



Half-yearly report to Shareholders

1 July 2019 to 31 December 2019

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1 Introduction

The Board of Waikato Local Authority Shared Services Ltd (WLASS) is pleased to present its report to shareholders on the first half of the 2020 financial year (to 31 December 2019). During the period the structural transition required as part of the company's transformation toward being a true strategic partner to councils was completed.

2 Overview of WLASS

WLASS was established in December 2005. It is jointly owned (in equal portion) by the following shareholding councils:

- Hamilton City
- Hauraki District
- Matamata-Piako District
- Otorohanga District
- Rotorua Lakes
- South Waikato District
- Taupo District
- Thames-Coromandel District
- Waikato District
- Waikato Regional
- Waipa District
- Waitomo District

WLASS was initially established to provide the local authorities in the Waikato Region with a vehicle to procure services on a shared basis. The key purpose of WLASS has evolved. In 2018 shareholders approved transforming the company into a service delivery agent and a true strategic partner to councils. That transformation means the company now has two fundamental roles:

- 1) It is a laboratory for developing opportunities that create value to councils, either by improving the experience of their customers or by making the councils themselves, collectively, more efficient and effective; and
- 2) It is a provider of services to councils where a business case to do so has been established (recognising that it may make sense for some services to be provided by someone other than WLASS).

It also drives collaboration between councils by facilitating various council staff working groups.

The vision for WLASS is to be:

The enabler for Councils to provide their services in the most effective and efficient way

Its objectives are:

- To enable the Waikato Councils to collectively be more effective as a region on the national stage;
- To contribute to building central government's confidence in the Waikato region, and to encourage central government investment;
- To achieve effectiveness and efficiency gains;
- To reduce duplication of effort and eliminate waste through repetition;
- To make it easier for customers to engage with councils in the Waikato region;
- To promote and contribute to the development of best practice; and
- To promote business transformation to improve customers' experiences.

In conjunction with council consultation on the 2019 SOI, WLASS sought a shareholder resolution to change the constitution of the company relating to the board's composition. As a result, effective 1 July 2019, the board changed to five council representative directors and an independent chair.

During the period the Directors of WLASS were:

Director	Representing
Peter Stubbs	Independent Chair
Blair Bowcott	Hamilton City Council
Gareth Green	Otorohanga, Rotorua, Taupo, South Waikato and Waitomo District Councils
Gavin Ion (Chair)	Waikato and Waipa District Councils
Vaughan Payne	Waikato Regional Council
Rob Williams	Hauraki, Matamata-Piako and Thames-Coromandel District Councils

3 Statement of Service Performance

Since its inception the company has delivered benefits to its shareholding councils through enabling:

- Improved levels and quality of service;
- A more co-ordinated approach to the provision of services;
- Reductions in the cost of services;
- The development of new initiatives;
- Standardisation of service levels;
- Opportunities for all Councils, irrespective of location or size, to benefit from joint initiatives; and
- Economies of scale resulting from a single entity representing all Councils and leveraging procurement opportunities.

3.1 Highlights during the period

Highlights of activity during the six months to 31 December 2019 are:

WLASS transformation project

As noted above, the transformation of the company has continued during the period. The immediately needed structural changes have been made.

Following consultation with councils, in November the Board approved five initial priority projects to investigate opportunities that will deliver value to councils.

Waters Shared Services integration

Currently, Hamilton City, Waikato District and Waipa District Councils are party to an agreement under which Hamilton City host a business unit delivering trade waste management, water sampling and analysis and “Smart Waters” services to these councils. With Waikato District’s departure from this arrangement (given its new relationship with Watercare Ltd), it is timely to consider the future of this shared service.

This project is to explore the extent to which there is interest from other councils in the region to utilise this service offering and whether it makes sense to have that service “delivered” through WLASS.

Coordinated L&D programme

Waikato councils have the same functional responsibility and therefore the same capability needs (noting the WRC have some different requirements). This project will consider how the learning and development programmes and supporting material can be aligned and shared to lessen the burden on council staff having to each do their own thing. It will also consider to what extent material and services of other agencies (e.g. SOLGM¹) can be leveraged.

