

Mā tō tātou takiwā
For our District

Council

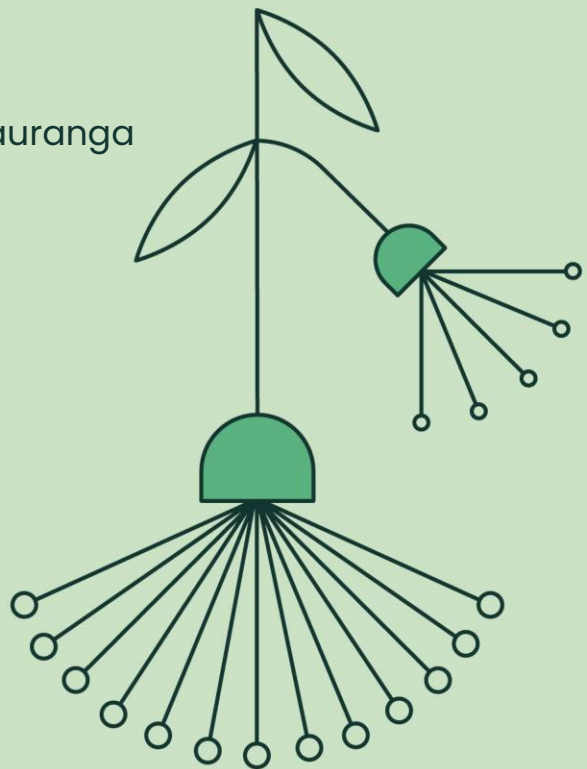
Te Kaunihera

Late Reports

CL23-11

Thursday, 29 June 2023, 9.30am

Council Chambers, 1484 Cameron Road, Tauranga



Order Of Business

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13.1 Final Bay of Plenty Local Authority Shared Services Limited Statement
of Intent for 2023-20263

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13 INFORMATION FOR RECEIPT

13.1 FINAL BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES LIMITED STATEMENT OF INTENT FOR 2023–2026

File Number: A5524991

Author: Azoor Ali, Chief Financial Officer

Authoriser: Adele Henderson, General Manager Corporate Services

EXECUTIVE SUMMARY

1. The purpose of this report is to provide Elected Members with the approved Bay of Plenty Local Authority Shared Services Limited (BOPLASS Ltd) Statement of Intent (SOI) 2023–2026. This report is late as the BOPLASS Ltd Board only adopted the Statement of Intent on 23 June 2023. This was provided to Council and all other shareholders on 26 June 2023 to be received prior to 30 June 2023.

RECOMMENDATION

1. That the Chief Financial Officers report dated 29 June 2023 titled 'Final Bay of Plenty Local Authority Shared Services Limited Statement of Intent for 2023–2026' be received.

BACKGROUND

2. The Local Government Act 2002 requires a Council Controlled Organisation to circulate a copy of its approved Statement of Intent to shareholders prior to 30 June.
3. The Board circulated the draft BOPLASS Limited Statement of Intent to Shareholders (Council) for comment and submissions on 27 February 2023 with submissions closing prior to 30 April 2023.
4. The submissions from the member Councils are received for comments and feedback from shareholders and taken into account, before approving the final Statement of Intent for circulation to shareholders.
5. The final Statement of Intent for 2023–2026 has been received. A link to the Statement of Intent document will also be provided on Council's webpage.
6. The Board of BOPLASS has appreciated the support received by Council in the past year and looks forward to another successful year.

SIGNIFICANCE AND ENGAGEMENT

7. In terms of the Significance and Engagement Policy this decision is considered to be of low significance as activities are contained in the Long Term Plan.

ENGAGEMENT, CONSULTATION AND COMMUNICATION

8. Public consultation is not required. The final Statement of Intent is adopted by the Board, this will be available through Councils website.

ISSUES AND OPTIONS ASSESSMENT

Reason why no options are available Section 79 (2c) (3)	
The board of a council-controlled organisation must deliver to its Shareholders a draft Statement of Intent	Schedule 8 (Statement of Intent) of the Local Government Act 2002

STATUTORY COMPLIANCE

9. Council Controlled Organisations are required under Section 64 of the Local Government Act 2002 to consult with shareholder councils on the Statement of Intent.
- (1) Every council-controlled organisation must prepare and adopt a statement of intent in accordance with Part 1 of Schedule 8.
 - (2) The purpose of a statement of intent is to
 - a) State publicly the activities and intentions of the council-controlled organisation for the year and the objectives to which those activities will contribute;
 - b) Provide an opportunity for shareholders to influence the direction of the organisation; and
 - c) Provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

FUNDING/BUDGET IMPLICATIONS

Funding is provided within the Long Term Plan for the operations of Bay of Plenty Local Authority Shared Services. Any activities that are undertaken are funded by participating Shareholders.

ATTACHMENTS

1. **BOPLASS Limited Statement of Intent for 2023–2026**  



STATEMENT OF INTENT FOR 2023-2026



June 2023

“COUNCILS PARTNERING FOR VALUE AND SERVICE”

1. Introduction

This Statement of Intent (SOI), developed under Schedule 8 of the Local Government Act 2002:

- Declares a public statement of the activities and intentions of BOPLASS Ltd and the objectives to which those activities will contribute.
- Provides an opportunity for the shareholders to influence the direction of BOPLASS Ltd, and
- Provides a basis for the accountability of the Directors to the Shareholders for the performance of BOPLASS Ltd.
- Covers BOPLASS Ltd and any subsidiary company established in pursuance of the objectives herein.

2. Background and Benefits

The councils that operate within the Bay of Plenty and Gisborne Regions have formed a Council Controlled Organisation (CCO) to investigate, develop and deliver Joint Procurement and Shared Services projects where delivery is more effective for any combination of some or all of the councils.

Since inception, estimated financial savings of over \$28 million have been achieved by the participating councils through undertaking joint initiatives. BOPLASS is forecast to return in excess of \$2.5 million in savings in the 2022-23 financial year.

Other benefits that have been achieved through collaboration are:

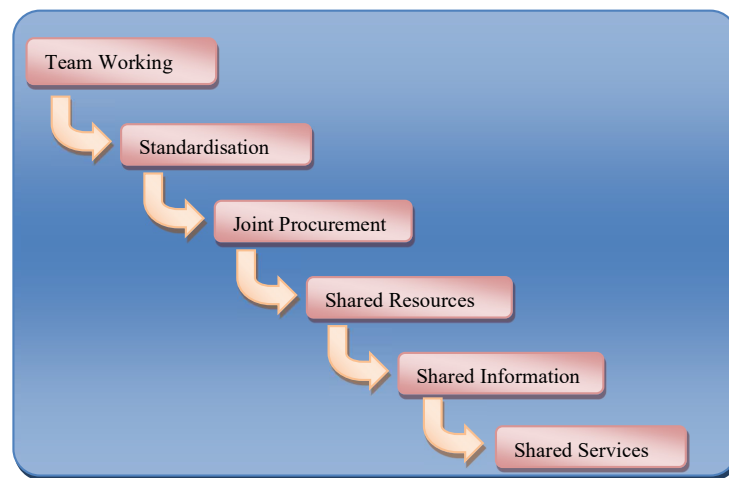
- improved levels and quality of service;
- a co-ordinated and consistent approach to the provision of services;
- reductions in the cost of support and administrative services;
- opportunities to develop new initiatives;
- economies of scale resulting from a single entity representing many councils in procurement.

These benefits and opportunities can apply to all councils irrespective of location or size.

Business processes, information architectures and functional tools differ in each council to varying degrees. The BOPLASS strategies facilitate a journey of progressive development using the approach identified in the BOPLASS Strategy and Action Plan to:

- enhance the capability to collaborate;
- encourage the elimination of barriers to collaborative action; and
- identify services that deliver viable business cases.

A generic sequence or stages of collaboration between multiple councils is followed to develop Shared Services, as shown in Figure 1.



Many of the BOPLASS Joint Procurement projects have supported the development of standard products, services or solutions across the councils. These standards assist in creating a foundation for the delivery of collaboration within the councils.

