

**Date:** Tuesday 17 September 2024  
**Time:** 10.00am  
**Meeting Room:** Room 1, Level 26  
**Venue:** Te Wharau o Tāmaki - Auckland House  
135 Albert Street  
Auckland

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

### **OPEN ATTACHMENTS**

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10/09/2024

Item 8

Attachment A



1

**? Context**

➤ A detailed investigation of existing pre-amalgamation office locations in 2017 and 2018 highlighted:

- **Kaimahi and elected members:** Poor workplace fitout condition was impacting our kaimahi and elected members productivity. The poor hybrid meeting experience was impacting customers' ability to connect digitally to elected member meetings.
- **Buildings:** Poor asset conditions with risk of critical failures to building systems (e.g. electrical, fire safety, HVAC, plumbing etc). Weathertightness, asbestos and seismic issues risked impacting kaimahi and elected member health, safety and wellbeing.
- **Efficiency:** Fragmented legacy building locations with poor workplace utilisation (too much workspace by modern standards).
- **Financial:** Projected LTP funding shortfall of \$117m to maintain our premises.

➤ **Approval:** On 15 May 2018, the Finance and Performance Committee approved the WorkSmart programme to consolidate council corporate buildings (*FIN/2018/72, FIN/2018/73*).

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1

Scope

**May 2018 original scope (10-year LTP period):**

1. Consolidation: disposal of seven sites and consolidation to five refurbished offices.
2. 21 local board offices refurbished, new locations where buildings disposed of.
3. 20 service centres re-furbished.
4. 78 library and leisure centre back-office fitouts refurbished.
5. Consolidated Records and Archives Storage facility established.
6. Provision of 25 drop-in workspaces (spokes, typically refurbished back-office library and leisure centres).
7. Ring-fencing funds for improvements.

**Additional scope (varied in over time):**

- Best-practice Auckland Art Gallery storage facility (Wiri).
- Corporate WIFI in all library front-of-house.
- MS teams rolled out to all sites.
- Bledisloe House disposal.
- Customer service centres consolidated to libraries.
- Auckland Emergency Management moved to Auckland House.
- Sublease of level 5, 20 Viaduct Harbour Ave (AT).
- Relocation of EP and TAU to Auckland House and sub-lease of those locations.
- Consolidated group storage facility

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Outcomes: Non-Financial	
Scope item	Delivered
1. Consolidation	✓ From circa 135,000 sqm to circa 62,000 sqm - 19 buildings down to 6.
2. Local Boards	✓ 10 refurbished local board offices, 11 to complete over next 6 years.
3. Back-office	✓ 46 complete with 32 to be completed over the next 6 years.
4. Records and Archives	✓ FY25: In planning, consolidated storage in Archives NZ space at Mangere.
5. Productivity	✓ Quality flexible workplace fitout and end user technology for our kaimahi.
6. Maori Outcomes	✓ Dedicated mana whenua spaces in regional office hubs.
7. Sustainability	✓ 55% reduction in building carbon emissions (equiv to ~1.5mil kms car trips p.a.)
8. Risk profile	✓ Reduced risk by reducing office size and improving building asset condition.
9. LB aligned outcomes	✓ e.g. including Aotea over-site development and laneways, Laidlaw College at Henderson.
10. Art Storage	✓ New art storage facility delivered in Wiri for Tātaki / Auckland Art Gallery.
11. Drop-in workspace	✓ Corporate WIFI installed in all library front of house areas.
12. MS Teams	✓ MS-Teams hardware enabling kaimahi to connect remotely.
13. Service centres	✓ Re-locate all service centres to libraries' front-of-house.
14. AEM	✓ Auckland Emergency Management relocated to level 4 Auckland House.

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Item 8

Attachment A

Outcomes: Financial	
Scope item	Delivered
1. Self-funded	✓ Self-funded through disposal of surplus workspace, zero cost to ratepayers
2. Operational savings	✓ Circa \$17.0 million property operating cost savings per annum
3. Renewals costs avoided	✓ Circa \$184 million in renewals costs avoided through disposal of old buildings
4. Cash surplus	✓ Forecasted \$34.66 million cash surplus released from the programme
5. Disposal	✓ Bledisloe House disposal
6. CCO consolidation	✓ Relocation of EP and TAU to Auckland House and sub-lease of those locations
7. AT sublease	✓ Sublease of level 5, 20 Viaduct Harbour Ave (AT)
<b>To Note:</b> Alongside items varied in and delivered as outlined in the additional scope items, significant additional financial benefits were achieved when compared to the business case including:	
➤ Operational savings:	Promise = \$ 1.7 million p.a.    Delivered = \$ 17.0 million p.a.
➤ 10-year renewal cost avoidance estimate:	Promise = \$ 117 million    Delivered = \$ 184 million
➤ Cash surplus:	Promise = \$ 0.0 million    Delivered = \$ 34.66 million

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Next Steps
<p>With office consolidation complete, the WorkSmart programme has concluded with remaining projects transferred to the Corporate Property BAU project delivery team.</p> <ul style="list-style-type: none"><li>➤ <b>FY25 – FY26:</b> Complete Records and Archives consolidation to Archives NZ facility at Mangere</li><li>➤ <b>FY25 – FY26:</b> Deliver consolidated group storage facility</li><li>➤ <b>FY25 – FY31:</b> Progressively complete local board refurbishment programme</li><li>➤ <b>FY25 – FY31:</b> Progressively complete the back-office library and leisure centre refurbishments</li></ul>

