

Communication & Engagement

Value for Money (S17A) Review 2017

Contents

Findings & Recommendations		Key value drivers	17
Value for money	4	Leading practice	18
Services covered	5	Current state: governance	20
Key findings	6	Current state: funding	21
Recommendations	7	Current state: service delivery	23
Opportunity impacts and dependencies	9	Challenges and issues	31
Summary of value	10	Current state findings	32
Current state		Opportunities to improve	34
Approach to this review	12	Options	
Methodology	13	Approach to options analysis	38
Some key facts	14	Value proposition #1	39
Value chain	16	Value proposition #2	42
		Value proposition #3	45
		Value proposition #4	48
		Value proposition #5	51
		Value proposition #6	54
		Appendices	57

Communications and engagement

Value for Money (S17A) Review 2017

FINDINGS & RECOMMENDATIONS

Data consistency

- This review is evidence-based and relies on data provided by a number of business sources. Responses received from some sources were incomplete or unclear. As a result, the data has not been uniformly available or has a degree of inconsistency, such that we have supplemented some of our findings with evidence gathered from the public sector and/or published sources.
- It was difficult to accurately establish the size of the service and its resources. Not all budget activity sits neatly in communication and engagement (C&E) departments. With some of the council-controlled organisations (CCOs), there is a functional split between the retail, operations and communications functions; in others, such as the council, there is evidence from procurement spend analysis of extensive C&E expenditure within operations and customer services.
- The review has made recommendations to improve the transparency of, and accountability for, public expenditure for this service.

Value for money

This review delivers on the requirement on local government, in S17A of the Local Government Act 2002, to:

“... 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 ...

... consider options for the governance, funding, and delivery of infrastructure, services, and regulatory functions...”

These reviews must be undertaken at least every six years.

The purpose of this internal strategic review is to identify opportunities to improve value for money. The focus of the review is on the effectiveness of the service in supporting the achievement of the “voice for Aucklanders” performance targets set out in the council’s performance plan where C&E services play a significant improvement role.

The value propositions in this report provide an indication of the value that could be gained from undertaking certain actions. This report provides orders-of-magnitude estimates of value. The propositions do not include explicitly the costs and benefits of implementing these actions. Rather, the propositions have been designed to inform council decisions and may require further evaluation, including business case justification to determine the viability of implementing the opportunities identified in this report .

Reviewing cost-effectiveness highlights the need to look at both effectiveness, or the value, of local government services and their cost. Hence the term “value for money”. The Office of the Auditor-General, in its 2008 Procurement guidance for public entities publication, defines value for money as:

“... using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve. In addition, the principle of value for money when procuring goods or services does not necessarily mean selecting the lowest price but rather the best possible outcome for the total cost of ownership (or whole-of-life cost).”

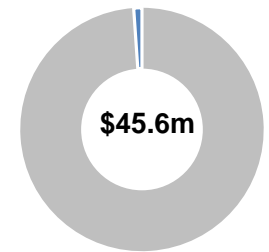
We define value from the viewpoint of the customers of the services. Depending on the service, customers might be specific groups of individuals, households or businesses, or they might be the Auckland public in general. When we consider value for money, we also look at the public policy reason for the council’s current role and whether that role will continue to be appropriate in the future, given changes in factors like technology, customer expectations, the environment, legal framework, etc.

The services covered by this review

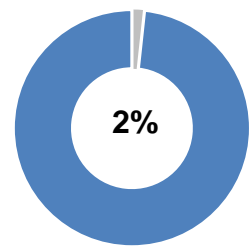
- This assessment should be read in conjunction with the C&E review terms of reference¹.
- In this value for money review we have asked if the services are currently efficient and effective and what value could greater collective Group coordination, and consistency, deliver for Aucklanders.
- This review spans Auckland Council and its substantive CCOs organisations including ATEED, Regional Facilities Auckland, Watercare Services and Auckland Transport.
- This review does not include the customer journey or customer service experience of interacting with the council through retail, operations or customer service functions. which will be incorporated into the scope of the customer services value for money (S17A) review.

Brand, Marketing & Channel Management	The promotion of council services and the identity, attributes and values of the council or related brand names through various outlets used to communicate (channels)
Research, Consultation & Engagement	The provision of research, consultation and engagement support to the organisation to capture the views and behaviours of people in respect to Council services. The management of specialist consultation and engagement services to citizens through channels. The support of policy development and political decision-making and the fulfilment of statutory obligations to consult with the public (including communities of interest).
Public Affairs & Media Communications	Managing the council’s position with the media or with key parties such as central government or communities of interest
Internal Communications	The provision of communication services including executive management communications to employees
Operational Communications & Engagement	C&E services for support the frontline with day-to-day specialist support for incidents, projects and events
Organisational support	Including planning, workforce, supplier, performance and budget management

**Operating Spend 16/17
(Total \$3.8b)**



**Rates Funding
\$2 per ever \$100**



Key Findings

- Auckland Council and its CCOs were designed to operate with significant independence including communications as each organisation has distinct mandates, objectives, budgets and performance objectives
- A Group C&E strategy is needed to manage Group reputational risk and to set out clear objectives, priorities and responsibilities supported by appropriate protocols.
- Given the size of the budget, the council needs a fully documented C&E plan setting out how the service is to support the eight C&E-dependent performance targets.
- It is difficult to evaluate whether this service is delivering value for money or not as investment and performance evaluation disciplines are not widely used to demonstrate impact.
- There are a wide range of management practices that can be deployed to demonstrably improve the efficiency and effectiveness of funding and service delivery

A summary of the review group's findings and recommendations to Auckland Council's Finance and Performance Committee are set out for their consideration.

Governance

There is value in the Group collectively developing a communications strategy to address common Group reputational and business continuity risks and issues where communications and channel coordination play a key role

Improving the performance evaluation framework for major C&E expenditure will strengthen accountability and transparency for results. This requires better alignment of key performance metrics to prescribed communications and objectives to provide assurance that resources are being prioritised and money is being well spent.

Funding

Introducing formal cost-efficiency plans drawn from public sector best practices with targets will improve cost effectiveness and efficiency disciplines and give impetus to delivering value for money objectives for this largely budget-constrained discretionary area of spend. Areas for focus include strengthening planning and performance evaluation, a group internal design studio service developing a shared "freelance" resource pool, considering the "lead agency" concept, growing revenues, developing and negotiating Group suppliers arrangements and shifting to low cost channels

Service Delivery

There are opportunities to realise savings from adopting a single contracting approach to shared suppliers, extending supplier panels for key advertising and marketing categories of expenditure, sharing internal design studio resources and creating a Group resource pool for specialist contractors

Addressing the causes of low levels of iwi satisfaction in the council is of significant social value. The engagement process, the identification of key issues and responses and an understanding of iwi needs is a first step in improving service effectiveness.

Recommendations

It is recommended that the council's chief executive take the following actions as soon as practicable working with the relevant CCOs to :

Group communications and engagement strategy and plan

1. **Initiate** a working party with the CCOs and involving Group communications management to develop a formal Group C&E strategy and plan that sets out the Group's approach to communications matters of significance including:
 - addressing Group communications risks and mitigation actions where C&E services are critical to risk management and defining protocols
 - agreement on the shared Group C&E outcomes, objectives and channels and a supporting work plan
 - Group brand standards and supporting policy
 - Group communications procurement plan

Cost-efficiency plans

2. **Require** organisations receiving council funding for C&E services to implement a formal cost-efficiency programme for the service in the next financial year to achieve a minimum 5 per cent per annum reduction in spend for the next three years, over and above any existing efficiency targets and based on the current expenditure funded by council rates.

Strategic planning process

3. **Develop** a top down strategic planning process to drive the allocation of the council parent's C&E budget with clear investment logic between the work activity and resources required to achieve the prescribed outcomes and objectives including digital by default, and have a fully documented and integrated strategic plan in place for the new financial year FY18.

Recommendations cont...

Engagement with Māori

4. (a) For those organisations without an engagement plan, **develop an annual Māori engagement plan** to integrate with the communications strategies and plans to demonstrate the link with the Māori responsiveness framework. For the council, review the engagement model to ensure iwi liaison has an integrated and cohesive approach to support the council's statutory and policy obligations. Report back on progress by June 2018.
- (b) For the Group: consider **introducing a common performance measurement** and improve the effectiveness of the Māori engagement process by strengthening accountability for planning and delivery of strategic engagement, linked to each organisation's strategic communications and engagement plan

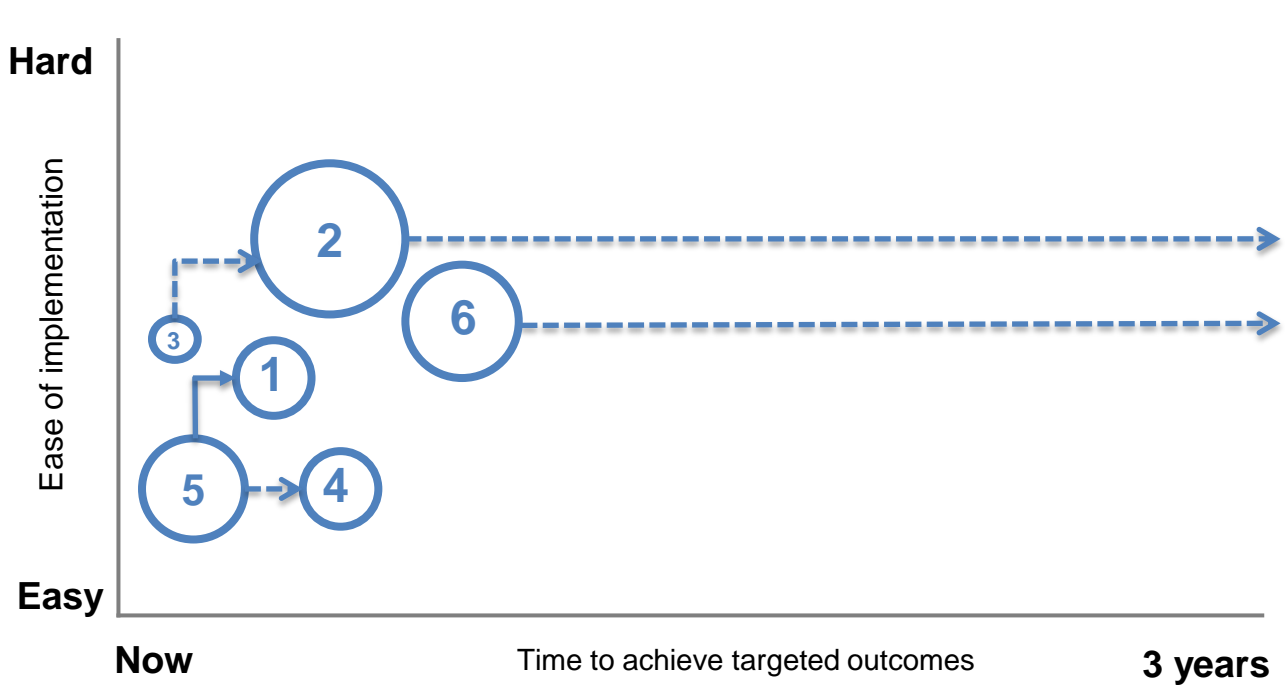
Performance evaluation framework

5. For those organisations without a consistent performance evaluation framework, **develop a consistent performance evaluation and monitoring methodology** and implementation plan for determining the return on investment for major campaigns and projects. Report back on progress by June 2018.