Examples of Joint Procurement and Shared Services projects are:

- Infrastructure Insurance
- Collective Training
- Aerial Imagery and LiDAR
- Provincial Growth Fund Co-funding for LiDAR Capture
- Standardised Community Engagement App
- Lone Worker Field Solutions
- Robotic Process Automation
- Accounts Payable Automation Software
- Print Media Licencing
- Insurance Valuations
- Contractor Online Inductions
- Health and Safety Management Software
- Radio Telephony (RT) Strategy
- Solid Waste Management
- Health and Safety Inter-Council Audits
- Asbestos Protocols
- Sustainable Public Procurement
- Health and Safety Benchmarking
- Video Conferencing Services
- Council Library and Cloud Services
- Inter-Council Network (ICN) Review, Redesign and Renegotiation
- Debt Collections
- Collaboration Portal
- Capital Construction and Civil Works Projects
- Fortigate Firewall Services
- Wireless WAN
- Inter-LASS Collaboration
- Human Resources Information Systems

Full list of projects included as Appendix B.

3. Our Vision

“COUNCILS PARTNERING FOR VALUE AND SERVICE”

4. Objectives of BOPLASS Ltd

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

Joint Procurement

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

Shared Services

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

5. Nature and Scope of Activities

The principle nature and scope of the activities of BOPLASS Ltd is to:

- Use Joint Procurement to add value to goods and services sourced for its constituent councils.
- Establish the underlying technology, framework, platform and policies to enable and support collaboration.
- Facilitate initiatives that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Actively monitor and engage with Shared Service developments across the public sector to identify opportunities for further development and establishing best practice.
- Represent the collective views of its Shareholders in matters with which it is associated.

6. Sustainable Future: Environmental, Social and Governance (ESG)

The board recognises the importance of ESG in BOPLASS' role and ensuring that integrated risk management, non-financial outcomes, and Te Tiriti are considered in all BOPLASS joint procurement and shared services initiatives.

The company is committed to operating all aspects of its business with a focus on protecting and enhancing our communities today and in the future through sustainable environmentally responsible business practices, social contribution, and good governance.

The company has always had a stakeholder-centric approach, ensuring the company's objectives, goals and the undertaking of business are aligned with our constituent councils, our wider communities and supporting ESG outcomes that have wide-ranging benefits.

While achieving financial savings for member councils through BOPLASS joint procurement is a key objective, the company recognises the importance and responsibility of social procurement and will continue to consider the broader environmental, social and cultural outcomes as part of all BOPLASS procurement processes.

As examples, BOPLASS is working towards satisfying ESG criteria within social procurement by:

- Increasing access to BOPLASS procurement contracts for NZ businesses and local businesses, with particular focus on those groups that may have limited access to opportunities (such as Māori and Pacific Peoples' businesses).
- Giving consideration to organisations that provide employment opportunities to targeted groups and promote inclusion and diversity within their workforce.
- Recognising vendors that will help future-proof the ability of New Zealand businesses to trade.

With a focus on *Social Sustainability*, BOPLASS ensures a balanced approach is taken with the company's activities to create positive social and cultural outcomes for the local communities it serves while also maximising positive outcomes for Māori and the broader community.

Environmental Sustainability is a priority in all BOPLASS business activities – internal and external. Through collaboration and partnership with its constituent councils, BOPLASS strives to protect and enhance our environment and biodiversity. The company is committed to operating in an environmentally responsible way and will embed sustainability considerations (including ethical considerations) within a culture of excellence across its wider business and all joint procurement and shared services initiatives.

Te Tiriti o Waitangi responsibilities and outcomes are a driver for governance and management decisions within BOPLASS, include acknowledging and involving mana whenua as Kaitiaki o Te Taiao in project decisions impacting on land or natural resources. The company is committed to providing and improving opportunities for

Māori to contribute to local government decision-making processes and establishing collaborative partnerships and processes that reflect mutual outcomes.

7. Governance Structure

BOPLASS Ltd will conduct itself in accordance with its Constitution, its annual Statement of Intent, and the provisions of the Companies Act 1993 and the Local Government Act 2002.

The Company is governed by its directors. To ensure total synergy between the Company's activities and its council shareholders' activities, nine Directors are also the current Chief Executives of their respective shareholding councils. The dual roles recognise the interdependence of BOPLASS and its councils in the undertaking of its activities.

The Board also includes an independent Chair, appointed with specific skills and knowledge to add incremental value. This appointment brings experience and specialist skills that are complementary to those held by the other Directors.

Shareholder	Appointed Director
Bay of Plenty Regional Council	Fiona McTavish
Gisborne District Council	Nedine Thatcher-Swann
Kawerau District Council	Russell George
Ōpōtiki District Council	Stace Lewer
Rotorua Lakes Council	Geoff Williams
Taupō District Council	Julie Gardyne
Tauranga City Council	Marty Grenfell
Western Bay of Plenty District Council	John Holyoake
Whakatāne District Council	Stephanie O'Sullivan
Independent Director and Chair	Craig O'Connell

A sub-committee of council delegates has responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation.

Each activity or project is managed by an Advisory Group, nominated by the shareholding councils in that particular service. The Board retains the right to approve nominations to the Advisory Groups and all of their material decisions – there is only one Board of Directors and that remains at the umbrella or holding company level.

The Board has established a principle that participation in each initiative is decided by individual councils on an 'opt in' basis.

Services delivered are subject to a formal service level agreement between BOPLASS Ltd and the participating councils, outlining the services and activities provided, where, when and how; and reflecting the capital and operational costs being met by each service shareholder.

Joint Procurement initiatives consistent with their nominated role may be undertaken by any advisory group or as approved by the Operations Committee. In considering Joint Procurement initiatives, the Company will take into account the opportunities available through All of Government (AoG) purchasing arrangements and, where there is demonstrated benefit to the Company or its constituent councils, support such initiatives. In assessing the benefits of a Joint Procurement initiative, opportunities for integration shall be considered. The Board has recognised that the availability of All of Government Procurement options has the potential to impact on BOPLASS' ability to provide procurement options in some categories.

Subject to the approval of shareholders in accordance with the shareholder agreement the Directors may decide that a particular activity is best managed as a subsidiary company and proceed accordingly. Any subsidiary company whose objectives are in accordance with the objectives set out in this Statement of Intent shall not be required to have a separate Statement of Intent.

8. Future Developments

The company recognises the importance of remaining adaptive in what is a complex and changing working environment. BOPLASS continues to look at new opportunities or alternative approaches to progressing projects that benefit our shareholding councils.

The Board recognise that the drive for change and/or collaboration in some key areas of council business will often be led by other groups, e.g. three waters reform, RMA changes. Although BOPLASS may not be leading these specific projects, the organisation may be considered as one of the vehicles available to assist with managing collective regional outputs from these projects.

BOPLASS Joint Procurement opportunities will continue to be actively pursued to ensure maximum savings and benefits are delivered to the participating councils through existing and new contracts.

Joint Procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils, with councils participating on an opt-in basis.

BOPLASS will explore opportunities for councils to develop ICT solutions using middleware and cloud technologies that allow for future sharing and the development of Shared Services without the wholesale replacement of IT systems.

The Board will be looking for commitment from councils to participate in collaborative services and to provide a lead in the identification and management of opportunities and projects.

9. Inter-Regional Collaboration

The board recognise the benefits of BOPLASS proactively partnering with other local authorities and Shared Services organisations where they are either developing or

considering developing cost effective services or Joint Procurement initiatives that are of value to the BOPLASS councils. The Board is looking to expand on this activity and the range of opportunities for inter-regional partnering. BOPLASS will work towards providing improved visibility of projects being undertaken in other regions that may provide for multiple councils to participate in.

Where it is practicable, BOPLASS will work with other LASS or councils to leverage off, or participate in, services established by other collective local government groups.

The Collaboration Portal, established by BOPLASS for the sharing of information on Shared Services or Joint Procurement opportunities, has been made available to the wider local government community to provide better visibility of common projects and to encourage further cross-regional collaboration. BOPLASS will continue to market the benefits of inter-region collaboration and assist other councils through providing support and access to the Collaboration Portal.

BOPLASS has provided substantial savings to its shareholding councils through joint procurement and the Board has tasked BOPLASS with leading further inter-regional joint procurement initiatives that will provide benefit to all parties through an aggregated approach.

