 million of permanent savings from a further detailed budget review following the restructure of support services last year
 - \$0.6 million of permanent savings through a change to a consistent three local board cluster support model across the organisation
 - \$0.5 million from favourable food licensing activity increasing fees and charges revenue.
16. \$0.1 million of savings has been achieved towards the “other regional services” reduction, through a change process of transferring teams from one department to another within the same directorate. This change process addressed the diversity of the team portfolio and strengthened the directorate’s direction by connecting similar regional functions to enhance integration, delivery and efficiency. In addition, the change process resulted in a total of \$1.2 million of accumulated savings over the remainder of the current LTP term.
17. Following a structural change to support services in June 2023, a further detailed budget review has been performed. The review highlighted the opportunity to remove further budgeted vacant positions to align with planned service levels. As a result, \$0.2 million of savings per annum has been achieved.
18. While the current local board services model has a mixture of two and three board administrative clusters (designed under a previous review that sought to rationalise boundaries across the organisation), a confirmed change process applied a three local board cluster model consistently across the department and removed further vacant positions. The change process achieved \$0.6 million of permanent savings while maintaining the functionality and viability of the Local Board Services department to support the effective functioning of the 21 local boards.
19. A \$0.5 million of bottom line revenue improvement has been achieved towards increased fees and user charges in the food licensing area. This was completed through a financial review of modelling assumptions used and recalculation of activity volume. A further \$0.5 million revenue opportunity in the commercial lease area has been identified, and is under investigation by the service delivery team.
20. The latest ECE service financial review showed that no operating savings are expected for 2023/2024 due to existing costs and redundancy provisions. The current service is funded until 30 June 2024 for the four ECE centres that decided to continue the service while an outsourced service provider is sought. Savings from exiting direct provision of the service were estimated at \$1.0 million per annum. \$0.5 million of ongoing savings are expected to be achieved by 30 June 2024, however a further \$0.5 million of ongoing savings are at risk due to the uncertainty around the extent of overhead cost reductions achievable and the ability to commercially lease the ECE premises.



21. In relation to the remaining savings targeted from a reduction in group strategy and planning activities, no financial benefits are expected this financial year. Further work is underway to simplify the strategy and planning approach across the council group.
22. One-off savings and cost reductions are currently mitigating delays and shortfalls from permanent savings anticipated in the identified savings initiatives outlined above. Further permanent and one-off savings are expected to be identified through existing savings programme processes, such as quarterly reviews of spending versus budget.

Reductions of \$4.7 million under delegation to the Chief Executive:

- \$0.3 million of permanent savings from negotiating and rationalising existing indoor plant services with the incumbent supplier through a renewed contract
 - \$0.2 million of one-off and permanent savings from telecommunications costs through continued migration of copper lines to fibre connections
 - \$0.1 million of permanent savings relating to further decommissioning of printers in corporate buildings
 - \$4.1 million one-off saving from expenditure remaining below budget for the financial year-to-date through careful financial management. Examples include: staff cost budget not spent in the second quarter due to vacancies not filled; professional services, outsourced works and services and other expense savings resulting from a detailed forecast of work programmes compared to the budget allowed.
23. Council conducted a comprehensive soft market analysis for indoor plant services which considered several critical factors, including the total cost of ownership, tender processes effort, Greenstar certification impacts, etc. The analysis highlighted that there was an opportunity to reduce scope by rationalising the existing indoor plant maintenance service contract. Through negotiations with the existing supplier, the renewed contract secured a 17 per cent reduction in overall pricing including a 50 per cent decrease in indoor plant costs for the new building in Albany.
 24. As part of service delivery improvements, a permanent saving opportunity in telecommunication cost was identified through the continued reduction of copper line connections to our council facilities by migrating to the fibre network. \$0.2 million of savings has been achieved for the current financial year and \$0.1 million of savings per annum has been achieved across the remainder of current LTP term.
 25. The printer lease contract was November 2023, and through further decommissioning of printers in corporate buildings, \$0.1 million per annum in permanent savings has been achieved.
 26. Staff costs for the second quarter are below budget due to the effect of longer than normal recruitment time and difficulties in filling some roles due to competition for certain skill sets, particularly engineering, sustainability, and information technology. This under-resourcing is however placing pressure on the delivery of services and programmes and in some cases additional outsourcing is required, such as in Building Contents, Engineering & Resource Consents and Plans and Places.
 27. Other one-off savings have been driven by a continued focus on cost control and detailed budget reviews. They also include savings resulting from actual expenditure being below budget at the end of the second quarter, captured by a reduction in operational budgets through to the end of the financial year.
 28. Of the \$6.1 million savings achieved in quarter two, \$4.1 million is one-off expenditure reductions and \$2.0 million is ongoing cost reductions.
 29. Good progress has been made overall, however it remains challenging to find ongoing cost reductions that contribute to future years' savings targets, particularly procurement savings targets, given the current inflationary environment for goods, services and labour as well as the previous focus on cost constraint and savings.

