

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 MINUTE ITEM ATTACHMENTS

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Section 17A review update and approval of Terms of Reference


Revenue, Expenditure and Value Committee

Tuesday, 18 February 2024



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Executive Summary & Recommendations



Executive Summary	Recommendations
<ul style="list-style-type: none">This report provides the terms of reference for Stormwater Contracts and Waste (Bins Manufacturing and Maintenance) for approval by the committeeLocal authorities are required by legislation to undertake section 17A service reviews (also known as “value for money reviews”).There have been 10 service reviews since the beginning of the current council term (e.g. Early Childhood Education, Holiday Parks, Representation Review, Pools and Leisure, P27 Contracts, Group Property Review, Marina Management, Building Consents, (new) Stormwater Contracts, (new) Waste Contracts).	<p>That the Revenue, Expenditure and Value (REV) Committee:</p> <ul style="list-style-type: none">a) whakaae / approve the Terms of Reference for the Stormwater Contractsb) whakaae / approve the Terms of Reference for the Waste (Bins Manufacturing and Maintenance)

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Section 17A Reviews: Context

Section 17A reviews aim to improve the effectiveness of delivering public services. They require a systematic evaluation of how services are delivered and whether improvements or changes are needed to deliver a better service for communities. Service reviews include examining the below:

- **Efficiency and Cost Savings**
- **Service Quality**
- **Alternative Models for Delivery**
- **Long-term Planning and Strategy**

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Section 17A Reviews: Governance

Governance

- **Reviews are to be included in the REV Committee’s annual work programme** including approving the terms of reference for individual reviews, as well as monitoring and reporting on the implementation of, and the recommendations arising from those reviews.
- **Initiating a section 17A review** will include internal scoping and shaping of the business case, this process will identify and define decision makers. If the identified decision makers are elected members they will be engaged from the start of the process, with regular updates on progress.
- **To ensure that service reviews are prioritised** according to the guidance of elected members, the REV Committee will receive regular quarterly updates on the progress of current reviews, as well as potential future reviews.



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Section 17A: Review Pipeline for 2024/2025 Financial Year.

FY25	Description	Status	Update since September report
Pools and Leisure Delivery Model	Review of the service delivery strategy and delivery model for Pools and Leisure	Implementation and Delivery – led by the department	New contracts approved at the October REV committee
P27 Contracts: Parks and Community Facilities	Review of full facilities maintenance contracts	Planning	Local board engagement underway and initial market testing
Group property review	Review of the structure and performance of the council property portfolio management functions	Planning	Property framework being drafted with key SMEs
Marina management	Review of marinas across the council group	Initiate	Initial findings to be presented to the Revenue, Expenditure and Value Committee in March 2025.
Building Consents	Review of the building consents function	Initiate	Initial assessment to be completed April 2025
(New) Stormwater Contracts	Review of stormwater operations and maintenance contracts	Strategic Assessment	Terms of Reference to be approved by the REV Committee
(New) Waste (Bin Manufacture and Maintenance)	Review of the Waste (Bin Manufacture and Maintenance) contracts	Strategic Assessment	Terms of Reference to be approved by the REV Committee

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Stormwater- Terms of Reference

Context	Review
<ul style="list-style-type: none"> The stormwater contracts cover operations and maintenance of council’s stormwater infrastructure. This includes: <ul style="list-style-type: none"> general maintenance restoration inspection emergency response services The contracts have an eight-year term (made up of five years initially, with an extension of three years). The initial terms for the North and Central contracts expire in 2026, and with three year extension until 2029. The 2026 expiry has triggered a review under section 17A of the Local Government Act 2002. A more comprehensive value for money review of the stormwater contracts across the region will be undertaken before the final end of the contracts in 2028 and 2029. 	<ul style="list-style-type: none"> The review will assess available options and advise a recommended option for the operations and maintenance contracts. The review will also assess the following: <ul style="list-style-type: none"> Effectiveness of current contracts Contract delivery model assessment to determine alternate options for delivery Potential contractual optimisation opportunities.

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Waste (Bins Supply and Maintenance) – Terms of Reference





Context	Review
<ul style="list-style-type: none"> Auckland Council Waste Solutions oversees kerbside waste services across the Auckland region, requiring an inventory of over one million bins in various sizes for recycling and waste. Current contracts for Supply of Refuse and Recycling Bins and Bin Recall, Retrofitting and Distribution Services expire in June 2026. The Long-term Plan 2024-2034 includes budget for: <ul style="list-style-type: none"> A renewal program targeting end-of-life refuse and recycling bins. The introduction of bins in varying sizes, pending policy decisions on moving to fortnightly collections. 	<ul style="list-style-type: none"> The review will assess the following: <ul style="list-style-type: none"> Desired outcomes for future contracts. Bin renewal options and a recommended approach. Optimal supply and maintenance contract delivery model.

