

ELT Report

To: Executive Leadership Team
From: Brian Chan (Finance Manager)
Emma Murphy (Head of Recruitment and Talent)
ELT Sponsors: Patricia Reade and Matthew Walker
Date: 1 April 2020

Subject:

1. This paper provides a current state view of the contingent and fixed-term workforce, and seeks endorsement for how we proceed at an enterprise level.
 2. ELT are requested to:
 - a. review the contingent and fixed-term workforce outlined in **Appendix A**,
 - b. approve a set of principles for the enterprise wide management of our contingent workforce and fixed-term employees, and
 - c. approve the recommended Next Steps.
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Context:

1. The economic response to COVID-19 calls for rapid action to minimise financial exposure across the enterprise, including reducing staffing numbers where appropriate.
 2. Reducing costs associated with contingent workers in the first instance, and fixed-term employees where possible, balances the need to control costs while ensuring the necessary capacity and skills to support future recovery. Therefore, a principle-based approach is proposed.
 3. Reducing our contingent workforce capacity also creates opportunities for enabling under-utilised permanent employees to be redeployed across the enterprise to support essential services and areas of increased business need, protecting our permanent workforce and minimising cost to serve.
 4. An overview of our contingent and fixed-term workforce as at 18 March 2020 is provided in **Appendix A**. While some financial data gaps exist for individual contractors, the estimated total cost for our contingent workforce through to June is \$8.6m. The total cost of fixed-term employees through to June is \$2.5m.
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Options

5. The following options are proposed:
 - a. Do nothing, assuming the current lockdown will end by 24 April.
 - b. Apply the agreed principles across the contingent and fixed-term employee workforce, with exceptions dealt with on a case by case basis.
 - c. Apply the agreed principles to all staff, including contingent workers, fixed-term and permanent staff.

Note: P&P and Finance are working on workforce scenarios, including possible impacts to permanent staff should current COVID-19 measures continue for an extended period.

Recommendation

6. Our recommendation is to adopt option B on the basis of the following assumptions
- a. Council does not qualify for government wage subsidies
 - b. Disruption from COVID-19 measures will continue for an extended period, and
 - c. is subject to ELT decision making with respect to the Maori Outcomes programme of work.

Enterprise contingent workforce and fixed-term employee management principles:

7. It is proposed a principle-based approach to workforce management is adopted by the enterprise that is based on pragmatism and professional judgement.
8. P&P Business Partners and Financial Advisors will support the implementation of these principles.
9. The objective of these principles is to:
- a. reduce financial exposure related to the workforce
 - b. ensure Essential Services are provided
 - c. ensure council maintains the necessary capacity and skills to support future recovery
 - d. protect the employment of permanent employees where practicable
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10. The following principles are agreed to be adopted by the ELT who will champion compliance across their business areas with support of Procurement, P&P and Finance:
- a. No recruitment of fixed-term employees or procurement of contingent workers is to be undertaken, unless approved by ELT by exception. This stance will be revisited by ELT on a periodic basis.
 - b. No renewals or extensions of contingent workers or fixed-term employees to be issued. This stance will be revisited by ELT on a periodic basis.
 - c. Contingent workers operating in a role that cannot be performed due to COVID-19 lockdown measures, or are supporting non-essential services, or can be back-filled by an under-utilised permanent staff member, are either paused or ended at the earliest date possible.
 - d. Fixed-term employees operating in a role that cannot be performed due to COVID-19 lockdown measures, or are supporting non-essential services, should be reviewed for possible early termination. Note a standard four-week notice period applies for fixed-term employees.
 - e. For Essential Services roles filled by contingent workers:
 - i. Under-utilised permanent staff will be temporarily redeployed into Essential Services roles within divisions where possible.

- ii. Where the directorate does not have capacity within their permanent workforce to fulfil these roles, they will receive support from P&P to provide cross-enterprise redeployment.
- iii. If internal redeployment is not feasible, contingent workers may be extended by exception following an ELT pre-approval process.

