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**DRAFT  
STATEMENT OF INTENT  
FOR 2015/16**

**30 June 2015**

# Local Authority Shared Services Limited

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## Introduction

This Statement of Intent is a public declaration of the activities and intentions of the Waikato Council Controlled Organisation, Local Authority Shared Services Limited (LASS). The statement outlines the Directors' accountabilities to the shareholders for corporate performance, as is intended by Schedule 8 of the Local Government Act 2002.

## Objectives of LASS

During the early 2000s, the relationship between the local authorities within the Waikato Region continued to strengthen. As a result of this, it was considered desirable to set up a structure under which shared services could operate to provide strategic or other advantages to the local authorities involved. Of the structures considered, the Local Authority Shared Services Limited (LASS) was chosen, as it was considered the most appropriate mechanism to provide the Councils in the Waikato Region with a vehicle to operate shared services.

LASS provides a mechanism to develop and procure services which are available to be joined by any shareholder that chooses to do so. It also provides a company structure for any Council that wishes to develop new services, under which they can develop and promote services to other local authorities and external parties.

As part of providing a mechanism for supporting shared services and collaborative opportunities within the region, LASS also provides support to the Waikato Mayoral Forum and the working parties established by.

## Nature and Scope of Current Activities

There are currently four major initiatives operating under the LASS umbrella, plus a support role for the collaborative workstreams of the Waikato Mayoral Forum.

1. **Shared Valuation Data Service (SVDS).** This operational system is providing timely and accurate valuation data to member Councils and shareholders. The SVDS has become the accepted valuation database for the region. The revenue shown in the financial statements is based on the assumption that there will continue to be external commercial sales of the SVDS data. However, central government or council decisions on open data provision could reduce or eliminate the commercial sale of SVDS data in the future.
2. **Waikato Regional Transportation Model (WRTM).** This model became fully operational in February 2010. This model provides accurate information to Councils and external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is jointly funded by the NZ Transport Agency.
3. **Joint Procurement Initiatives.** LASS is a party to a number of joint procurement contracts between the company, shareholding Councils and suppliers. Some contracts (e.g. insurance brokerage services; various collective insurance policies; courier and postal services; historic aerial photography) involve all of the

shareholding councils. Other joint procurement contracts have been negotiated, involving only some of the shareholding councils (e.g. the Professional Services Panel; computer-generated print, mailhouse and e-services). Further procurement opportunities are continually being identified, and a number are currently under active investigation (e.g. asset valuation services; pipe procurement).

4. The **Waikato Regional Aerial Photography Service (WRAPS)**. WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. So far, there have been three WRAPS contracts – 2002, 2007 and 2012. In 2012, the WRAPS members were the councils of the Waikato Region, plus the Department of Conservation and Waikato University. The next contract is due in 2016/17. Discussions are currently being held with other parties to assess their willingness to join the syndicate. Both Land Information New Zealand (LINZ) and the NZ Transport Agency (NZTA) have indicated potential interest, which would reduce the cost to the participating councils. WRAPS became a LASS-managed project in December 2014.

The establishment of the **Waikato Mayoral Forum** in 2012 resulted in the creation of five working parties to investigate collaborative opportunities in the areas of governance, spatial planning, two waters, roading, and economic development. An additional work stream for bylaws and policies was created in 2013. (Note: The governance workstream is currently in abeyance, and the two waters project is now being run by a consortium comprising Hamilton City, Waikato and Waipa District Councils.) Each working party is led by a Council CEO in conjunction with a group of Mayors/Chairperson from the Waikato Mayoral Forum. LASS provides administrative and financial support to both the Forum and the working parties. The LASS CEO is a member of the roading governance group (RATA).

Over the period that the company has been operating benefits have been delivered in the form of:

- Improved level and quality of service
- Co-ordinated approach to the provision of services
- Reductions in the cost of services
- Development of new initiatives
- Opportunities for all Councils (irrespective of their location or size) to benefit from joint initiatives
- Leverage provided from economy of scales resulting from a single entity representing all Councils and leveraging procurement opportunities.

Based on feedback from the shareholding Councils and the CEO Forum, the LASS Directors will continue to discuss their role in the development of business cases for shared services at Board meetings. The Directors are mindful of the political environment, and see the investigation of possible future shared services as a key focus of their role.

### **Process for Future Developments**

All new proposed shared services involving LASS will have a business case developed for consideration by the Directors. New services will only be adopted where the business case shows that they provide sufficient benefit to the shareholders, that the benefits exceed any benefits associated with other proposals, and where there are sufficient resources available to progress the initiative. (If there are insufficient resources, the initiative may be deferred and reconsidered at such time that resources can be made available.)

Benefits may include, but are not limited to, greater strategic capacity, mitigation of risk, development of intellectual property, protection of Council data, improved levels of service, efficiencies and/or reduced cost. All proposals shall be presented to the shareholding councils for approval prior to implementation. Further approvals may be required at various phases during the development of a shared service or if material changes to the original proposal are thought desirable as the initiative is developed.

## Governance

LASS has twelve Directors, with each Director representing a shareholder Council.

Unless otherwise agreed by the appointing Councils, each Director shall be the Chief Executive of a local authority. In addition, the Board may appoint up to three professional directors to supplement the Directors' expertise. At this time, no independent directors have been appointed to the Board.