Joint procurement

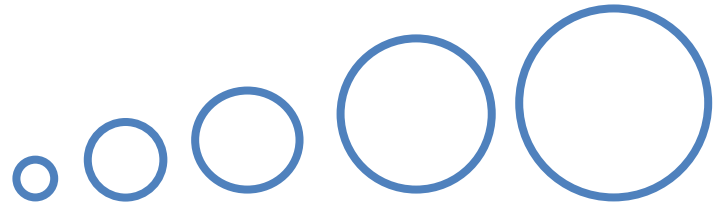
6. **Develop a single procurement centre of excellence** to manage procurement for the Group communications spend category with a view to deliver increasing, consistent value across the Group while reducing the number of suppliers. Report back on progress by June 2018.

Opportunity impacts and dependencies



Key	
1	Group communications strategy and plan
2	Cost-efficiency plans
3	Strategic planning process
4	Engagement with Māori
5	Performance evaluation framework
6	Joint procurement

Size reflects average score against our criteria, and quantified impacts, if any, as indicated



Summary of potential value

	Opportunity Description	Ref #	Value or (cost) \$M Mid-point estimates over 10 years	= Direct \$M Benefit delivered to Auckland via the council	+ Indirect \$M Benefit delivered to Auckland via others	Comment
GOVERNANCE	Group communications strategy	1	Group performance targets & actions defined & agreed	[+ve not estimated]	-	Will enable the relevant "voice of Aucklanders" Group performance measures to be agreed and Group reputational risks to be more formally managed
	Strategic planning process improvement	3	Improved transparency for performance target improvement where communications plays a significant role	[+ve not estimated]	-	Will support transparency and accountability for the work priorities and benefits received from discretionary C&E expenditure
FUNDING	cost-efficiency plans	2	32.0	32.0	-	Council savings targeted to achieve a minimum of a 5% per annum reduction for the next three years from expenditure funded by rates
SERVICE DELIVERY	Performance evaluation framework	5	[+ve not estimated]	[+ve not estimated]	-	
	Joint procurement	6	22.5	22.5	-	
	Māori engagement plan	4	Iwi satisfaction target achieved	-	-	Will enable the iwi satisfaction performance result to be lifted – measure needs to be reviewed
			54.5	54.5	-	

The table indicates whether the impacts are:

- direct – actual costs or benefits (cost savings) to Auckland via the actions of the council and CCOs as a result of the initiative (e.g. reductions in committed budgets that could thus be physically re-allocated or 'banked' if benefits are realised)
- indirect – actual costs or benefits to Auckland that will occur through the actions of third parties.

Estimates are indicative of the order-of-magnitude of the opportunity, drawing on assumptions from the literature and experiences in other places. Their purpose is to establish the case for progressing options and associated business cases. In some cases, the evidence is strong; in others, the basis for assumptions is speculative.

Communications and engagement

Value for Money (S17A) Review 2017

CURRENT STATE

Approach to the current state assessment

We did the review following a clear methodology, seeking to understand the current operating approach and framework. This report provides an overview of the current state findings. We have assessed the current drivers of value, the issues and challenges of delivering services, and identified and documented value delivered and improvement opportunities.

As part of our evidence-based approach we draw on a range of sources:



What we have done:

Engaged with Auckland Council and CCO management, and interested parties through a combination of questionnaires, interviews and workshops

Reviewed the long-term plan, policy and business strategy and planning documents

Reviewed the statutory environment

Researched approaches and best practices in the public service in New Zealand and internationally

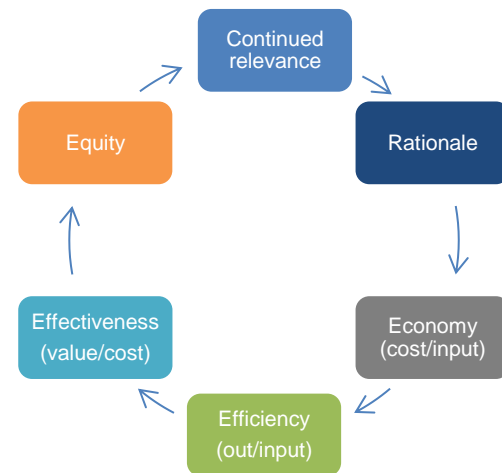
Tested our emerging thinking with subject matter experts and advisors

Our methodology uses a fact-based approach

We have applied our standard framework of questions to this review. The method involves testing current service arrangements, as well as asking if their rationale is still sound and fit for the future. We then focused on specific challenges, issues and opportunities that we found most relevant for service delivery in the future.

Questions

What	<ul style="list-style-type: none"> • What is the service and how big is it? • How is it delivered, funded, governed, regulated? • What is its place in the value chain? • What is the current and future context?
Why	<ul style="list-style-type: none"> • What is the service trying to achieve? • What are its strategic or statutory drivers? • What is the public policy rationale for local government role?
Performance	<ul style="list-style-type: none"> • What are the cost and value drivers? • Economy (cost of inputs) and efficiency (service delivery) • Effectiveness and cost effectiveness • Results : value to beneficiary/cost, rate of return • Impact: (economic, environmental, social value)/cost
Implications	<ul style="list-style-type: none"> • Does current performance indicate good value for money? • Do incentives/ controls give confidence about achieving future value? • What are the areas of risk and uncertainty affecting value for money? • Continued relevance in light of likely changes in context? • What funding, governance, delivery options for improvement?

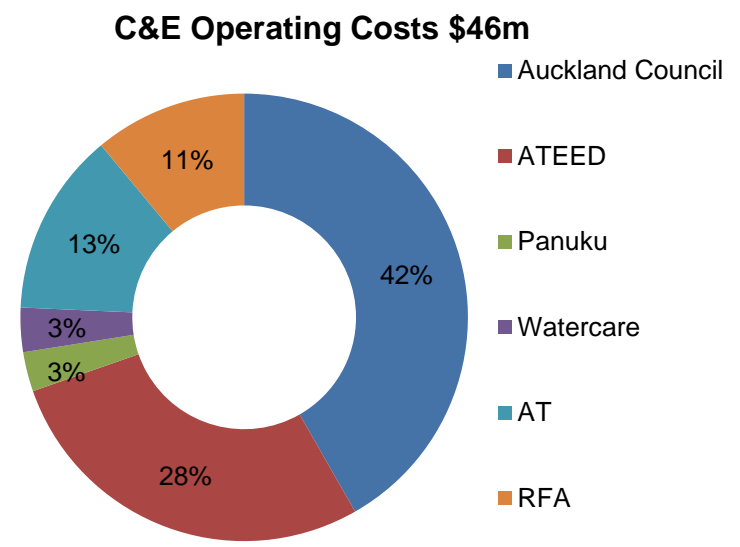


Some key facts: costs, resources and outcomes

	Auckland Council	Watercare	RFA	Panuku	Auckland Transport	ATEED	Group
C&E operating expense (\$m) ²	\$19.0	\$1.5	\$5.0	\$1.3	\$6.0	\$12.7	\$45.6
C&E Full Time Equivalent Staff (FTEs) ³	105	8.5	26.5	8	55	31	234

The council's C&E Performance Framework ⁴

Strategic Outcome	MEASURE	LATEST RESULT	FY17 TARGET
Voice of Aucklanders : Our citizens have a strong voice and are key in shaping Auckland	Trust in council	17%	20%
	Satisfaction with council's performance	17%	18%
	Iwi satisfaction (engagement)	8%	38%
	Awareness of key council's services	44%	48%
	Opportunities to have a say in shaping Auckland	34%	30%
	Ease of having a say in shaping Auckland	36%	31%
	Availability of information to have a say in shaping Auckland	30%	31%
	Community engagement (measurement to be introduced in 2018)	-	-



These are the council's targets. Each CCO has its own performance framework and performance targets.

Some key facts: services

25,000

Aucklanders on the Peoples Panel providing feedback to the council

80%+

Growth in the council's Facebook & Twitter audience in the last year

3,000

Aucklanders surveyed for the Citizen Insight Monitor measuring trust & reputation

58%

Of feedback received online from the Shape Auckland website

25,000

Submissions received by the council on the long-term plan

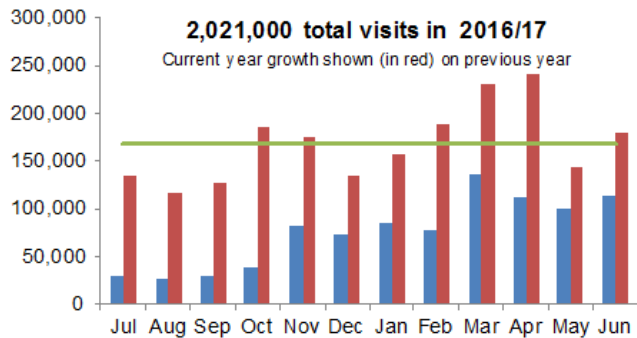
86+

Group web sites, 36+ Twitter pages, 147+ Facebook pages

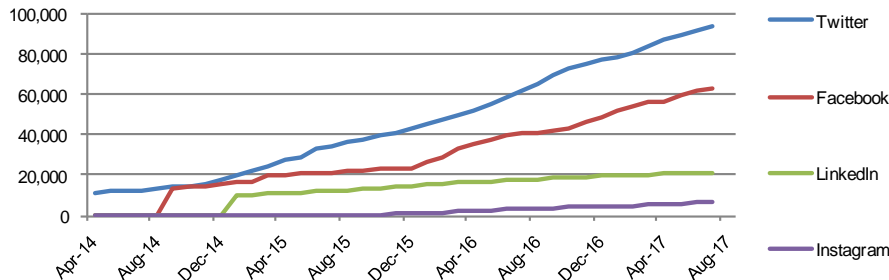
46

Or more council public consultations per year; 5 were mandatory

OurAuckland website visits



Council's social media channels audience growth



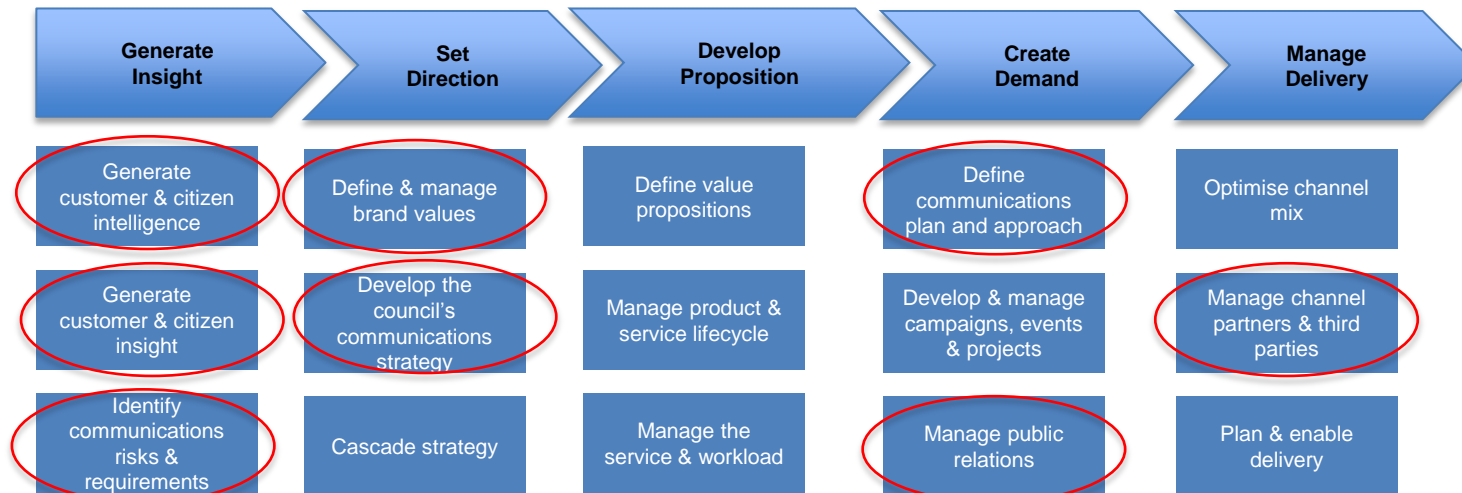
Comparative social media audiences

Twitter		Facebook likes	
Auckland Council	95,470	NZ Immigration	367,762
ATEED	71,613	ATEED	178,207
Auckland Transport	60,000	NZ Police	131,725
NZ Police	33,362	NZ Army	94,803
NZTE	13,926	NZ Fire & Emergency	73,644
Christchurch City Council	12,499	Auckland Council	62,316
Stats NZ	11,301	Auckland Transport	20,000