¹ Society of Local Government Managers

Regulatory support services

Councils operate in an ever-changing regulatory environment. This project will consider how WLASS could track changes in legislation and regulation and push that information out to councils. This service would eliminate the need for each council to expend time and effort keeping up to date with changes on their own.

Building consent shared services

The issue and monitoring of building consents is a critical function of councils. It is important that this function is delivered with the customer in mind and in the most efficient way. Councils are also facing a shortage in capability in this area. This project is to consider how the delivery of this function across Waikato could be improved.

Human Resources shared services

This project will explore which human resource functions in councils are common (likely procedural in nature) and could therefore be delivered by WLASS to each of the councils. Taking these processes out of the councils themselves would free up council resource to focus on people and capability services that provide greater value to the council. A 'central' human resource function could also support smaller councils who have limited resource and are therefore susceptible to disruption where staff leave or are unable to work for a period.

Concluding comment

We expect each of these projects will add value to councils and they have been prioritized accordingly. However, if, as an opportunity is explored and developed, it becomes apparent that it will not achieve this aim, it will not be pursued. The initial 'discovery' of the opportunity will be undertaken by WLASS. Councils will be consulted prior to funds being invested (if required), to develop opportunities if the board agrees they should be pursued. Once business cases have established that an opportunity makes sense, councils will similarly be able to choose whether to receive the service on offer.

These ideas will challenge the way things are currently done and therefore be disruptive – this is necessary if we are to meet the expectations of our shareholders and have the impact we are looking for. Similarly, while a council will always have the ability to 'opt out' of an offering, it is critical that this be by exception and that councils are willing to commit to change where the business case says it is the right thing to do.

Coordinated Infrastructure Procurement

In November the Board approved the opportunity to coordinate councils' infrastructure procurement.

Through the Coordinated Infrastructure Procurement (CIP) initiative we are seeking to achieve a regional strategic approach to capital works across Waikato councils. Ultimately, any agreed regional strategy would then be incorporated into council Long Term Plans (LTPs) (to the extent required).

The objectives of the project are to:

- Create savings through 'smarter' scheduling of infrastructure works across the region;
- Minimise situations where councils are competing for the same suppliers at the same time, streamlining the procurement process;
- Providing suppliers with scale and consistency of work activity, allowing them to have the confidence to invest (in staff/equipment), which in turn should improve the economic activity in the region;
- Improve councils' ability to accurately budget capital works programmes and then to deliver to this budget.

The project commenced in February 2020 and is being led by a seconded resource (Chris Barton) from Hamilton City Council. This is the first WLASS project to utilise a secondee.

Waikato councils spend ~\$230m on infrastructure additions each year. If this opportunity realised cost savings of only 0.5% that would see the councils saving \$1.2m p.a.

RATA

Waters collaboration

The 'waters' sector is facing significant change due to a number of external and internal influences.

WLASS's business unit, Regional Asset Technical Accord (RATA), investigated the opportunity for a sub-regional collaboration on three waters activities, supported by nine councils. That culminated in a business case that the WLASS Board approved in July 2019. The initial opportunities for collaboration relate to:

1. Consistent document templates to support better reporting;
2. Increased information sharing through collaborative, effective forum meetings;
3. Training and recruitment;
4. Consistent asset valuations; and
5. Collaborative procurement – materials/equipment/laboratory services.

Staff changes

Appointment of a Waters lead for the RATA business unit is currently underway with a placement expected in March.

After being at the helm since RATA's inception, Dawn Inglis stepped down as RATA Manager in October last year. WLASS is grateful to Dawn for the tremendous amount of work she has done for the company in developing the business unit into a nationally recognised model.

WLASS has secured the services of Shaun Lion-Cachet as the new RATA Manager from January 2020.

Value add

The value of RATA to the region continues to be further demonstrated with the continual identification of ideas to further support councils. An achievements report written in December provides an outline of the success of RATA in delivering on its vision to date. Total savings to councils from the business unit total ~\$3m and continues to build.