Next steps:

1. P&P Business Partners and Finance Advisors will work with the business to continue capture of remaining financial data (hourly rates) for all contingent workers where practical.
 2. P&P Business Partners and Finance Advisors will work with business areas to apply the ELT endorsed management principles above, to be fully implemented by **30 April 2020**, starting with contingent workers and fixed-term employees with end dates in April and May.
 3. Any exceptions will be submitted to a recruitment review group (comprised of Nicola Mills, Emma Murphy, Jane Badger and other relevant staff), who will provide recommendations to ELT on all contingent worker, fixed-term and permanent staff recruitment for decision making.
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Anita Furniss

From: Kerry Harrington <Kerry.Harrington@aucklandcouncil.govt.nz> on behalf of Stephen Town <Stephen.Town@aucklandcouncil.govt.nz>
Sent: Tuesday, 7 April 2020 3:44 pm
To: GRP AC All Elected Representatives; David Taipari; Brandi Hudson
Cc: GRP AC Executive Leadership Team; Nirupa George; Claire Rorke; Christine Watson; Sara Hay; Sara Harris; Anna Bray; Anita Furniss; Vanessa Blakelock; Koro Dickinson; Priscilla Balakrishnan
Subject: Non-essential third-party spend and contingent workers

Kia ora Elected Members

The purpose of this memo is to provide you with an update on measures we are taking to manage Auckland Council's financial position through the COVID-19 lockdown period.

Like so many organisations, our financial position will become challenging. Our revenue streams have been impacted and we are incurring unexpected costs in order to keep the city running through the lockdown.

We are in a situation where the full impacts of COVID-19 remain uncertain, therefore we are taking a cautious approach to all spending while we conduct a thorough analysis of council's financial position.

Our priority at this time is to maintain the essential services we provide for Aucklanders while reducing costs where we can.

In light of the current context, we have paused all spend on non-essential third-party services, wherever possible.

Our core principle is that while the Alert Level 4 lockdown is in place, we must only support procurement activities and engagement of services, goods and projects related to the delivery of essential services.

Examples of the types of work we've been able to pause are consultancy and project management services for capital works projects, event operations, non-essential asset maintenance, fleet servicing, and internal business improvement projects.

There will be some exceptions where non-essential spend must continue, and guidelines have been developed to ensure prudent and consistent decisions on this are made across the organisation.

Criteria for continuing non-essential spend	Examples identified
Relates to legislative compliance	<ul style="list-style-type: none">• Retrofit Your Home scheme remediation, Holidays Act remediation, Treaty of Waitangi obligations
To continue a major programme when putting it on hold would significantly jeopardise the overall delivery of the project	<ul style="list-style-type: none">• Planning for Kauri dieback summer programme as otherwise would jeopardise physical works in summer season• Storm water preventative maintenance that would otherwise jeopardise system functioning• Works critical to hosting a major event like AC36 which would otherwise jeopardise the completion of physical works once they can be resumed• Regulatory consenting for significant projects where specialist technical

	expertise is not available in-house, and delays would jeopardise the progress of the project
Minimum expenditure on outsourced works contracts	<ul style="list-style-type: none"> • P17 maintenance contracts, stormwater maintenance contracts, noise control
To complete projects with substantial sunk cost that would otherwise be at risk through supplier failure	<ul style="list-style-type: none"> • Well advanced ICT projects at final stage of delivery to ensure handover of IP
Property transactions due to settle (but no new property transactions)	
Completion of in-flight procurement processes for outsourced services (service levels would be at minimum contract levels, but awarding contracts is necessary to ensure continuity of operations when business resumes)	<ul style="list-style-type: none"> • Stormwater maintenance contracts commencing 1 July 2020, all buildings fire systems and equipment maintenance contracts, SAP maintenance contract renewal

These exceptions are being managed on a case-by-case basis with oversight from our Finance team and our Executive Leadership Team.

Further work is underway to understand how community grants will be affected and we will issue guidance on this within the next week.

We have also put measures in place to reduce the number of contingent workers. As of March, we had 1118 temporary staff, contractors or consultants. There will be no new procurement, renewals or extension of contingent workers. Any exceptions will require ELT approval.

We will also look to end contracts for contingent workers operating in roles that cannot be performed due to COVID-19 lockdown measures or that support non-essential services.

Although Auckland Council is not eligible for the government wage subsidy, workers employed independently or with a contracting organisation may be eligible.

There is no impact on permanent employees, however all new recruitment remains on hold. Any exceptions will require group ELT approval

We understand these decisions will have adverse consequences on our suppliers and contracted workers. These are not decisions we make lightly however they are necessary given the unprecedented situation we are in and our accountability to all Auckland ratepayers.

Our finance team are preparing detailed analysis to understand the financial implications of COVID-19 on Auckland Council, together with an assessment of the impact on the current financial year. This will be presented to the Emergency Committee on 16 April 2020.

I would like to reassure you that the delivery of essential services throughout this time of national emergency will not be affected.

