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CASE STUDY

Shared Valuation Database Service (SVDS)

Franklin District Council, Thames-Coromandel District Council,
Hauraki District Council, Matamata-Piako District Council,
Hamilton City Council, Waipa District Council,
South Waikato District Council, Waitomo District Council,
Rotorua District Council, Waikato District Council,
Otorohanga District Council, Taupo District Council,
Environment Waikato Regional Council

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Presented By



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Shared Valuation Database Service

Executive Summary

The 13 Waikato local authorities (LAs (which are either a regional council or territorial authority) created a Council Controlled Organisation (CCO), Local Authority Shared Services Ltd (LASS), to enable them to engage in shared services. The initial service is the Shared Valuation Database Service (SVDS) in which the following 10 LAs are involved: Franklin, Thames-Coromandel, Hauraki, Matamata-Piako, Hamilton, Waipa, South Waikato, Waitomo and Environment Waikato.

The Waikato Territorial Authorities (TAs) (which are either city council or a district council but not regional councils) want competition in the valuation service provider (VSP) market. This was threatened by the need for the competing VSPs to have access to a valuation database. The Regional Council needs timely access to accurate ratepayer names and addresses and accurate valuation data. This was not occurring with the existing system because of; duplicated data entry at the VSP and LAs, duplicated and isolated databases, and sporadic transfer of paper forms between multiple parties.

The LAs decided that the solution was the SVDS and proceeded to establish it. They required that the service be collectively and solely owned by the LAs and so established LASS as an umbrella company for this and other shared services.

The establishment of the shared service has required a governance structure and other management mechanisms that enable the LAs to be effectively engaged in the service. This has primarily been driven by the CEO's and officers of the member councils.

It has led to changes in LA computer systems to enable automated electronic exchange of information. The Regional Council provided the initial facilitation and administration resources and has underwritten the project.

The LAs are presently working through the mechanics of a cost recharge mechanism that fairly distributes costs and benefits.

The Problem or Issue / Initial Environment

Since the late 1990's, ratings officers from the 13 Local Authorities in the Waikato Region have meet regularly as the Waikato Regional Ratings and Valuation Group (WRRVG), under the facilitation of Environment Waikato (EW), to discuss rating and valuation issues of common interest and to seek optimal solutions. One widely canvassed issue was the desire for competition in the valuation service provider (VSP) market to ensure that LAs received a cost effective service focused on their needs for accurate, up-to-date, valuation data.



The Waikato Region

In the pursuit of this objective, the 13 LAs encouraged a group of valuation service providers, Valuation and Management Services (VAMS), to compete with the incumbent provider, Quotable Value (QV), for the provision of valuation services (QV is a State Own Enterprise (SOE) formed in 1998 from the pre-existing Government Valuation Department). This initiative was successful and VAMS won the valuation service provider (VSP) contracts for five LAs. However, in 2002 it became obvious that because of the requirement for VSPs to have high quality database facilities, no other VSPs were interested in entering the market and VAMS was experiencing difficulties. (QV had inherited from central government a sophisticated valuation database facility as well as a mature valuation sales market.)

The WRRVG responded to the looming collapse of the Waikato VSP market by driving for the creation of the LA owned Shared Valuation Database Service (SVDS). This would enable VSPs, and even independent valuers, to do valuation work for LAs without them needing to provide database facilities.

The second driver was the requirement in the Local Government Act 2002 for the Regional Council to have rate invoices separate to the TAs. This led to the Waikato Regional Council seeking a single valuation database for all properties in the Region.

The SVDS initiative was favourably received by the Waikato CEO Forum (a regular informal meeting of the 13 Waikato Local Authority CEOs). The CEOs saw that, as well as tackling the problems of the existing situation, the SVDS was a starting point for:

- LAs working together to extract value from the valuations model fostered by the Local Government (Rating) Act 2002 and the Rating Valuations Act.
- ensuring that a sound technical platform and procedures underpinned accurate valuation data.
- improving the “auditability” of valuation data.
- setting the basis for a sustainable platform to build other integrated processes and services that could respond to changes in the marketplace and/or legislation.
- achieving synergies within the Region.
- improving customer service, and
- reducing costs

They also recognised that other shared service opportunities were likely and so requested that instead of creating a company for just the SVDS, a company structure be created that would support multiple shared services. Initially, at least, these shared services were seen to be effective and efficient solutions to back-office service requirements that CEOs saw as internal to their organisations and that did not require direct involvement from politicians. This culminated in the creation of Local Authority Shared Services (LASS) in December 2005 under the governance and directorship of Waikato Council CEOs. Refer to Appendix one for further details.