LiDAR

In February 2019 the Board approved the procurement of a regional Light Detection and Ranging (LiDAR) data set as part of a Land Information NZ nation-wide initiative. That initiative is supported by funding from the Provincial Growth Fund and additional third party co-funding partners. LiDAR is essential to decisions involving the physical world. It helps to drive regional economic growth and spur new investment across the region by enabling councils and businesses to more efficiently plan and develop housing, road and water infrastructure, as well as better prepare for hazards such as flooding, landslides and erosion.

During the period LINZ and Waikato Regional Council (on behalf of WLASS) led the evaluation process to secure a supplier. A preferred supplier has been identified and it is expected the contract will commence in the first quarter of 2020. Rolf Boswell (WLASS Business Analyst), is the Waikato project manager and is assisting with the contract negotiations. Additionally, agreements are being signed with the 6 co-funding parties.

Waikato OneView

In November the Board approved the business case to establish “Waikato OneView”. Waikato OneView is the next phase of developing a regional geospatial service and follows the successful launch of the WLASS Waikato Data Portal (WDP) in the first half of 2019.

Waikato OneView will see the alignment of key data from different councils through a common data schema and presentation of that data via a Web Map Viewer. It will improve the customer experience by reducing the time required to gather data and increasing the data’s accessibility because it covers the whole region and is always available.

For the councils, a key investment objective is to increase the visibility and accessibility of data with the resulting benefit of improved ability to report across council boundaries. Other objectives include the aim of reducing BAU work (because users can self-serve) and the cost-benefit of collective buying power.

Health & Safety pre-qualification

SHE Software (SHE) is engaged by WLASS to provide health & safety pre-qualification services to Waikato councils. During the period WLASS, council staff and SHE worked together to complete a review of the pre-qualification question set and to make that tool on-line. The tool went live in early December and is expected to make the pre-qualification process significantly easier to complete for councils’ contractors.

Procurement - Professional services panel

A new Professional Services Panel (PSP) was established from 1 August 2019. The panel is significantly expanded from the previous arrangement, involving more than three times the suppliers and eight councils (previously four). The principle purpose of establishing the panel is to provide value to councils in two key ways:

- Securing discounted rates from consultants; and
- Eliminating the time, cost and effort otherwise required of councils to procure services for each piece of work.

SVDS

SVDS activity during the period centred around transferring participating councils from the old software to a new supplier under a Software As A Service (SAAS). This transition will be completed in the first quarter of 2020. Member charges will continue to reduce under the new arrangement.

Future proof

Future Proof is undergoing several changes at the moment with the expansion of the partnership and the inclusion of the Hamilton to Auckland Corridor Plan.

Energy management

Following the previous successful collaborative arrangement with the EECA, from 1 July WLASS and councils entered a new energy and carbon management programme. The programme aims at:

- 1) Extending the programme scope to include tariff validation, monitoring and reporting of all electricity and gas connections with carbon emissions reporting;
- 2) Increasing the skills and capability within councils.
- 3) Improving the visibility of energy-saving possibilities within and across councils.
- 4) Extending the programme to include a focus on carbon mitigation and carbon reporting.

Waikato Building Consent Group

For the first 6 months of the 2019/2020 financial year the WBCG has been limited in the progress made since 18/19 year end. We have not had a Manager in place and have had limited resources to focus on our strategic intent. We have managed to maintain basic services and each council has taken ownership

of their own annual audits. The new Strategic Manager (Natalie Allam), commenced in January 2020 so by year end we should see some progress on the KPI's.

3.2 Assessment of performance against targets





The following performance measures were included in the Statement of Intent for the 2018/19 financial year. An update on their status as at 31 December 2019 is shown in the table below.