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Update on CCO Transition




- On 12 December 2024, the **Governing Body approved the Mayoral Proposal 2025/2026: CCO Reform.**
- It was agreed that **Eke Panuku functions and Tātaki Auckland Unlimited economic development functions would be transferred to Auckland Council.**
- This will intersect with the **Group Property Review** and **Marinas Review** underway.
- The Value for Money team is working with the CCO transition team to ensure that the two **review recommendations are considered** and **work is phased appropriately.**

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Next Steps



- Staff will continue with the review of services as required by legislation or by council decision
- Updates will be provided to the committee quarterly (next update in March 2025).

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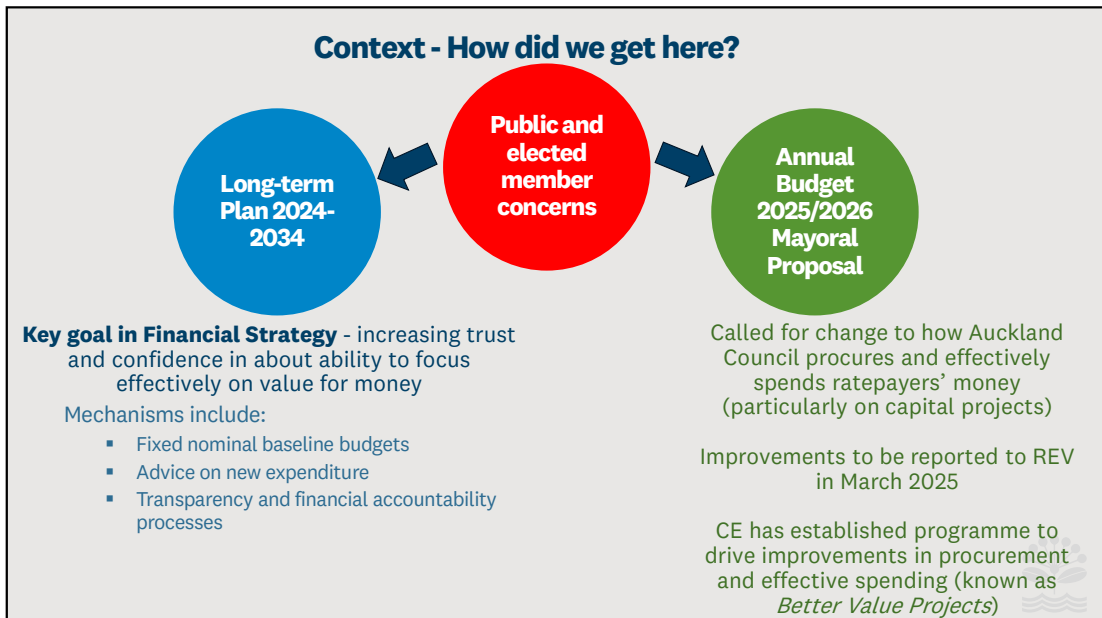
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Key observations

- **Quick wins** being progressed that don't create risk to longer-term initiatives
- **Testing** new ways of working in our unique context
- Consideration of **local board role** in commissioning capex
- **Group Procurement Policy** - mechanism to drive change
- **Mix of solutions** working together required
- Key barriers and **constraints to address**
- Lessons to be learned from **real-life case studies**



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Better Value Projects programme propositions

1. Increased use of standard designs
2. Factor in past supplier performance
3. Setting maximum project prices to inform design/scoping
4. Focus on local suppliers
5. Streamline processes and remove barriers
 - review design standards and processes
 - challenge compliance requirements, risk management, and resource consent conditions and processes
6. Early problem definition and robust value assessment
 - agreement on the problem to solve
 - is a built solution even required?
 - whole of life costs
 - costs and benefits
 - determine the value to be delivered by the investment.



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Better Value Projects programme propositions

7. Rightsizing our investment
 - minimal viable product
 - explore external funding contributions
 - pilot design and build contracts
 - identification of non-built and low/lower cost alternatives
 - challenge and invite innovation and value for money bids
8. Manage consultation and consultancy carefully
 - increased use of internal staff capability
 - using consultation from planning processes to inform projects
 - reduced use of professional services
 - regular key supplier/partner briefings to set expectations
9. Independent assessment
10. Continuous value assessment



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Next steps

- Progress work to:
 - validate each proposition
 - design and implement process changes
 - undertake case studies of real-life projects
 - identify issues/successes, root causes, learnings to apply, improvements to implement
- Report progress and case studies back to 18 March REV Committee
- Regular programme updates from March



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