

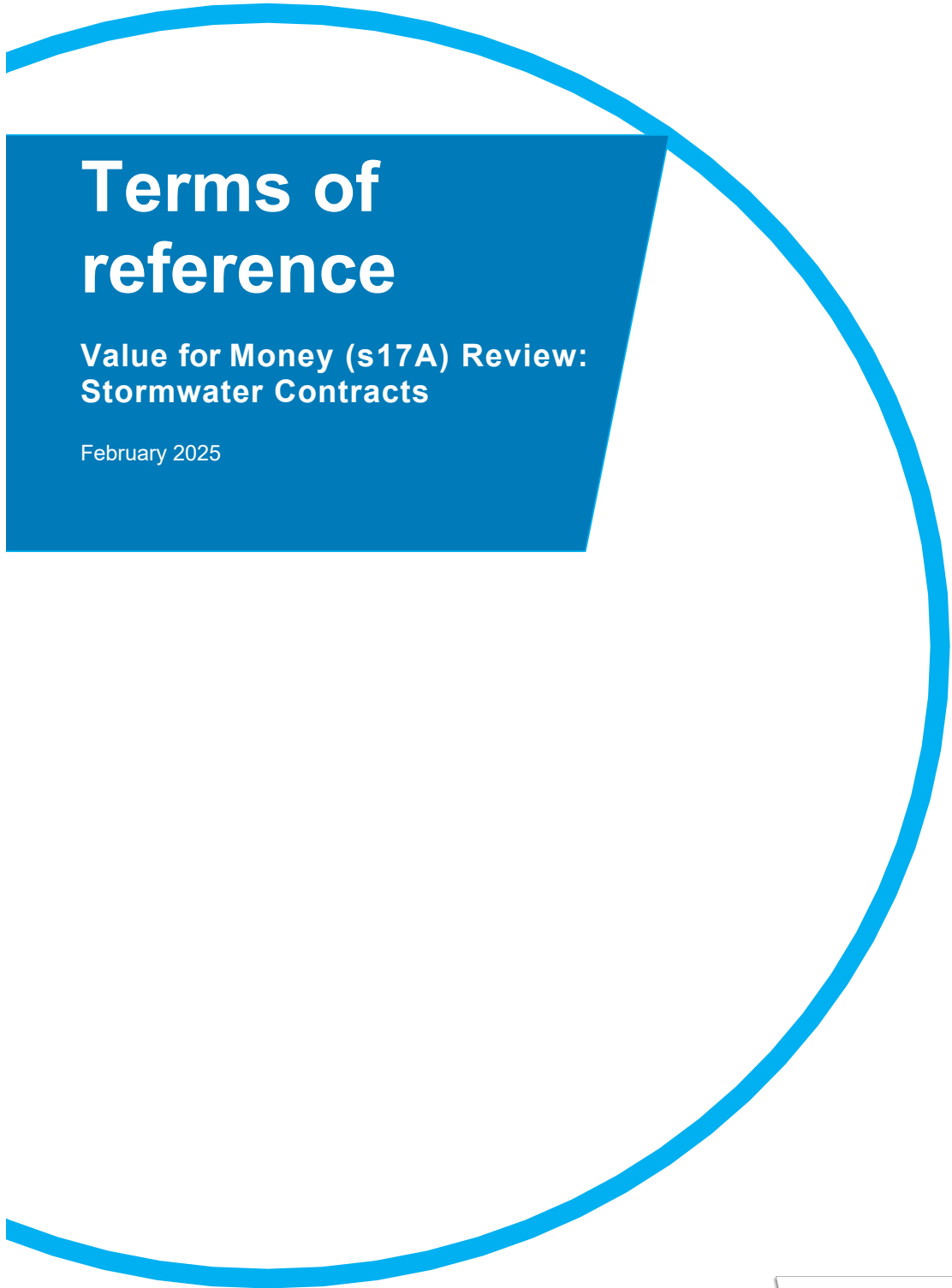
**Date:** Tuesday 18 February 2025  
**Time:** 10.00am  
**Meeting Room:** Room 1, Level 26  
**Venue:** Te Wharau o Tāmaki - Auckland House  
 135 Albert Street  
 Auckland

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

### OPEN ATTACHMENTS

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# Terms of reference

## Value for Money (s17A) Review: Stormwater Contracts

February 2025

BE THE HOW.  
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### 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	29 November 2024	Sponsor and lead officer	Scope

### 1.3 Document Approval

Approver	Date
Sponsor and lead officer	29 November 2024

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## 2 Introduction

### 2.1 Stormwater Contracts Overview

1. The stormwater contracts cover the operation and maintenance of our stormwater infrastructure, including general maintenance, restoration, inspection and emergency response services. The contracts are divided by region, the central and north contracts have a combined value of approximately \$88 million across a five-year contract term. The Healthy Waters and Flood Resilience department oversee the management of these contracts.

### 2.2 Contract expiration:

2. Auckland Council's stormwater operations and maintenance contracts have an eight-year term (made up of five years initially, with an extension of three years) and cover the provision of Planned Preventative Maintenance (PPM) across all stormwater assets across the region. The North and Central contracts initial term expires in 2026, with end dates of 2029. Staff have begun reviewing the current contracts before the initial term expiry, focusing on both their operational details and their strategic and economic impacts throughout the contract period so far. Starting a review now will also inform any proposed variation to be included in the contract extension if required.