If you have questions or concerns, please contact....

Ngā mihi

Stephen Town
Chief Executive

Anita Furniss

From: Kerry Harrington on behalf of Stephen Town
Sent: Tuesday, 7 April 2020 4:00 pm
To: GRP AC All Council Employees
Subject: Pause on spending on non-essential services

Tēnā koutou

I wanted to give you an update on work we've been doing with our Executive Leadership Team to manage our financial position through the COVID-19 lockdown period.

We're working in the most unprecedented of situations and we don't know how long it will continue. We're still assessing the full financial impact of the lockdown, which is why we're taking a cautious approach to all spending across the council.

We've decided to pause all spending on non-essential services wherever possible and reduce the number of temporary and contract staff working in non-essential services or in roles that can't be performed due to the COVID-19 lockdown.

In addition to this, we are also holding all permanent staff recruitment until further notice.

Our People and Performance team is working closely with each business unit to provide support for those individuals impacted by this decision. Temporary and contract workers may be eligible for the government wage subsidy depending on their individual circumstances.

We understand these decisions will have adverse consequences on our suppliers and contracted workers and it comes at an already challenging time. These are not decisions we make lightly however they are necessary given the unprecedented situation we are in and our accountability to all Auckland ratepayers.

By acting now, this will help us to control costs and ensure we can focus all our efforts and resources on the essential services needed to keep our city running.

Ngā mihi

Stephen
Chief Executive

Anita Furniss

From: Kerry Harrington <Kerry.Harrington@aucklandcouncil.govt.nz> on behalf of Stephen Town <Stephen.Town@aucklandcouncil.govt.nz>
Sent: Tuesday, 7 April 2020 3:38 pm
To: GRP AC Enterprise Leadership Group
Subject: COVID-19 Lockdown Spending Decisions - For Urgent Action
Attachments: Guiding Principles for External Expenditure on Non Essential v4.pdf

Kia ora koutou

I want to give you an update on the steps we are taking to reduce costs during the COVID-19 lockdown period and the principles we need to work by when making spending decisions.

These measures are already being implemented across much of the organisation, but it is important there is a shared understanding of what these steps are and what they mean for you and your teams.

This is an unprecedented situation and we don't know how long it will continue. For these reasons we are taking a cautious approach to all spending across the business while we conduct a thorough analysis of council's financial position.

In the short-term, this means pausing all spend on non-essential services where possible and reducing the costs of our contingent workforce.

Today I will be writing to our elected members to explain the actions we are taking in these areas.

A paper outlining the various financial scenarios for the short and long term is being prepared and will be presented to the Audit & Risk Committee next Tuesday, followed by the Emergency Committee next Thursday. This analysis will help our councillors to make decisions about priorities as they are setting the budget for the 2020/21 year.

Pausing non-essential services

By now you should be working with your Commercial Manager to review and pause all non-essential spend.

As Matthew outlined in his email of 30 March, our core principle is that while Alert Level 4 is active, we must only support procurement activities and engagement of services, goods and projects related to the delivery of essential business.

We need to be mindful of contractual obligations that may be in place so please ensure you're seeking advice from our procurement team where you have non-essential contracted services.

The guidelines attached will help you and your team to manage exceptions where non-essential expenditure may need to continue. Exceptions will need approval from your Commercial Manager.

Community grants

Our finance team are currently looking at what this means for community grants and will issue guidance later this week.

Contingent workforce

We are working to reduce the number of temporary and contract staff working in non-essential areas which means there is to be no new procurement, renewals or extension of contingent workers.

Contingent workers operating in a role that cannot be performed due to COVID-19 lockdown measures, or that are supporting non-essential services, or can be back-filled by an under-utilised permanent staff member will need to be either paused or ended at the earliest date possible.

Your P&P business partner will work with you to review your contingent workforce and support you to manage this.

Any roles specifically related to achieving Māori Outcomes must go to ELT in order to ensure we take a holistic view across the organisation. These roles may support work that is necessary to ensure we meet our obligations as a council. Please contact your Māori Outcomes Lead or Jane Badger, Māori Outcomes Lead P&P in the first instance.

There is no impact on or permanent employees, however **all** new recruitment remains on hold. Any exceptions will require group ELT approval. Please speak to your ELT member or P&P business partner where this is deemed necessary.

I know this will be difficult and will cause unintended consequences for many of the organisations and people who work with us on a temporary or contractual basis. However, we have a responsibility to focus all our efforts and resources on the essential services needed to keep our city running.