Tauākī whakaaweawe āhuarangi **Climate impact statement**

30. Projects or activities that have a positive impact on climate change may be affected by the reduction of climate change-related programmes within the regional services reductions.

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

31. The \$50 million savings target for 2023/2024 only applies to Auckland Council. Some savings initiatives are to be achieved for the group, for example, corporate property rationalisation, strategy and planning simplification, and group shared services. These initiatives are being led by cross-agency groups.
32. New tools and process improvements successfully implemented in Auckland Council may also be shared with the council-controlled organisations for greater efficiencies and other benefits.

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

33. Local boards provided feedback on the final Mayoral Proposal that included savings targets for local board budgets. The Governing Body agreed to reduce total local board funding by \$4.0 million as part of the \$32.8 million operating spending reductions for Auckland Council.
34. With the exception of the \$4.0 million local board funding reduction, all savings initiatives and annual budget decisions follow the centralised savings approach, which has been set at a regional level.

Tauākī whakaaweawe Māori **Māori impact statement**

35. This report does not seek any decision. The savings initiatives and targets were set as part of the annual budget process which was subject to consultation and considered impacts on Māori for the purposes of that decision-making.
36. The Māori outcomes budget is ring-fenced for delivery of the Kia Ora Tāmaki Makaurau framework and was not subject to cost reductions.

Ngā ritenga ā-pūtea **Financial implications**

37. This report provides an overview of how Auckland Council is performing against its operating savings target, which supports meeting the 2023/2024 Annual Budget. Savings reporting is included in the Auckland Council quarterly performance reporting to the Governing Body for context as part of the council's overall financial performance.
38. There are financial implications on the annual budget if the savings target is not met for 2023/2024. This may result in slightly higher debt levels and would have flow on effects through to financial year 2024/2025.

Ngā raru tūpono me ngā whakamaurutanga **Risks and mitigations**

39. Progress towards the savings target for 2023/2024 is on track, with a sufficient pipeline of expected efficiency improvements, procurement opportunities and anticipated expenditure below budgeted levels.

40. The significant risks to the achievement of future savings and cost reduction targets included inflationary pressure on staff and operating costs which may reduce savings opportunities; central government legislative and policy changes; and the pace at which process, IT system and efficiency improvements are implemented in order to realise benefits.

Ngā koringa ā-muri Next steps

41. The next progress update will be provided after the council's quarter three results are finalised.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	Nicole Heng - Senior Finance Advisor - Programmes
Authorisers	Brian Chan - Acting General Manager Financial and Business Performance Nicola Mills - Acting Group Chief Financial Officer

2023-2024 Full Facilities Contractors' Performance

File No.: CP2024/01488

Item 10

Te take mō te pūrongo

Purpose of the report

1. To provide an annual update to the Revenue, Expenditure and Value Committee on supplier performance under the Parks and Community Facilities arboriculture services, ecological services, and full facilities maintenance contracts.

Whakarāpopototanga matua

Executive summary

2. In 2016-2017, the Parks and Community Facilities department undertook a procurement process ('Project 17') to put in place new contracts for managing arboriculture, ecological, parks and cleaning services, and open space and building maintenance.
3. The intent of these contracts was to coordinate the expertise of specialist suppliers and to gain efficiencies, whilst improving the coordination and performance of maintenance activities. Suppliers were expected to assume a sense of ownership for their assigned area, improve quality and reliability, find efficiencies in delivery and sustainable practices, engage with their local community and provide opportunities for local sub-contractors. The council set standard operating procedures and specifications to monitor performance of service delivery.
4. Contracts were awarded to the successful tenderers in March 2017 for five years, with a possible extension of a further five one-year extensions and started in July 2017. The 2023-2024 contract is now in year seven of the contract term, expiring 30 June 2026. The decision for the fifth and final one-year extension will be made by 30 June 2024.
5. Throughout the contractual period, multiple contractual changes have occurred to either improve performance, or to accommodate sale or divestment.
6. 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.
7. The impacts of the Auckland floods, Cyclone Gabrielle and continued significant wet weather in early 2023, as well as resourcing challenges due to the low unemployment rate and competing construction markets, has resulted in a challenging year for all the Full Facilities suppliers. There has been a marked improvement over dryer months.
8. As part of the 2023/2024 Annual Budget savings, the levels of service for gardens and turf were adjusted. Approximately 30 per cent of bins are being removed from all local board areas following engagement with local boards. The savings are being achieved through a combination of bin removals, turf and garden level of service changes and a reduction of the CPI applied for by suppliers.
9. The Te Ara Hura – The Way Forward project is underway to review the structure of the contracts and to explore a potential future contract framework. This will be reported through the Revenue, Expenditure and Value Committee and local boards. The project has already started in order to meet tender and procurement timelines for the re-tender of the full facilities, arboriculture and ecological contracts in late-2025 to early 2026 to align with the current term expiry of 30 June 2027
10. More details on performance management activities are included in the confidential report.