### 2.3 Statutory requirements

3. 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".
4. 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".
  - o 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: Operations and maintenance of stormwater assets

5. The current stormwater contracts cover:
  - General maintenance of reticulation and drainage systems,
  - Emergency callouts and flood response,
  - Reactive catchpit cleaning,
  - Clearing stormwater overflows and blockages,
  - Drain cleaning and root-cutting,
  - CCTV pipe inspection,
  - Routine inspections and cleaning of inlets, outlets, culverts, channels and ponds
  - Manhole, catchpit and pipe repair work,
  - Restoration of concrete, asphalt or grassed surfaces,
  - Resource Consent compliance, and
  - Self-auditing of the processes used in the completion of the contract.

### 3.2 Objectives & Lines of Inquiry

6. The objective is to inform elected members about the available options and advise a recommended option for council's stormwater management (operations and maintenance). This includes:
- Assessing effectiveness of current contracts against critical success factors.
  - Assessing components of delivery, funding and implementation.
  - Looking at the optimisation of the organisation to deliver contracts, including potential changes to data, process, and systems to maximize the outcomes of the contracts.
- This will be assessed using the better business case model, as detailed below:
7. Strategic case
- Water Service Delivery Plan
  - Performance measures
  - Customer journeys
  - \
  - Do those strategies include the right performance drivers and measures?
  - What key outcomes do we want to achieve?
  - What needs to change?
8. Economic case
- What assessment criteria will we use to assess the options?
  - Total cost profile and efficiency
  - Other organisations practices and measures.
  - 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.
9. The recommended option will be further tested in later phases

## 4 Approach and methodology

10. Each value for money review is undertaken using a consistent evidence-based value for money methodology.
11. The review will draw on the Better Business Cases™ framework developed by New Zealand Treasury
- 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.
- 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.
- Commercial Case**
- Develop Procurement Strategy: Outline the approach for sourcing and acquiring goods or services.

Value for Money Review: Stormwater Contracts

Terms of reference

- 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.

**Financial Case**

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

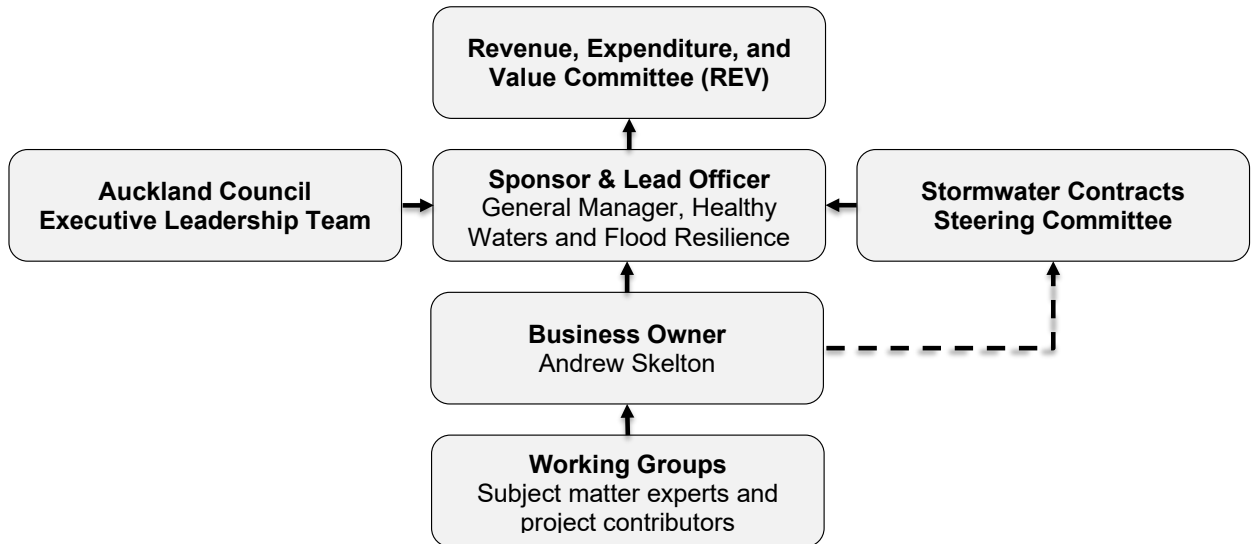
**Management Case**

- 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

12. 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

13. 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.
14. 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)
<b>Full time / dedicated resource</b>	<ul style="list-style-type: none"> <li>Value for Money Lead</li> <li>Subject Matter Expertise from relevant business areas</li> </ul>	<ul style="list-style-type: none"> <li>Procurement Manager</li> <li>Programme Manager</li> </ul>	<ul style="list-style-type: none"> <li>Programme Manager</li> <li>Senior Commercial Advisor</li> </ul>	<ul style="list-style-type: none"> <li>Programme Manager</li> </ul>

## 5.3 Dependencies

15. 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	High	Ongoing	Bryce Pomfrett
<i>Framework for making better asset decisions</i>	Concurrent	Medium	Ongoing	Paul Klinac
<i>Making space for water</i>	Concurrent	Medium	Ongoing	Healthy Waters
<i>Upcoming water services legislation changes</i>	Concurrent	Medium	Ongoing	