Value chain

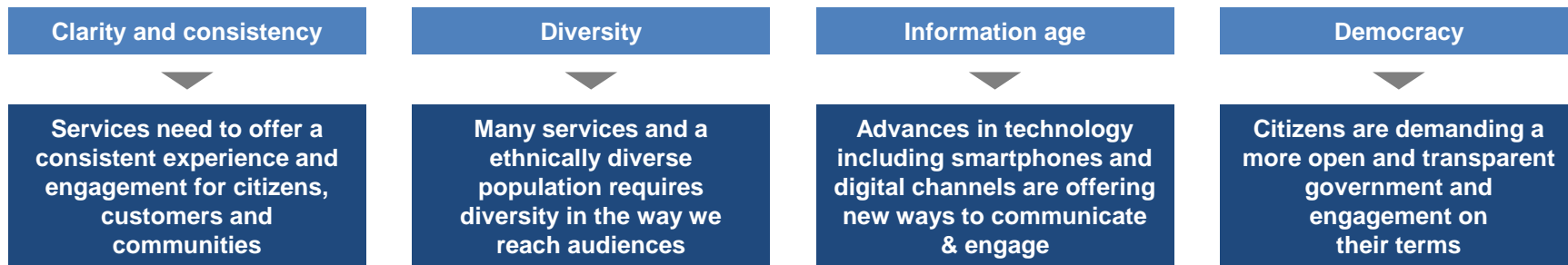
We examined the service value chain charted below to help the review understand the processes and interconnected parts needed to ensure the services were delivered consistently across the Group when needed. As highlighted, there are areas of potential commonality or where consistency and sharing is required between the Group C&E functions. These areas are being coordinated to some degree today on an opt-in or voluntary basis, supported by the following Group collaborative processes and meeting schedule:

- daily media call – issue of the day discussed
- weekly face-to face meetings of communications advisors
- monthly strategic communications forum
- cross –agency working parties for campaigns i.e. Americas Cup, All Black Tests, World Master Games, City Centre, Wynyard Quarter
- emergency management communications team
- social media community of practice
- weekly coordination meetings: statutory requests for information .



Key value drivers

- We identified four key cost and value drivers for C&E services.
- We asked some key questions to assess the current state and to identify improvement opportunities



Questions

What are the trends in costs and service levels of C&E compared across the Group and to other organisations.

What have been the gains from amalgamation, and from efficiency initiatives since?

What value has been delivered from reorganisation or service developments? Can they be leveraged across the Group?

What benefits have been and are expected from Group procurement opportunities?

What Group planning exists in respect of C&E strategy, branding and other activities?

Can the services be delivered more cost-effectively?
What channels are used to communicate with Aucklanders?

To what extent does the Group share and support the “trust in council” reputational outcome or other council C&E performance measures?

How is the effectiveness of C&E measured and how is it trending over time? What value is being obtained from C&E expenditure ?

To what extent are C&E services duplicated or shared across the Group?

How are resources allocated across key service areas? e.g. strategy and planning, research, brand

Leading public sector practices

Digital first – the rise of social media

- There is a strong trend towards shifting local government engagement activity from print to social media with the use of two-way communication channels such as Facebook, Twitter and YouTube.
- Social media channels are low cost but, more significantly, they allow users to share content, interact and collaborate. They form a central part of a digital approach.
- Digital first strategies are driving the shift towards digital as the primary news and information channel, while public demand for printed media is in decline. Some organisations are pursuing this strategy aggressively by eliminating all discretionary printed materials.
- The rise of social media is rendering obsolete traditional functional operating models for communications services and driving the demand for new capabilities in digital content management and moderation.
- Information is being democratised and citizens are demanding higher levels of information transparency.
- The Kaikoura earthquake was a good example of the way many governments use social media, with the Ministry of Civil Defence and Emergency Management tweeting from [@EQKalkoura](#).
- In the UK, Shropshire Council residents use [WhatsApp a councillor](#)⁵ to ask local councillors questions, enabling two-way engagement.
- In Australia, Brisbane Council uses social media to raise awareness of areas of civic pride, as it felt people didn't know enough about its cultural sites. It has begun an [Instagram campaign](#)⁶ which has 38,000 followers.

Case studies

Like Auckland Council, in the UK discretionary C&E service expenditure is facing greater scrutiny. This is requiring councils to deliver efficiencies by making changes to services as well as meeting the growing demand for residents' involvement decision-making. The issue being addressed is: How does the service achieve the best value for money with limited resources? The [Local by Social online conference](#)⁷ brought together experts and councils to discuss this issue, and the potential of social media to solve the problem. What came out of the conference was the view that social media could be an excellent way of forging a relationship with residents, while doing away with the overheads of printed publications.

Many councils are reviewing paid media and publication costs, and actively growing lower cost communication channels. Manchester City Council is reducing costs by greater use of social media channels to engage citizens rather than the traditional one-way broadcasting approach. It manages some of the most successful social media channels (for both quantity of people engaged and the quality of output) and is named as a leading council in this area. The table below shows the impact on spend in the shift from traditional media to social media channels over five years for Manchester. Overall, the digital shift has reduced total advertising and marketing spend by 25 per cent in the last five years.

Year	Print costs	Total marketing and advertising spend	Amount spend on advertising	Amount spent on Facebook
2011/12	-	£1.371m	£729,470	£8,575.00
2012/13	-	£1.201m	£710,917	£18,745.81
2013/14	£1.084M	£1.348m	£948,454	£19,054.81
2014/15	£989,000	£1.044m	£839,924	£21,504.20
2015/16	£882,028	£1.028M	£422,767	£60,473.65



Leading public sector practices

Formal strategic plans

We reviewed a number of local and central governments in New Zealand, North America and the UK. We found that all organisations with large C&E budgets have formal C&E strategic plans. Many have a strong digital and social media thread⁸. Typically, these three-year plans set out the objectives and outcomes against expenditure and how performance to plan will be monitored. This information is publicly available.

New operating models⁹

With the move to digital channels, users have greater control of the communications and content. In response, public sector organisations are consolidating digital teams across technology and C&E disciplines, building media centres producing ready-to-publish content for external news outlets on all platforms and addressing breaking issues in real time. These centres are supported by design centres producing word, video and audio content supported by new digital technology platforms.

Cost-efficiency programmes¹⁰

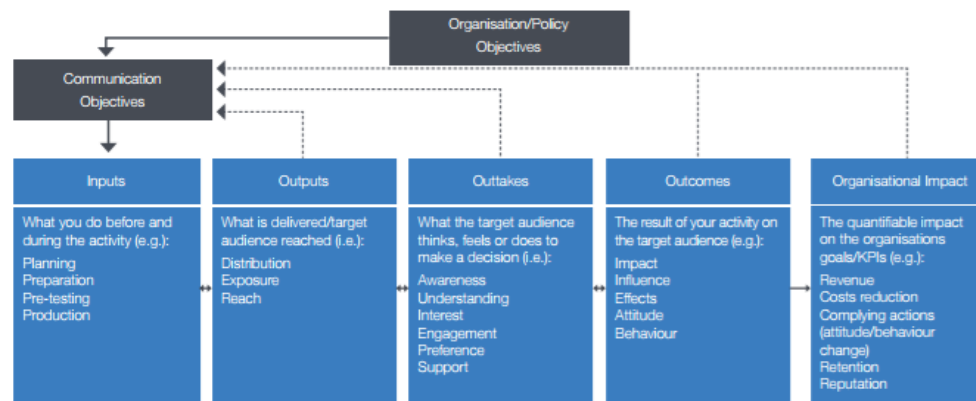
For the past seven years, the UK government communications service has saved between 10-15 per cent by introducing better controls on expenditure with top down planning and focusing on programmes such as digital first, procurement, using low-cost digital channels for campaigning, and ensuring expenditure is properly evaluated for performance supplemented by the growth of commercial revenues.

Case Study: UK Government Communications Service performance measurement framework¹¹

The service has developed a measurement and evaluation framework to document and monitor the value received from public sector communications spend and to ensure a strong link between outcomes and objectives.

This framework is designed to create a transparent process for public expenditure and to demonstrate the tangible impact of C&E work. It is used cross all UK government communications services when planning an activity and setting metrics to track success delivering against prescribed communications objectives and organisational goals. The principles underpinning all C&E expenditure is that it must be insight-driven, digital and fully evaluated.

GCS Evaluation Framework



Current state: governance

The C&E function and services are part of a governance model supporting the chief executives of the council and its COOs. C&E has two key roles – in a crisis, and as a core competency in service delivery.

The review has observed that:

- there is no formal Group communications strategy, or integrated planning including the management of Group reputational and business continuity risks and issues where communications and channel coordination play a key role
- while there are well-prescribed plans and protocols for managing brand identity and civil defence emergencies, there is no other prescription to manage common issues of Group communications significance
- all organisations monitor media, buy media, and generate research and insight, but there is no coordinated approach to monitoring and measuring communications effectiveness
- apart from an advertising agency panel (involving three council organisations), third party suppliers of advertising, public relations, signage, media buying ,professional contractors and design services are largely contracted independently by the council and each CCO including suppliers commonly used for services across the Group
- with the growth of digital channels, each of the larger organisations is building their own digital technology platform, content systems and digital teams. There are no joint development plans for this area of common focus.

Current state: funding

- Annually, the NZ Treasury benchmark provides a snapshot of public sector agencies C&E expenditure referred to below as the BASS Benchmark survey. All the organisations are generally within the mid-point of the BASS benchmark as a percentage of operating cost except ATEED, RFA and Panuku.
- The communications and engagement services are funded from a number of sources including commercial revenues, user charges, central government and rates funding.
- The council's communications and engagement services are predominantly rates funded.
- ATEED received \$56.2 million in 2017 from the council for running costs including C&E and raised \$19.6 million through fees, user charges, subsidies and grants.
- RFA received \$27m operating funding in 2017 (excludes capital funding) from Council which represents 30% of its operating income
- Watercare's costs are funded by user charges and it receives no direct funding from the council.
- Auckland Council and NZ Transport Agency are the primary sources of funding for Auckland Transport, with additional funding received from other sources including user charges and fees, subsidies and vested assets. 18 per cent of its running costs are funded by the council including C&E.

BASS Benchmarking

BASS Benchmarks	Auckland Council	ATEED	Regional Facilities	Panuku	Watercare	Auckland Transport	Department of Conservation	NZ Tourism Board	Ministry for Primary Industries	NZ Customs Service	NZ Transport Agency	Ministry of Business Innovation & Employment
Cost of the "Communications and external relations" as a % of ORC	0.68%	16.23%	NIP	3.24%	0.33%	0.42%	0.74%	0.65%	0.76%	0.58%	0.44%	0.43%

RFA considers public sector benchmarking is not appropriate for its business model and that a more appropriate benchmark is leisure , entertainment and other competitive industries and did not provide the requested information.

ATEED is a specialist agency. It has a key role as the promoter of the Auckland brand and is responsible for visitor attraction which drives its marketing costs. Its priorities include building a culture of innovation and entrepreneurship, growing and attracting skilled talent, and attracting business and investment. These responsibilities and priorities explain the high relative cost result.

Panuku extensively engages with communities where it is undertaking urban redevelopment which reflects the higher result.