Ngā tūtohunga Recommendation/s

That the Revenue, Expenditure and Value Committee:

- a) whiwhi / receive the Parks and Community Facilities full facilities, arboricultural and ecological contracts performance update for January to December 2023
- b) tuhi ā-taipitopito / note that specific performance management activities are contained in the confidential report and will be discussed later in the meeting in confidence as this information could prejudice the council's financial and negotiation position with suppliers.

Horopaki Context

11. In 2016-2017, the Parks and Community Facilities (P&CF) department undertook a procurement process ('Project 17') to put in place new contracts, now known as Full Facilities contracts, for managing arboricultural, ecological, parks and cleaning services, and open space and building maintenance.
12. Contracts were awarded to the successful tenderers in March 2017 with the contracts starting in July 2017. The contracts are now in year seven of the contract term and have been monitored over the past six years using key performance indicators (KPIs) agreed with suppliers and have been issued the fourth one-year extension, expiring 30 June 2026. The decision for the fifth and final one-year extension will be made by 30 June 2024.
13. The contracts are awarded across five Auckland areas. Broadly speaking Ventia covers the North Shore (Tahi) and Central and East (Wha), Programmed covers Central West and Gulf Islands (Rua - formerly managed by AIM Services), Green By Nature (previously UMS) covers Rodney and West Auckland (Toru), and City Care covers the South (Rima).
14. The contracts exclude minor capital works programmes and sports renovation programmes and recovery works such as storm damage events. These are contracted with our suppliers in separate contracts to the Full Facilities contracts.
15. The P&CF department has aligned resources and service delivery with local board areas to enhance accountabilities, efficiency, service delivery and community outcomes. Suppliers have worked positively to align services to the new model which has seen benefits.
16. Arboriculture and ecological suppliers are continuing to work positively with the council to enhance service delivery and look for opportunities to drive regional consistency. The alignment of technical staff in the P&CF Area Operations team with suppliers has resulted in improved monitoring of service delivery and identification of opportunities for improvement.
17. Contract managers in the P&CF department monitor a range of KPIs which relate to the contracts as shown in the Analysis and Advice section below.
18. As part of managing contracts, the P&CF department has an Audit Programme system in place which has been reviewed and validated through the council internal audit team.

Tātaritanga me ngā tohutohu Analysis and advice

19. The Parks and Community Facilities Customer and Community Experience Dashboard January 2023 – December 2023 is included as Attachment A to the agenda report.
20. KPI measures include the following categories:
 - a) Quality Delivery (Outcomes and Response)
 - b) Sustainability and Environmental
 - c) Health and Safety
 - d) Reporting

21. P&CF department staff monitor supplier performance using a range of methods, including auditing against contract specification outcomes, weekly operational meetings, and monthly contract meetings. Governance meetings are held annually to review past performance and set future direction.

Contract variations

22. UMS's fourth extension decision was transferred to the new supplier, Green By Nature, and the extension was granted in March 2024.
23. Following the sale of AIMS to Programmed, the Programmed contracts commenced on 4 April 2022, with an initial term of three years and three months expiring on 30 June 2025, with two one-year extensions giving a maximum possible final expiry date of 30 June 2027. The second extension will be considered prior to the end of the second year of the initial term (30 June 2024), and annually thereafter.
24. Overall, it is pleasing to observe that suppliers continue to build on the progress made since commencement of the contract in 2017. There has been good responsiveness in most cases in relation to any performance concerns and a consistency of performance across the region for the most part.

Non-performance management: January 2023-December 2023

25. Generally, contract performance has been meeting the expected outcomes and any issues of non-performance are addressed through the performance management mechanisms under the contract terms.
26. All Full Facilities suppliers were given key result area (KRA) exemptions across all KPIs for February 2023 due to recovery works following the Auckland floods and Cyclone Gabrielle. Weather patterns that led to prolonged wet months across the Auckland region contributed to ongoing challenges for suppliers. Examples included an increase in "too wet to mow" areas and delayed scheduled maintenance due to rain interruptions. Although it has been wet, it has also been warm, resulting in more growth flush than normal. During the subsequent dryer months, suppliers' performance has lifted across the board.
27. Any specific performance management plans and/or targets with suppliers are reported in the confidential report, where applicable.