16. 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
<b>Local Government Act 2002 (LGA 2002)</b>	This is the primary legislation for the governance and operation of local authorities in New Zealand. Under this Act, councils are required to manage stormwater as a public service and must maintain and operate stormwater systems to prevent flooding and mitigate contamination.
<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.
<b>Resource Management Act 1991 (RMA)</b>	Regional councils and territorial authorities have responsibilities under the RMA to manage stormwater discharges, set water quality standards, and issue resource consents for stormwater activities, particularly those involving contaminants.
<b>Land Drainage Act 1908</b>	The Act covers stormwater infrastructure such as drains, culverts, and waterways, ensuring they are constructed and maintained in a way that prevents flooding and damage.
<b>Water Services Act 2021</b>	While primarily focusing on water and wastewater services, this Act also impacts stormwater management, particularly regarding asset management, long-term planning, and improving the quality of stormwater runoff entering public waterways.
<b>Building Act 2004</b>	The Building Act 2004 deals with the construction of buildings, including the management of stormwater on new developments.
<b>Taumata Arowai—the Water Services Regulator Act 2020</b>	This act establishes Taumata Arowai as the regulatory body responsible for overseeing water services in New Zealand. The Act mandates Taumata Arowai to ensure safe, reliable, and efficient water services across the country, covering drinking water, wastewater, and stormwater
<b>Local Government (Water Services Preliminary Arrangements) Act 2024</b>	The purpose of this Act is to establish a framework for local government to manage and deliver water services.

## 5.5 Schedule

Milestone Description	Date
<b>Draft Terms of Reference</b> - approved by sponsor and lead officer	29 Nov 2024
<b>Terms of Reference</b> - presented at REV committee	18 Feb 2025
<b>Strategic and economic case</b> - deliver information to REV committee	TBC
<b>Indicative future milestones:</b>	
• Commercial case	TBC
• Financial case	TBC
• Management case	TBC



# Terms of reference

## Value for Money (s17A) Review:

Supply of Refuse, Recycling Bins and Bin Maintenance and Distribution Services

February 2025

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**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	22.1.2025	Advisory Group	Scope

**1.3 Document Approval**

Approver	Date
Sponsor and lead officer	29.1.2025

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## 2 Introduction

### 2.1 Revenue, Expenditure and Value Committee resolution

1. Auckland Council Waste Solutions oversees kerbside waste services across the full Auckland region, requiring an inventory of over one million bins in various sizes for recycling and waste. Current contracts for bin supply and maintenance expire in June 2026, necessitating preparation for new contracts to deliver up to \$120 million worth of services over seven years.

### 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.
  - For the purposes of this service, a S17A review has been triggered as the current contracts will be expiring within the next two years (June 2026).

## 3 Review Framework

### 3.1 Services Covered: Recycling and refuse bin; supply, storage, distribution and maintenance services

5. **Bin Supply and Manufacture:** Procurement of refuse and recycling bins in various sizes, including specialised bins for multi-unit developments and exempt properties.
6. **Storage, Distribution and Delivery:** Provision of storage locations, management of bin deliveries for both reactive requests and planned roll outs.
7. **Bin Maintenance Services:** Comprehensive support, including bin repair, exchanges, renewal, cleaning, and RFID fitting.

### 3.2 Objectives & Lines of Inquiry

8. The objective is to inform elected members about the available options and propose a recommended option for council's bins. The following aspects will be covered in Phase 1.

Value for Money Review: Supply of Refuse, Recycling Bins and Bin Maintenance and Distribution Services

Terms of reference

Item 8

9. Strategic case
  - Are we aligned with relevant strategies?
  - What key outcomes do we want to achieve? Examples could include:
    - Strategic contract flexibility to address waste service changes, such as:
      - Refuse collection frequency changes
      - Bins renewal
      - Council customer and technology roadmap.
    - Alignment with innovative procurement practices:
      - Open early market engagement to provide us feedback before finalising procurement strategy
      - Fair and transparent procurement process.
    - Sustainability outcome: Environmental and social benefits, including waste reduction, sustainable materials, and Māori engagement outcomes.
10. 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?
11. The recommended option will be further tested in later phases.

### 3.3 Scope

#### In scope

12. Review of the current bin supply and maintenance contract delivery model.
13. Ideal funding arrangements for the financial sustainability of the service.
14. Review contract structure and flexibility to meet service requirements:
  - Flexibility for any levels of service changes over the contract term. For example, Frequency of bin collection.
  - Ability to incorporate any bin design changes (e.g. technology, size, style).
15. Alignment with council waste management and minimization plan and sustainability goals.
16. Review Bin Renewal options and identify a recommended approach. These may include:
  - Full replacement.
  - Partial replacement on-site.
  - None (managed reactively through Bin Maintenance Services).
  - Timing: large scale regional renewals or progressive replacement of assets.
  - Sequencing: region-by-region, timing of fortnightly refuse transition.
17. Best practice bin supply and manufacture, including stock levels from contract commencement, overseas supply versus local manufacture.
18. Bin maintenance services (e.g., exchange, repair, RFID fitting, and bin cleaning, distribution of new bins, replacements, and rollouts).
19. Activities procured jointly or separately.
20. Warehousing and storage arrangements, including council-leased facilities. These may include:
  - Overseas supply
  - Local supply of bins

Attachment B

Value for Money Review: Supply of Refuse, Recycling Bins and Bin Maintenance and Distribution Services

Terms of reference

- Council owned
- Supplier owned

#### Out of Scope

21. Expanding bin services to areas that currently do not receive them such as Hauraki Gulf Islands and Inner CBD.
22. Other bins that council maintain e.g. bins in parks, litter bins.
23. Providing bin design policy.
24. Determining the best practice policy for waste collection frequency.
25. Recycling and refuse processing beyond waste collection.
26. Supply of food scraps bins.
27. Bin cleaning at the kerbside.