Significant benefits and savings have been achieved in the placement of councils' insurance through working in conjunction with other LASS. BOPLASS is considered a key contributor to the development of the interLASS insurance collective. Unfortunately, cost-effective placements and coverage are becoming more challenging to achieve as a result of the continued hardening of global insurance markets. Opportunities for the LASS groups to share resources to ensure we maintain our favourable position within the insurance industry will continue to be investigated.

10. Stakeholder Engagement

BOPLASS recognises the ambitious plans our constituent councils have for their communities and endeavours to support these aspirations through:

- Regular engagement at project, management and governance level;
- Including councils' short, medium and long-term goals within BOPLASS planning;
- Using quality information from councils to guide our decision-making;
- Identifying and developing services that directly benefit councils and/or their communities;
- Monitoring councils' future plans and remaining agile to change to include these aspirations in our own planning;
- Ensuring there are regular communications about individual council's LTP developments to assist BOPLASS with aligning with councils' strategic direction;
- Regularly communicating to ensure stakeholders are aware of what we are doing and why we are doing it;
- Involving councils in our decision-making and planning.

11. Performance Targets

To ensure the Company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Target	How	Measure
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.	Manage and/or renegotiate existing contracts.	Contracts reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects are listed in Appendix B.)	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.	BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.	Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.	Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of active users to increase by 5% per year.
Communicate with each shareholding council at appropriate levels.	Actively engage in obtaining political support for identified projects.	Information provided to elected members, and feedback sought, on BOPLASS projects, benefits to local communities, and value added to each council.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

12. Balance Sheet Ratios

The Local Government Act 2002 Schedule 8 (9) requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As at 30 June 2022 the consolidated Shareholder funds comprised \$52,070 and the total assets were \$1,222,864. The resulting ratio is 4.26%.

As asset owning Shared Services are approved, the Board will, if appropriate, provide a mechanism for the recognition of each council's contribution.

13. Accounting Policies

13.1 Statement of Accounting Principles

The Company will adopt accounting practices that comply with NZ IFRS, the requirements of the LGA and the Financial Reporting Act 1993.

13.2 IPSAS Accounting Standards

As a Public Sector Public Benefit Entity (PS PBE), the Company has elected to report using International Public Sector Accounting Standards for Public Benefit Entities under Tier 3 PBE standards.

13.3 Measurement Basis

The Company will follow generally accepted international accounting principles for reporting of earnings and financial position.

13.4 Specific Accounting Principles

The following are principles which will have a significant effect on the measurement of financial position:

- Accounts Receivable are stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.
- Investments are valued at the prevailing market value.
- Fixed assets are recorded at cost, less accumulated depreciation.
- Any liability for overseas funding of equipment, systems or services is based on the prevailing exchange rate as at balance date.
- Where intangible assets are purchased, such as intellectual property, these are capitalised and written off on a straight line basis over their expected life, but no greater than four years.
- All assets are depreciated over their expected useful lives. Depreciation is provided on a diminishing value basis over the estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.

- It is not envisaged that the Company will hold inventories, other than those that might relate to providing information services to a number of parties. They will be valued at net realisable value.
- Taxation will be provided as required in line with relevant legislation.
- In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the office of the Auditor General will be responsible for the audit of the Company's financial statements.

14. Distributions to Shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends. Any surplus funds (after tax) remaining from an activity or the annual operations of the Company shall be carried forward to the ensuing year and may be used to reduce service costs, invest in further developing other services, and/or as the Directors may decide.

15. Information to be Provided to Shareholders

The Company will deliver the following statements to shareholders:

- On a three-monthly basis the Financial Position and Cashflow.
- Within two months of the end of the first half of the financial year: Financial Performance and Financial Position.
- Within three months of the end of the financial year the following audited statements: Financial Position, Movements in Equity, Cashflows, Service Performance plus a summary of how the Company has tracked against its objectives and prospects for the next financial year, and a report on the Company's medium to long term plans.
- Six monthly summaries of project activities included in Half Yearly and Annual Reports.

16. Procedures for the Purchase and Acquisition of Shares

The Board will give approval before BOPLASS Ltd subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the group.

17. Activities for Which the Board Seeks Compensation

The ongoing activities to identify, develop, procure Shared Services will be budgeted for in advance, subject to a business case and either funded by individual councils without BOPLASS Ltd involvement, or agreed by the Board to be funded by BOPLASS Ltd with consequent recovery from participating councils.

Shareholding councils will make a contribution to the operational costs of the Company on an annually agreed basis.

The Company will also seek contributions by way of a levy or administration charges on services provided or administered. In determining an appropriate charge, the Directors may take into account the cost of running the Company, its future operational requirements, the nature and cost of the service provided, benefits achieved and councils' ability to pay.

The Company may provide services (at a cost recovery or a cost plus basis) to other non-shareholding councils within or beyond the region. Any surplus from such activity will be used to either reduce service costs and/or invest in further developing of that or other services, as agreed by the Advisory Group and by the Board.

18. Value of Shareholder's Investment

The Directors estimate that, at this stage, BOPLASS Ltd has limited commercial value. As each shareholder's investment in BOPLASS Ltd is less than \$20,000, the Board believe that fairly represents the value of their investment. The Directors will reassess the value of this shareholding on or about the 1st of March each year.

19. Financial Forecasts

The Forecast Financial Statements for the years 2023-2026 are included (Appendix A).

The Aerial Photography revenue/expenses reflects the flying programme determined by the participating councils which includes interim flying programmes and extensive region-wide flying programmes over the next five years.

A continued increase in Recoveries has been forecast to reflect the direct recovery of purchases made on behalf of councils through Joint Procurement projects.

It is the company's intention to always fully recover costs incurred on behalf of participating councils.

Appendix A

SOI Forecast 2023/26	Budget 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025
REVENUE				
Revenue - Core	313,992	321,837	329,878	338,120
Bank Interest Received	200	200	200	200
Council Contribution	313,792	321,637	329,678	337,920
Revenue - Projects	1,301,600	1,219,000	1,329,000	1,279,000
Aerial Photography Income	400,000	300,000	400,000	350,000
Bank Interest Received	4,100	9,000	8,000	6,000
Collaboration Portal	50,000	45,000	50,000	52,000
Lease Income - ICN	130,000	130,000	125,000	125,000
Lease Income - Video Confer.	15,000	24,000	24,000	24,000
Rebates	2,500	1,000	2,000	2,000
Recoveries	700,000	710,000	720,000	720,000
Total Operating Revenue	1,615,592	1,540,837	1,658,878	1,617,120
EXPENSES				
Expenditure - Core	384,570	390,103	401,581	410,423
ACC	850	900	950	950
Accommodation & Travel	2,100	2,200	2,200	2,200
Accounting & Audit	21,300	22,000	24,000	24,000
Administration	17,500	18,000	18,500	19,000
Amortisation	7,700	2,000	1,500	1,500
Bank Fees	200	200	200	200
Conferences	2,100	2,200	2,200	2,200
Depreciation	650	5000	4500	4000
Directors' costs	21,000	23,000	23,000	25,000
Fringe Benefit Tax	3,500	3,500	4,000	4,000
General & Catering	2,200	2,400	2,400	2,400
Health and Safety	1,000	1,000	1,000	1,000
Insurance	10,500	11,500	13,000	13,000
Interest Paid - TCC Loan	500	0	0	0
Legal	2,000	2,500	2,500	2,500
Salaries	282,170	286,403	292,131	297,973
Salaries - C'Portal Opex	-16,500	-19,000	-18,000	-17,000
Staff Support Costs	17,500	18,000	18,500	18,500
Staff Training Costs	2,000	2,000	2,500	2,500
Subscriptions	1,000	1,000	1,000	1,000
Tax Advice	5,300	5,300	5,500	5,500
Expenditure - Projects	1,231,022	1,150,734	1,257,297	1,206,697
Aerial Photography Expense	400,000	300,000	400,000	350,000
Collaboration Portal Opex	27,122	28,874	30,737	30,137
Lease Expense - ICN	124,800	124,800	120,000	120,000
Lease Expense - Video Confer.	14,100	22,560	22,560	22,560
Projects - Recoveries	665,000	674,500	684,000	684,000
Total Operating Expenditure	1,615,592	1,540,837	1,658,878	1,617,120
Operational Surplus/ (Deficit) before Tax	0	0	0	0