NIP – no information provided

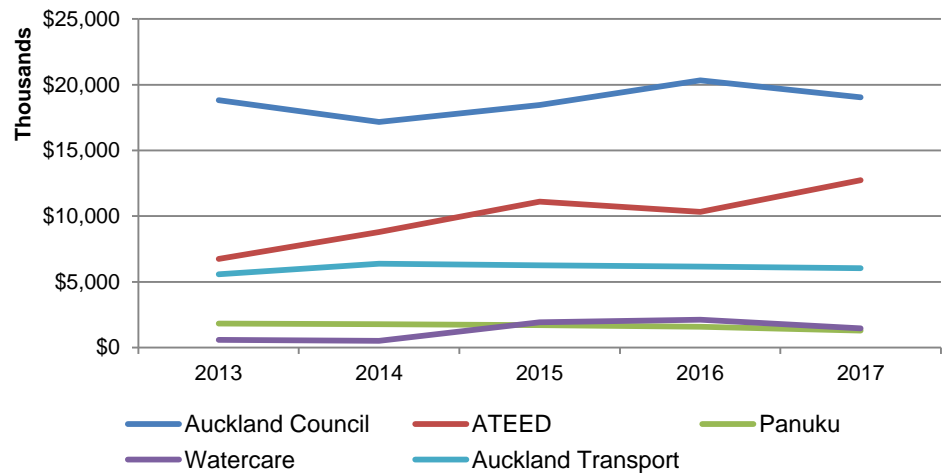


Current state: funding

Salary costs are rising well above the council average for council, Panuku, ATEED and Auckland Transport

	Auckland Council	Watercare	RFA	Panuku	Auckland Transport	ATEED
*2013 to 2017 % Change in C&E salary costs	74.9% ¹³	8.5%	NIP	104.5%	56%	87%

Communications & Engagement Spend



*The increases in salary costs are based on total costs without factoring in the impact of any increases in employee numbers over the period. For Auckland Council, if full time employees are factored in, salary costs have risen an average 26 per cent over the past four years against a 9 per cent average salary cost rise for Auckland Council.

NIP – no information provided

Previous opportunities to improve effectiveness of Council parent operating spend have not been realised...

Given Auckland Council is the largest operational spend we reviewed a business case developed in 2014 to change the communications and engagement operating model. We reviewed a selection of the recommendations from that business case to evaluate if the value had been delivered for the consolidation of the services .

Overall savings outlined in the business case have not been achieved.

Business case recommendation	Our observation
Develop strategy for communications and engagement	No Strategy has been developed
Reduce reliance on external marketing and advertising agencies	Design studio has been brought in-house and appears successful in respect of quality and cost reduction but note that any savings have been offset by increased staff costs
Reduce communications to core team to 92 FTE	Communications team is currently 105 FTE. However it should note that with C&E overall FTE count has increased due to an expanded scope in service delivery. For example, in 2016, a team of 5 came to C&E from CPO to deliver Auckland Conversations and stakeholder engagement, a team of 3 consultation processing analysts came from Democracy Services, and another FTE came from Te Waka Angamua to be the principal advisor Māori engagement. There is also a project team working on Citizen Value & Engagement.
Accelerate move from print based to lower cost digital production channels	Some progress has been made but the rate of change has not been rapid enough
Implement a networked model (hub and spoke) for communications service delivery	Some progress has been made but it appears that the function is operating in a more centralised delivery approach
Single budget holder for organisation wide communications expenditure	Circa 20% of external advertising spend is outside the communications and engagement department

Current state: service delivery

- Cost trends were supplemented by an evaluation of other indicators signalling opportunities to improve cost effectiveness

	Auckland Council	RFA	Auckland Transport	ATEED	Watercare	Panuku
Internal user satisfaction with the C&E service	43%	Not measured	91.3%	76%	Not measured	Not measured
C&E staff engagement	31%	Not measured	81%	100%	68%	54%
Total staff engagement	45%	74%	71%	53%	65%	52%
C&E staff turnover	20%	11%	16%	33%	7%	25%
Total staff turnover	15%	14%	15%	20%	15%	14%

Turnover is used as proxy performance measure for (poor) efficiency given the times/resources cost in filling positions and training new employees, and the resulting stress on remaining employees while those positions are filled and new staff brought up to speed. It is usually caused by a combination of negative work environment, unattractive working conditions or pay below market trends.

Studies suggest that every time a business replaces a salaried employee, it costs up to 12 months salary on average. For example, AC turnover at 20% on 105 FTE's earning an average of \$90k pa would cost \$1.7m pa. The direct cost of recruitment and training would not be captured in the C&E department.

Current state: service delivery

- The council has responsibilities to engage with Māori as mandated by its governing legislation and certain Te Tiriti o Waitangi/Treaty of Waitangi statutory obligations reinforced by the Maori Responsiveness framework in the long-term plan.
- CCO statements of intent require them to acknowledge responsibilities to the Treaty and give effect to the council’s Māori engagement policy, strategic directions and wellbeing outcomes.
- Given current performance, the fragmentation and inconsistent levels of engagement the process is ineffective and needs improvement.

Organisation	Iwi satisfaction Target	Iwi satisfaction Actual	Observations
Auckland Council	38%	8%	<ul style="list-style-type: none"> • Over 50 Group Māori forums and panels; the council is establishing a mana whenua Kaitiaki forum • Has a Māori engagement policy, but no annual engagement plan linked to a corporate communications plan • No single point of accountability for the iwi satisfaction measure • The mana whenua engagement process is not well defined and responsibilities are distributed over multiple departments including Governance, Operations, and C&E • Te Anga Mua ki Uta – Māori Strategy and Relations drives the council’s responsiveness to Māori • C&E has a dedicated iwi liaison role within, but is not responsible for the iwi engagement process or measure – it does consider communications for plans mataawaka • Operations have iwi liaison roles to support consultation on projects, and are transactional by nature
Auckland Transport		Satisfaction not measured Multiple alternative measures used	<ul style="list-style-type: none"> • C&E is functionally accountable for iwi liaison • Māori engagement plan linked to C&E plan – multiple measures of satisfaction • Iwi liaison role
Panuku	40%	25%	<ul style="list-style-type: none"> • C&E is functionally accountable for iwi satisfaction measure • Māori engagement plan
ATEED		29%	<ul style="list-style-type: none"> • C&E is functionally accountable for iwi satisfaction measure • Māori responsiveness and engagement plan linked to marketing plan • New measure which has set the benchmark going forward
Watercare		Satisfaction not measured Multiple alternative measures used	<ul style="list-style-type: none"> • C&E is functionally accountable for iwi satisfaction measure • Dedicated role within the C&E function • Mana whenua Kaitiaki forum • Māori engagement plan informs Maori Advisory Forum Meeting Agenda
RFA		Not measured	<ul style="list-style-type: none"> • C&E is functionally accountable for iwi satisfaction measure • Māori engagement plan – considers mataawaka as a key audience • Satisfaction has not measured, but a measure is being implemented



Current state: service delivery

Services are aimed to provide effective services in support of individual businesses within the council Group ...

	How is service delivery organised?	How is it funded?	Observations
Auckland Council	<ul style="list-style-type: none"> • Consolidated into C&E, although some services still delivered outside the function • Direct report to chief executive • Active work-planning process with an emphasis on delivery • Governance group is used to assist and prioritises campaigns • Mix of specialised professional and operational functions and projects • Brand and channel management function • Digital team and channel coordination and content split with customer services and information systems 	Rates – no significant commercial revenues	<ul style="list-style-type: none"> • Significant C&E activity is done outside C&E department. 45% of advertising expenditure is not within C&E department • A one-page annual plan is prepared, linking key performance indicators to the long-term plan • C&E is not responsible for community engagement, iwi satisfaction and trust in council measures • There are over 300 campaigns running, most to meet requests from the business. These are considered with reference to strategic umbrella campaigns • The in-house design studio has delivered cost savings
Auckland Transport	<ul style="list-style-type: none"> • Comprehensive C&E strategy with supporting plans; externally monitored and linked to SOI set measures; priorities and campaigns signed off by ELT • Direct report to chief executive • Consolidated, with function split between C&E and operations • Mix of specialised professional and operational functions and projects • Online services managed using a hub model • Consolidation of digital team, growing numbers in content /product management 	Rates, user charges and NZTA levy – no significant commercial revenues	<ul style="list-style-type: none"> • 94 project-based campaigns factored into an agreed annual action plan linked to strategy • Media favourability monitor used as a performance measure for the effectiveness of the service; target is staying within 5% of a 50-point monitored favourability rating • Committed to a digital-by-default social media strategy • Delivery teams work to agreed service levels which specify agreed timelines • Costs are capitalised to the large projects where applicable

Current state: service delivery

	How is service delivery organised?	How is service funded?	Observations
Watercare	<ul style="list-style-type: none"> Consolidated, with research function sitting in retail Direct report to chief executive Mix of specialist professional functions and projects Developing a social media strategy 	Funded by water users no rates funding required	<ul style="list-style-type: none"> Annual plan prepared Service focuses on supporting an essential service utility Dedicated elected member support Costs capitalised to large projects where applicable e.g. Central Interceptor Research function embedded in retail unit Media favourability monitor used to measure performance
ATEED	<ul style="list-style-type: none"> Consolidated function Formal campaign-based strategies based on insight and segments and themes linked to SOI Strong marketing and event management capability, well developed social media channels and followers Direct report to chief executive Mix of professional specialist functions, brand, digital and marketing 	Rates and growing self-funding from revenues (campaigns and events)	<ul style="list-style-type: none"> Reorganising to improve service effectiveness – marketing being decentralised Resourcing emphasis on centralised digital, channel, brand and marketing Operates a leverage model for funding Long-term strategic partnerships with local organisations such as Tourism NZ, local manufacturers, event managers and community associations
RFA	<ul style="list-style-type: none"> Decentralised to business units Dedicated corporate C&E role Mix of specialist and operational functions and campaigns 	Rates and significant self-funding from commercial revenues	<ul style="list-style-type: none"> Focused on needs of each business unit Significant growth in alternative (commercial) revenue stream to fund C&E (70% of funding from non-council sources)
Panuku	<ul style="list-style-type: none"> Consolidated function Direct report to C&E Mix of functional and projects 	Rates and commercial revenues	<ul style="list-style-type: none"> Focused on needs of the business

Current state: key observations

Auckland Council's digital and channel strategy

The council has invested significantly in a new website with a focus on growing online transactions for major transactions. Its 3-5 year implementation timeframe and business-as-usual approach to delivery is too long given public uptake of digital services. Given the cost-efficiency opportunities for the council and the Group a shorter timeframe with a clear cost-efficiency or cost to serve reduction target justifies a dedicated programme approach supported by a single accountability for channel coordination may be economically justified.

The council and its CCOs are developing digital technology platforms, channels, social media and news strategies separately. This is wasteful and represents an opportunity for greater co-ordination. There are also opportunities for a more joined up Group approach to channel use with a joint planning approach to shared audiences, such as local board, iwi, communities of interest and Facebook groups, which should be explored when developing the Group communications strategy.

Auckland Transport's digital and channel strategy

AT has a digital-by-default strategy and is moving from traditional broadcast/print media channels for news and citizens engagement towards mobile and social media applications, and digital channels. Increasing resource emphasis on digital with a new content hub supported by a digital product management capability and a new content management system. Digital services team consolidated into the C&E function to support the strategy. The strategy has a 12-24 month delivery timeframe.

ATEED'S marketing effectiveness and transparency

ATEED is moving to a process that applies an effectiveness ratio prior to work being done to validate performance from communications expenditure. This measures the proportion of marketing spend consumed by design/production, etc versus that which actually hits the customer in market. It is aiming to identify inefficient marketing actions prior to execution. Post-execution it aims to determine return on investment against outcomes and spend, as well as applying it over the total cost of the campaign.