#### Scope exploration

28. Options for multi-unit sites including bin cleaning programme

### 3.4 Definitions

29. These include:
  - Bin renewal: The systematic replacement of bins reaching the end of their lifecycle.
  - RFID technology: Radio-frequency identification for bin tracking and inventory management.

## 4 Review Methodology

30. A consistent, evidence-based methodology will guide the review, considering:
  - Environmental and procurement trends (local and international).
  - Data and technology enablers.
  - Performance benchmarking against comparable councils or regions.
  - Stakeholder and market engagement.

## 5 Approach

31. Each value for money review is undertaken using a consistent evidence-based value for money methodology.
32. The review will draw on the Better Business Cases™ framework developed by New Zealand Treasury.
33. 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.
34. Economic Case
  - Identify Feasible Options: Generate a broad range of potential options (the Long List) to meet

Value for Money Review: Supply of Refuse, Recycling Bins and Bin Maintenance and Distribution Services

Terms of reference

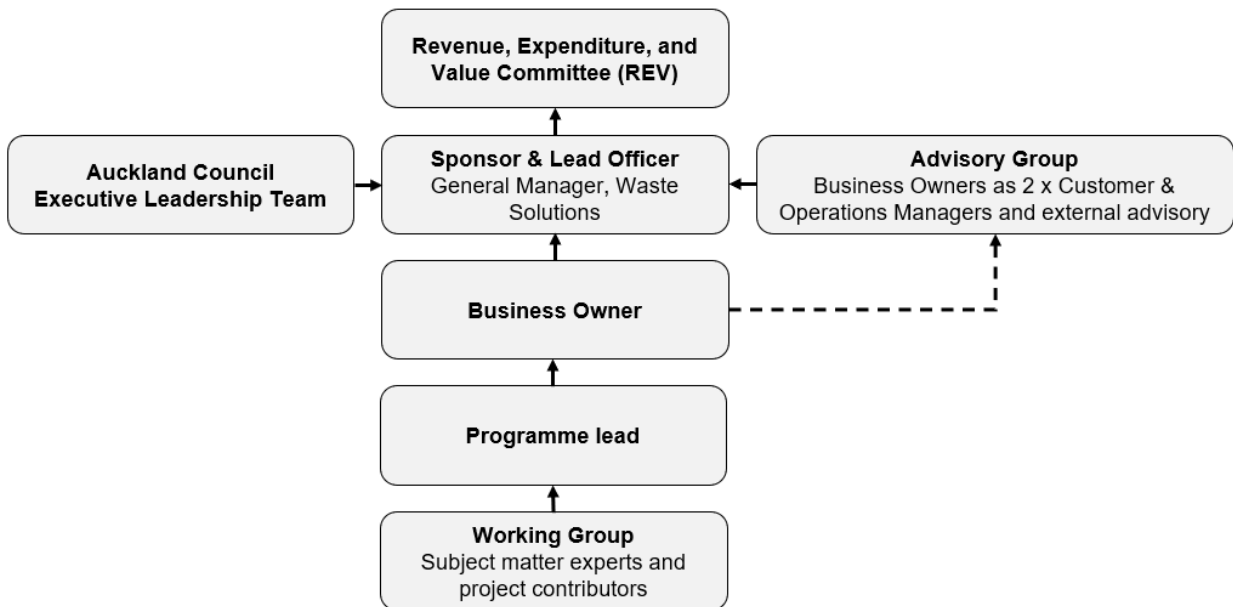
business needs.

- 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.

## 6 Governance and roles

### 6.1 Governance

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



### 6.2 Roles

36. 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.
37. The plan developed for each phase will provide further detail on the resourcing required and the procurement/sourcing approach.



Value for Money Review: Supply of Refuse, Recycling Bins and Bin Maintenance and Distribution Services

Terms of reference

Commitment	Phase 1: (strategic and economic case)
Full time / dedicated resource	<ul style="list-style-type: none"> <li>Value for Money Senior Advisor</li> <li>Relevant Subject Matter Expertise</li> </ul>
Part time / on call resource	<ul style="list-style-type: none"> <li>Value for Money Lead Advisor</li> <li>Relevant Subject Matter Expertise</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 Group – Anthony Chaney and Warwick Jaine
- General Manager Group Strategy, Waste Solutions – Justine Haves
- General Manager Group Strategy, Transformation and Partnerships – Anna Bray
- Head of Value for Money – Chantelle Subritzky
- Business Owner – Anthony Chaney
- Programme Manager – Paul Speary

### 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
Fortnightly refuse collection	Concurrent	High	Trial starts Feb 2026	Justine Haves

These dependencies will be managed through:

- 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.
- Developing mitigation strategies** which anticipate potential issues that could arise from

Value for Money Review: Supply of Refuse, Recycling Bins and Bin Maintenance and Distribution Services

Terms of reference

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>	Council must review the cost effectiveness of current arrangements. Council must adopt a Waste Management and Minimisation Plan (WMMP)
<b>Waste Minimisation Act 2008</b>	The act gives councils the specific mandate and tools to plan, fund, and implement waste management systems, including kerbside bin replacement.
<b>Litter Act 1979</b>	Gives local government in New Zealand significant roles and responsibilities in managing and enforcing anti-litter measures.
<b>Health Act 1956</b>	Requires local authorities to take steps to ensure that the deposit of waste does not become a nuisance or injurious to public health.