Description of the Project / Response

Key Issues

It was fairly quickly realised that a database application was not the complete answer to the valuation issues and that what was required was a shared data management service based on a regional database collectively controlled by TAs. In establishing the shared service there was three sets of issues;

- those that lead to the eventual creation of the company,
- those associated with the creation of a software database application, and
- those associated with the shared service.

It was further seen that by acting collectively, as a tightly coordinated group, the TAs and the Regional Council could:

- ensure an improved data management service,
- enable a more competitive valuation market, and
- ensure that greater value was realised from the sale of the consolidated valuation data.

SVDS Procurement

Key issues surrounding the SVDS shared service were:

1. Identification of willing Councils, their representatives and roles.
2. Identification of drivers for the service.
3. Identification of service requirements.
4. How the service was going to be procured, and
5. Operation of the service.

It was initially thought that establishment of the SVDS could be treated as a procurement project and standard project practices applied. However, the relatively large number of parties and the varying size and capacity of these introduced complications. There was also sensitivity about the relationship between the District Councils, the City Council and the Regional Council. These stemmed from the desire of the individual Council's to retain their autonomy but their varying financial capability, plus the complication that the Regional Council received funding from the same people as the collective Territorial Authorities and sought to deliver equity of service across the region.

The agreed broad steps were to collate the group's requirements, consolidate the position of the TAs as the collective owner of the valuation data, and go to the market as a client grouping to find a database service provider. This would then give the Councils an idea of costs and benefits, help them understand the likely shape of the service and help them decide their level of involvement.

In recognition of these steps, in May 2002 the WRRVG formed a Steering Committee (consisting of staff representatives from Hamilton City, Matamata / Piako, Franklin, Thames / Coromandel, Hauraki and Rotorua Councils facilitated by Environment Waikato (EW)).

This team commissioned (paid for by EW) work and documents:

- a) To support a request for expressions of interest (RFI) in the delivery of a regional valuation database service.
- b) Identifying the functions required from this service.
- c) Identifying valuation process issues.
- d) On the legal situation, and
- e) On possible delivery and financial options.

The results were reported back to the WRRVG and to the Waikato CEO Forum with the recommendations that there was a case for further assessment of a valuation database service and that the project proceed to:

- a) Advertise for expressions of interest (RFI) in the delivery of a regional valuation database service,
- b) Produce and send, to selected organisations, a request for proposal (RFP) for the delivery of the service,
- c) Use the responses to the RFP and appropriate information from the Councils to assess whether there was a business case for proceeding to procure the service, and
- d) Make a recommendation back to the Councils, and if appropriate request individual Council commitment to a regional valuation database service.

The RFI was published and attracted responses from 38 parties. To help evaluate the proposals it was decided to work through the following options when procuring a service:

1. select an off-the-shelf service,
2. select a vendor prepared to build an off-the-shelf service,
3. select partners to finance and build a service, or
4. finance and build the service without commercial partners

The responses to the RFI quickly determined that there was no acceptable off-the-shelf service, and no vendors interested in building an off-the-shelf service. It was also obvious that there wasn't an existing database application that fitted the SVDS requirements.

Accepting that there was no service provider the next step was for the CEO Forum to decide whether to:

1. Create a collectively owned organisation that would service the groups needs, or
2. Encourage one Council to serve the needs of the other Councils, or
3. Encourage one Council to establish an organisation and at a later time bring other Councils into the shareholding.