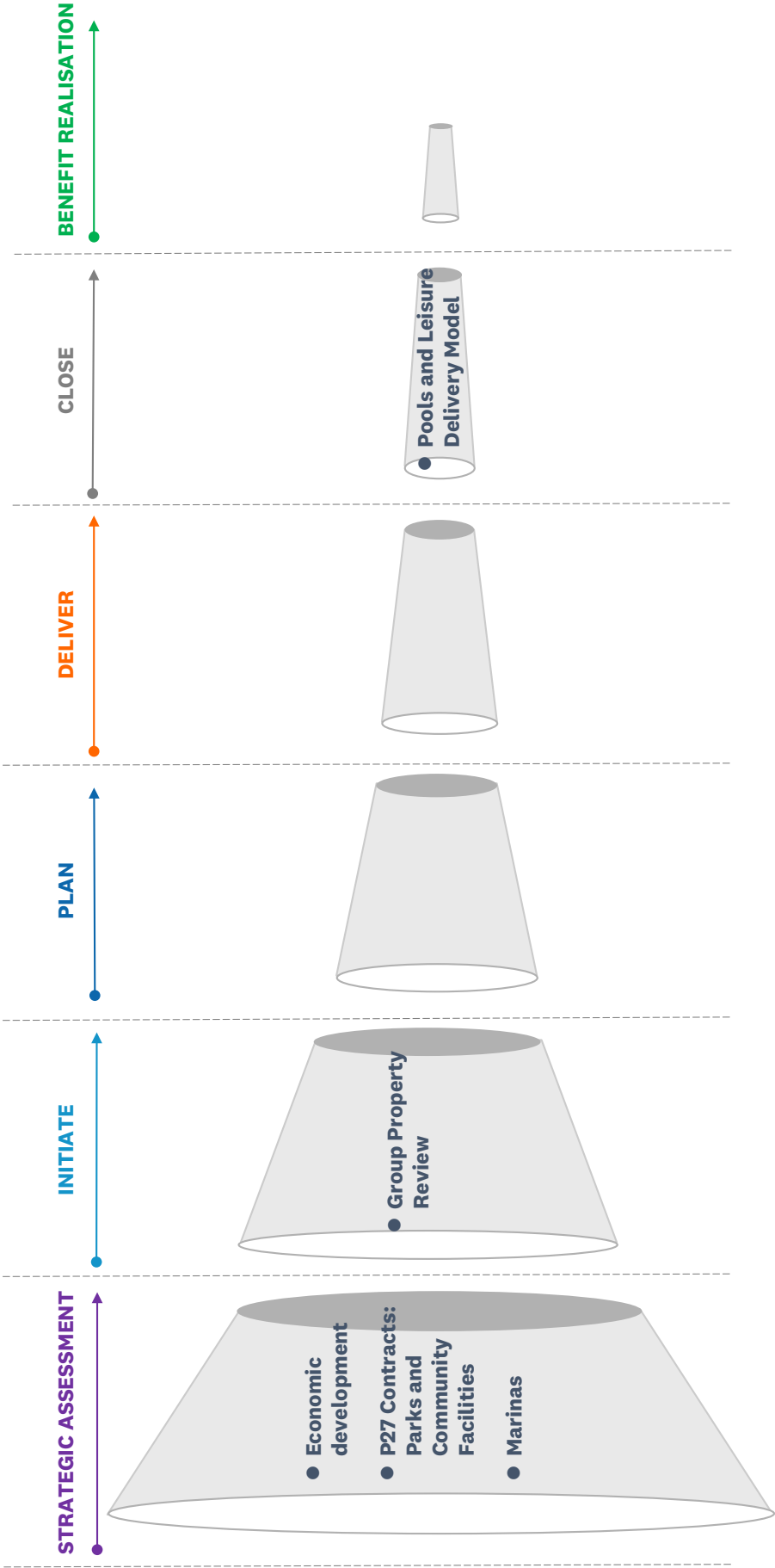
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Value for Money (S17A) reviews – Three Year Pipeline

<div><div>FY25</div><div>Focus on CCO, Property and major community contracts</div></div> <div><ul style="list-style-type: none"><li>• Pools and Leisure (Completed)</li><li>• Group Property Review</li><li>• Economic Development</li><li>• P27 Contracts</li><li>• Marinas</li></ul></div>	<div><div>FY26 (TBC)</div><div>Focus on Regulatory, Resilience and further CCO review</div></div> <div><ul style="list-style-type: none"><li>• Resilience and Auckland Emergency Management</li><li>• Consenting</li><li>• Healthy Waters</li><li>• Ports of Auckland</li><li>• AT Roads, Footpaths and Cycleways</li><li>• Urban Green Space</li><li>• Natural Environment</li><li>• Environmental Services</li></ul></div>	<div><div>FY27 (TBC)</div><div>Focus on Community, Waste and Engagement</div></div> <div><ul style="list-style-type: none"><li>• Community Services</li><li>• Engagement with Aucklanders</li><li>• Community Initiatives</li><li>• Waste Solutions</li><li>• Procurement</li></ul></div>
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Status update on FY25 Value for Money (S17A) reviews August 2024





# Terms of reference

## Value for Money (s17A) Review: Group Property Review

September 2024

BE THE HOW.  
WHAKAMAUA KIA TĪNA!



1.1 Document purpose

This Terms of Reference (ToR) outlines the purpose of the review, the way it will be structured, governed and how it will be executed.

1.2 Document history

Version	Date	Update by	Update details
1.0	30.8.24	SteerCo	Scope

1.3 Document Approval

Approver	Date
SteerCo	30.8.24

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## 2 Introduction

### 2.1 Revenue, Expenditure and Value Committee resolution

1. The Group Property Review was identified by the Revenue, Expenditure and Value Committee as a review to be scoped as part of the Section 17A review forward work program in November 2023 (Resolution ECPCC/2023/46).