Key:

- Achieved or on track: has been completed or will be by 30 June 2020
- Currently behind schedule but target expected to be met by 30 June 2020
- Currently behind schedule and target unlikely to be met by 30 June 2020






Target	Measure	Outcome	
<p>Procurement Joint procurement initiatives for goods and services for WCLASS councils will be investigated and implemented.</p> <p><i>Method: Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</i></p>	<p>New suppliers are awarded contracts through a competitive tender process.</p> <p>Professional Services Panel contracts are successfully negotiated.</p>	<p>On track: Supply contracts are tendered in line with WCLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year). For substantial contracts (e.g. LiDAR) a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.</p> <p>Achieved: Contracts have been negotiated on time with the panel in place from 1 August 2019, as planned.</p>	<p style="text-align: center;">●</p> <p style="text-align: center;">●</p>
<p>Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p> <p><i>Method: The focus is on shared services which will benefit all councils.</i></p>	<p>A minimum of six priority projects for collaboration are identified per annum.</p>	<p>Achieved: A new Professional Services Panel was established from 1 August 2019 with eight councils participating (previously four).</p> <p>Five priority projects to develop opportunities were approved by the Board in November. The workplan for these opportunities will see all five commenced prior to year-end.</p> <p>The Coordinated Infrastructure Procurement project was approved by the Board and will be completed in the first half of 2020.</p> <p>The business case to expand RATA into waters asset management services was approved by the Board in July. The business case for Waikato OneView was approved by the Board in November.</p>	<p style="text-align: center;">●</p>








Target	Measure	Outcome	
	<p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p> <p>Savings to Councils identified in developed business cases exceeds \$300k.</p>	<p>On track: The development of any opportunity is subject to a phased approach involving discovery, opportunity assessment and business case (if required). The Board approves each phase before progression to the next stage.</p> <p>On track: Business cases or opportunity assessments delivered during the period related to:</p> <ul style="list-style-type: none"> •RATA – Waters collaboration: Benefits are not quantified but based on investment objectives they are considered substantial •Waikato OneView: From surveys undertaken, users of OneView estimate that it will save them time, conservatively estimated at ~\$500k p.a. – which should translate to reduced fees to councils. In addition, it is estimated that there will be software savings of ~\$20k p.a. and council staff time would reduce because users will be better equipped to ‘self-serve’ •Coordinated Infrastructure procurement: The case notes that if 0.5% of infrastructure spend is achieved from the project outcomes sought, that will represent a saving of ~\$1m⁺ p.a. 	<p>●</p> <p>●</p>
<p>Existing WLASS Contracts Existing contracts are managed and renegotiated as required.</p> <p><i>Method: Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</i></p>	<p>The WLASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are either renegotiated (where it makes commercial sense to continue with the current supplier) or re-tendered through a competitive process.</p>	<p>On track</p> <p>On track: Supply contracts are tendered in line with WLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year. For substantial contracts (e.g. LiDAR) a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.</p>	<p>●</p> <p>●</p>
<p>Cost Control Administration expenditure shall be managed and monitored.</p>	<p>Administration expenditure shall not exceed budget by more than</p>	<p>On track: The latest forecast (based on actuals to October '19)</p>	<p>●</p>





Target	Measure	Outcome	
<p><i>Method: The Financial Accountant and Chief Executive review expenditure monthly.</i></p>	<p>5%, unless prior approval is obtained from the Board.</p>	<p>shows company administration expenditure is expected to exceed the 2020 budget by ~11% (\$65k). This excess is being met by funds available from the prior year. It reflects:</p> <ul style="list-style-type: none"> recruitment fees (relating to the Board Chair – originally budgeted for in FY19), the Executive Assistance and a new Contract Administrator role; salaries associated with increasing the EA role to a full-time position; and professional fees to progress the digital strategy. <p>Each of the above has been approved by the board.</p>	
<p>Reporting Six monthly reports provided to Shareholders.</p> <p><i>Method: The Chief Executive prepares a written report for the WLASS Board every meeting.</i></p> <p><i>A Half-yearly and Annual Report are prepared for shareholders.</i></p>	<p>The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months. Every second report shall be the Annual Report.</p>	<p>On track: The 2019 Annual report was prepared and provided to shareholders in September 2019. This Half-yearly report will be delivered in February 2020.</p>	
<p>SVDS The SVDS is reliable, well maintained and available to all users.</p> <p><i>Method: A Contract Manager is appointed for SVDS.</i></p> <p><i>The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.</i></p> <p><i>Risks associated with the SVDS are well managed.</i></p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p> <p>The Annual Business Plan is accepted by the Advisory Group by 31 March 2020.</p>	<p>On track: the SVDS has been available 100% for users during normal business hours.</p> <p>On track: Two meetings held in first 6 months; August & November</p> <p>On track: The Advisory Group meeting is scheduled for 5 March.</p> <p>With the exception of TCDC (who have withdrawn from the project), the project is running to schedule and all councils are due to transition before the end of March. The current SVDS will be unavailable to councils after 31 March 2020.</p>	  