ATEED is starting to apply a partner multiplier spend for each \$1 it invests in communications. For example, for every \$1 dollar ATEED spends, it obtains a commitment for the partner to spend an additional \$1 plus supporting the same targeted ATEED campaign activities.

ATEED has also published its communication, advertising and marketing costs on the About Us part of its website for the past two years in line with the council's principles of transparency¹¹

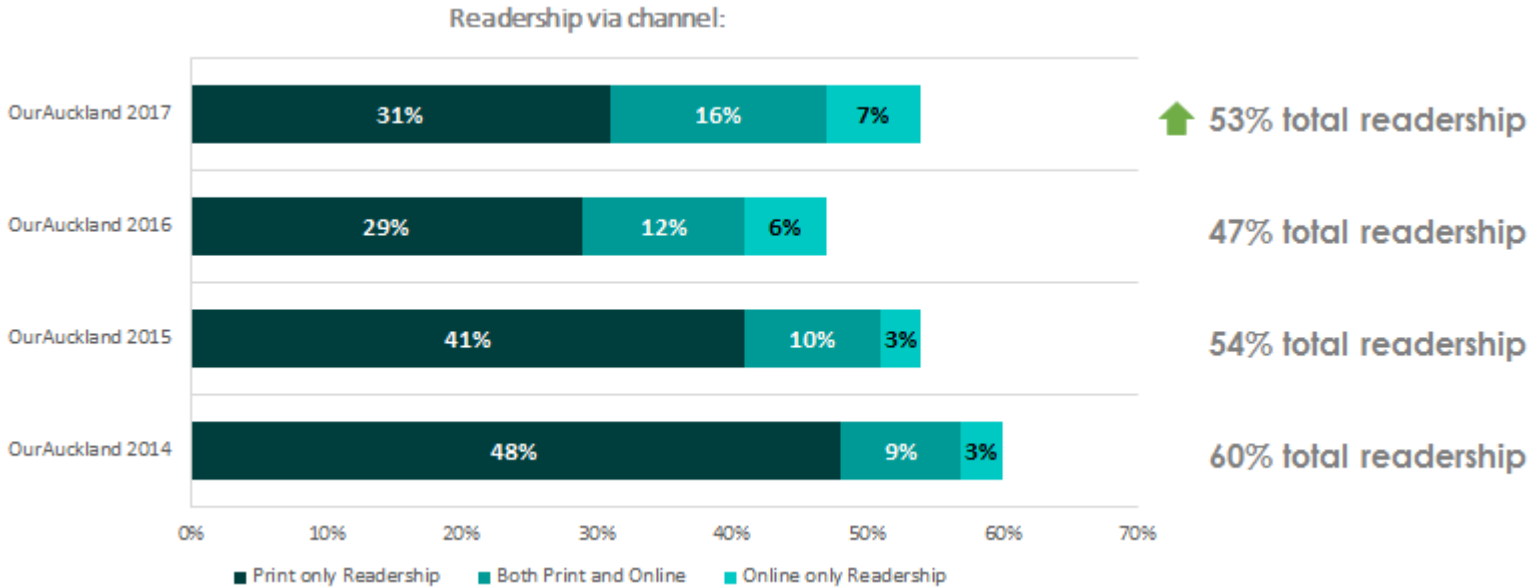
Current state: key observations cont...

Engagement with Māori

- The Long Term Plan's Māori Responsiveness Framework which articulates a Statement of Intent, needs to be fully implemented within the Auckland Council Group.
- The various council's Treaty of Waitangi audits highlight the need for a Māori C&E strategy and core projects to enhance democratic engagement with Māori. Subsequent audits show some progression from the scenarios outlined in the Long-term Plan for 2012 and 2015 and the Treaty Audit 2015, but still do not make Auckland Council responsible for ownership and monitoring of the Maori Engagement Plan in relation to its C&E strategy.
- Further work is needed to improve Māori engagement and iwi liaison is integrated and cohesive. A shared, combined approach is critical when developed Group and council parent C&E strategies and plans.
- Council's Mana Whenua Kaitiaki Forum is only for chairs of mana whenua organisations to meet with council leadership and is the first stage of rationalising the number of forums participating in governance/strategic decision making across council. This forum formally commenced in the last quarter.
- There is complexity in engaging with the 19 mana whenua iwi organisations given the high incidence of face to face hui required to meet their expectations of sharing in council decision making. Hence the separation between Te Waka Anga Mua (TWA) engagement and that of C&E and other parts of council. Specialist Māori skill sets reside in TWA to deliver ongoing successful engagement with mana whenua.
- There are broadly two types of forum decision making, governance/rangatira which requires interaction with mana whenua chairs and operational/kaitiaki requiring council staff interaction with mana whenua staff. Therefore there needs to be more clarity around the 50 forum/panels across council family (i.e. including CCO's) as the rationalisation sought will require significant effort firstly in separating between two types of decision making and cross council co-ordination which the review has been advised will take longer than 6 months and a reallocation of budget from across council.
- Engagement with mataawaka is a relatively recent development and will require additional resourcing best achieved by reallocation within the communications and engagement budget driven off the requirements of a formal communications engagement plan.
- The iwi satisfaction measure requires review as an effective measure of engagement with Māori overall and (if continued) the nature of the respondent sample and the size of the sample.

Current state: service delivery

OurAuckland
OurAuckland is the leading Group community channel. This monthly magazine is printed and distributed to 540,000 households and businesses, and is also available online and by email.. Currently, 36,000 people receive a weekly OurAuckland via an email newsletter. Print readership is 47 per cent. 16 per cent of readers read both the print and online versions. The website has had 2.2 million visits in the past year.



- A digital-by-default approach borrowed from Auckland Transport could help the council move more quickly to online channels.
- At a cost of \$2.20 per household per annum for 11 issues, there is an opportunity to assess the cost benefits of turning the printed OurAuckland into quarterly given current budget constraints and online readership trends.

Value can be achieved by combining in areas of common procurement expenditure and extending supplier panels across the Group...

Procurement per Entity	AC	AT	ATEED	RFA	WC	Panuku	Total
Annual Spend \$m	\$12.61	\$8.73	\$6.63	\$2.75	\$1.46	\$0.53	\$32.71
Total No. of suppliers	141	50	125	80	4	18	418
No. of Suppliers with 80% Spend	17	11	35	34	3	8	

- There are 40 common suppliers across the Group which represents 33 per cent of the C&E expenditure, but with no joined-up approach to supplier relationship management
- 65 suppliers account for 80 per cent of expenditure, but in the past year, C&E has used 369 suppliers. Some have been used by more than one organisation, hence the total of 418 in the table above. There has been some rationalisation of suppliers, but there are still too many suppliers.

There has been no concerted effort to establish Group procurement panels to achieve better value in C&E, the exception being shared procurement between AT, ATEED and the council where a panel of three suppliers has been agreed for creative and media services in 2017. This opportunity could reduce costs by 8.4 per cent (\$420k pa).

Challenges and issues in realising further value...

We identified the key challenges and issues to achieving value for money in delivering the C&E outcomes.

These challenges and issues have formed the basis for our identification of the improvement opportunities for C&E.

Challenges

Issues

The C&E functions operate independently within each business and are tightly aligned to supporting each business which has created a gap in Group planning

There is no formal Group C&E strategy to address matters requiring coordination, consistency and collective responses

Collaboration is used to manage matters of Group strategic significance which can create difficulties if consistency is needed

There is no strategic function for Group C&E where requirements for consistency, coordination and collective responses are planned

Each entity in the Group operates largely independently in managing suppliers, with an emphasis on meeting particular business needs

Since amalgamation there has been little activity to exploit Group supplier contracting and sharing scale-based procurement benefits

Digital and channel management is split across multiple groups creating fragmentation and difficulties with coordination e.g. operations, customer services, retail, C&E

Accountability for delivering plans that require high levels of direction and coordination such as digital-by-default or channel shift are unclear within some operations

The parent's operating model is not fully supported by the business and its budget is constrained

C&E budgets and resources are working outside the parent's C&E operating model

Key current state findings

- There is no formal council Group communications strategy to support the achievement of Group objectives and outcomes where C&E plays an important role. There is a need for a formal strategy, particularly in areas requiring coordination and consistency such as brand, crisis management, digital and channel coordination, and supplier management. There are three areas where a Group strategy could be used to deliver value:
 - investigating the value of strengthening and pooling resources (e.g. freelance resource pooling, research, procurement, internal design studio)
 - extending the use of Group co-sourcing arrangements for the supply of (for example) agency, public relations, research, signage and media buying services
 - developing a consistent Group-wide approach on digital technology content management systems to provide the platform for Group social media channels and better Group coordination of brand navigation, news, citizen engagement, and crisis management.
- The council parent is a large organisation, with a common purpose and identity. It is facing challenges that impact its efficiency and effectiveness.
 - Its tactical C&E workload is driving a demand-driven approach to service delivery. Explaining and obtaining support from the business for the strategic priorities at the expense of tactical low value-added work s a significant ongoing issue for C&E and may be influencing internal customer satisfaction performance.
 - It operates a centralised budget for C&E services, however procurement indicates a significant amount of C&E expenditure is spent outside C&E. This expenditure needs to be consolidated into the C&E department budget to support the operating model.
 - Departmental costs have been increasing since the new organisational model was introduced in 2014 and managing workload to meet budget constraints is a challenge.
 - There is an opportunity for the council to grow its commercial revenues from greater use of sponsorship and partnership arrangements.
- The review has concluded that there are opportunities for greater Group coordination by developing a Group strategy to leverage scale economies through Group strategic procurement, better coordination of Group channels, and exploring the use of centres of excellence and resource pooling.

Key current state findings cont...

- Each organisation aims to provide services for **effective** support of its strategic intent and the business services they have been designed to support. The majority of C&E services are managed in-house, justified by the need to be responsive particularly when dealing with incidents, emergencies and unforeseen events where public safety is at risk.
- Within the Group, each of the organisation's C&E resources are in-sourced and resources are allocated to support day-to-day operational service delivery. Some activities related to brand, research and public relations are outsourced to specialist advertising, marketing and crisis communications experts.
- The council parent has a broader corporate service focus than the CCOs. 42 per cent of the total Group annual spend of \$46 million and 55 per cent of the staff sit with the council parent. It, too, supports business operations. It also has a corporate coordination role in:
 - facilitating collaborative cross-council groups, such as brand navigation
 - coordinating cross council communications activities including running the Group OurAuckland channel
 - civil defence
 - monitoring its reputation with the public.CCO involvement with Group activities is on an “opt-in” non mandatory basis.
- The council parent, Watercare, Auckland Transport and Panuku have statutory and council policy requirements to consult and engage with the public which drives a significant and mandatory workload for the C&E functions.

Opportunities to improve value for money

#	Area	Opportunity
1	Governance	<p>Auckland Council Group</p> <ul style="list-style-type: none"> • Develop a formal Group C&E strategy to achieve a coordinated, consistent and collaborative approach to communications matters of Group significance but not at the expense of each organisation’s C&E effectiveness. • There is value in focusing on: <ul style="list-style-type: none"> • managing Group communications risks: agreeing protocols to streamline access to each other’s social media channels to inform and support the public in times of crisis • improving brand consistency: removing non-conformity with the council’s brand policies • managing the Group reputation with the public: collectively developing a shared action plan to support Group reputation • evaluating the case for greater use of sharing resources for research and insight, contractor resource pooling, and internal design studios • consider a collective and common approach to measure C&E process performance effectiveness to enable comparative Group performance benchmarking.
2	Funding	<p>Auckland Council Group</p> <ul style="list-style-type: none"> • Organisations receiving budget funding for C&E from the council (ATEED, RFA, Panuku, Auckland Transport and the council itself) could implement a formal cost-efficiency programme with prescribed targets to achieve savings. These plans could draw from a range of public sector leading practices including: <ul style="list-style-type: none"> • determining communication priorities by the organisational communications priorities (rather than business demand driving workload) and allocating resource accordingly • aligning work priorities and resources with strategic organisational C&E performance targets and priorities including stopping low value work • ensuring all communications activity is properly evaluated, pre- and post-implementation • incorporate plans to grow commercial revenues and develop partnership marketing revenue into the planning discipline • consolidating budget expenditure and strengthening operating controls on advertising, marketing and communications expenditure including delegations • continuing to migrate campaign expenditure to no- or low-cost council-owned channels where engagement can be more direct with the public • implementing a shared freelance contractors’ resource pool • increasing use of in-house design studios • continuing organisational development to drive up staff satisfaction and reduce turnover • developing digital, content and media hubs.