### 2.2 Statutory requirements

2. This programme meets Auckland Council's statutory obligations under section 17A of the Local Government Act 2002 (LGA02). Under s17A, Auckland Council "must review the cost effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services and performance of regulatory functions".
3. Good quality is defined in s10 of the LGA02 in relation to local infrastructure, local public services and performance of regulatory functions to mean infrastructure, public services, and performance that are efficient, effective and appropriate to present and anticipated future circumstances. The Auditor-General has defined "cost effectiveness" to mean "the relationship between the levels of resources used (cost) and progress towards a predetermined outcome".
4. The transition provisions (Schedule 1A of the LGA02) in relation to s17A require that the first reviews need to be completed by August 2017. After that, s17A requires that reviews are conducted every six years, or when:
  - council is considering a significant change to relevant service levels;
  - A council contract or binding agreement in relation to delivery of infrastructure, service or regulatory function is expiring within the next two years.
5. There are exceptions to the review requirements where:
  - the delivery of that infrastructure, service or regulatory function is governed by legislation, contract or binding agreement such that it cannot reasonably be altered within the following two years;
  - Auckland Council is satisfied that the potential benefits of undertaking a review in relation to that infrastructure, service or regulatory function do not justify the costs of a review.

## 3 Review Framework

### 3.1 Services Covered: Council Group Property

6. The proposed Group Property review will cover the core functions of real estate management, the various organisations involved, and seek to resolve the challenges posed by the current state.
7. Council family owns, manages and facilitates the development of a significant and diverse asset portfolio, valued at around \$70.4bn, which includes infrastructure / long life assets, investments (e.g. Ports of Auckland Limited and Auckland International Airport Limited).
8. Out of the asset portfolio, council owns more than \$20bn worth of property and has 362 FTEs in core property roles.
9. These traditional real estate assets all require management services across three broad core functions:
  - **Asset Management (AM):** maintenance and upgrades, investment, utilization, levels of service, etc.
  - **Property Management (PM):** lease activities, landlord and tenancy management, etc.
  - **Facilities Management (FM):** operational readiness (e.g. access cleaning), front of house, workplace management, etc.
10. These broad functions also require related support from the wider business (finance and legal for example).

Value for Money Review: Group Property

Terms of reference

11. Council undertakes AM, PM and FM through some core-council teams (Corporate Property and Parks & Community Facilities) and via some of its Council-controlled organisations (CCOs)
  - **Corporate Property:** manages council's own workplace such as offices and storage.
  - **Parks & Community Facilities:** manages property such as reserves, libraries, sports facilities, parks and other service assets
  - **Eke Panuku:** manages property related to urban regeneration and Council non-service property assets
  - **Auckland Transport:** manages property related to transport infrastructure projects
  - **Tātaki Auckland Unlimited:** manages property such as stadiums, the zoo, arenas, museums and events, and has an economic development role
  - **Watercare** manages property related to water services.
12. The CCOs also share some of the delivery of the property functions between them, such as Eke Panuku manage some Auckland Transport property on their behalf.
13. The overarching challenge this presents is that while there is some coordination and collaboration between these teams, the majority of property-related activity is delivered in a relatively siloed manner.
14. Subsequently four key issues with the current state have been observed:
  - 1) **Current organisational capability is not optimised for Group-level outcomes:** Highlighted by the lack of portfolio-wide accountability, unclear responsibility for portfolio-wide standards and expectations, duplication of work occurring between different property functions, lack of any direct linkage on portfolio value or performance to the Chief Financial Officer, and a culture grounded in the individual performance of the entities as opposed to including an element of shared council values.
  - 2) **Some crucial enablers to support the right outcomes are not in place:** Highlighted by data management practices, systems and tools available to entities, policies, processes and reporting, and lack of portfolio-wide strategy and objectives.
  - 3) **Components to understand performance are not in place:** Highlighted by a lack of performance expectations, benefits management and performance reporting.
  - 4) **Assurance fundamentals are not established:** Highlighted by the lack of an active risk identification and management programme, governance arrangements, and a lack of any direct linkage on portfolio value or performance to the Chief Financial Officer.
15. Council has commissioned numerous reports and reviews since 2009 relating to property functions. Consistent themes and recommendations run through these, notably the need for overall accountability and an overarching strategy across property.
16. Collectively, the key issues above and the consistent themes from the numerous reviews and reports provide a robust case for change.

### 3.2 Objectives & Lines of Inquiry

17. The objective of the review is to design and implement an optimal Group property function that will enable improved property portfolio outcomes, and value for money from the property portfolio.
18. The program objective is to deliver the following elements through the design and implementation of an improved Group property function:
  - Fit for purpose operating model across the Group,
  - Robust property portfolio strategy, planning and delivery,
  - Appropriate asset ownership models (e.g own versus lease),
  - Improved transparency of portfolio performance,
  - Improved risk identification, mitigation and management,
  - Robust governance and decision making,
  - The data, systems, tools and processes to support staff to deliver quality outputs efficiently,
  - Property management activity aligned with mayoral and council strategic goals and priorities,
  - Appropriate allocation of capital and financial performance,
  - The council being an employer of choice for property personnel.
19. Achieving these objectives will in turn support achieving the overall programme purpose.

### 3.3 Scope

20. The review will consider group property management services across the Auckland Council group including council and the substantive CCOs.
21. Review will also include how property can be delivered in the most optimal way (i.e. how well the existing policy and institutional arrangements deliver on council's strategic objectives and desired outcomes for Aucklanders).