Procurement Outcomes

28. The SMART procurement outcomes 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** – suppliers are required to create sustainable businesses that provide training and development, to ensure continued quality delivery of services over the term of the contract.
 - **Youth employment** – contracts should facilitate connecting work-ready youth to local employment by creating local jobs, with training and development opportunities.
 - **Diversity and inclusion** – contracts should promote inclusion, reduce discrimination, and remove barriers to opportunity and participation, particularly for disadvantaged groups who face barriers to employment e.g., long term unemployed and people with disabilities.
 - **Valuing Māori** – suppliers are required to work collaboratively with the council to achieve better outcomes with Māori, by supporting skill development and labour market participation, and engagement with Māori owned businesses.
 - **Pacific Auckland** – contracts should support further training, development and labour market participation for Pacific youth and communities.
 - **Local community and economy** – contracts should support local business where reasonable/practical and should meet the social needs of the delivery area.

29. SMART procurement outcomes benefit both community employment opportunities and increased spend in each local community by the Full Facilities suppliers' engagement with local sub-contractors.

Tauākī whakaaweawe āhuarangi **Climate impact statement**

30. Suppliers' emissions are generally a result of the combustion of petrol and diesel in the vehicles they operate. Suppliers also have a degree of control over Auckland Council's fertiliser, open space waste and building energy Green House Gas (GHG) emissions through their planned maintenance activities.
31. Reducing GHG emissions and delivering sustainability and environmental outcomes more generally are core requirements of the contracts. These outcomes are monitored using the KPIs, reported through the suppliers' environment management systems, and delivered through planned maintenance and supplier operations.
32. All council suppliers have been introducing electric vehicles into their fleet to minimise GHG emissions into the environment.
33. Most Full Facilities suppliers have achieved a reduction in emissions from last year. Where suppliers are not achieving emission reductions, the council is working with them to help them meet their targets.
34. Auckland Council recorded the planting of 2479 trees within the Arboricultural contracts in 2023.

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

35. It is noted that there is some coordination across the council group within these contracts. Staff provide Auckland Transport with monthly operational audit reports and regular operations meetings are held to monitor performance of the Streetscapes contract and address any concerns, in particular the green services relating to berm maintenance and rural flail mowing.
36. Occasional operational meetings are also held with departments such as Corporate Property and Healthy Waters when any issues of non-performance require addressing.

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

37. Dedicated P&CF Operations teams are assigned to each of the 21 local boards. These teams are the key contact for maintenance and operational issues for the council's open space and built assets. Monthly reporting to local boards includes updates on supplier performance, number of requests for services received, maintenance delivery updates, project updates, supplier audit results and good news stories.
38. The area operations staff also serve as liaison when suppliers are requested to meet with the local boards to discuss social and environmental initiatives, and address maintenance concerns.

Tauākī whakaaweawe Māori **Māori impact statement**

39. Suppliers work collaboratively with the council to achieve better outcomes for Māori. This is done by supporting skills development, developing capability to advance Māori into leadership, commitments to achieving social outcomes and labour market participation.
40. Supplier engagement with Māori-owned and iwi businesses partnering ventures in the delivery and supply of goods and services is also encouraged and being implemented by many of the suppliers.

41. 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 actions and measures continue to be prioritised.

Ngā ritenga ā-pūtea Financial implications

42. The figures are captured in detail in the confidential report.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

43. Routine performance monitoring of the contracts indicates that they are generally performing well. Any contractual issues that are identified as requiring improvement are being monitored or, in some cases, suppliers have been placed under performance management.
44. There are mechanisms in the contract to deduct monies against defective service delivery. However, the council will use the deducted funds to allow the supplier to earn back an opportunity to restore assets or appoint an alternate supplier to bring assets back into specification.