Opportunities to improve value for money cont...

#	Area	Opportunity
3	Governance	<p>Auckland Council parent</p> <ul style="list-style-type: none"> Improve the strategic planning process to reduce the demand-driven workload and integrate the media, social media, channel and business plan into a comprehensive and joined-up strategic plan where the investment logic is clear between the outcomes being sought and the resources applied. Evaluate performance to start, plan and stop work if value is not being achieved Adopt a top down approach to reallocate the C&E budget across the organisation and stop low value-added campaigns Direct expenditure towards the top 5-10 strategic C&E priorities and campaigns to support the achievement of the council's voice of Aucklanders performance targets where C&E play a significant role
4	Service delivery	<p>Auckland Council Group</p> <ul style="list-style-type: none"> For the parent: Establish a single point of accountability for coordinating the improvement of iwi satisfaction, consider the benefits of rationalising the number of Māori forums and advisory Groups, and develop and implement a Māori engagement plan linked to the strategic communication plan For the Group: consider introducing a common performance measurement and improve the effectiveness of the Māori engagement process by strengthening accountability for planning and delivery of strategic engagement, linked to each organisation's strategic communications plan
5	Governance	<p>Auckland Council Group</p> <ul style="list-style-type: none"> Expand the development of a Group-wide common performance evaluation framework and require return on investment to determine the effectiveness of communications spend, particularly for the major campaigns funded by Auckland Council, to ensure value for money is being achieved for expenditure
6	Service delivery	<p>Auckland Council Group</p> <ul style="list-style-type: none"> Implement an extension of the supplier panels to achieve scale efficiencies. Specifically develop a joint procurement plan focused on: <ul style="list-style-type: none"> extended and mandatory use of panels for example with media buying, media monitoring, advertising, public relations, marketing and research services, and signage review and reduce the large number of suppliers of C&E services

Communications and Engagement

Value for Money (S17A) Review 2017

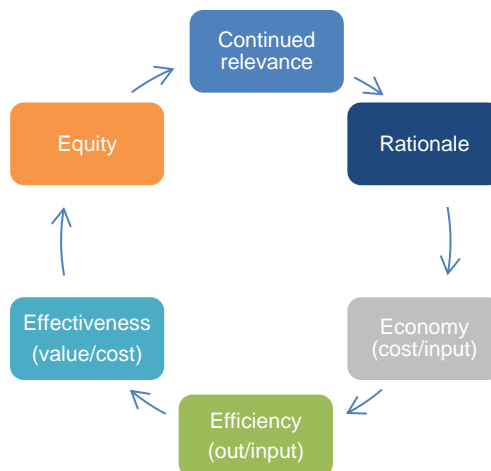
OPTIONS ANALYSIS

Approach to options analysis

In the current state report we identified a number of improvement opportunities.

In this part of the review process, we have analysed the opportunities and refined them to identify the action required to deliver the value on the most significant of the improvement opportunities, and to provide orders-of-magnitude estimates.

In this second part of the report we evaluate the ongoing relevance of governance, funding and service delivery arrangements and alternative options.



Our critical success factors draw on the Better Business Case framework

Strategic fit (strategic case)	Does the option progress the outcomes the council is pursuing, and fit with the council's role?
Value for money (economic case)	Do benefits to Aucklanders exceed costs? Does the option provide: <ul style="list-style-type: none"> • clear accountability • transparency • compatible incentives • risk allocation to where best managed • proportional admin and compliance costs
Equity (social case)	Does the option promote a strong inclusive and equitable society, and share costs appropriately?
Feasibility (commercial case)	Can the option be commercially viable?
Affordability (financial case)	Do options fit Auckland Council's financial objectives and constraints?
Competency (management case)	Has the council the competencies to execute?

Value proposition #1: Group C&E strategy and plan

IF

...we have a shared Auckland Council Group Communications and engagement strategy and plan to address C&E matters of significance to the Group ...

BY

- Forming a working party of Group communications advisors from each council organisation sponsored by the chief executives with the mandate and accountability to develop the plan to define where a common approach or consistency is required and where Group reputational risks need to be managed

- Including as a minimum in the plan:
 - Group communication risks and how they should be mitigated and managed, particularly crisis and emergency management
 - Group brand protocols ensuring compliance across the Group
 - common Group outcomes, objectives and channels and agreement on Group targets driving collective action (e.g. trust in the council) and a defined work plan on how each organisation can contribute to improving targets
 - development, where appropriate, of resource pooling and centres of excellence leveraging capability (and capacity) in the council Group
 - performance measurement of the effectiveness of the plan
 - a Group C&E procurement plan

THEN we will achieve:

- A coordinated, consistent and collaborative approach to communications matters of Group significance particularly in relation to accessing channels and mitigating risks in crises

- Opportunities to achieve synergies across the council Group will be collectively agreed, visible, measurable and realised

- A coordinated approach to achieving Group C&E targets that have particular significance to Group reputation with the public

Net estimate + ve (not estimated)

Ease of implementation Easy

Timing > 6 months

Overall rating Must do

Value will be delivered from aligning C&E across the Group particularly in managing risk and supporting improvement in the trust in the council or other agreed Group performance measure.

Assessment	
Criteria	Comment
Strategic fit	Aligns with Auckland Council parent operating model, and Auckland Council strategy of making size matter
Value for money	Improved value for money will be achieved from: <ul style="list-style-type: none"> shared outcomes and aligning each organisation's focus on the Group performance measure (s) and monitoring framework improved risk management and crisis communication with the public greater consistency and sharing of resources
Equity	Should deliver best value to all customer, citizen and community audiences through consistent, collaborative and coordinated Group messaging
Feasibility	No working barriers
Affordability	Funded from current budgets. The council will have to divert some resource from lower value activity
Competency	Collective Group strategic planning management resources and capabilities are used

Results

Summary of financial costs and benefits

- Costs**
- Cost of facilitating the development, coordination and monitoring of the provided by the C&E department. Council resources may need to be redeployed from lower value activity.
- Benefits**
- Overall benefit unquantified but includes the following qualitative aspects:
 - improved risk management and crisis communication resulting in improved outcomes
 - identification and subscription to common Group performance outcomes objectives
 - framework for realising other benefits e.g. Group channel development, procurement, resource pooling, common technology platform
 - improving value for money through leveraging expertise that exists across the council Group
 - effective method for managing brand, channel and other communication activities



Key risks and constraints

- Each participating organisation operates at arms length from each other. A collaborative strategic planning model with an opt-in discretion may result in an inconsistent delivery of agreed actions and may require stronger governance tools such as documented protocols, memoranda of understanding, or incorporation of Group target in CCOs statements of intent.
 - The council has a current workload and immediate priorities which may constrain leadership capacity for Group initiatives.
 - Misalignment of interests with CCOs not necessarily seeing value in a Group-wide approach nor subscribing to improving the trust in Council Group reputational measure.
-

Key assumptions

- The plan will be jointly developed by Group communications leadership and be jointly beneficial to each participating organisation.
 - Council resources and capability are in place for the creation of a Group C&E strategy and plan.
 - All future CCO statements of intent should contain commitments to achieving aligned performance measures e.g. trust in council.
-



Value proposition #2: Implement cost-efficiency plans

IF

...If we introduced a requirement that cost-efficiency targets be set, planned and monitored for all organisations delivering council-funded communication and engagement services...

BY

- Introducing formal cost-efficiency plans with prescribed and fully valued actions that will deliver savings from better insights, resource prioritisation and management, digital by default principles, new technology investment, external third party partnering, procurement and supplier management
- Requiring the cost efficiency plans to achieve a 5% per annum reduction in spend for the next three years over and above any existing efficiency targets and based on the expenditure funded by council rates
- Including cost-efficiency as a prescribed outcome in the new performance evaluation framework and introducing return on investment assessment of campaigns will assist in focusing from lower value tactical activity towards strategic campaigns that demonstrably support the improvement in performance where the C&E service play a significant role

THEN we will achieve:

- Confidence that value for money was being achieved in an area of significant discretionary expenditure where the budgets are constrained and where operating cost reductions are required
- Council savings targeted to achieve a minimum of a 5% per annum reduction for the next three years from the current expenditure levels funded by rates. This is forecast to be \$17m for the parent and \$15m for the CCOs combined
- Increases in funding beyond the funding cap will require to be business case justified
- More focused activity with better returns on investment
- Potential reductions in resource costs
- A focus on increasing non-rates funded revenues

Net estimate **\$42m over ten years**

Ease of implementation Moderate

Timing < 1 years

Overall rating Must do

The cost-efficiency plans incorporating targets, measures and actions are an important part of improving accountability for cost-effective use of discretionary public expenditure where the value of the public service is not clearly understood or monitored.

Assessment	
Criteria	Comment
Strategic fit	Aligns with a formal strategic plan Supports funding constraints and the need to do more with less
Value for money	Supports greater transparency in delivering value for money and may contribute to improvement in the trust in council reputational measure if savings are achieved
Equity	Equitable to ratepayers
Feasibility	Feasible to implement, but needs clear accountabilities to deliver results
Affordability	Improves affordability
Competency	Resources to continuously improve the services exist

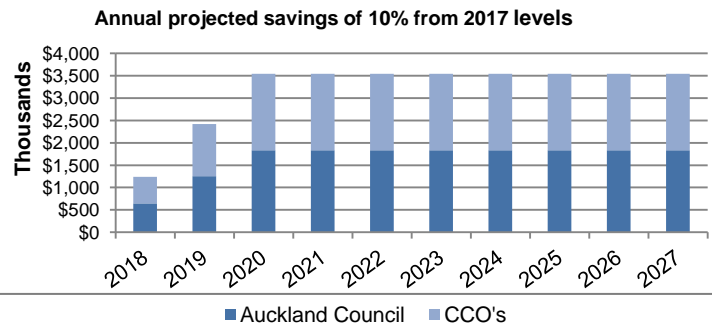
Results
Summary of financial costs and benefits

Costs

- Planning costs are carried as part of the existing management overhead
- Technology investment will require business case development

Benefits

- Savings of a minimum of 5% per annum of the council-funded running costs for the services for the next three years. ¹³
- Increased commercial revenues offset rate – funded running costs



Key risks and constraints

- Resistance to efficiency target-setting, planning and monitoring disciplines.
- Business demand for low value services drives up service costs.
- The efficiency gains will not be converted to direct cost reductions and will be subsumed into the budgets as indirect cost savings.
- The digital technology platforms driving lower cost digital channels are being developed across the Group separately.
- Increasing demands driven by population growth/demand for information and involvement in decision-making.

Key assumptions

- The services can be improved and significant costs can be saved by a more formal targeted approach to cost-efficiency planning and delivery.
- Capability to undertake and deliver the plan.
- The council's C&E expenditure (approximately \$4m per anum) will be consolidated into the C&E department and is included into the efficiency target.
- The FY18 3-year efficiency targets are additional to any existing efficiency requirements or targets.
- 5 per cent savings pa for three years on rates-funded C&E spend would result in a 9 per cent savings for AC and ATEED over a 10-year period. Auckland Transport and RFA would save 3 per cent and Panuku 8 per cent.