#### 22. In Scope

- Traditional 'real property' assets and related functions, including related:
    - Roles and resources
    - Management and information systems
    - Governance arrangements
    - Funding and budgets
  - Core real estate functions:
    - Asset Management
    - Property Management
    - Facilities Management
  - Council Group organisations and teams:
    - Corporate Property
    - Parks & Community Facilities
    - Eke Panuku
    - Auckland Transport
    - Tātaki Auckland Unlimited
    - WaterCare
  - Current state challenges:
    - Organisational capability is not optimised for Group-level outcomes
    - Crucial enablers to support the right outcomes are not in place
    - Components to understand performance are not in place
    - Assurance fundamentals are not established
23. Note that Auckland Council is required to act in accordance with its obligations under the Public Works Act 1981, Local Government Act 2002, Local Government (Auckland Council) Act 2009 and any other required legislation.

#### 24. Out of Scope

- Urban Regeneration functions within Eke Panuku.
- Ports of Auckland
- Infrastructure: Such as roads, rail and pipes and related roles, budget and systems, and other long-life assets.
- The development of asset management best practice and associated activities.
- City Rail Link properties (e.g. subterranean and airspace)
- Haumaru Housing
- Marinas – a separate S17A will be undertaken
- Generally all property assets that are not traditional real estate

#### 25. Scope Exploration

- While some real property assets are clearly in scope, and some assets (e.g. infrastructure) are out of scope, there are some real property assets that could potentially be considered in or out of scope. For example, major buildings on transport hubs such as railway stations where there are commercial leasing (e.g. retail)

Value for Money Review: Group Property opportunities.

Terms of reference

- Exploration is needed to confirm the assets that exist in this 'middle ground' and whether they will be considered in scope of the property function being designed, or out of scope as (for example) inherently an infrastructure asset.
- Work on designing the operating model is an opportunity to assess all potential options and ensure the Group property function designed is fit for purpose.

### 3.4 Definitions

*Service property:* council owned property that is not infrastructure that is used to deliver council services i.e. library, community centre park.

*Non-service property:* council owned property that is not infrastructure that is *not* used to deliver council services. I.e. property that has recently been acquired and is held for a future council service/public work or property that has ceased been utilised for a council service/public work. Property subject to a commercial lease (including residential tenancies).

*Asset recycling:* the sale of non-service properties no longer needed for a council service/public work. Proceeds of sale are reinvested in accordance with asset recycling targets set out in the LTP.

*Property rationalisation/rationalisation process:* proposed used to determine if non-service property is required for another council service use/public work.

*Service property optimisation:* Service property optimisation is a development funding tool to address underperforming service assets that aims to deliver improved community outcomes at no or reduced cost to ratepayers. Sale proceeds from the optimisation of service assets are reinvested into an eligible project in the same local board area.

## 4 Review Methodology

26. Each value for money review is undertaken using a consistent evidence-based value for money methodology.
27. Based on research on comparable property portfolio management functions, the following six driving principles for successful operating models were identified as core programme principles:
  - Clarity of purpose, scope and role of the function,
  - A clear property strategy aligned with wider organisational goals.
  - Efficiency is driven through prioritisation and continuous improvement processes,
  - Emphasis on data driven decision making for prioritisation and measurement,
  - A focus on the sustainability and resilience of the portfolio across all activities of the function,
  - Modern technology systems enable portfolio visibility and reporting to stakeholders.

## 5 Approach

28. The Group Property Review is proposed to be delivered in six key phases. This is an initial view and will be refined further with stakeholder input to leverage existing work, and identification and inclusion of any acceleration points. A Steering Committee (SteerCo) will oversee the programme.
29. The six-phase approach includes:
  1. **Preliminary operating model design** – focused on setting the scope and direction for the new function as well as identifying the most fit for purpose high level operating model design construct.
  2. **Detailed operating model design** – focused on enabling the desired future state change by detailing the design and transition path from where things are today to desired future state.
  3. **High-level Property Strategy** – tighten / clarify Council's Group property function's strategy.
  4. **Data and technology review** – regardless of the new operating model design, there is some detailed data and technology work that can be undertaken to enable the council's group property function to operate more effectively.