Appendix B

Undertaken Joint Procurement Projects

Requiring ongoing management for performance, renewal or replacement:

- Accounts Payable automation software
- Advertising services
- Aerial imagery and LiDAR
- Air travel
- Antivirus software
- Archaeological services
- Asbestos protocols
- Banking
- Capital construction and civil works
- Cloud services
- Collective training services
- Community engagement app
- Courier services
- Cyber insurance
- Document management – EDRMS
- Document storage
- EFTPOS services
- Electricity
- Electronic purchasing
- EMA membership
- Firewall Services
- FME Server
- Fuel
- Geospatial training services
- GIS regional technical advisor
- GIS software
- GPS vehicle tracking
- Health & Safety benchmarking
- Health & Safety management software
- Health & Safety training services
- Health & Wellbeing online platform
- Historic imagery digitisation
- HR information systems
- Infrastructure as a Service
- Insurance brokerage services
- Insurance – General
- Insurance – Infrastructure
- Internet services
- IPWEA library
- Media monitoring
- N3/GSB membership
- Office supplies
- Postal services
- Print media copyright services
- Provincial Growth Fund co-funding
- Radio telephony
- Rapid antigen tests
- Reprographic – printers/copiers
- Risk management workshops
- Security services
- Telephony – voice, data, mobile
- Tender facilitation
- Transactional banking
- Travel and accommodation services
- Valuation services provider
- Video conferencing services
- Website analytics
- Wireless WAN

Appendix B

Identified Joint Procurement Projects

- Agenda management software
- Business continuity
- CD emergency notifications
- Chemicals
- Civil works contracts
- Civil works materials
- Community communication systems
- Contractor online inductions
- Digital signatures
- Document scanning
- Driver training
- Drug & Alcohol testing
- Engineering Codes of Practice
- Fleet purchasing and management
- Health insurance
- High volume print
- ICT security policies
- Infrastructure valuation services
- IT applications
- Lone worker field solutions
- Media distribution services
- PPE & Uniform
- Property valuation services
- Recruitment/Candidate management
- Risk profiling workshops
- Robotic Process Automation (RPA)
- Surveys and research

Appendix B

Shared Services

Managed by BOPLASS or by one or more constituent councils:

- After hours call management
- Archive service
- Contractor H&S prequalification
- Debt recovery services
- Employee benefit schemes
- FME licensing pool
- GIS imagery data storage
- GIS support (inter-council)
- GIS web services
- Health and safety auditing
- Historic aerial imagery digitisation
- Insurance COE
- Inter-council network
- Internal audit services
- MahiTahi LG Collaboration Portal
- Media monitoring
- Occupational health
- Radio telephony strategy
- Section 17a reviews
- Shared licence server
- Solid waste services
- Standards NZ
- Video conferencing hosting
- Waste Operator Licensing

Projects for Consideration

- Asset Management
- Building consents
- Business continuity planning
- Capital Expenditure projects
- CCTV monitoring
- Centralised insurance resource
- Civil Defence Emergency Management
- Civil works projects marketing
- Consents Processing
- Contractor online inductions
- Digital transformation
- Diversion of putrescible waste from landfill
- Document digitisation
- Driver training
- Electronic Document and Records Management System
- Geospatial services
- HR Information Systems
- Information Services
- Infrastructure development codes
- Insurance valuations
- IT hosting
- Joint software support
- Payroll
- Project management office
- Rates Collection
- Regional Civil Defence
- Risk and total assurance
- Shared datacentre
- Solid waste regional facilities strategy
- Smart cities
- Staff engagement survey systems
- Web services
- Windscreen replacement

13.2 FINAL COLAB LIMITED STATEMENT OF INTENT FOR YEAR END 30 JUNE 2024**File Number: A5524972****Author: Azoora Ali, Chief Financial Officer****Authoriser: Adele Henderson, General Manager Corporate Services****EXECUTIVE SUMMARY**

1. The purpose of this report is to provide Elected Members with the Final CoLAB Shared Services Limited Statement of Intent (SOI) for the year ended 30 June 2024. This report is late due to the information only being received by Council on 23 June 2023. This report is required to be received by the 30 June 2023.

RECOMMENDATION

1. That the Chief Financial Officers report dated 29 June 2023 titled 'Final CoLAB Limited Statement of Intent for Year End 30 June 2024' be received.

BACKGROUND

2. Council joined the Council-Controlled Organisation (CCO) Co-Lab Waikato (CoLAB) by way of resolution at its meeting June 2022. CoLAB provides Council with the ability to participate in the strategic planning and direction of shared services offerings within CoLAB and benefit from the shared delivery project outcomes. CoLAB's role is to investigate and develop opportunities on time and within budget, ensuring opportunity benefits are realised and provide services that meet the needs of councils and foster cross-council collaboration.
3. The Local Government Act 2002 requires a Council Controlled Organisation to circulate a copy of its approved Statement of Intent to shareholders prior to 30 June.
4. The Board circulated the Draft CoLAB Limited Statement of Intent for the year ended 30 June 2024 to Shareholders for comment and submissions on 27 February 2023 with submissions and feedback due by 30 April 2023.
5. The submissions from the member Councils are received for comments and feedback from shareholders and are taken into account before approving the final Statement of Intent for circulation to shareholders.
6. A copy of the Final CoLAB Limited Statement of Intent for the year ended 30 June 2024 is attached (**Attachment 1**). A link to the SOI document will also be provided on Council's webpage.
7. The Board of CoLAB has appreciated Western Bay of Plenty District Council joining CoLAB and looks forward to another successful year.

SIGNIFICANCE AND ENGAGEMENT

8. In terms of the Significance and Engagement Policy this decision is considered to be of low significance because all activities of CoLAB are undertaken within the activities of Council contained in the Long Term Plan.

ENGAGEMENT, CONSULTATION AND COMMUNICATION

9. Public consultation is not required. Once the final Statement of Intent is adopted by the Board, this will be available through Councils website.

ISSUES AND OPTIONS ASSESSMENT

Reasons why no options are available Section 79 (2c),(3)	
The board of a council-controlled organisation may deliver a final Statement of Intent by 30 June each year	Schedule 8 (Statement of Intent) of the Local Government Act

STATUTORY COMPLIANCE

10. Council Controlled Organisations are required under Section 64 of the Local Government Act 2002 to consult with shareholder councils on the Statement of Intent.
- (1) Every council-controlled organisation must prepare and adopt a statement of intent in accordance with Part 1 of Schedule 8.
 - (2) The purpose of a statement of intent is to
 - a) State publicly the activities and intentions of the council-controlled organisation for the year and the objectives to which those activities will contribute;
 - b) Provide an opportunity for shareholders to influence the direction of the organisation; and
 - c) Provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

FUNDING/BUDGET IMPLICATIONS

There are no budget implications for the development of the Statement of Intent. Should Council wish to request new activities/opportunities to be investigated by CoLAB, then costs associated with this would be shared based on the participating councils and the nature of the opportunity being investigated.

ATTACHMENTS

1. **Final CoLAB Limited Statement of Intent for Year End 30 June 2024**  



2023 Statement of intent

For the year ended 30 June 2024

**Supporting councils to maximise the value
they provide to their communities by
helping them identify and realise shared
opportunities.**

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This SOI is a public declaration of the activities and intentions of the Council Controlled Organisation, Waikato Local Authority Shared Services Ltd trading as Co-Lab (Co-Lab). It outlines the nature and scope of the work it will undertake, the Directors' accountabilities to the shareholders for corporate performance and financial forecasts, as required by Schedule 8 of the Local Government Act 2002. This information is provided in relation to the financial years ended 30 June 2024 to 30 June 2026.

Message from the Chair



We recognise our shareholding councils are facing many challenges right now. Communities are dealing with rising living costs, goods shortages, and deciphering what it means to live in a post-pandemic world. We are going through unprecedented change to the local government sector. In parallel, you continue to seek to provide better services to your communities against record inflation and a tight labour market, trying to navigate these conditions without exacerbating the cost-of-living challenges for communities.