10 year Savings	
Auckland Council	9%
ATEED	9%
Panuku	8%
Watercare	0%
AT	3%
Regional Facilities	3%



Value proposition #3: strategic planning process improvement

IF

... the council evaluates its current approach to developing and implementing formal C&E strategic planning by

BY

- Developing with the business a three-year plan that:
- sets out the objectives and outcomes being sought from the service with particular emphasis on the eight performance targets in the voice of Aucklanders segment of the performance plan, and covering both communication and engagement services
 - makes the business case for investment in technology and communications activity
 - set out the strategic priorities (in terms of risks, insights, themes, messages and audiences) linked to the 12-month business plan and resource plan
 - integrates with the council's strategy and its financial plans
 - incorporates campaign plans such as improving trust in council and initiatives supporting the shift to lower cost communications and engagement channels
 - Defines the organisational shift required to achieve the digital by default objective
 - includes a performance evaluation and monitoring framework and plan.

THEN we will achieve:

- Greater clarity and focus in the C&E department; stopping demand-driven reactive tactical work and becoming more strategic in focus
 - Improved accountability coordinating the complete suite of performance plan measures where C&E efforts play a major influencing role such as community engagement, information availability, trust in council and ease of having a say in shaping Auckland
-
- The appropriate organisational shift to support the strategic plan and digital objectives
-
- Improved investment disciplines where strategic communications activities are better linked to the outcomes sought
-
- Strengthened strategic coordination of priority communications engagement themes, particularly to communities of interest, including Māori audiences

Net estimate + ve (not estimated)

Ease of implementation Easy

Timing < 6 months

Overall rating Must do

Improving the development of the C&E strategic plan and focusing on more strategic activities will ensure finite resource is focused on the most valuable activity

Assessment	
Criteria	Comment
Strategic fit	Supports the council's "our strategy" and financial plan
Value for money	Publication will support the demonstration of value for money which may assist trust in council objectives
Equity	Equitable to the business, employees and other Aucklanders
Feasibility	Feasible to implement with existing strategic planning resources
Affordability	Funded from current budget
Competency	Resources and expertise exist

Results
Summary of financial costs and benefits

Costs

- Cost of developing a new C&E strategy and plan
- Resource will need to be redeployed from lower value activity.

Benefits

- Overall benefit unquantified but include the following qualitative aspects"
 - Improved alignment to organisational objectives and what activities matter most to support delivery of the council's strategy
 - Improving value for money by focusing on strategic rather than tactical activities

Key risks and constraints

- Risk of resistance to change (business units retaining communications budgets) which can erode efficiency benefits from budget consolidation.
 - The council's internal costing, pricing and /or service allocation model is not well defined
 - Risk that customer satisfaction decreases during the change process.
 - Risk of wider Group C&E initiatives being delayed while the council develops the new top down strategic plan.
-

Key assumptions

- The case for change can be made to the business.
 - Organisation has the capacity to plan and deliver strategically.
-



Value proposition #4: Māori engagement

IF

... those organisations without an annual Māori engagement plan, produce and integrate such a plan with their communications strategy (including any future Group communications strategy) and aligned it with the Māori Responsiveness Framework and engagement policy ...

BY

THEN we will achieve:

- Reviewing and redesigning the currently fragmented engagement model including integrating a Māori engagement plans so that issues that matter to Māori audiences are addressed in a coordinated and consistent manner
- Rationalising and simplifying the 50 or more Groups and panels dedicated to Māori engagement and obtaining a clearer strategic view of the iwis' ongoing communication and engagement needs
- Developing a fuller understanding of iwi-related Māori engagement and communications needs, and establish an Auckland Council Group mechanism to inform the development of iwi C&E with core responsibilities and a formal performance monitoring framework
- Improving Māori liaison and participation in an integrated and cohesive approach to support the council's strategy and policy obligations

- Improved Māori engagement and iwi satisfaction
- A demonstrable commitment to the Māori responsiveness framework
- Better community engagement generally
- Identification of the strategic themes and issues for the 19 Auckland iwi and a better understanding of their needs
- More effective C&E planning

Net estimate + ve (not estimated)

Ease of implementation Easy

Timing < 6 months

Overall rating Must do

Integrating a Maori C&E plan into the communications strategy will improve iwi satisfaction

Assessment	
Criteria	Comment
Strategic fit	Aligns with the council's statutory and policy commitments
Value for money	Supports the social and cultural value from better engagement and communication
Equity	Equity for Māori
Feasibility	Expert internal resources are available to support the work
Affordability	Funded from current budgets
Competency	<ul style="list-style-type: none"> Know-how to build in-house capacity and capability, support, and processes over time Concept can be extended to cover all business of Auckland Council.

Results
Summary of financial costs and benefits
<p>Costs</p> <ul style="list-style-type: none"> Funded from existing C&E budget with appropriate finance support <p>Benefits</p> <ul style="list-style-type: none"> Improved Māori and community engagement satisfaction performance

Key risks and constraints

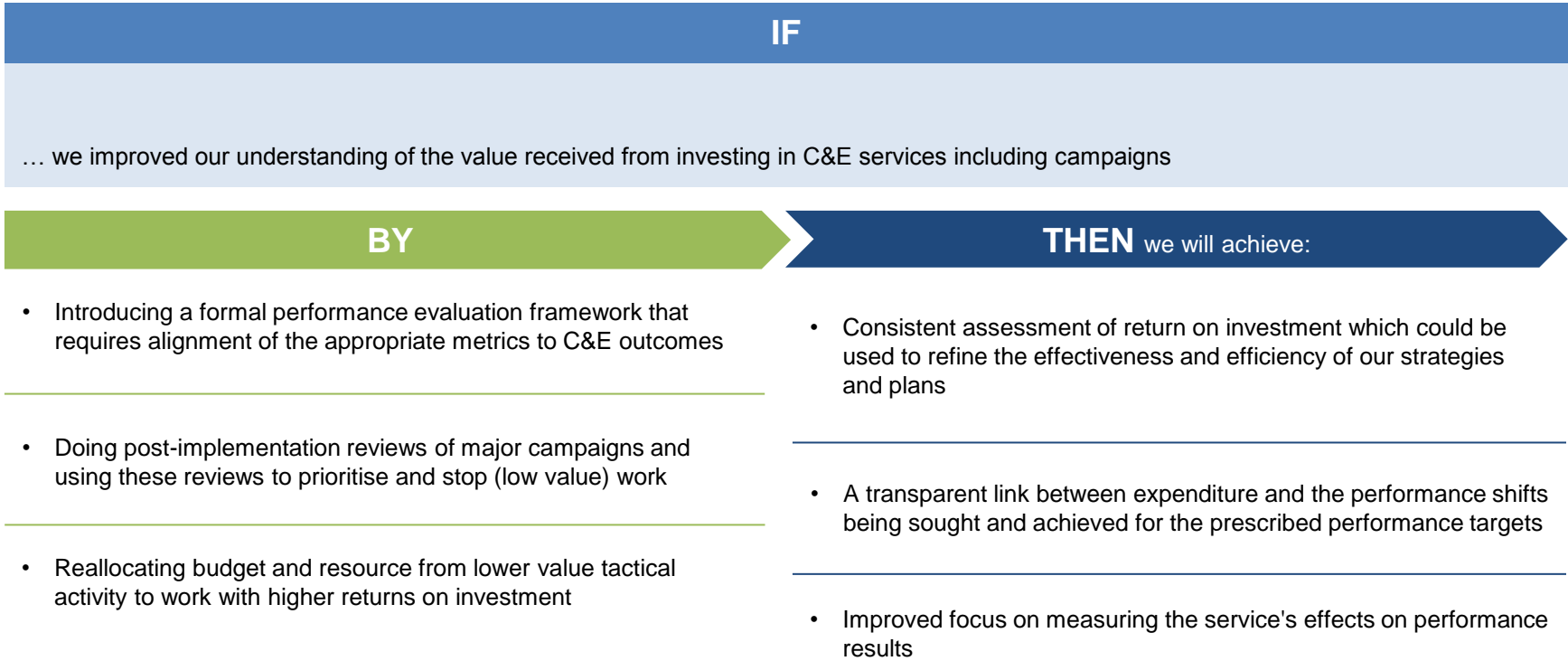
- Responsibility for Māori engagement has been devolved to operations with a tactical transactional emphasis.
 - Engagement with iwi is inconsistent and some iwi are overloaded with information and consultation requests.
 - The number of Māori fora creates confusion and duplication.
 - Ease of implementation – much of this is at an early stage and this won't be easy given the varied capabilities and diverse agenda of mana whenua groups.
-

Key assumptions

- The Māori engagement plan will be prepared in collaboration with Māori.
 - A single accountability for Māori engagement is applied in the council.
 - Once established, the council's new Kaitiaki forum will provide a strategic point of contact for Māori engagement for the council.
 - Given councils statutory responsibilities contained in relationship agreements and communications and engagement with mana whenua will be substantially different than that for mataawaka: specific needs will need to be distinctly planned for.
 - The improved liaison with mataawaka requires business case approval for resourcing which has been prepared.
 - The number and purpose of the 50 or so Māori panels and fora will be reviewed and rationalised if appropriate.
-



Value proposition #5: Performance evaluation framework



Net estimate **+ ve (not estimated)**
Avoid costly future errors

Ease of implementation Easy

Timing < 6 months

Overall rating Must do

Improving the economic discipline will result in improved decision making and ensuring all factors are considered

Assessment	
Criteria	Comment
Strategic fit	Aligns with Auckland Council parent operating model and objective of delivering value for money
Value for money	<ul style="list-style-type: none"> Improves transparency and rigour. Gives better evidence on cost-effectiveness of proposals and justification of costs
Equity	Demonstrates a greater commitment to delivering value for money
Feasibility	Industry and public sector performance evaluation frameworks are publicly available
Affordability	Funded from current budgets
Competency	<ul style="list-style-type: none"> Know-how to build in-house capability, support, and processes over time Concept can be extended to cover all business of Auckland Council

Results
Summary of financial costs and benefits

- Costs**
- Funded from existing C&E budget with appropriate finance support
- Benefits**
- Finite C&E expenditure can be better applied to better yielding activities. This is particularly important with ATEED’s role in marketing Auckland where benefits can accrue over a longer time period.