Ngā koringa ā-muri Next steps

45. P&CF operations staff will continue to manage suppliers with the intent of improving on-the-ground performance and realising the benefits of the contracts.
46. P&CF staff will continue to report monthly to local boards and annually to this committee on supplier performance. This will continue until the end of the contracts on 30 June 2026 to a maximum term of 10 years until 30 June 2027. Staff will report to the Revenue, Expenditure and Value Committee again in February 2025.
47. The fifth annual one-year extension decision will be made by the council's CEO, as delegated, by 30 June 2024. If granted, this will be the final one-year extension to the maximum term of 10 years expiring on 30 June 2027.
48. The Te Ara Hura – The Way Forward project is underway to review the structure of the contracts and to explore a potential future contract framework. This will be reported through the Revenue, Expenditure and Value Committee and local boards. The project has already started in order to meet tender and procurement timelines for the re-tender of the full facilities, arboriculture and ecological contracts in late-2025 to early 2026 to align with the current term expiry of 30 June 2027.

Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	Contract KPI Performance v Audit Performance	

Ngā kaihaina Signatories

Authors	Jennifer Rose - Head of Asset and Business Performance Taryn Crewe - General Manager Parks and Community Facilities
Authorisers	Claudia Wyss - Director Customer and Community Services Nicola Mills - Acting Group Chief Financial Officer

Review of the Forward Work Programme - Revenue, Expenditure and Value Committee

File No.: CP2024/00874

Item 11

Te take mō te pūrongo

Purpose of the report

1. To arotake / review and tuhi / note progress on the 2024 Revenue, Expenditure and Value Committee forward work programme appended as Attachment A of the agenda report.

Whakarāpopototanga matua

Executive summary

2. The forward work programme for the Revenue, Expenditure and Value Committee adopted by the committee at its meeting held on 18 April 2023 (Resolution number [ECPCC/2023/18](#)) and reviewed on 19 September 2023 (Resolution number [ECPCC/2023/39](#)). It was agreed that the forward work programme would be reported for information and reviewed on a six-monthly basis.
3. All committees have been requested to review their forward work programme, by the end of March 2024.
4. Following approval, all committee forward work programmes will be reported to the Governing Body in April and October each year, for oversight as per the Terms of Reference.
5. The current forward work programme for the Revenue, Expenditure and Value Committee is appended as Attachment A.
6. Following the approval of the forward work programme, it will be reported to the Governing Body, for oversight as per the Terms of Reference.

Ngā tūtohunga

Recommendation/s

That the Revenue, Expenditure and Value Committee:

- a) riro / receive and arotake / review the progress on the 2024 forward work programme as appended in Attachment A of the agenda report.
- b) whakaae / approve the updated forward work programme.

Ngā tāpirihanga

Attachments

No.	Title	Page
A	Revenue, Expenditure and Value Committee Forward Work Programme	

Ngā kaihaina

Signatories

Author	Duncan Glasgow - Kaitohutohu Mana Whakahaere / Governance Advisor
Authoriser	Nicola Mills - Acting Group Chief Financial Officer

Summary of Revenue, Expenditure and Value Committee information memoranda and briefings (including the forward work programme) – 19 March 2024

File No.: CP2024/00345

Te take mō te pūrongo Purpose of the report

1. To tuhi ā-taipitopito / note the progress on the Revenue, Expenditure and Value Committee forward work programme appended as Attachment A.
2. To whiwhi / receive a summary and provide a public record of memoranda or briefing papers that have been distributed to Revenue, Expenditure and Value Committee.

Whakarāpopototanga matua Executive summary

3. This is a regular information-only report which aims to provide greater visibility of information circulated to Revenue, Expenditure and Value Committee members via memoranda/briefings or other means, where no decisions are required.
4. The following workshops have taken place for the committee:

Date	Subject
13/12/2023	Workshop: Preparation for Service and Financial Performance Reviews – notes and presentation
5. Note that, unlike an agenda report, **staff will not be present to answer questions about the items referred to in this summary.** Committee members should direct any questions to the relevant staff.

Ngā tūtohunga Recommendation/s

That the Revenue, Expenditure and Value Committee:

- a) tuhi ā-taipitopito / note the progress on the 2023 forward work programme appended as Attachment A of the agenda report
- b) whiwhi / receive the Summary Revenue, Expenditure and Value Committee information memoranda and briefings – 19 March 2024.

Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	Forward Work Programme	
B⇒	Workshop: Preparation for Service and Financial Performance Reviews – notes and presentation	

Ngā kaihaina Signatories

Author	Duncan Glasgow - Kaitohutohu Mana Whakahaere / Governance Advisor
Authoriser	Nicola Mills - Acting Group Chief Financial Officer

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

That the Revenue, Expenditure and Value Committee

- a) whakaae / agree to 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: Variation to integrated waste collection 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>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: 2023-2024 Full Facilities Contractors' Performance

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 commercially sensitive contract information.</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: Council Group Insurance Renewal 2024-2025

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)(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 details of the proposed insurance strategy, policies and programme for which terms and costings are being negotiated with the insurance market.</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>