Against this backdrop, we are pleased to have a suite of initiatives to support you in this environment. This includes work to improve participative democracy so that councils' better understand their community's needs. In the face of 3-waters specifically, and a constrained labour market generally, we will work with you to help improve the attraction and retention of critical skills.

Co-Lab will also change because of the 3-waters reform. The introduction of Entity B will impact on Co-Lab Water Services and RATA. The loss of Co-Lab Water Services in the forecast period leaves us facing a need to slightly increase member charges during the forecast period. However, we have worked hard over recent years to hold member charges at a constant level and we will do so again for the financial year to 30 June 2024. Beyond that we are already looking at ways we can keep anticipated increases to a minimum.

We believe Co-Lab has a bright future. The company is unique in New Zealand and places you in a great position to be an exemplar for local governance. The Future for Local Government interim report stated that to *ensure better value spend, minimise duplication, and get the best use of people and resources, more effective collaboration, innovation, and shared services are required.*

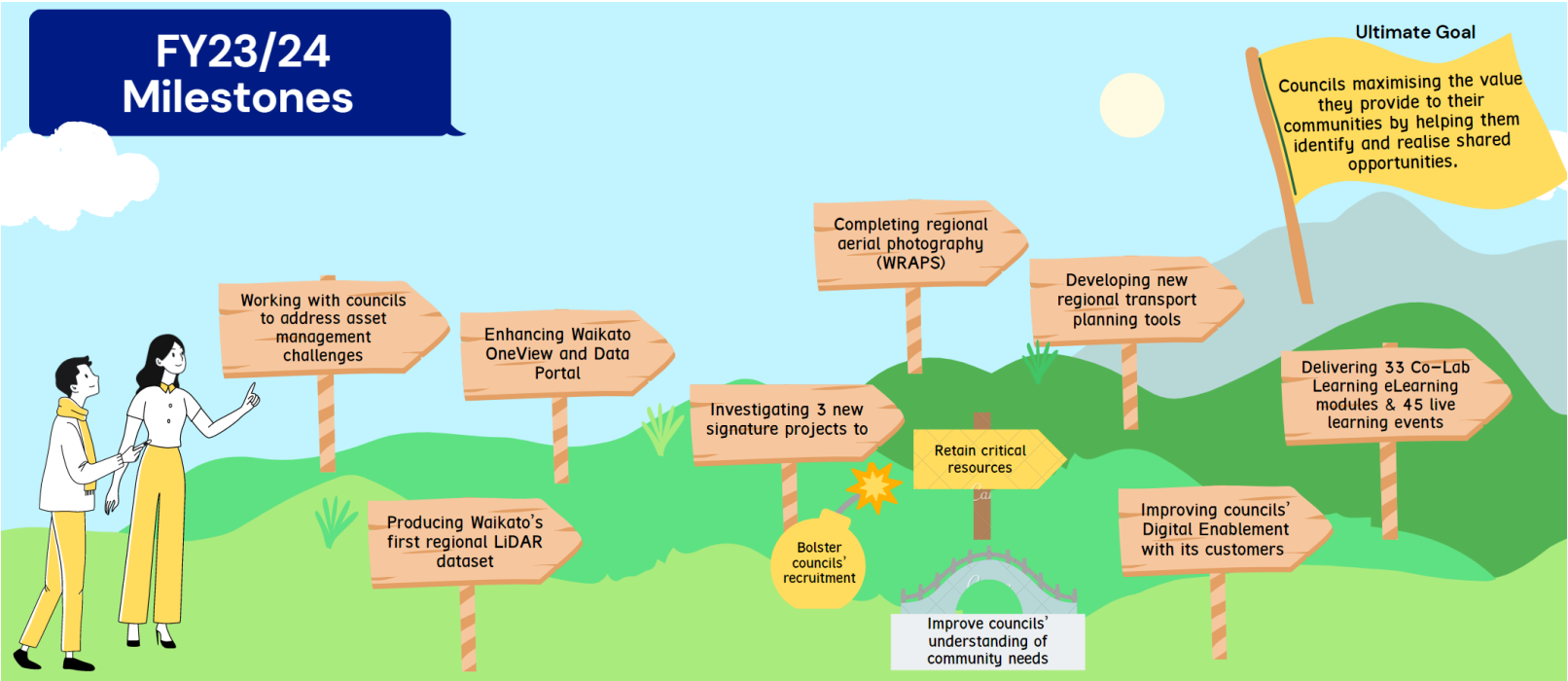
"No matter what the future system design looks like, there needs to be greater collaboration across local government and increased use of shared services. The Panel considers that there are significant opportunities to deliver better value and ensure resources are applied to best effect, especially having shared information systems and support services in place. The Panel also believes there is great potential for central and local government to work more closely together to create a more joined-up public sector," – Jim Palmer, Chair, Future for Local Government Panel.

Jim's words summarise not only what we *can* achieve together, but what we *must* achieve together.

As you prepare your Long-Term Plans, we ask you to make a conscious decision to create space for collaboration. We are faced with incredibly complex times ahead, but encourage you as a business owner of Co-Lab, to utilise its unique strengths to provide a return on your investment at a very low risk.

Yours Sincerely,
Peter Stubbs
Chair

Sol milestones at a glance



Co-Lab’s vision, purpose, and the outcomes we are seeking are set out in the company’s performance framework in Appendix II.

Intentions for FY2023/2024

Focus areas beyond business as usual

Beyond the continuation of our signature projects and ensuring we deliver great services, there are four new areas of focus for the company in the coming year 1 July 2023- 30 June 2024. Work on some of these has commenced.

1) Co-Lab Councils: Right People, Right Place (formerly Employee Value Proposition)

Councils are faced with challenges to attract and retain talent in an increasingly tight labour market and are all looking to appoint from the same talent pool.

This idea was a clear leader in our survey results and in discussions with councils' executive leadership teams. Discovery work is already underway which has included discussions with councils' People & Capability Managers. From that, we know that the opportunity to collaborate in this area is about how to attract people with the skills councils will need in the future to work in local government generally, and in our region more particularly. The project will include engagement with LGNZ and Taituarā as we don't want to duplicate what already exists.



Source: unsplash

2) People Post 3 Waters (PP3W)



For some councils, the water reform creates a compelling moment to optimise capability and capacity across the region – the risk is that people are lost from the local government sector when they needn't be.

The Board has discussed an opportunity for councils to determine to what extent, and how, capable staff can be kept within the sector and region, notwithstanding the potentially significant internal changes that will arise for some councils because of the 3-waters reform. The opportunity will consider the benefits of a new delivery model that creates efficient resource centres of expertise for specialist skills that are required by councils and in high demand, but which may be in (increasingly) short supply.

3) Democracy Centre of Expertise



Source: unsplash

Some councils have poor levels of engagement from their communities and varying levels of resource to analyse their communities' needs. The Board discussed developing capacity across the region to allow councils to undertake deliberative and participative democracy. Doing so should support building the public's trust in local government.

Other ideas which councils saw as being of significant value were a regional project management office and framework, and a business intelligence programme (which bears some relationship to the ‘Democracy Centre of Expertise’). Co-Lab will progress these ideas as soon as capacity allows following consideration of the top three opportunities noted earlier.

4) Low-Hanging Fruit

More recent discussions with councils have indicated a desire for Co-Lab to strike a balance by spending some time delivering projects that are not necessarily transformational, but still have scope to add value to councils through more immediate cost savings. We see these projects being characterised as delivering councils value but requiring little change within the councils. It could be as simple as councils leveraging what others are already doing.

Part of this stream of work will be developing a matrix of council activities to identify:

- Where councils (likely, particularly, the smaller councils), have skill gaps; and
- What councils are spending externally on these activities to see if there is opportunity to create efficiencies with that spend – either through the appointment of cross-council resource (i.e. bringing it “in-house”), or a joint procurement arrangement;

Our workplan will also look to build in some resource capacity to enable us to be more responsive in supporting unforeseen collaboration opportunities as and when they arise.

Continuation of business as usual

We will be continuing to develop several opportunities signalled in the 2022 SOI. These are detailed in Appendix I. Similarly, we will continue to provide our schedule of shared services to partner councils. These are outlined in Appendix II.

Financials

Overview

This Statement of Intent, for the first time, reflects the impact of 3-Waters reform, albeit in the 2025/26 financial year (FY).