Target	Measure	Outcome	
<p>Insurance</p> <p>Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p> <p><i>Method: The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</i></p>	<p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.</p> <p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.</p>	<p>Not measured: Formal feedback from shareholders by way of annual survey is not being undertaken this year and therefore we are unable to measure performance against this measure. WCLASS notes however that the collaborative insurance programme continues to deliver significant benefit to councils. Premium savings are estimated at \$1m- \$1.5m per annum.</p> <p>The 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we are not intending on undertaking a survey of shareholders this year as we have historically done. We will instead be meeting with council CEs on a 1x1 basis and soliciting feedback on performance by this means.</p> <p>Not measured: Refer comment above.</p>	
<p>RATA</p> <p>Deliver better data for decision making across the Waikato Region, enabling more consistent best practice</p> <p><i>Method: Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.</i></p> <p><i>Data supplied by contractors is of good quality and meets all of the participating councils' requirements.</i></p>	<p>Reports are presented to stakeholders in October/January/ April and July each year.</p> <p>Reports on progress presented to WCLASS Board as at 30 December and 30 June.</p> <p>All data are reviewed for compliance and all good practice requirements are met.</p> <p>Procurement of services complies with WCLASS and NZTA's procurement requirements.</p>	<p>On track: All reports supplied to stakeholders. The reports to four councils were submitted in January 2020.</p> <p>On track: Reports to WCLASS Board presented to required deadlines.</p> <p>On track: All data received was reviewed for quality requirements and approved.</p> <p>On track: Procurement of services is in line with WCLASS procurement policy and NZTA requirements.</p>	<p>●</p> <p>●</p> <p>●</p> <p>●</p>

Target	Measure	Outcome	
<p>Lead engagement and increase capability within the sector</p> <p><i>Method:</i> <i>Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.</i></p> <p><i>Leadership: Lead engagement and increase capability within the sector.</i></p>	<p>Present to a national conference on RATA innovations at least once per year.</p> <p>At least two RATA guidance documents detailing good practice are produced each year.</p> <p>RATA Forums are held 2-monthly to share learnings and experience.</p>	<p>On track: RATA presented REG Data Quality Project at RIMS conference in March 2019. RATA presented the Waters Collaboration business case to the Mayoral Forum in August 2019.</p> <p>On track: RATA Guidance documents developed based on REG data quality reports to support improvement planning. RATA is supporting Waters Collaboration investigation work for seven participating councils. This is ongoing.</p> <p>On track: RATA Fora were held two-monthly with high levels of attendance from participating councils. The final two fora were postponed during the recruitment of the new RATA Manager.</p>	<p>●</p> <p>●</p> <p>●</p>
<p>WRTM The WRTM is reliable, well maintained and available to all users.</p> <p><i>Method: RATA manages the WRTM on behalf of the participating councils, and monitors the performance of the model supplier (currently Traffic Design Group).</i></p> <p><i>RATA reports quarterly to the WRTM Project Advisory Group.</i></p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget</p> <p>A report from RATA on any new developments and on the status of the model is provided to the WLASS 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>On track: Stantec continues to provide Service Reports 3-monthly, the most recent provided in December 2019. Ad hoc reporting is provided as requested.</p> <p>On track: Report for the six months to 30 June 2019 tabled at the July Board meeting. The report to 31 December 2019 is being presented to the board meeting in February 2020.</p> <p>On track: Model complies with guidelines but there are issues with modelling accuracy in some areas. Ongoing initiatives to improve accuracy with household survey data (underway and on track), updated traffic counts at screen lines (underway and on track), and validating with Census 2018 (not yet commenced, under consideration by WRTM User Group).</p>	<p>●</p> <p>●</p> <p>●</p>