In the end, EW was invited by the CEO Forum to take the lead role in procuring the database application, establishing the shared service initially as a "stand-alone-business-unit" and setting up an organisation owned by all the Councils to provide the service. This decision was based upon the capacity, capability and willingness of EW. The other Councils either didn't have the capability or their staff were already fully committed (for example Hamilton was well into a major computer systems upgrade).

Parties were then sought to help construct the database application and the service. Six parties were short-listed from the RFI and invited to send in a proposal in response to an RFP. This proposal allowed identification of a preferred vendor party.

To get a fixed price for the development of the application a detailed understanding of user requirements and functionality was required. A capped price contract was negotiated with the preferred vendor to create the detailed list of user requirements. This document was then used to negotiate a fixed price for the creation of the SVDS database application.

To control costs and expectations, once the user requirements were gathered, the application development was split into stages. Stage one assumptions were:

1. there would be no change to business processes inside Councils, and
2. the SVDS would be a "plug replacement" for the existing database service.

These assumptions suggested that only the valuation areas within Councils would need to be involved with the development project and that this involvement would be minimal.

Councils still required a business case including a cost benefit analysis before they would commit to investing in the shared service. The depth of cost benefit analysis was different for the 13 different Councils and required information within Councils that was difficult to access. The actual likely cost of operation of the shared service was also difficult to determine, so estimates were used in the development of the business case.

SVDS Service

As the application development project got under way and the users started considering how the application would work, a case was made to include electronic interfaces between the SVDS application and Council computer systems. This extension was seen to be a relatively simple piece of programming inside the SVDS, and could be achieved within the existing budget, as the SVDS budget had been tightly controlled. It was also recognised that Councils could choose not to use the electronic interface, instead they could have their data manually entered into the SVDS as initially scoped.

However, though the electronic interface was relatively straight forward for the SVDS development team, it was a completely different situation for the vendors of the Council computer systems and Council IT departments. They were asked to develop, test and implement functionality, work that they had not planned for. The Steering Committee also decided not to have the SVDS development team managing the interface work with the Council computer system vendors.

During this time, it was also discovered that different Council computer systems and different Councils had different ways of defining and using valuation data. Hence, automated data integration became a major challenge.

A further difficulty was that when data was collected from the VSP database and compared with Council data major discrepancies were discovered. The Steering Committee therefore decided that data had to be cleaned and verified by the Councils before being loaded into the SVDS. This work was done by the SVDS development team but charged directly to the Councils. As this work proceeded the financial complications mounted, and Councils failed to get timely financial reports from the SVDS Project leading to unpleasant surprises within the various Council executive teams.

The situation was resolved at the Board by the formation of a SVDS Advisory Group, consisting of senior Council executives nominated by the SVDS shareholding Councils and agreed by the Board. The Advisory Group was provided with terms of reference and asked to direct future development of the SVDS and oversee the development, maintenance and implementation of a SVDS business plan. It was envisaged that the Advisory Group would provide tight direction and prioritisation of development work, hence managing cost while identifying enhancements to the service that provide the best value for money. This group was to work closely with the SVDS User Group that effectively replaced the WRRVG.

The Advisory Group identified that the SVDS needed to be moved into an operational mode and the SVDS project closed off. After consultation with all the Waikato Councils, Hamilton City Council indicated an interest in providing an SVDS service desk. However, after considering the potential growth of the SVDS they withdrew their offer and Rating Valuation Services (RVS) Limited (a company created by the SVDS Project Manager and the valuation knowledge advisor to SVDS) put forward a proposal to run the SVDS service desk. The LASS is presently negotiating the terms of the contract with RVS and as of 1 April it is expected the service desk will be operational. The service desk will be run on a "virtual" basis, RVS will provide a 0800 contact number and it will sit as a business operation under the umbrella of SVDS.

SVDS Funding

The agreed cost sharing associated with the SVDS was based upon previous experience of the councils with the collective procurement of aerial photography. For the photography, the Regional Council agreed to pay 75% of the costs with the remaining 25% split between the other participating parties in proportion to the amount of geographic area within the Council boundaries. A similar approach was taken in sharing the SVDS costs. The Regional Council accepted 50% of the costs with the other 50% split between the participating Councils in proportion to the number of rateable properties.