Services

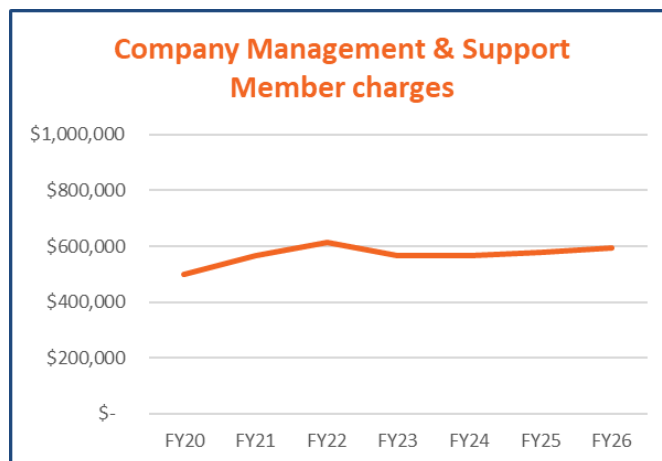
Revenue from services increases in FY2023/24 with this being the first full year of activity for Co-Lab Learning and Co-Lab Procurement support services.

From FY2025/26, services drop with Co-Lab Water Services and RATA (Waters) no longer being delivered because of the water reform.

Member charges

In the past few years we have held member charges for core operating costs (company management and support (CMS)) relatively constant. We are again holding CMS charges at the same level as last year (which is less than had been projected in last year's SOI).

However, we need to signal that the expected loss of Co-Lab Water Services will likely necessitate future increases in these charges, although we believe we can keep these increases small for the foreseeable future. We are considering where there are opportunities to further reduce costs without undermining our ability to deliver value to you, and how we might otherwise increase revenue streams. Our goal remains to minimise the increase in member charges.



Cashflow

We intend to draw on cash reserves to fund the small loss forecast in FY2025/26 (refer below). While doing so our financial position remains robust.

Statement of Financial Performance

Co-Lab Company Summary for the forecast financial years ended 30 June 2024-2026				
	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
Income				
Company Management / Support	870,000	1,209,916	1,251,630	1,275,930
Working parties projects	753,352	724,929	659,647	703,687
RITS	27,000	27,000	27,810	28,644
Information Technology	398,201	766,177	-	-
Energy Management	123,690	137,838	141,973	146,232
Shared Valuation Data Service (SVDS)	414,292	447,506	479,967	498,901
Road Asset Technical Accord (RATA)	2,015,899	1,504,614	1,524,643	2,110,962
Waikato Regional Transport Model (WRTM)	1,757,951	1,751,775	1,109,204	1,889,355
Waikato Building Consent Group	373,663	381,350	384,344	399,462
Waikato Mayoral Forum	5,000	5,000	5,000	5,000
Water Collaboration	685,092	493,988	491,984	492,509
Co-Lab Water Services	3,373,353	3,474,554	3,578,790	1,843,077
Co-Lab Learning	489,236	423,368	486,069	504,151
Procurement	268,600	325,000	334,750	344,793
Geospatial	64,623	69,170	71,245	73,382
Communications Resource	-	224,400	231,132	238,066
Total Income	11,619,952	11,966,585	10,778,189	10,554,152
Operating Expenditure				
Company Management / Support	1,203,186	1,507,208	1,590,349	1,689,306
Working parties projects	753,352	724,929	634,647	653,687
RITS	27,000	15,600	16,068	16,550
Information Technology	395,455	666,474	-	-
Energy Management	123,690	137,838	141,973	146,232
Shared Valuation Data Service (SVDS)	325,893	309,151	318,426	327,979
Road Asset Technical Accord (RATA)	2,011,040	1,500,183	1,520,079	2,106,261
Waikato Regional Transport Model (WRTM)	1,757,951	1,722,615	1,080,044	1,860,195
Waikato Building Consent Group	373,663	381,350	384,344	399,462
Waikato Mayoral Forum	5,000	5,000	5,000	5,000
Water Collaboration	682,150	491,474	491,984	492,509
Co-Lab Water Services	3,134,485	3,236,070	3,333,152	1,716,573
Co-Lab Learning	444,760	473,159	490,685	509,859
Procurement	268,600	329,696	339,587	349,774
Geospatial	65,123	69,170	71,245	73,382
Communications Resource	-	224,400	231,132	238,066
Total operating expenditure	11,571,349	11,794,318	10,648,716	10,584,835
Earnings before interest, tax and depreciation/ amortisation (EBITDA)	48,603	172,267	129,474	(30,683)
Depreciation / amortisation				
Company Management / Support	31,554	41,665	43,748	45,936
WBCG	0	-	-	-
WRTM	14,583	29,160	29,160	29,160
Total Depreciation / amortisation	46,137	70,825	72,908	75,096
Net Surplus (Deficit) before tax	2,466	101,442	56,565	(105,779)

Statement of Financial Position

Co-Lab Financial Position for the forecast financial years ended 30 June 2024-2026				
	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
CAPITAL				
Shares - SVDS	1,607,001	1,607,001	1,607,001	1,607,001
Shares - WRTM	1,350,000	1,350,000	1,350,000	1,350,000
Retained Earnings	(1,467,033)	(1,464,567)	(1,363,126)	(1,306,561)
Plus Current Year Operating Surplus/(Deficit)	2,466	101,442	56,565	(105,779)
TOTAL CAPITAL FUNDS	1,492,434	1,593,875	1,650,440	1,544,661
ASSETS				
CURRENT ASSETS				
Prepayments	134,000	3,208	3,368	3,537
Accounts Receivable	580,998	598,329	538,909	527,708
Bank	2,164,346	2,234,551	1,991,565	1,988,703
GST Receivable / (Payable)	5,097	(25,840)	57,122	21,717
TOTAL CURRENT ASSETS	2,884,442	2,810,248	2,590,965	2,541,664
NON-CURRENT ASSETS				
WRTM - Intangible Asset	2,296,855	2,296,855	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195	1,195	1,195
Accumulated Depreciation	(2,298,050)	(2,298,050)	(2,298,050)	(2,298,050)
IT Equipment & Office Furniture	150,132	180,466	180,466	180,466
Accumulated Depreciation - IT equipment & Office Furniture	(41,546)	(112,371)	(154,036)	(197,785)
TOTAL NON-CURRENT ASSETS	108,587	68,095	26,430	(17,318)
TOTAL ASSETS	2,993,028	2,878,343	2,617,395	2,524,346
LESS CURRENT LIABILITIES				
Accounts Payable	1,415,383	1,167,965	874,139	859,719
Accounts Payable Accrual	32,173	33,782	35,471	37,244
Employee Benefits	53,038	82,721	57,345	82,721
TOTAL CURRENT LIABILITIES	1,500,594	1,284,468	966,955	979,684
NET ASSETS	1,492,434	1,593,875	1,650,440	1,544,661

Statement of Cashflows

Co-Lab Statement of Cashflows for the forecast financial years ended 30 June 2024-2026				
	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
Cashflows from Operating Activities				
Interest Received	2,000	80,625	80,625	61,875
Receipts from Other Revenue	11,583,503	11,868,628	10,756,984	10,503,479
Payments to Suppliers	(11,999,086)	(11,879,652)	(10,966,390)	(10,572,274)
Taxes Paid	0	0	0	0
Goods & Services tax (net)	(200,365)	30,937	(82,962)	35,406
Net cash from operating activities	(613,947)	100,538	(211,743)	28,485
Cashflows from Investing Activities				
Capital enhancements	0	0	0	0
Purchase of PPE	(81,714)	(30,334)	(31,243)	(31,347)
Purchase of investments	0	0	0	0
Net cash from investing activities	(81,714)	(30,334)	(31,243)	(31,347)
Net increase in cash, cash equivalents and bank accounts	(695,661)	70,205	(242,986)	(2,862)
Opening cash and cash equivalents and bank overdrafts	2,860,007	2,164,346	2,234,551	1,991,565
Closing cash, cash equivalents and bank accounts	2,164,346	2,234,551	1,991,565	1,988,703

Appendix I: Opportunity development projects

Customer Digital Enablement (CDE)

The CDE programme underpins a progressive digital transformation of council services. It is about adding a digital means of engaging with council for those in the community who want to do so. The Customer Digital Enablement project identified its first initiative, “SR4” – an opportunity for councils to better engage with their communities digitally on sustainability, rubbish, and recycling.