Target	Measure	Outcome	
<p>Waikato Building Consent Group Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p> <p><i>Method: Implement the strategic priorities detailed in the "Build Waikato" May 2017 strategic review document.</i></p>	<p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> • Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to end management and communication, measured by customer surveys and systems comparisons. • People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8 - 11. • Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. • Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection. • Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes. 	<p>On track: with both TCDC and Waipa having successfully implemented the preferred online Alpha One System. Waitomo DC is implementing this year and MPDC and HDC are finalising their procurement process with Alpha One in the mix. ODC is also committed to implementing Alpha One and this will probably be in 20/21 financial year. So well on track with achieving a common processing system.</p> <p>With the appointment of the new Strategic Development Manager for the group in January 2020 work to revitalise our web site to enhance the digital experience will be commencing in the second half of this financial year.</p> <p>Partially achieved: Rather than a single training programme, councils have opted to ensure that capability within their organisations is lifted to comply with Regulations. WLASS is currently developing a collective approach to a cadet scheme</p> <p>On track: There have been successful IANZ audits for both with good feedback on the cluster QA overall. A review of our QA offering is proposed for the second half of this financial year.</p> <p>In progress: The Tech Committee is continuing to work on consistency across councils on RFI's to enhance a consistent customer experience</p> <p>On track: Cluster submission to Building Reform Act was delivered in the 2019 financial year. The submission was similar to that from LGNZ.</p>	<p></p> <p></p> <p></p> <p></p> <p></p>

Target	Measure	Outcome	
<p><i>Method:</i> Fulfil the roles and responsibilities set out in clause 9 of the WBCG's Memorandum of Understanding, 2016.</p>	<p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ul style="list-style-type: none"> • Full participation in WBCG projects and programmes • Audits demonstrating implementation and compliance with the agreed QA systems • Consistency in service delivery, measured by customer surveys <p>Risk management is visible through regular reviews of the Risk Register.</p> <p>All funding requirements are met by each of the participating councils.</p> <p>Minimum of two reports presented to the WLASS Board on the Group's activities.</p>	<p>In progress / ongoing: Good participation of all in projects when required but could improve.</p> <p>On track: As above audits are demonstrating compliance with QA systems.</p> <p>Not achieved: No customer survey to be undertaken this year. However regardless, customer experience will be a key focus for new Strategic Development Manager.</p> <p>In progress: Historically there has been a significant lack of awareness of risks and therefore how they can best be managed. This is included in the programme of work for the new Strategic Development Manager.</p> <p>On track: All funding commitments met.</p> <p>On track: Reporting on performance measures received and presented to board as part of the annual report. In addition, the Advisory Group Chair has provided the Board with verbal updates on progress recruiting a new group manager (which has now occurred).</p>	<p></p> <p></p> <p></p> <p></p> <p></p> <p></p>
<p>Future Proof Planning for growth in the sub-region is co-ordinated and collaborative.</p> <p><i>Method:</i> Joint preparation and input into Phase 2 of the Strategy update</p>	<p>Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2020.</p>	<p>Behind schedule: Phase 2 of the Future Proof Strategy update has been on hold to allow other projects to sufficiently progress, including the H2A, Waikato District Plan review, and Waikato District Growth and Economic Development Strategy. These projects will feed into the Strategy update. It is anticipated that work on the Future Proof Strategy will commence again in mid-2020.</p>	<p></p>