### 6.6 Schedule

Milestone Description	Date
<b>Draft Terms of Reference</b> – Approved by Advisory Group	
<b>Terms of Reference</b> – presented at REV Committee	Tue-18-Feb-2025
<b>Strategic and Economic case</b> – presented at REV Committee	Tue-18-Mar-2025
<b>Procurement plan</b> – presented at REV Committee	Tue-18-Mar-2025



## ATTACHMENT A

Pools and Leisure update: ECE service withdrawal, operational savings programme update and progression of outsourced contracts

### Purpose

1. To provide an update to the Revenue, Expenditure and Value Committee on the withdrawal of the direct provision of early childhood education services, implementation of new service contracts for the 19 outsourced pools and leisure centres and service operational improvements and cost savings initiatives that are being progressed.

### Summary

2. As part of development of the FY24 Annual Budget, council proposed the withdrawal of the direct provision of early childhood education (ECE) services. On 8 June 2023, the Governing Body agreed to withdraw from the direct provision of ECE as a regional service and enabled local boards to determine whether to continue to service locally (GB/2023/100).
3. Staff have worked with individual local boards where there was a preference to retain early childhood services and are developing advice for boards where there is an opportunity to repurpose the now vacant spaces for alternative uses.
4. On 1 August 2024 the Governing Body resolved to retain a 'partially outsourced' service delivery model for Auckland Council owned pool and leisure centres while noting that that there could be opportunities for improvements in the operation of council-provided pools and leisure services, including the 22 council operated centres
5. This decision to retain a partially outsourced service was subject to staff undertaking further work and consultation with the Public Service Association Union (PSA), other unions and staff to identify how the network can realise further savings, revenue and efficiencies, targeting operating savings of \$3 million per year (resolution number GB/2024/107).
6. From August 2024, the Pools and Leisure department has developed a framework for assessing and tracking service delivery improvements and cost savings initiatives. A first set of initiatives has been evaluated, including those that were identified through the Value for Money (VFM) process.
7. The Pools and Leisure department has had several positive engagements with the PSA to agree an approach to engaging kaimahi in service delivery and cost savings initiatives.
8. An online portal has been created for Pools and Leisure staff. The portal encourages staff to share ideas and engage with colleagues across the network of centres on opportunities.
9. A more detailed update will be provided at the March 2025 Revenue, Expenditure and Value Committee meeting. The update will include a breakdown of savings and benefits expected to be achieved this financial year, for both ECE and Pools and Leisure, and the Pools and Leisure forward work programme for the 2026/2027 financial year.



## Context

### Early childhood education

10. As part of development of the FY24 Annual Budget, council proposed the withdrawal of the direct provision of early childhood education (ECE) services. At its meeting on 8 June 2023, the Governing Body agreed to withdraw from the direct provision of ECE as a regional service (GB/2023/100) and enabled local boards to determine whether to continue to service locally.
11. The original proposal that was consulted on as part of the Annual Budget 2023/2024 proposed that the direct provision of ECE services by Auckland Council would be exited early in that financial year. The Governing Body decision was to enable the local boards with the ECE centres to determine the outcome for the service, however the \$1 million savings target was still set. This process required specific advice to each affected local board and a range of decisions were subsequently made by those local boards.
12. Staff have supported the transition of Kaipātiki Local Board early childhood education centres to a community provider (The Y) and the Howick Local Board centre to a commercial provider (Community Kids). Advice development for the remaining centres is ongoing.

### Pools and Leisure

13. The June 2023 expiry of the 19 outsourced service delivery contracts triggered the requirement for a service review (Review) under Section 17A of the Local Government Act 2002.
14. On 1 August 2024, the Governing Body resolved to support the retention of a partially outsourced model for pool and leisure services, following the comprehensive procurement process (resolution number [GB/2024/107](#)).
15. Staff were also directed to undertake further work and consultation with the PSA, other unions and staff to identify how the network can realise further savings, revenue and efficiencies, targeting operating savings of \$3 million per year. Based on the Governing Body decision, staff invited shortlisted service partners to provide updated pricing proposals for the 19 pools and leisure centres in scope.
16. Following an evaluation period of the revised responses, staff presented a supplier recommendation report to Revenue, Expenditure and Value (REV) Committee on 15 October 2024. Work has been since been ongoing to finalise the procurement activity.
17. Concurrently, the Pools and Leisure department has commenced a programme of further work and consultation with the PSA, other unions and staff to identify how the network can realise further savings, revenue and efficiencies, targeting operating savings of \$3 million per year.