On the journey to selecting SR4 as the first initiative, council staff identified many other opportunities to add value through digital engagement with your communities. From that, a roadmap has been created. It is hoped that Customer Digital Enablement will become an ongoing programme of work.

Shifting Landscapes

Waikato councils are faced with significant central government reform: 3-waters, resource management and the Future for Local Government review (FfLG). Councils continue to grapple with what these changes will mean for their organisation, and what the organisation will look like when the changes are complete. This project began with a commissioned report, Community Needs Analysis, providing evidence-based qualitative data to inform councils’ submissions on the review.

Following a series of workshops with council chief executives, FY2023/24 work will focus on facilitating a new triennium agreement that will focus on regional collaboration, cogent long-term thinking, in the spirit of the FfLG report and with supporting programmes of work.

Asset Management Centre of Expertise (AMCE)

Councils have told us that they are facing significant asset management challenges. Water reform is expected to lead to changes in some councils’ organisational structures and have an impact on the services that councils provide. The Co-Lab RATA team is already a proven centre of expertise in asset management and is well positioned to assist councils through its shared service model. In FY2022/23, the board commissioned a project to investigate how existing Co-Lab RATA capability could be increased and extended to other asset types and other asset management stages.

Subsequently six councils have indicated a desire to be involved and now jointly fund the project. These six councils are now assisting Co-Lab directly in investigating how RATA can best assist in the following areas of asset management:

- Community Asset Management (Parks, reserves, building and ‘other’ facilities) – work to date suggests this is the priority opportunity to support councils.
- Management and advisory services (assisting with analysis, valuations, renewal programmes, reporting and recommendations for improved practice).
- Joint procurement to reduce duplication in contract administration and take advantage of regional buying power.

Building Consent Cadetship

The Waikato Building Consent Group (WBCG) commissioned an investigation into the establishment of a building consent cadetship scheme, building on the Building Consent Shared Service investigation. The opportunity is to establish a cadetship programme coordinated by Co-Lab that recruits and trains Building Control Officers in partnership with the WBCG councils.

The intent is that the cadets would be available to work in all WBCG councils, would help provide a stable pipeline of building consent staff to meet current and future needs, and reduce council expenditure. Planned work in FY2023/24 will be focused around implementation.

WRTM Governance & Management

In June 2022, the Board supported a recommendation to investigate management and governance required to realise the full potential of WRTM. This investigation has commenced and participating councils have agreed that a full-time resource is required to manage the strategic relationships and work programme to realise the full potential of the model. Implementation will continue into FY23/24.

RATA Asset Valuations

It was identified that there are inconsistencies in Asset Valuations stemming from poor assumptions of replacement costs and asset lives, leading to potential overcharging or underfunding.

Objectives for the project are:

- Develop the tools that enable repeatable, efficient, robust and consistent asset valuations, which support informed decision making.
- Greater level of confidence in the process – connecting of the asset management system and collaboration between engineers and finance teams.
- Ability to help other councils (resourcing) therefore creating resilience in the region.
- Assess the possibility of collaborative procurement for asset valuation services using the Co-Lab Asset Valuation Process.
- The Co-Lab Asset Valuation process is the process of choice for Co-Lab councils.

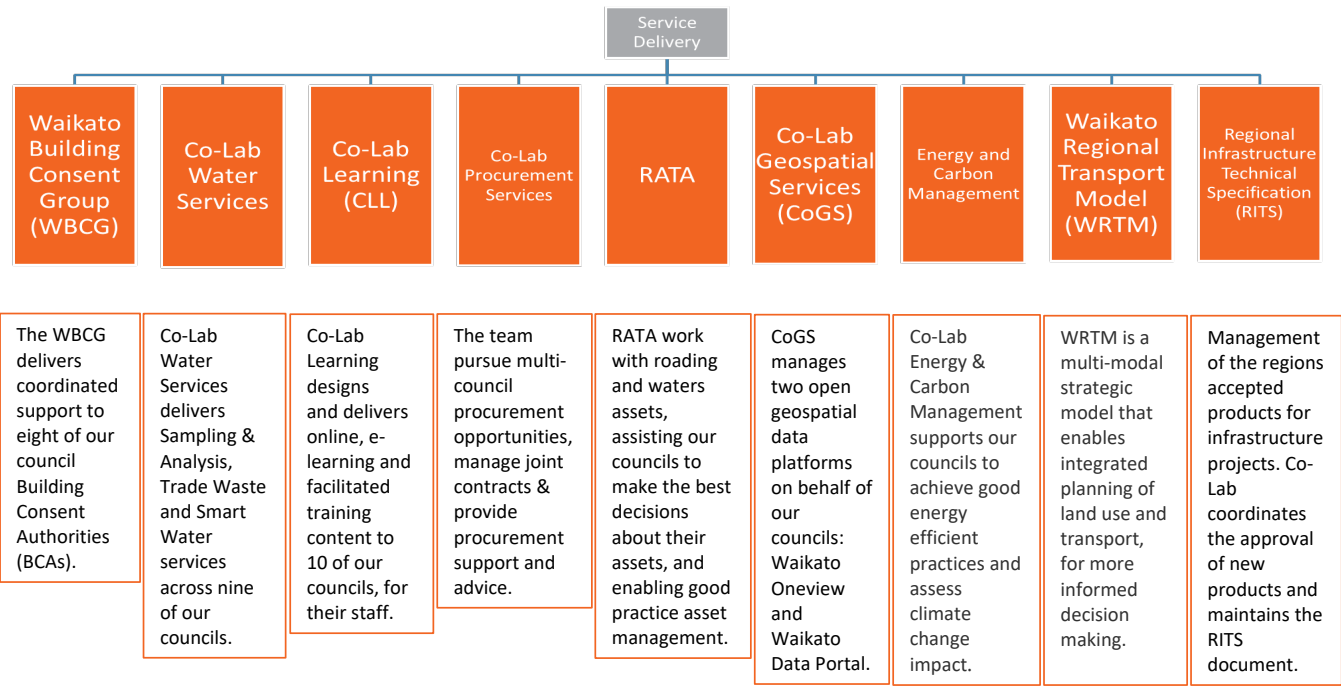
This is a three-year project and FY2023/24 will focus on the implementation phase of the project. With the uncertainty of Three Waters the governance group decided to pilot “transport” first, with other asset classes to follow.

Benefits realisation

We will be undertaking an internal investigation to establish robust methodologies for measuring benefits, recognising there will always be qualitative benefits as well, and use this as the basis for improved reporting on the value you receive from Co-Lab. And if we don’t think an area is providing value, and doesn’t have a reasonable prospect of doing so, we will stop it.