I appreciate your support as a leadership team as we navigate our way through these uncharted waters.

Ngā mihi,

Stephen
Chief Executive

Guiding Principles for External Expenditure on Non-Essential Services

These guidelines will help you determine what non-essential expenditure should continue during Alert Level 4, and what you should suspend. Use your judgement. For existing spend, check the contract terms. Your Commercial Manager and Procurement can help you apply these principles.

Essential Services	Non-Essential Services		
A	B	C	D
Essential Services as Defined by Govt	Functions Supporting Essential Services	Non-Essential but Should Continue	Clearly Identified as Non-Essential
CONTINUE	CONTINUE	CONTINUE	PAUSE



Non-Essential but Should Continue	
Criteria	Examples Identified
Relates to legislative compliance	<ul style="list-style-type: none"> Retrofit Your Home scheme remediation, Holidays Act remediation
To continue a major programme when putting it on hold would significantly jeopardise the overall delivery of the project	<ul style="list-style-type: none"> Planning for Kauri dieback summer programme as otherwise would jeopardise physical works in summer season Storm water preventative maintenance that would otherwise jeopardise system functioning Works critical to hosting a major event like AC36 which would otherwise jeopardise the completion of physical works once they can be resumed Regulatory consenting for significant projects where specialist technical expertise is not available in-house, and delays would jeopardise the progress of the project
Minimum expenditure on outsourced works contracts	<ul style="list-style-type: none"> P17 maintenance contracts, stormwater maintenance contracts, noise control
To complete projects with substantial sunk cost that would otherwise be at risk through supplier failure	<ul style="list-style-type: none"> Well advanced ICT projects at final stage of delivery to ensure handover of IP
Property transactions due to settle (but no new property transactions)	
Completion of in-flight procurement processes for outsourced services (service levels would be at minimum contract levels, but awarding contracts is necessary to ensure continuity of operations when business resumes)	<ul style="list-style-type: none"> Stormwater maintenance contracts commencing 1 July 2020, all buildings fire systems and equipment maintenance contracts, SAP maintenance contract renewal

Notes:

1. Only covers external expenditure and so does not include staff costs
2. Remains in effect while we are in Alert Level 4, and will be reassessed when that changes
3. Separate guidance will be issued on community grants

Anita Furniss

From: Louise Mason
Sent: Thursday, 9 April 2020 1:17 pm
To: GRP AC All Local Board Members
Cc: GRP AC All Local Board RMs; Oliver Roberts; Shirley Coutts; Kevin Pan; Kevin Smith; Chris Baldock; Debbie Metcalf; Phil Wilson
Subject: urgent update

Kia Ora Local Board Chairs and Members

This email is to update you on the work being currently undertaken to respond to the Covid-19 crisis as outlined in Stephen Town's letter to you earlier this week. Many of you have asked for further information on how locally based programmes and services will be affected as council works through the implications of the COVID-19 situation.

The following summarises the current situation and next steps:

- On 25 March 2020 a state of national emergency was declared and Auckland's emergency management function was activated.
- On the same day, the Director-General of Health made the first of two orders under s 70 of the Health Act 1956 (**Orders**). These Orders provide the legal basis for the current lockdown and require all premises within New Zealand to close except "essential businesses".
- This lockdown is unprecedented in our history and is impacting the New Zealand economy and council's revenues.
- Responding to the Orders and the economic situation, Auckland Council's focus (and expenditure) must currently be on "essential services" and ensuring the prudent financial management of Auckland Council. This requires:
 - Prompt and prudent action by Council's Executive
 - A pause on spending on non-essential services (including in situations where a service may be mid-delivery), where possible.
 - A cautious approach to all spending across the council (including reducing numbers of temporary and contract staff in non-essential services and holding further, permanent staff recruitment).
- The pause in spending is temporary and preserves council's position while we assess the extent of the financial impact and focuses on essential services. The pause does not represent a long term or substantive decision about whether relevant contracts or projects should proceed or the appropriate level of staff numbers.
- The financial impact and the modelling of financial consequences scenarios is being developed by Finance and a report will be presented to the Emergency Committee of the Governing Body on 16 April.
- At that meeting, staff will seek guidance on the direction for further work in the short term and particularly on the proposed annual plan for 2020/2021. Given the change in financial outlook, it is likely that further options will then need to be developed and a further round of public consultation completed.
- As part of the annual plan process, it is likely some difficult decisions will need to be taken by both the Governing Body and subsequently, by Local Boards. In line with established processes, this starts with agreeing the size of budget envelopes available for different strategic priorities, operational activities, programmes and projects. In turn this will inform Local Board budgets and cause Boards to further consider current spending priorities and agree new work programmes for FY 20/21. Staff will work closely with Boards in this area.
- Unlike the temporary pause, these are policy decisions which will be taken at the governance level and Local Boards will have an important role to play in this decision-making.
- Staff will continue to keep you informed as matters evolve and will seek your political direction as and when sufficient information is available to enable policy decisions to be taken.