## Discussion

### Early childhood education update

18. ECE centres in Kaipātiki (three) and Howick (one) Local Board areas successfully transitioned to new operators effective from 1 October 2024.
19. Three kaiako (teachers) in the Kaipātiki Local Board area were granted an extension to their trial period with the operator (The Y) before confirming their decision to either take redundancy or complete the transition to the new operator. The trial period is a requirement under the collective agreement. Once this step is confirmed for the three kaiako, redundancy costs can be finalised.
20. Final wash up payments between the Ministry of Education and new operators are in the process of being finalised and it is expected that there will be no further costs relating to the closure or transition of the ECE service after 30 June 2025.
21. Following the cessation of service provision around \$300,000 of annualised savings have been achieved whilst one-off implementation costs of approximately \$1.5 million have been incurred to date. These costs are mainly in relation to staff redundancy.
22. \$160,000 permanent savings has been realised from a reduction in staff and back-office support costs. A further \$120,000 in commercial lease revenue was achieved, however this additional revenue has been retained by local boards as an increase to their funding in accordance with the Local Board Funding Policy. This increased funding can be used by the local board to fund new or increased levels of service, or to address increasing costs of existing services.
23. Work is ongoing on how the remaining vacant ECE spaces are best utilised. Advice is being developed for the Hibiscus and Bays Local Board following workshops in quarter two. A commercial lease for an ECE operator is close to being finalised for the Devonport-Takapuna Local Board.
24. Staff will engage with remaining local boards through the remainder of the financial year to develop advice for remaining vacant spaces. Progress on the utilisation of vacant spaces will be reported through quarterly operating savings updates.
25. Further savings anticipated but not yet achieved include additional commercial lease revenue, however this would also be retained by local boards as an increase to funding. Some local boards have opted to award community leases with non-financial benefits.
26. Some highly scaled back-office support costs such as finance, payroll, technology, procurement, and health and safety cannot be realised immediately without more substantial changes to services. Further realisation of back-office savings will continue through regular financial performance reviews, and as opportunities arise following further service changes.
27. A new issue emerged at the end of January with the Ministry of Education (MoE) licence for the Glenfield ECE centre being granted for only seven children. The centre had a licence for 30 when Auckland Council were operating the facility.
28. A review of licence conditions is normal practice for MoE in the transfer of any ECE business and generally takes place six to eight weeks after the transfer.
29. The Y are exploring options with MoE and the Kaipātiki Local Board dependant on the outcome of these discussions, there may be impacts on future ECE provision from this facility.
30. An update on this emerging issue and any potential impact on savings will be provided at the March REV Committee meeting.



### **Pools and Leisure outsourced service delivery update**

31. Contracts are in the final stages of completion, which have incorporated significant improvements to the previous contracts with legal support provided by DLA Piper and council legal staff.
32. Issues have been identified during the final negotiations with the pricing provided by one service partner omitting Under 17 free swimming (a condition of the procurement) in their price for one of the outsourced sites. This has resulted in a longer than anticipated negotiation timeline. This process is now almost complete, with the service partner cooperating with staff to work through potential options to mitigate and minimise the cost impact. A confidential report providing further information on the financial details and negotiations relating to this is presented as confidential report for REV Committee consideration.
33. Transition planning has continued with both service partners, The Y and CLM, and is on track for a successful transition at the end of day 31 March 2025.

### **Operating efficiency and savings progress**

34. An initial long list of cost savings initiatives has been generated by council's Finance department. These ideas are observations and opportunities that have been identified through the Review and procurement process.
35. The long list has been merged with an existing set of service delivery and cost savings initiatives identified by Pools and Leisure kaimahi.
36. An important part of this work has been opportunity to collaborate with frontline staff. All Pools and Leisure staff have ongoing access to an online portal to share suggestions and collaborate on ideas. These ideas are triaged and added to the scope of existing work or moved into a backlog for later assessment. Where there is a cost saving or improvement opportunity within the scope of the team that raised the idea, coaching and support will be provided to enable its implementation.
37. The list of initiatives has been prioritised, with eleven proposals emerging for immediate focus.
38. A set of "counterbalances" have been agreed to ensure working agreements or targets set through Annual or Long-term plans are not compromised through the implementation of programme initiatives. These counterbalances are identified as:
  - Long-term plan Net Promoter Score (NPS) targets must be maintained
  - Long-term plan visitation targets must be achieved
  - Local boards must be engaged where there is a local impact
  - PSA must be engaged consistently



39. The prioritised set of initiatives includes:

	Initiative	Benefit type	Rationale
1	Outsourcing of basketball leagues to community sporting organisations.	Savings Operational improvement Decrease risk	Transition from direct delivery to supporting specialist organisations to deliver to a higher standard for the community
2	Retention of members – collaborative work between Pools and Leisure and Marketing.	Increased revenue	Improving the customer journey to reduce churn of fitness members
3	Reducing the financial impact of maintenance closures at aquatic centres – collaborative work between council’s Optimisation Team and Parks and Community Facilities.	Operational improvement	Extended closures result in significant revenue impact. Opportunity to explore new ways of managing maintenance closures to reduce impact
4	Advice to local boards regarding options for vacant early childhood education spaces.	Increased revenue	Informed advice to local boards will enable trade off conversations that factor in detailed future revenue opportunities.
5	Go to market for expiring contracts – including chemicals and retail supply.	Savings Operational improvements	Opportunity to consolidate suppliers and achieve a competitive economies of scale advantage in new contracts
6	Third party advertising in centres.	Increased revenue	Utilising space within centres to increase passive/low effort revenue generating opportunities
7	Review property rental (leases) within centres.	Increased revenue	Opportunity to review pricing of leased spaces within centres and apply market rates
8	Reviewing the fitness value proposition.	Savings	Opportunity to explore different options for supporting fitness members and that staff to member ratios are appropriate
9	Sustainability - reducing utilities consumption.	Savings Operational improvements	Opportunity to share ideas with contracted partners to apply proven sustainability practices to an aquatics environment
10	Ensuring correct application of the Under 17 free swimming policy.	Increased revenue	Opportunity to increase revenue through the correct use of the policy
11	Improving the licencing model for the leisure operating system (Envibe).	Operational improvements	Opportunity to leverage improved system capability to serve customers- includes improved digital and self serve options