Value for Money Review: Group Property

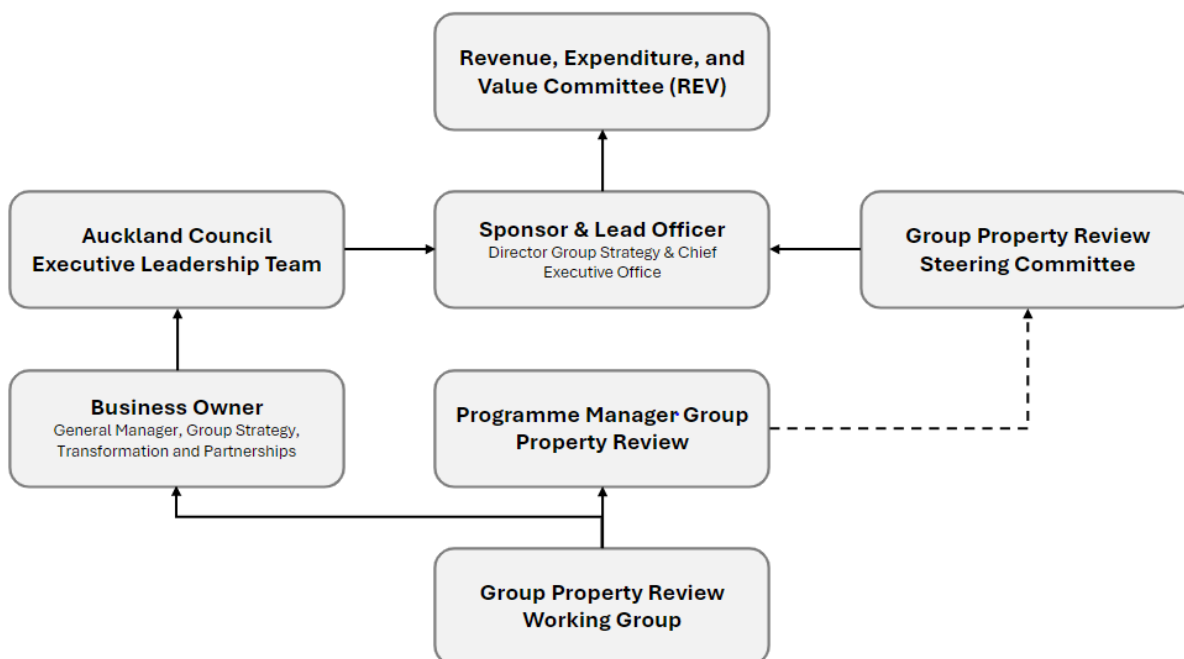
Terms of reference

5. **Portfolio investment framework** – will be undertaken once the high-level functional strategy is set, providing a framework for how council's assets will be managed.
6. **Implementation** – focused on making the change a reality through a series of specific initiatives, while considering the right sequencing of activities and dependencies.

## 6 Governance and roles

### 6.1 Governance

The governance structure for the review is set out in the chart below



### 6.2 Roles

30. An indicative breakdown of the estimated resourcing requirements for the phases has been provided below (where known). Note that the resource estimates listed below are not all full-time equivalents.
31. The plan developed for each phase will provide further detail on the resourcing required and the procurement/sourcing approach.

Programme management / leadership				
<ul style="list-style-type: none"> <li>Programme Manager (full time)</li> <li>Programme Sponsor: Part time with SteerCo responsibilities</li> <li>SteerCo Members – Part time</li> </ul>				
Commitment	Phase 1: Preliminary operating model	Phase 2: Data and technology	Phase 3: Portfolio Strategy	Phase 4: Detailed operating model design /

Value for Money Review: Group Property

Terms of reference

	design	review		org design
<b>Full time / dedicated resource</b>	<ul style="list-style-type: none"> <li>Operating Model Lead</li> <li>Value for Money Senior Consultant</li> </ul>	<ul style="list-style-type: none"> <li>Data Solutions Architect</li> </ul>	<ul style="list-style-type: none"> <li>Property Lead</li> <li>Property Analyst</li> </ul>	<ul style="list-style-type: none"> <li>Organisation Model Lead</li> <li>Value for Money Senior Consultant</li> <li></li> </ul>
<b>Part time / on call resource</b>	<ul style="list-style-type: none"> <li>Eke Panuku SME</li> <li>Community Facilities SME</li> <li>Corporate Property SME</li> <li>Tataki SME</li> <li>Auckland Transport SME</li> </ul>	<ul style="list-style-type: none"> <li>Council systems and data SMEs</li> <li>Property Specialist</li> </ul>	<ul style="list-style-type: none"> <li>Council SMEs</li> </ul>	<ul style="list-style-type: none"> <li>Employment Relations Advisor</li> <li>Communications specialist</li> <li>HR Business Partner and HR General Support</li> <li>Union?</li> <li>Māori Outcomes Lead?</li> </ul>
<b>Council stakeholder input requirements / support</b>				
<ul style="list-style-type: none"> <li>Property senior leadership</li> <li>Eke Panuku representative</li> <li>Tātake representative</li> <li>PCF representative</li> <li>HR SME support</li> <li>Finance SME support</li> <li>Māori Outcomes Lead</li> <li>Data and technology support</li> <li>Union Representative</li> </ul>				

### 6.3 Involved Parties

The key parties involved in this review are as follows.

#### Elected Leaders

- Mayor – Wayne Brown
- Chair of the Revenue, Expenditure and Value Committee
- Revenue, Expenditure, and Value Committee – All Members

#### Programme Sponsorship and Responsibility

- Director Group Strategy and Chief Executive Office – Max Hardy
- Steering Committee – Max Hardy, David Rankin, Taryn Crewe, Jane Small and Paul Klinac
- General Manager Group Strategy, Transformation and Partnerships – Anna Bray
- Head of Value for Money – Chantelle Subritzky
- Programme Manager Group Property Review – TBC

#### Impacted Areas

- Head of Corporate Property – TBC



Value for Money Review: Group Property

Terms of reference

- General Manager Parks and Community Facilities – Taryn Crewe
- Eke Panuku Chief Executive – David Rankin
- Auckland Transport Chief Executive – Dean Kimpton
- Tataki Auckland Unlimited Chief Executive – Nick Hill

## 6.4 Dependencies

The table below identifies dependencies that may critically impair the ability to deliver the programme on time and to scope, and potentially impact the objectives highlighted in this plan.

Source project	Dependency type	Dependency level	Dependency milestone	Key contacts
<i>CCO Reform</i>	Concurrent	High	Ongoing	Alastair Cameron
<i>Group Shared Services Programme and strategy</i>	Concurrent	Moderate	Ongoing	TBC
<i>Strategic direction / LTP portfolio design</i>	Concurrent	Moderate	Ongoing	TBC
<i>Framework for Making Better Asset Decisions</i>	Mutual	Moderate	Ongoing	TBC
<i>Delivering Differently</i>	Concurrent	Low	Ongoing	Bryce Pomfrett
<i>Local Board Advisory</i>	TBC			
<i>Portfolio Reporting</i>	Mutual	Moderate	Ongoing	Kevin Ramsay

These dependencies will be managed through:

- **Developing mitigation strategies** which anticipate potential issues that could arise from dependencies.
- **Regular reporting to the SteerCo** on dependencies, ensuring that mitigation strategies are regularly reviewed.
- **Open communication** between programme team members and the key contacts for dependencies.
- **Collaboration** across different functional areas or teams that are working on or affected by dependencies.
- **An agile and adaptive approach** to the programme, ready to adjust phases, activities and programmes depending on the impact of dependencies.