Your understanding and patience as we work through the complexities of this situation is appreciated – please contact your Relationship Manager if you have any concerns or issues.

We will update you as soon as we have further information about next steps.

With very best wishes to you and your families for the Easter break.

Louise

Louise Mason | General Manager Local Board Services

Mob +64 21 574 253

Auckland Council, Level 27, 135 Albert Street, Auckland 1010

Auckland Council, Private Bag 92300, Auckland 1142

Email: louise.mason@aucklandcouncil.govt.nz

Anita Furniss

From: Turama <turama@aucklandcouncil.uq.co.nz>
Sent: Wednesday, 8 April 2020 4:39 pm
To: Eliza Bennett
Subject: Tūrama: Clarification on non-essential expenditure

Having trouble viewing this email? [Click here](#).



Tūrama: COVID-19 update



Clarification on non-essential expenditure

TŪRAMA (VERB) GIVE LIGHT TO, ILLUMINATE

Kia ora Eliza

We realise you've been receiving a number of messages from us about non-essential services and expenditure, and we wanted to clarify our guidance, support available to you and how this affects our employees.

We're also pulling together the guidance on leading a remote team, shared with you over the last couple of weeks, into one handy page on Kotahi for your reference.

Need to know

Guidance on non-essential expenditure

Principles

Following the guidance shared with you in Tūrama earlier this week, we've updated the [principles developed to help you determine what non-essential expenditure should continue during Alert Level 4](#), and what should be paused.

Your Commercial Manager and the Procurement team can help you to apply these principles.

Clarification on employees impacted

Contingent workers operating in a role that cannot be performed due to COVID-19 lockdown measures or that are supporting non-essential services will be ended at the earliest date possible. Any exceptions will be assessed on a case-by-case basis.

Your People and Performance Business Partner will work with you to review your contingent workforce and support you to manage this.

Fixed-term employees are different from our contingent workforce. Fixed-term employment agreements that expire during this period should only be extended by exception – approved by the Executive Leadership team. As a leader, if you are facing the situation where you have a fixed-term employee's agreement about to expire or you are concerned that the reason you engaged someone on a fixed-term agreement is no longer applicable, you should contact your People and Performance Business Partner to discuss the appropriate approach.

Leading a team remotely

Working in a remote team is a new challenge for many of us, and leading one requires some new behaviours. We've pulled together People and Performance's guides onto one [helpful page providing tips and advice across six key areas](#):

1. Supporting your remote team
2. Communication
3. Expectations
4. Outcomes
5. Technology
6. Flexibility

This page also includes the final guide in the series, [Setting expectations for remote working](#), which is all about working with your team on a shared understanding of what's expected of them and from you during the lockdown work from home period.

Connect with your peers on Yammer

WE ARE IN THIS TOGETHER

In the last two weeks we've had to transition into new ways of working and leading our teams remotely. As people leaders we also need new ways to stay connected, share our experiences and learn from each other. If you have some useful tips or are looking for some, join the Yammer group [People Leader Connection](#) where you can find your peers from Auckland Council. [Click the 'join group' button here](#) (in top right corner).

New process for discretionary leave applications

A new process has been set up in Tupu so you can apply for discretionary leave on behalf of your direct report – [check out this guide for instructions](#).

Auto-paid employees can also apply for discretionary leave in Tupu using the 'My Leave

Request' tile as usual. Any timesheet paid employees should use the 'My Timesheet' tile.

Note: Timetarget employees should not use Tupu to apply for discretionary leave, as this will be added to their roster by their people leader or scheduler.

New Employee Assistance Programme app

The Employee Assistance Programme (EAP) now has a free easy-to-use app you and your teams can use for appointments, self-tests, other support lines and resources.

[Click here to find instructions on downloading the app.](#) The council's code is: aklcouncileap2019.

[Find out more here about the free, confidential service available 24 hours / seven days a week.](#)