40. Council's Finance team are actively supporting the quantification of financial benefits for the prioritised initiatives. A breakdown of savings and benefits expected to be achieved this financial year, (for both ECE and Pools and Leisure, and the Pools and Leisure forward work programme for the 2026/2027 financial year), will be presented to the REV Committee in March.
41. The PSA has signalled that it will consider how it can directly support this work through the Pools and Leisure collective bargaining process. The current collective agreement expires on 30 June 2025. Bargaining is expected to commence this quarter and opportunities are expected to be identified through that process.

### Next steps

42. The next steps in the Pools and Leisure operating efficiency and savings workstream are:
  - a. Detailed planning of initiatives, including any local impacts and benefits, - due by end February 2025.
  - b. Ongoing monthly engagement with PSA Delegates will continue.
  - c. Collective bargaining with PSA and the Amalgamated Workers Union of New Zealand will be undertaken.
  - d. A roadshow to Pools and Leisure kaimahi will take place during quarters three and four. The roadshow will be used to engage further on opportunities and to encourage participation in generating ideas.
43. A further update to REV Committee, including the phasing of benefits, will be presented in March 2025.
44. The next steps in the procurement workstream are:
  - a. Finalise negotiations
  - b. Contract signing
  - c. Transition of operators on 31 March 2025
45. The next steps in the early childhood education workstream are:
  - a. Completion of advice for the Hibiscus and Bays Local Board
  - b. Continuation of leasing process for Devonport-Takapuna vacant ECE space.
  - c. Workshops with the Ōtara and Manurewa Local Boards to commence advice development
46. A further update to REV Committee including any realised savings and potential further savings will be presented alongside the phasing of benefits for operating efficiencies in March 2025.