Key risks and constraints

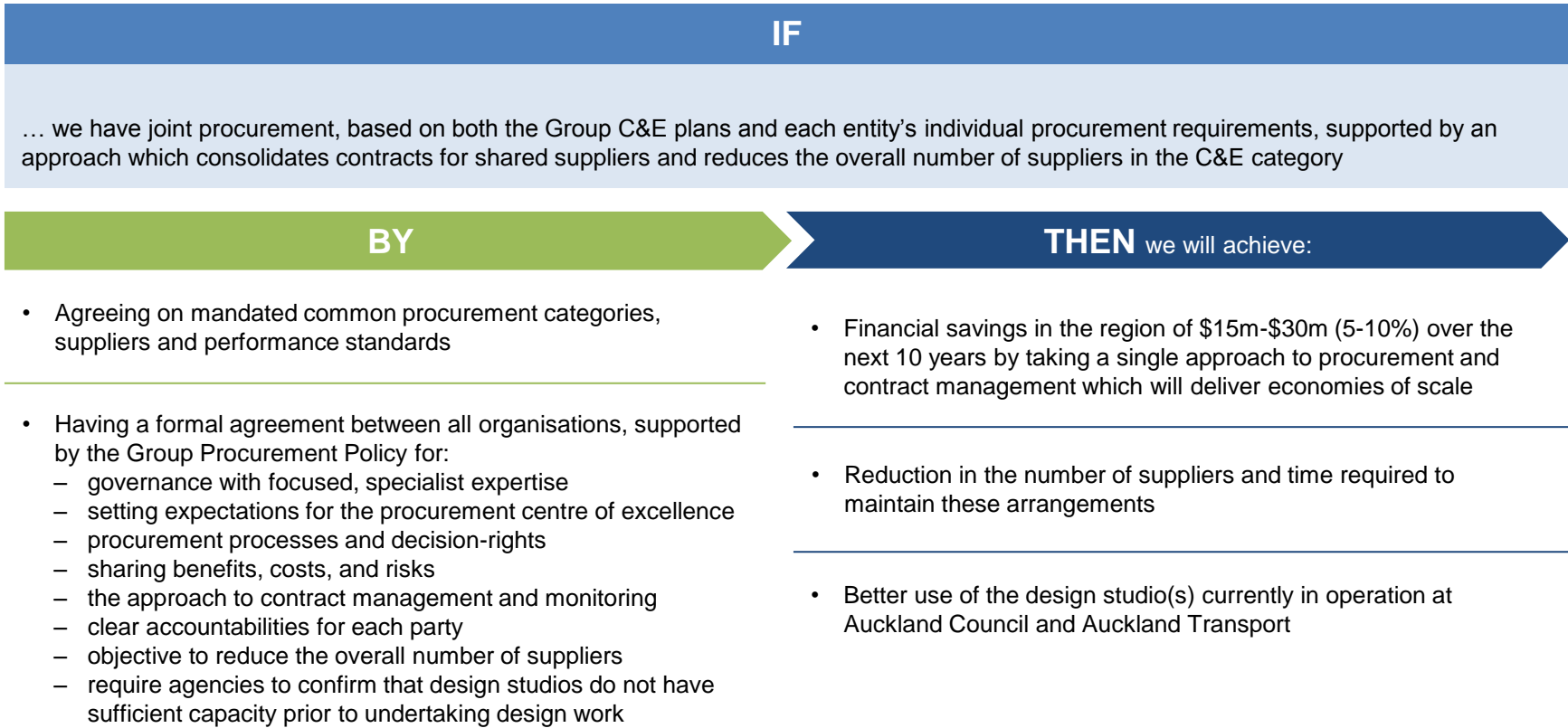
- May result in new insights and evidence that could indicate need to revisit past approaches to campaigns.
 - Once set up, requires continuous improvement and expansion of evidence base over time, so needs ownership and accountability.
-

Key assumptions

- Once established, the method and expertise will exist within the council to routinely evaluate performance and demonstrate future return on investment.
-



Value proposition #6: Joint procurement



Net estimate **\$15-30m over 10 years**

Ease of implementation Easy

Timing 6-12 months

Overall rating Must do

As part of the 3 Waters VfM review, we considered different delivery options for shared procurement with the creation of a procurement centre of expertise generating the largest value opportunity. We intend to further explore this during the procurement VfM review. 65 suppliers account for 80 per cent of the spend with 369 suppliers used in the past 12 months creating opportunities to reduce and further leverage greater benefit from the supply base.

Assessment	
Criteria	Comment
Strategic fit	Aligns with Auckland Council parent operating model, and Auckland Council strategy of making size matter
Value for money	Clear accountabilities, incentives and focus increases potential to realise value
Equity	Should deliver best value to all customers
Feasibility	Structure will force prior agreement on funding and sharing of benefits, costs and risks
Affordability	Funded from current budgets. Potential for 5%-10% benefit (advertising panel achieved 8% savings)
Competency	Competencies for operating a shared services procurement function are different from operating a standalone procurement function but can be obtained

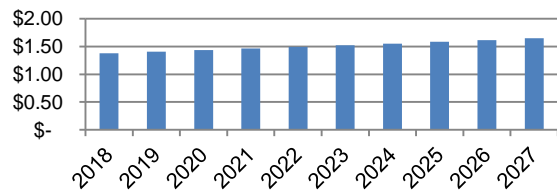
Results
Summary of financial costs and benefits

- As part of the 3 Waters VfM review we evaluated three delivery options – collaborative procurement, Group policy or centre of excellence. Most benefit will be realised from using a centre of excellence approach. This approach will be more fully considered as part of the procurement VfM review

Benefits

- Conservative estimate of an additional 5-10% savings on addressable spend of approximately \$30m
- Reduced management time required in managing the tail of suppliers

Order of magnitude savings estimate from joint procurement \$m



Key risks and constraints

- Collaborative models unlikely to deliver outcomes so require clear mandate supported by Group Procurement Policy.
 - Creation of procurement centre of excellence needs to be supported by a requirement to use.
 - Risk of talent loss through change process.
 - Risk of resistance to change or later rogue behaviour can erode benefits; particularly a risk given the large tail of suppliers and potential preferential treatment in the past.
 - The role of the procurement centre of excellence in achieving good procurement outcomes must be balanced with the governance responsibilities of Auckland Council and each of its CCOs.
-

Key assumptions

- Council direction and mandate in place for creation of a single procurement centre of excellence managing joint procurement for shared suppliers between Auckland Council and its CCOs.
 - Alignment with the new Auckland Council Group Procurement Policy.
 - To the extent that it lowers the cost supply, there would need to be a good reason to opt out.
 - Centre of excellence established with appropriate operating model to attract and retain appropriate talent, a customer-centric focus and stretch benefit targets. Right procurement approach required for each opportunity – one size does not necessarily fit all.
-



Appendices

Glossary

Term	Definition
AT	Auckland Transport
ATEED	Auckland Tourism, Events and Economic Development
Auckland Council (the council)	Auckland Council
BASS	A Treasury publication of benchmarking administration and support services
Communication & Engagement (C&E)	Inform, engage and build trust with Aucklanders – and with council people. Comprehensive services for strategic C&E projects and initiatives.
Channel Management	A process where the company develops various marketing techniques as well as sales strategies to reach the widest possible customer base. Channels represent various outlets used to communicate.
Group Procurement Plan	Collectively manage or co-source third party suppliers.
Local boards	There are 21 local boards which share responsibility for decision-making with the governing body. They represent their local communities and make decisions on local issues, activities and facilities
Local Government (Rating) Act 2002 (LGRA)	Defines how territorial local authorities such as Auckland Council can assess and apply their rating policy
Local Government Act 2002 (LGA 2002)	Legislation that defines the powers and responsibilities of territorial local authorities such as Auckland Council
Long-term plan (LTP)	This document sets out the council's vision, activities, projects, policies, and budgets for a 10-year period. Also commonly referred to as the LTP, the 10-year budget
Panuku Development Auckland (Panuku)	A new CCO combining Waterfront Auckland and ACPL to work as a single outward facing entity in the development of the region
Rates	A charge against the property to help fund services and assets that the council provides
Return on investment	Measures the gain or loss generated on an investment relative to the amount of money invested. ROI enables a comparison of the efficiency of different investments.
RFA	Regional Facilities Auckland
Targeted rates	A targeted rate is a rate set to fund activities where greater transparency in funding is desired or where the council considers the cost should be met by particular groups of ratepayers, as they will be the prime beneficiaries of the activity
Trust in council	Auckland Council's reputational outcome metric
Value for Money (VFM)	Using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve
Watercare	Watercare Services Limited

Footnotes

1. Auckland Council, http://infocouncil.aucklandcouncil.govt.nz/Open/2017/03/FIN_20170321_AGN_6792_AT.PDF
2. Data consistency and completeness means that comparisons are not necessarily like-for-like in respect of the service scope for this review
3. The \$19m in council expenditure includes \$4m spent outside the C&E department as evidenced by procurement spend analysis
4. This performance plan relates to the Auckland Council parent organisation and not the Auckland Council Group. The full plan is available at <https://www.aucklandcouncil.govt.nz/about-auckland-council/performance-transparency/Documents/ac-performance-plan-20172019.pdf>
5. [Shropshire Councillors join mobile messenger WhatsApp - Signal 107](#)
6. [Brisbane City Council \(@brisbanecitycouncil\) • Instagram photos and videos](#)
7. [Social media and your local community | Global | The Guardian](#) Social media and the council mag [social media and the council mag — comms2point0](#)
8. Published examples include San Francisco City's digital services strategy https://digitalservices.sfgov.org/assets/SF_DigitalServiceStrategy.pdf Vancouver City <http://vancouver.ca/your-government/in-depth-strategy.aspx>
9. [UK COMMUNICATIONS SERVICE MODERN OPERATING MODEL - Google Search](#)
10. [Government Comms Plan - GCS - Government Communication Service](#)
11. [UK GOVT COMMUNICATIONS SERVICES PERFORMANCE EVALUATION FRAMEWORK - Google Search](#)
12. <https://www.aucklandnz.com/about-ateed/publications-and-public-information/public-information/ateed-marketing-communications-advertising-costs>
13. A reasonable proportion of the increase in FTE (particularly from FY13-15) was due to teams being brought into the C&E department, and in the process saving some costs by reducing roles, as part of centralisation.
14. Auckland Council's C&E budget for 2018 includes a savings of \$4.7m against 2017 \$19m, of which \$1m savings are forecast for C&E salary and \$3.7m from outsourced AC services marketing and advertising spend. The 5% or \$642k forecast savings for 2018 would be over and above the \$4.7m budgeted savings.

References

C&E sources

- 2010-11-communications performance measures UK Audit
 - The UK Government Communication Service: Modern Communications Operating Model, November 2015
 - The UK Government Communications Service Improvement Plan, November 2015
 - BASS Benchmarking Portal - NZ Government Administrative and Support Services, 2016
 - LGNZ-2015-Survey-Report-FINAL2
 - Auckland Council Annual Plan and Long-term plan 2010-2019
 - Millward Brown – Assessing the Effectiveness of Auckland Council’s Trust and Confidence Programme
 - Auckland Council Monthly Performance Reports and financial and other information provided by the organisation in answer to the review’s inquiries
-
-

We wish to thank the following people who were either interviewed or participated in discussions relating to this review.

Entity	Contact	Position
Auckland Council	Karl Ferguson	Communication & Engagement Director
Auckland Council	Tash Bartlett	Senior Specialist, Planning & Performance
Auckland Council	Elizabeth Sharon Winthrop	Manager - Content & Channel Performance
Auckland Council	Philippa Ward	Team Manager Content
Auckland Council	Kenneth Aiolupotea	Head of Citizen Insights & Engagement Citizen Engagement and Insights
Auckland Council	Jeremy Todd	Head of Strategy Planning & Insight
Auckland Council	Brian Chan	Finance Manager
Auckland Council	Sandy Lai	Systems & Reporting Team Leader
Auckland Council	Aaron Donaldson	Head of ICT & Corporate Procurement
Auckland Council	Daniel Mayo turner	Procurement Systems Lead
Auckland Council	David Gurney	Manager, Corporate & Local Board Performance
Auckland Council	Kevin Wang	Procurement
Auckland Council	Darron Leslie	Manager, Brand & Design Studio
Auckland Council	Jin Wei	Corporate performance advisor
Auckland Council	Graham Pryor	GM, Māori Responsiveness & Relationships

We wish to thank the following people who were either interviewed or participated in discussions relating to this review.

Entity	Contact	Position
Auckland Transport	Wally Thomas	Chief Stakeholder Relationships Officer, Communications and Corporate Relations
Auckland Transport	Teresa Burnett	Group Manager, Communications
ATEED	Joy Buckingham	Chief Financial Officer
ATEED	Lester Thorley	Senior Communications Adviser
ATEED	Steve Armitage	General Manager, Destination
Watercare	Emma McBride	Governance Manager
Watercare	David Hawkins	Manager, Corporate Relations & Communications
Watercare	Brent Evans	Manager, Local Board & Stakeholder Liaison
Regional Facilities	Louise Gardiner	General Manager, Corporate Strategy
Regional Facilities	Paul Brewer	Chief Operating Officer
Panuku	Angelika Cutler	Director Corporate Affairs
Panuku	Carl Gosbee	Director, Corporate Services