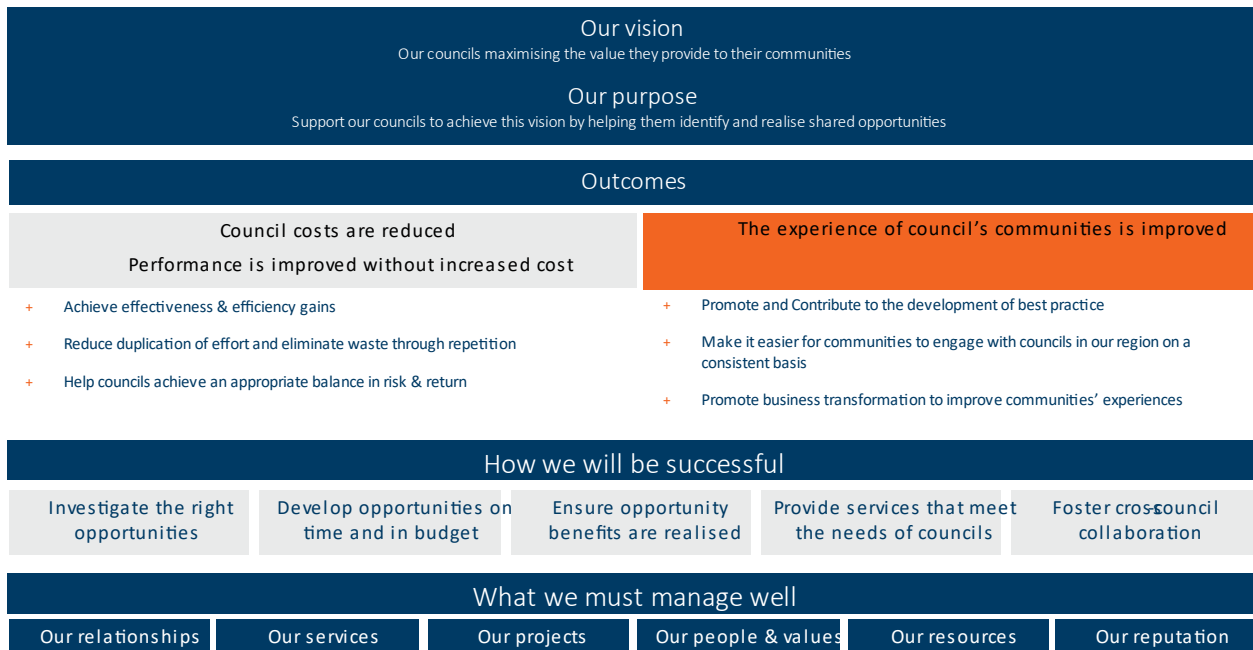
Appendix II: Nature & Scope of services

The principal initiatives operating under the Co-Lab umbrella are:



For more information on our services, please visit our website www.colabsolutions.govt.nz

Appendix III: Performance framework & measures



How we intend to measure our performance remains the same.

Priority	Performance measure	Target
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives	<ul style="list-style-type: none"> ➤ Business cases will include measurable benefits linked to one or more of the outcomes sought ➤ Businesses cases are supported by councils (evidenced by take up of the opportunity) 	Projected savings/increased revenue to councils of at least \$300k 75% of councils
Develop opportunities and deliver projects within agreed budgets and timelines	<ul style="list-style-type: none"> ➤ Opportunities / projects are developed / delivered within agreed timelines ➤ Opportunities / projects are developed / delivered, within approved budget ➤ Overall, Company Management / Support functions will be undertaken within budget, unless additional expenditure has board pre-approval 	80% 90%

Priority	Performance measure	Target
Ensure projects realise their expected benefits	<ul style="list-style-type: none"> ➤ Measurable benefits are actively monitored and reported against ➤ Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised) 	<p>Six-monthly</p> <p>For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Assessment within 15 months 90% of projected quantifiable benefits are realised</p>
Ensure existing services are meeting the needs of councils	<ul style="list-style-type: none"> ➤ The services we provide are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): 	80% of councils
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	<ul style="list-style-type: none"> ➤ Across these groups, ideas for future consideration and/or initiatives are identified each year 	Four per annum

- 1 Budgets and timelines for opportunity development will be those established following discovery and/or opportunity assessment. A business case will refine these parameters with respect to project delivery.
- 2 Time and cost targets for the development of opportunities and delivery of projects have been initially set based on what, in practical terms, are considered stretch goals, but achievable. However, we aspire to *always* better, or at least meet, timetables and budgets.

Appendix IV: Governance

Co-Lab¹ is owned in equal portion by the 12 Waikato Local Authorities²:

- Hamilton City
- Hauraki District
- Matamata-Piako District
- Ōtorohanga District
- Rotorua Lakes
- South Waikato District
- Thames-Coromandel District
- Waikato District
- Waikato Regional
- Waipa District
- Waitomo District
- Western Bay of Plenty District

The company has two fundamental roles:

- 1) It is a laboratory for developing opportunities that create value to councils, either by improving the experience of their communities or by making the councils themselves, collectively, more efficient and effective; and
- 2) It provides shared services to councils.

Co-Lab conducts itself in accordance with its constitution, its annual Statement of Intent, the provisions of the LGA and Co-Lab policies.

The Board is made up five council representative directors and an independent Chair. There is also a standing Audit & Risk Committee.

The current Directors of Co-Lab are:

Director	Representing
Peter Stubbs	Independent Chair
Chris McLay	Waikato Regional Council
Lance Vervoort	Hamilton City Council
Ben Smit	Rotorua Lakes and Ōtorohanga, South Waikato and Waitomo District Councils
Gavin Ion	Waikato and Waipa District Councils
Don McLeod	Hauraki, Matamata-Piako, Thames-Coromandel District and Western Bay of Plenty District Councils

Peter Stubbs' appointment as Independent Chair has been renewed for a further three years from 1 July 2022.

The independent Chair of Co-Lab receives director fees and reimbursed expenses. Directors representing the councils will not receive any fees or reimbursed expenses for work undertaken on behalf of the company.

¹ Co-Lab is the newly established trading name of Waikato Local Authority Shared Services Ltd

Appendix V: Policy Statements

Statement of accounting policies

Reporting entity

Waikato Local Authority Shared Services Limited (“the Company”) is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The company is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002 (LGA), by virtue of the shareholding councils’ right to appoint the Board of Directors.

The primary objectives of the Company are to:

- Develop opportunities that benefit the Waikato region's local authorities; and
- Act as a vehicle to deliver value-added services to those local authorities.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

Summary of significant accounting policies

Basis of preparation

Financial statements are prepared on the going concern basis, and the accounting policies are applied consistently throughout the period.

Statement of Compliance

Financial statements are prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Financial statements are prepared in accordance with and comply with Tier 2 PBE Standards reduced disclosure regime (RDR). WLASS is eligible to report under the RDR as it:

- is not publicly accountable; and
- has expenses more than \$2 million, but less than \$30 million.

The accounting policies set out below are consistent with the prior year, other than the inclusion of policy:

- on operating leases, related to the lease of commercial premises;
- employees; and
- property, plant and equipment.

Measurement base

The financial statements are prepared on a historical cost basis.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated. The functional currency of the Company is New Zealand dollars.

Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue (IR) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the cash flow statement.

Commitments and contingencies are disclosed exclusive of GST.

Critical accounting estimates and assumptions

In preparing the financial statements the Company makes estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no areas requiring estimate or assumptions made that are considered to carry a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Intangible assets

Useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its intangible assets. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Company to consider a number of factors such as the expected period of use of the asset by the Company and expected disposal proceeds from the future sale of the future sale of the asset.

An incorrect estimate of the useful life of residual value will impact the amortisation expense recognised in the income statement and carrying amount of the asset in the balance sheet. The Company minimises the risk of this estimation uncertainty by reviewing that the asset technology is still relevant and there is no alternative options to recreate the asset at a lower price.

Impairment of intangible assets

Intangible assets measure at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus deficit.

Revenue

Revenue

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services, excluding GST, rebates and discounts and after eliminating sales within the Company. No provisions have been recorded as all revenue and trade receivables are expected to be received.

Other Revenue

Member charges for all activities are recognised when invoiced to the user (i.e. councils). The recorded revenue is the net amount of the member charges payable for the transaction.

Contributions received for projects that were not completed in a financial year are recognised when the Company provides, or is able to provide, the service for which the contribution was charged. Until such time, contributions are recognised as liabilities.

Operating expenses

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Personnel costs

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

Receivables

Short-term receivables are recorded at the amount due, less any provision for amounts not considered collectable.

Receivables are initially measured at nominal or face value. Receivables are subsequently adjusted for penalties and interest as they are charged and impairment losses. Non-current receivables are measured at the present value of the expected future cash inflows.

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, with original maturities of three months or less, and bank overdrafts.

Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Intangible assets Other financial assets

Investments in bank deposits are measured at fair value plus transaction costs.

At each balance date the Company assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the income statement.

Payables and deferred revenue

Short-term creditors and other payables are recorded at their face value

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payable approximates their fair value.

Contributions received for projects that were not completed in a financial year are recognised as deferred revenue until the Company provides, or is able to provide, the service for which the contribution was charged.

Employee benefits liabilities

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These includes salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extend it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Reconciliation of equity

Equity is the shareholders interest in WLASS and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed equity

Contributed equity is the net asset and liability position at the time the company was formed. The allocation of capital amongst shareholders is explained in this note.

Retained earnings

Retained earnings is the company's accumulated surplus or deficit since formation.