### Attachments

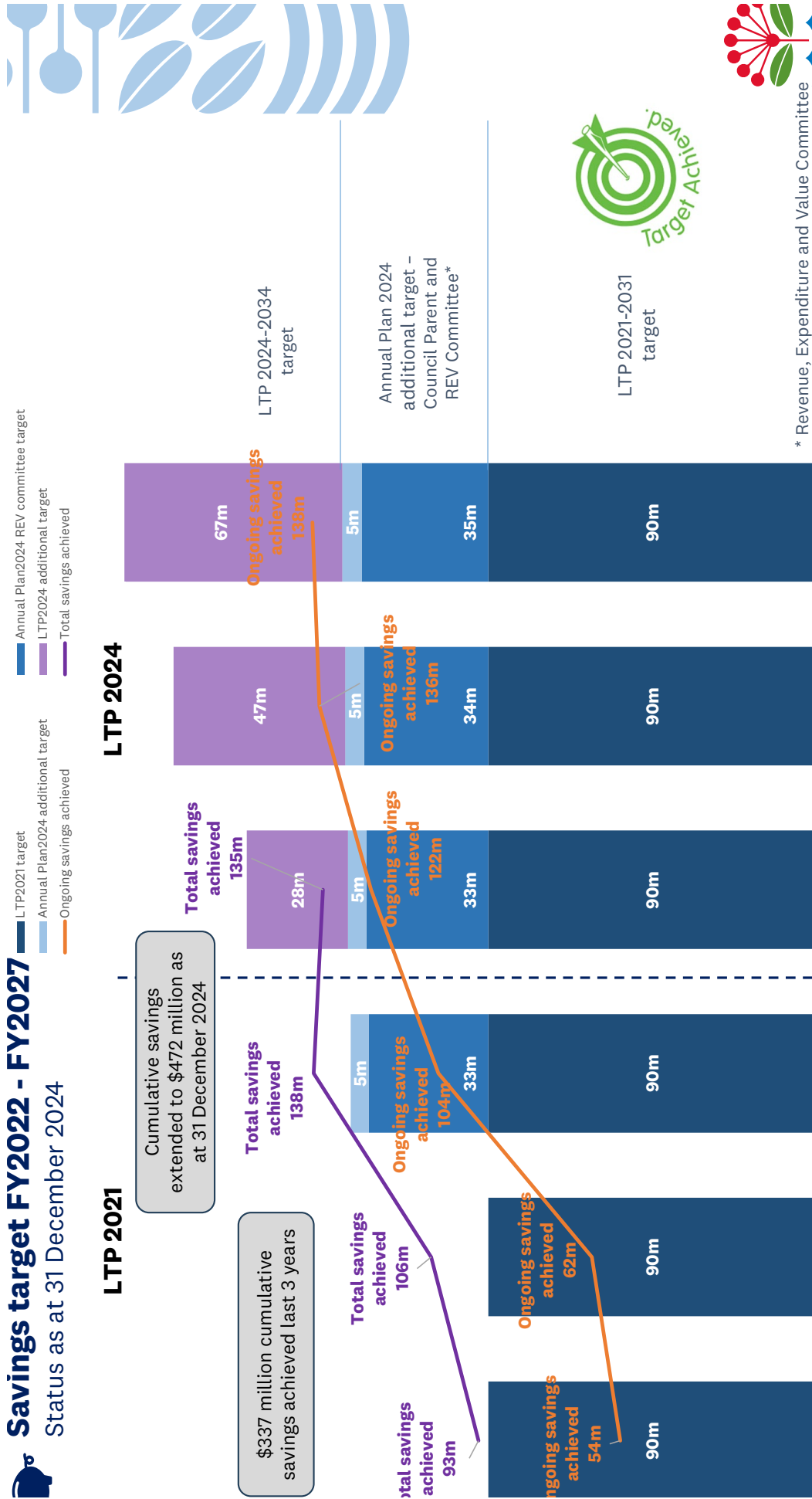
Nil



**AUCKLAND COUNCIL FY25 SAVINGS PROGRAMME OVERVIEW as at 31 December 2024**

BUDGET ITEM	STATUS	TARGET \$m	FY25 ACHIEVED \$m	IN DELIVERY / PIPELINED \$m	STILL TO FIND \$m	RAG
Regional services reduction		8.0	7.1	-	0.9	●
Early childhood education		1.0	0.2	-	0.8	●
Fees and charges		3.1	1.5	1.5	-	●
Strategy, planning and group shared services		5.1	3.2	1.9	-	●
Maintenance - open space		5.0	5.1	✓	✓	●
Reductions to local board funding		4.0	4.1	✓	✓	●
Remaining Annual Plan 24 savings target (incl. unallocated savings to the Chief Executive)		7.2	3.9	3.1	-	●
Recurring savings from further review of revenue, capital and operating budget by the REV Committee		5.1	-	-	5.1	●
<b>Subtotal</b>		<b>38.5</b>	<b>25.1</b>	<b>6.5</b>	<b>6.8</b>	
LTP 24-34 operating savings for AC parent		27.3	17.6	8.5	1.2	●
LTP 24-34 operating savings for CCOs		0.5	0.5	✓	✓	●
<b>Subtotal</b>		<b>27.8</b>	<b>18.1</b>	<b>8.5</b>	<b>1.2</b>	
<b>TOTAL</b>		<b>66.3</b>	<b>43.2</b>	<b>15.0</b>	<b>8.0</b>	

Attachment B Item 10



**Komiti mō te Moni Whiwhi, mō te Whakapaunga me te Uara / Revenue, Expenditure and Value Committee**  
**Forward Work Programme 2025**

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 2025												
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Group Insurance</b>															
<b>Insurance Strategy and Placement</b> Risk and Assurance	Approve insurance strategy and then note outcomes	Council Group Insurance Renewal (March) Council Group Post Insurance Renewal Update (July)													
<b>Service optimisation and reviews of value / effectiveness / performance</b>															
<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.	To undertake monthly service and financial performance reviews on service areas and departments, including: <ul style="list-style-type: none"> <li>Waste Solutions</li> <li>Environmental Services</li> <li>Licensing and Compliance</li> </ul> Further reviews to be confirmed.													
<b>Group Shared Services</b>		To receive an update on the Group Shared Services program													
<b>Better Value Projects</b>		To receive updates on implementation of the Better Value Projects improvement program													
<b>Billing</b>		Te receive an update on the work being done on streamlining Council's billing systems Report on outcomes of billing systems work													
<b>Savings updates</b>															
<b>Savings updates</b>	Quarterly savings update	Quarter 2 – February Quarter 3 – May Quarter 4 – August													
<b>Pools and Leisure and Early Childhood Education</b>	Savings update	Breakdown of savings and benefits expected to be achieved this financial year for both ECE and Pools and Leisure (March)													

Item 12

Attachment A

Item 12

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 2025											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Value for Money programme</b>														
<b>Section 17A reviews</b> Value for Money	Council has a legal obligation under section 17A to review the cost-effectiveness of the delivery of our services	To receive updates and make decisions on the program of s17A reviews. <ul style="list-style-type: none"> <li>Update and approval of terms of reference (February 2025)</li> <li>P27 full facilities maintenance contract review update on local board engagement (April 2025)</li> <li>Marina Ownership Framework review update (April 2025)</li> <li>Building Consents review update (May 2025)</li> </ul>												
<b>Procurement</b>														
<b>Waste Solutions</b>	Procurement plan for the supply of refuse and recycling bins and bin recall, retrofitting and distribution services	Decision: to approve the procurement plan												
<b>Waste Solutions</b>	Waitakere Refuse and Transfer Station	Decision: Approval of a supplier to deliver Stage 2 and 3 construction works at the Waitakere Refuse and Transfer Station												
<b>Healthy Waters</b>	Healthy Waters Maintenance Contracts Variation – Making Space for Water	Decision: Approval of variation to add scope for Making Space for water and contingency for future years												
<b>Healthy Waters</b>	Healthy Waters - Small Water and Wastewater maintenance Procurement Award	Decision: Approval of Supplier Recommendation report for regional SWWS contracts for 5+3 years												