Target	Measure	Outcome	
<p>The Future Proof budget is well managed and monitored.</p> <p><i>Method:</i> Bi-monthly reports presented to the Future Proof Chief Executives Advisory Group, and six monthly and annual reports to the WLASS Board.</p>	<p>The overall Future Proof work programme is delivered within the approved budget.</p>	<p>Behind target: The Future Proof work programme to end December 2019 is running slightly over budget due to unbudgeted costs associated with the Hamilton to Auckland corridor programme. The Future Proof budget will be reviewed early-2020 and reported to the Future Proof Chief Executives Advisory Group in March 2020. A contribution of \$50k towards communications is expected from the Ministry of Housing and Urban Development. A case will be made to Government for greater assistance as we partner in spatial planning initiatives not previously anticipated. Hopefully we will also have established our case for additional three waters and public transport funding assistance too.</p>	
<p>Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.</p> <p><i>Method:</i> Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.</p>	<p>Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.</p>	<p>On track: Future Proof has made five submissions over the past six months.</p>	
<p>Shareholder Survey Shareholders are satisfied with the performance of WLASS.</p> <p><i>Method:</i> An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.</p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>	<p>Not achieved: The 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we are not intending on undertaking a survey of shareholders this year as we have historically done. We will instead be meeting with council CEs on a 1x1 basis and soliciting feedback on performance by this means.</p>	
<p>Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by WLASS.</p>	<p>Information on the financial and non-financial benefits being achieved by WLASS are included</p>	<p>On track: WLASS achievements are included in this report and were set out in the 2019 Annual</p>	

Target	Measure	Outcome	
<i>Method: The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</i>	in the 6-monthly and Annual Report to shareholders.	Report provided to shareholders in September 2019.	
	The WLASS website is regularly maintained and updated.	On track: The WLASS website has been updated where appropriate.	

4 WLASS Financial Position

4.1 Summary

By the numbers:

Summary financial results for the six months to 31 December 2019 are:

	2020 actual YTD \$000	2020 forecast YTD \$000	Variance \$000 (actual v budget)	2020 budget Full Year \$000
Total income	2,692	2,957	(265)	5,673
Total operating expenditure	2,445	2,570	125	5,998
Net surplus before tax	246	387	(141)	(325)
Cash on hand	2,141	n/a	n/a	

The unfavourable variance in revenue principally relates to less than expected income from RATA (high-speed data collection contracts, and member charges for the waters collaboration which are yet to be invoiced), and member charges related to the Waikato Data Portal and LiDAR projects (with corresponding reduction in expenditure. While the net surplus is currently less than expected, this variance is expected to reverse over the remainder of the year – we are currently forecasting a full-year loss of \$80k.

The cash position is:

	Cash balance @ 1/7/19 \$000	Cash surplus / (deficit) \$000	Cash balance @31/12/2019 \$000
Company Administration	70	252	322
RITS	0	35	35
Working Parties	151	5	157
Information Technology	60	59	120
Energy Management	133	(7)	126
Shared Valuation Data Service (SVDS)	602	(198)	404
Road Asset Technical Accord (RATA)	6	53	58
Waikato Regional Transport Model (WRTM)	3	36	39
Waikato Building Consent Group (WBCG)	257	79	336
Future Proof	252	(191)	61
Mayoral Forum	92	(34)	57
Waikato Plan	197	169	366
Waters Collaboration	0	22	22
Total	1,823	280	2,103

Note: Cash balances vary from the actual cash position as a result of accounts receivable / payable which are not tracked on a activity by activity basis. The actual cash at bank as at 31 December 2019 was \$2.14m

Invariably the cash balance has arisen because actual expenditure has been less than anticipated. It is expected to reduce over the coming six months. We will be reforecasting in March and will assess the

likely year end cash position for each workstream. We have already identified some areas where we will be utilising accumulated cash reserves in the coming financial year and reducing member charges accordingly. This action is reflected in the 2020 SOI. We will continue to actively monitor the position and respond appropriately.