## 6.5 Relevant Legislation

Legislation	Relevance
<b>Local Government Act 2002 (LGA 2002)</b>	This is the primary legislation for the governance and operation of local authorities in New Zealand, including property management. It provides the framework for local government responsibilities, including the acquisition, management, and disposal

Value for Money Review: Group Property	Terms of reference
	of property.
<b>Local Government (Auckland Council) Act 2009</b>	This Act specifically governs the Auckland Council and its structure. It consolidates the various councils and regional authorities in Auckland into a single council and outlines its functions, including those related to property
<b>Public Works Act 1981:</b>	This Act deals with the acquisition of property for public works by local authorities, including Auckland Council. It covers procedures for compulsory acquisition and compensation for affected landowners.
<b>Land Act 1948</b>	Governs the management and administration of Crown land, including land held by local authorities. It covers issues related to leases, licenses, and other land transactions.
<b>Reserves Act 1977</b>	Regulates the management and protection of public reserves, including parks and recreation areas. It provides guidelines for the use and development of reserves.
<b>Auckland Transport Alignment Project Act 2014:</b>	This Act relates to the development and funding of transport infrastructure in Auckland, which can involve property management and acquisition.
<b>Property Law Act 2007:</b>	Although not specific to local government, this Act affects property transactions and management practices. It includes provisions related to property leases, sales, and other transactions.

## 6.6 Schedule

Milestone Description	Date
<b>Draft Terms of Reference</b> – Approved by SteerCo	Fri-30-Aug-2024
<b>Terms of Reference</b> – presented at REV committee	Tue-17-Sep-2024
<b>High-Level Operating Model Concept</b> – final draft submitted to SteerCo	Thu-31-Oct-2024
<b>Draft Property Strategy</b> – final draft submitted to SteerCo	TBC
<b>Detailed Operating Model</b>	March 2025
<b>Draft Data Architecture</b>	TBC
<b>Update to the REV Committee</b>	TBC

# Terms of reference

## Value for Money (s17A) Review: Te Ara Hura – The Way Forward

September 2024

BE THE HOW.  
WHAKAMAUA KIA TINA!

1.1 Document purpose

This Terms of Reference (ToR) outlines the purpose of the review, the way it will be structured, governed and how it will be executed.

1.2 Document history

Version	Date	Update by	Update details
1.0	5 Sep 2024	Sponsor and lead officer	Scope

1.3 Document Approval

Approver	Date
Sponsor and lead officer	5 Sep 2024

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## 2 Introduction

### 2.1 Revenue, Expenditure and Value Committee resolution

1. Auckland Councils full facilities maintenance contracts expire 30 June 2027. Staff have begun reviewing the current contracts early, focusing on both their operational details and their strategic and economic impacts throughout the contract period so far. The full facilities contracts cover the provision of Planned Preventative Maintenance (PPM) across all open space and built community assets across the region.
2. The most recent report to the Revenue, Expenditure, and Value Committee on these contracts included in the March 19, 2024 meeting under the “2023-2024 Full Facilities Contractors' Performance report” (CP2024/01488).
3. The report highlighted that “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.”

### 2.2 Statutory requirements

4. This programme meets Auckland Council's statutory obligations under section 17A of the Local Government Act 2002 (LGA02). Under s17A, Auckland Council “must review the cost effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services and performance of regulatory functions”.
5. Good quality is defined in s10 of the LGA02 in relation to local infrastructure, local public services and performance of regulatory functions to mean infrastructure, public services, and performance that are efficient, effective and appropriate to present and anticipated future circumstances. The Auditor-General has defined “cost effectiveness” to mean “the relationship between the levels of resources used (cost) and progress towards a predetermined outcome”.
  - The transition provisions (Schedule 1A of the LGA02) in relation to s17A require that the first reviews need to be completed when: A council contract or binding agreement in relation to delivery of infrastructure, service or regulatory function is expiring within the next two years.

## 3 Review Framework

### 3.1 Services Covered: Facilities Management (Repairs and Maintenance) of Community Assets and open space

6. The current full facilities contracts cover:
  - Parks infrastructure maintenance
  - Green open spaces maintenance, including mowing and gardens
  - Sports field maintenance
  - Building maintenance and cleaning
  - Town centre cleaning
  - Locking and unlocking services of parks gates and public toilets
  - Public rubbish bin emptying
  - Weed control in parks and urban road corridor
  - Streetscape gardens on behalf of Auckland Transport.
7. Arboriculture and significant ecological area contracts are held under separate contracts.
8. The Te Ara Hura review will assess options for consolidating additional facilities management services for Auckland Council's assets and services. This includes services beyond community purposes, such as those related to Corporate Property and illegal dumping. It will also consider

Value for Money Review: Te Ara Hura – The Way Forward

Terms of reference

aspects of the contract that are not delivering optimum results and should be excluded, for example rural road corridor maintenance.

9. This adheres to the Group Procurement Policy which mentions that council group will procure goods and services together where there are benefits to be realised for the council group's ratepayers, taxpayers and customer.

### 3.2 Objectives & Lines of Inquiry

10. The objective is to inform elected members about the available options and advise a recommended option for council's facilities management (repairs and maintenance) of community assets and open space. The following aspects will be covered in Phase 1.
11. Strategic case
  - Are we aligned with relevant strategies?
  - Why do we need to change?
  - What is our call to action?
  - What key outcomes do we want to achieve?
  - What needs to change?
12. Economic case
  - What assessment criteria will we use to assess the options?
  - What choices do we have for achieving our objectives?
  - Which short-listed options should undergo further detailed analysis?
  - Comparative analysis of the costs, benefits & risks of each short-listed option.
13. The recommended option will be further tested in later phases.