LASS conducts itself in accordance with its constitution, its annual Statement of Intent as agreed with shareholders, the provisions of the Local Government Act 2002, and LASS policies.

## Directors

The current Directors of LASS are:

<b>Director</b>	<b>Position</b>	<b>Director Appointed By</b>
Gavin Ion (Chair)	Chief Executive, Waikato District Council	Waikato District Council
Geoffrey Williams	Chief Executive, Rotorua District Council	Rotorua District Council
Chris Ryan	Chief Executive Officer, Waitomo District Council	Waitomo District Council
Vaughan Payne	Chief Executive, Waikato Regional Council	Waikato Regional Council
Langley Cavers	Chief Executive, Hauraki District Council	Hauraki District Council
Richard Briggs	Chief Executive, Hamilton City Council	Hamilton City Council
David Hammond	Chief Executive, Thames-Coromandel District Council	Thames-Coromandel District Council
Garry Dyet	Chief Executive, Waipa District Council	Waipa District Council
Don McLeod	Chief Executive Officer, Matamata-Piako District Council	Matamata-Piako District Council
Rob Williams	Chief Executive Officer, Taupo District Council	Taupo District Council
Craig Hobbs	Chief Executive Officer, South Waikato District Council	South Waikato District Council
Dave Clibbery	Chief Executive Officer, Otorohanga District Council	Otorohanga District Council

## Activities for which the Board seeks Compensation

Additional shared services may be developed during the year that this Statement of Intent is current. Any such services will only be delivered by LASS after the Directors have considered a business case, including the proposed budget, and agreed that the proposed new service meets the objectives of LASS.

Any ongoing activities to identify, develop and procure shared services will be budgeted for in advance, subject to a business case, and either funded and/or staffed by individual Councils without LASS involvement, or agreed by the Directors to be funded by the LASS and/or utilising LASS resources with consequent recovery from participating Councils.

Shareholders will continue to contribute to the operational costs of the LASS on an annual basis.

## Performance Targets

To ensure that the Company continues to operate effectively and efficiently, the performance targets for 2015/16 are as follows:

TARGET	METHOD	MEASURE
<p><b>Procurement</b> Joint procurement initiatives for goods and services for LASS councils will be investigated and implemented.</p>	<p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</p>	<p>A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p> <p>Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.</p> <p>New suppliers are awarded contracts according to the LASS Financial Delegations Policy.</p>
<p><b>Collaborative Projects</b> Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	<p>The focus is on shared services which will benefit all councils.</p>	<p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>
<p><b>Existing LASS Contracts</b> Existing contracts are managed and renegotiated as required.</p>	<p>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</p>	<p>The LASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p>

TARGET	METHOD	MEASURE
<p><b>Cashflow</b> The company shall maintain a positive cashflow position.</p>	<p>The Financial Accountant reviews cashflow monthly.</p> <p>The LASS Board reviews the financial statements quarterly.</p>	<p>Monthly financial statements show a positive cashflow position.</p>
<p><b>Cost Control</b> Administration expenditure shall be managed and monitored.</p>	<p>The Financial Accountant and Chief Executive review expenditure monthly.</p> <p>The LASS Board reviews financial statements quarterly.</p>	<p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>
<p><b>Reporting</b> Six monthly reports provided to Shareholders.</p>	<p>The Chief Executive prepares a written report for the LASS Board every meeting.</p> <p>One 6-monthly and one Annual Report are prepared for shareholders.</p>	<p>The Board shall provide a written report on the business operations and financial position of the LASS to the Shareholders every six months.</p> <p>Note that every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the LASS are being adhered to.</p>
<p><b>Waikato Mayoral Forum</b> The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum.</p>	<p>Mayoral Forum projects shall be managed financially through the LASS.</p> <p>Updates on Mayoral Forum projects shall be co-ordinated by the LASS Chief Executive.</p> <p>Note: The current approved workstreams are:</p> <ul style="list-style-type: none"> <li>• Roothing (RATA)</li> <li>• Economic Development</li> <li>• Regulatory Bylaws and Policies</li> <li>• Waters</li> <li>• Waikato Spatial Plan</li> </ul>	<p>The Mayoral Forum is regularly updated on the progress of each approved workstream.</p> <p>Approved invoices for Mayoral Forum projects are paid by the 20<sup>th</sup> of the month following their receipt.</p>
<p><b>Shared Valuation Data Services (SVDS)</b> The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS.</p> <p>Contract Manager monitors performance of contractor and reports quarterly to the SVDS Advisory Group.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p>

TARGET	METHOD	MEASURE
<p><b>Waikato Regional Transport Model (WRTM)</b> The WRTM is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for WRTM.</p> <p>Contract Manager monitors performance of the model supplier (currently Traffic Design Group) and reports quarterly to the WRTM Project Advisory Group.</p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report by the Contract Manager on any new developments and on the status of the model is provided to the LASS Board at least every six months.</p> <p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p>
<p><b>Shareholder Survey</b> Shareholders are satisfied with the performance of LASS.</p>	<p>An annual survey of shareholders is undertaken to assess satisfaction levels with LASS.</p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>
<p><b>Review of Benefits</b> Shareholders are informed of the benefits being provided to shareholding councils by LASS.</p>	<p>The benefits of LASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</p>	<p>Information on the financial and non-financial benefits being achieved by LASS are included in the 6-monthly and Annual Report to shareholders.</p>