4.2 Statement of Financial Performance

Waikato Local Authority Shared Services				
Statement of Financial Performance				
For the six months ending 31 December 2019				
	Financial year 2020 YTD Actuals	Financial year 2020 YTD Forecast	Financial year 2020 YTD Budget	Financial year 2019 YTD Actuals
Revenue				
SVDS Data & Software Sales	246,630	233,177	233,466	508,912
Grants Received	0	0		31,418
Interest	15	844	2,502	13,134
Other Revenue				
Exchange Revenue	806,660	988,848	1,282,100	1,849,357
User Charges	1,638,302	1,734,520	1,562,048	2,110,470
Total Other Revenue	2,444,962	2,723,368	2,844,148	3,959,827
Total Revenue	2,691,607	2,957,389	3,080,116	4,513,291
Expenditure				
Depreciation and amortisation expense	34,065	23,170	1,854	67,314
Personnel costs	183,498	174,138	192,672	149,459
Other expenses	2,227,745	2,373,180	2,585,162	4,043,366
Total Expenditure	2,445,308	2,570,488	2,779,688	4,260,139
Net Profit	246,299	386,901	300,428	253,152

4.3 Statement of Cashflows

Waikato Local Authority Shared Services		
As at 31 December 2019		
For the six months ending 31 December 2019		
	Financial year 2020 YTD Actuals	2018/2019
Cashflows from Operating Activities		
Interest Received	15	16,114
Receipts from Other Revenue	3,147,605	4,031,703
Payments to Suppliers and Employees	(2,491,304)	(4,241,295)
Taxes Paid	(0)	5,746
Goods & Services tax (net)	24,547	2,123
Net cash from operating activities	680,863	(185,609)
Cashflows from Investing Activities		
Capital enhancements	0	0
Purchase of PPE	0	-5,592
Purchase of investments	0	81,000
Net cash from investing activities	0	75,408
Net increase in cash, cash equivalents and bank accounts	680,864	(110,200)
Opening cash and cash equivalents and bank overdrafts	1,459,803	1,570,003
Closing cash, cash equivalents and bank accounts	2,140,667	1,459,803
Summary of Bank Accounts		
BNZ - Call a/c	2,140,667	1,459,802
Closing Balance of Bank	2,140,667	1,459,802

4.4 Statement of Financial Position

Waikato Local Authority Shared Services Statement of Financial Position As at 31 December 2019

	Financial year 2020 Actuals 31/12/2019	Financial year 2019 Actuals 31/12/2018
Assets		
Current Assets		
Bank		
Call Account	28,902	28,887
Transaction Account	2,111,764	1,430,915
Cash and Cash Equivalents	2,140,667	1,459,803
Accounts Receivable		
Accounts Receivable	185,680	770,016
Accounts Receivable Accruals	170,704	48,034
Total Accounts Receivable	356,384	818,050
GST	31,934	50,827
IRD - RWT Tax		
RWT On Interest	998	998
RWT on Payments	(2,584)	0
Total IRD - RWT Tax	(1,585)	998
Total Receivables	2,527,399	869,876
Prepayments	6,900	212,087
Total Current Assets	2,534,299	2,541,766
Non-current Assets		
SVDS - Original Cost	3,065,316	3,065,316
WRTM - Original Cost	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195
Accumulated Depreciation	(5,299,427)	(5,266,295)
IT equipment	5,592	5,592
Accumulated Depreciation	(1,725)	(793)
Total Non-current Assets	67,806	101,870
Total Assets	2,602,104	2,643,636
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	172,376	614,057
Accounts Payable Accrual	305,521	140,182
Total Accounts Payable	477,897	754,239
Revenue in Advance	587,159	587,159
ACC Prepayments	(77)	0
Employee Entitlements	8,635	22,556
Total Current Liabilities	1,073,615	1,363,954
Total Liabilities	1,073,615	1,363,954
Net Assets	1,528,490	1,279,682
Equity		
Contributed Capital	2,957,001	2,957,001
Retained Earnings	(1,428,511)	(1,677,318)
Total Equity	1,528,490	1,279,683