## 4 Approach and methodology

14. Each value for money review is undertaken using a consistent evidence-based value for money methodology.
15. The review will draw on the Better Business Cases™ framework developed by New Zealand Treasury.
16. Strategic Case
  - Assess Strategic Fit: Evaluate how well the proposed change aligns with the strategic goals and organisational context.
  - Make the Case for Change: Justify the need for change by linking it to organisational objectives, business needs, and service requirements.
  - Define Scope: Clearly outline the scope of the proposed change.
  - Identify Benefits and Risks: Analyse the potential benefits, risks, constraints, and dependencies associated with the change.
17. Economic Case
  - Identify Feasible Options: Generate a broad range of potential options (the Long List) to meet business needs.
  - Shortlist Options: Narrow down to three to five options that are most likely to maximize public value.
  - Conduct Environmental Scan: Review approaches from peer organisations, gather supplier feedback, and incorporate input from Subject Matter Experts.
  - Analyse Shortlisted Options: Perform a detailed evaluation of the selected options using multi-criteria analysis.
  - Optimal solution: Determine the preferred solution that optimises public value.
18. Commercial Case
  - Develop Procurement Strategy: Outline the approach for sourcing and acquiring goods or services.
  - Go-to-Market: Implement the market approach, including Expression of Interest (EOI) or Request for Proposal (RFP) processes.
  - Contracting: Establish and negotiate contracts to formalize the deal.

Value for Money Review: Te Ara Hura – The Way Forward

Terms of reference

19. Financial Case

- Develop Costing Model: Create a financial costing model to estimate expenses.
- Assess Affordability and Funding: Determine affordability and identify funding requirements.

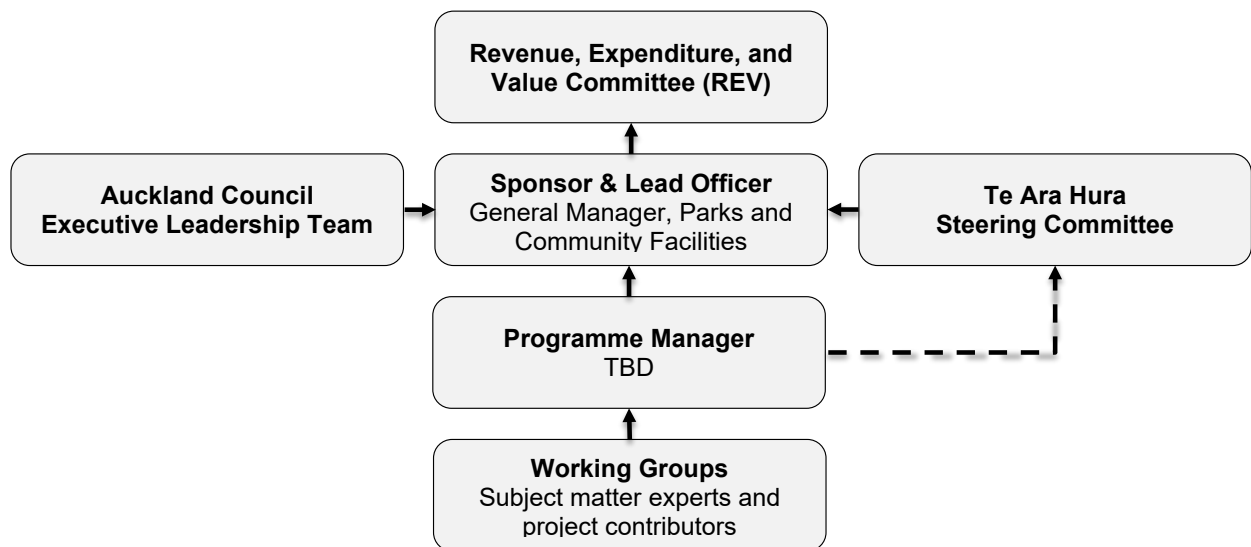
20. Management Case

- Plan for Delivery: Develop a plan to ensure successful project execution.
- Sequence Activities: Organize initiatives and determine the right order of activities and dependencies.

## 5 Governance and roles

### 5.1 Governance

21. The governance structure for phase 1 (strategic and economic case) is set out in the chart below. The future governance structure will be evaluated later, based on the results and information gathered from Phase 1.



## 5.2 Roles

22. An indicative breakdown of the estimated resourcing requirements for the phases has been provided below (where known). Note that the resource estimates listed below are not all full-time equivalents.
23. The plan developed for each phase will provide further detail on the resourcing required and the procurement/sourcing approach.

Programme management / leadership				
<ul style="list-style-type: none"> <li>Sponsor &amp; Lead Officer: Part time with SteerCo responsibilities</li> </ul>				
Commitment	Phase 1: (strategic and economic case)	Phase 2: (commercial case)	Phase 3: (financial case)	Phase 4: (management case)
Full time / dedicated resource	<ul style="list-style-type: none"> <li>Value for Money Lead and Senior Consultant</li> </ul>	<ul style="list-style-type: none"> <li>Procurement Manager</li> <li>Programme Manager (Parks &amp; Community Facilities)</li> </ul>	<ul style="list-style-type: none"> <li>Programme Manager (Parks &amp; Community Facilities)</li> <li>Senior Commercial Advisor</li> </ul>	<ul style="list-style-type: none"> <li>Programme Manager (Parks &amp; Community Facilities)</li> </ul>

## 5.3 Dependencies

24. The table below identifies dependencies that may critically impair the ability to deliver the programme on time and to scope, and potentially impact the objectives highlighted in this plan.

Source project	Dependency type	Dependency level	Dependency milestone	Key contacts
<i>Delivering Differently</i>	Concurrent	Low	Ongoing	Bryce Pomfrett
<i>Framework for making better asset decisions</i>	Concurrent	Low	Ongoing	Paul Klinac
<i>Group Property Review</i>	Concurrent	Low	Ongoing	Max Hardy

25. These dependencies will be managed through:
- An agile and adaptive approach** to the programme, ready to adjust phases, activities and programmes depending on the impact of dependencies.
  - Phase 1 options assessment** to determine how each alternative aligns with strategic goals and meets business needs.
  - Developing mitigation strategies** which anticipate potential issues that could arise from dependencies.
  - Open communication** between programme team members and the key contacts for dependencies.
  - Collaboration** across different functional areas or teams that are working on or affected by dependencies.



5.4 Relevant Legislation

Legislation	Relevance
Local Government Act 2002 (LGA 2002	This is the primary legislation for the governance and operation of local authorities in New Zealand.
Local Government (Auckland Council) Act 2009	This Act specifically governs the Auckland Council and its structure. It consolidates the various councils and regional authorities in Auckland into a single council and outlines its functions.
Reserves Act 1977	Regulates the management and protection of public reserves, including parks and recreation areas. It provides guidelines for the use and development of reserves.

5.5 Schedule

Milestone Description	Date
Draft Terms of Reference - approved by sponsor and lead officer	6 Sep 2024
Terms of Reference - presented at REV committee	17 Sep 2024
Indicative future milestones:	
• Local board engagement	To begin late 2024 calendar year
• Strategic and economic case - deliver information to REV committee	2025 calendar year
• Commercial case	2025 calendar year
• Financial case	2025 calendar year
• Management case	2025 calendar year



Komiti mō te Moni Whiwhi, mō te Whakapaunga me te Uara / Revenue, Expenditure and Value Committee  
Forward Work Programme 2024

This committee deals with assisting the council to be cost effective and make financial savings. The full terms of reference can be found here: [Auckland Council Governing Body Terms of Reference](#)

Area of work and Lead Department	Pūnga / Reason for work	Committee role (whakatau / decision and/or tika / direction)	Expected timeframes Highlight the month(s) this is expected to come to committee in 2024											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Group Insurance														
<b>Insurance Strategy and Placement</b>  Risk and Assurance	Approve insurance strategy and then note outcomes	<p>Note annual insurance placement outcome (August).</p> <p><b>Progress to date:</b></p> <p>Approve high level insurance strategy and delegate final approval to Group Chief Financial Officer <a href="#">link to decision</a></p> <p>To note the council group’s insurance renewal placement for the year 2024-2025, the update on the Auckland anniversary flood claim and the self-insurance fund; and approve amendments to the Group Insurance Policy. <a href="#">link to decision</a></p>												
Service optimisation and reviews of value/ effectiveness/ performance														
<b>Service and financial performance reviews</b>	The committee has responsibility for reviewing outcomes and value obtained for spend as well as conducting reviews of the service and financial performance of individual council and CCO departments.	<p>To undertake service and financial performance reviews</p> <p><b>Progress to date:</b></p>												
<b>2023-2024 Full Facilities Contractors' Performance</b>  Parks and Community Facilities		<p>To receive an annual update on supplier performance under the Parks and Community Facilities arboriculture services, ecological services, and full facilities maintenance.</p> <p><b>Progress to date:</b></p> <p>Update received March 2024 <a href="#">link to decision</a></p>												
Savings updates														

Item 10

Attachment A

Area of work and Lead Department	Pūnga / Reason for work	Committee role (whakatau / decision and/or tika / direction)	Expected timeframes Highlight the month(s) this is expected to come to committee in 2024											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Savings updates	Quarterly savings update	Quarter 4 – August  <b>Progress to date:</b> Quarter 2 – March – <a href="#">link to decision</a> Quarter 3 – May – via memo 24 May 2024 Quarter 4 – August – <a href="#">link to decision</a>												
Value for Money programme														
Section 17A reviews Value for Money	Council has a legal obligation under section 17A to review the cost-effectiveness of the delivery of our services	S17A Review of Pools and Leisure: Decision on the management contracts for the delivery of Pools and Leisure Decision-making anticipated in September 2024.  <b>Progress to date:</b> Confidential workshop held 15 May 2024. Confidential memo update July 2024. Confidential Governing Body workshop held 24 July 2024. Governing Body decision on service provision 1 August <a href="#">link to decision</a>												
		Update on the service review work: Direction on the pipeline of the services being reviewed and any changes/additions.												
Procurement														
Healthy Waters	Healthy Waters North maintenance contract variation	Decision: Approval of variation to add contingency for future years												
Variation Waste Management NZ Ltd integrated waste collection contracts	Variation to waste collection contracts – contractually required to implement previous council decisions	Decision – To approve the variation												

Completed		
Area of work and Lead Department	Committee role	Whakatau / Decision
Service and financial performance reviews	To undertake a service and financial performance review of Parks and Community Facilities.	Confidential workshop held 27 March 2024.
Service and financial performance reviews	To undertake a review of unfunded policies and mandates.	Confidential workshop held 17 April 2024.
Variation Northern Environmental Limited integrated waste collection contracts	Decision to approve the variation to waste collection contracts	C1    CONFIDENTIAL: Variation to integrated waste collection contracts <a href="#">Link to decision</a>
Healthy Waters - Small Water and Wastewater maintenance Procurement	Decision: Approval of Procurement Plan for regional SWWS contracts for 5+3 years	C1    CONFIDENTIAL: Procurement plan for small potable water and wastewater system operations and maintenance <a href="#">Link to decision</a>
Variation Kalista Ltd integrated waste collection contracts	Decision – To approve the variation	C2    CONFIDENTIAL: Variation to integrated waste collection contracts – Kalista Ltd <a href="#">Link to decision</a>
Healthy Waters	Māngere flood resilience project procurement plan	C1    CONFIDENTIAL: Māngere flood resilience project procurement plan <a href="#">Link to decision</a>