Development of the SVDS database application was costed at \$1.6 million for the first stage which didn't include electronic interfaces. As the project proceeded the development costs for the application were tightly controlled, but other costs including operational costs, Council internal costs, data cleaning costs, interfacing costs (outside the application), management costs and communication costs all started to accumulate. These collective costs were eventually controlled by the concerted efforts of the Advisory Group.

Results – Financial and Service Level Impacts

The Shared Valuation Database Service (SVDS) is now fully operational after some time in development and implementation (approximately four years from 2002-2006). It was formed by all of the Waikato Councils to achieve very explicit benefits and these are being realised. Due to commercial sensitivity it is not possible to provide additional details of set up/development costs and ongoing benefits.

James Anson, Chief Financial Officer of Franklin District Council:

“We originally agreed to invest in the SVDS to achieve a number of very clear objectives and benefits. These are now being delivered!”

We still have some way to go in terms of changing our processes to maximise the benefits but what we have achieved so far has clearly justified our original investment in terms of both dollars and time.

We started with clear objectives agreed by all Councils:

- 1. Enable VSP contestability – from basically no contestability. In 2005 the regional group had a total of 5 VSPs tendering from which Franklin selected a new VSP. During 2006 another TA has already selected a new VSP for the Region. This has given member councils a genuine choice of VSP.*
- 2. Improved data quality – we probably weren't fully aware of the numbers of errors in the data. Just eliminating duplicate data entry and using only one rating database is a major benefit and cost saving in itself. Synchronisation of the DVR and RID and synchronisation of our data and the data that the Regional Council uses has also significantly reduced the manual effort in correcting errors and is letting our staff focus on more relevant tasks (a further benefit).*

3. *Improved processes – we now more clearly understand the valuation processes and can control or manage who does what and when. This has highlighted a considerable number of inefficiencies and unnecessary costs. We are taking more proactive control and management of the valuation process and VSP relationship. This is enabling a number of process improvements and each of these will deliver cost savings and other benefits and we expect to continue to identify improvements in this area for some time yet.*

There is no question that we are now seeing the payback on our original investment and effort. I believe that these benefits are major and will continue to accrue to our Council and to all member councils and their ratepayers for many years.”

Warren Stevens Chief Financial Officer, Waikato Regional Council:

“We needed something like the SVDS to deliver us clean, accurate rating data! We had major costs and work effort to correct errors in data through each rates mail out. Our objectives were very clear – we required totally up to date rating data, exactly the same as the local authorities.

The SVDS gives us access to exactly the same, up to date Council valuation data for EW to rate. This is leading to a reduction in queries and efforts (and costs) to resolve them for all Councils.

While our investment in the SVDS was significant, the benefits are equally significant and will continue to improve each year as all the remaining councils come on board.”

John Gibson, Revenue Manager of Hamilton City Council:

“Some of the benefits Hamilton City Council has gained by being part of the SVDS group:

1. *More contestability in the VSP market. Council received a very competitive price when it tendered for the valuation services in May/June 2005.*
2. *More control over the workflows of the VSP and direct access to the status of the various work types (e.g. consents, subdivisions, objections etc).*
3. *The ability to supply sales data to a number of external parties in the format they require. More flexibility in the production of data for clients.*
4. *Improved data quality and processes between Local Authority systems and the DVR held within the SVDS.”*

The SVDS has directly led to the following benefits:

1. Improved Contestability in the VSP (Valuation Service Provider) Market

- a. SVDS allows more VSPs to tender.
- b. SVDS makes the Waikato region the most contested VSP market in New Zealand.
 - i. Four of the 9 NZ Councils who don't use QV are in the Waikato
 - ii. In most of NZ there is no competition - Waikato Councils have engaged three VSPs (QV, VAMS, Landmass)
 - iii. SVDS was in place for the 2005/06 tenders and all incumbent VSPs tendered to use SVDS.
 - iv. In 2006, four private VSPs, not previously in the market, tendered.

- v. Tender prices were lower than expected.
- vi. Price drops from removing management control from the VSP and eliminating duplicate data entry.
- vii. Effective price reductions of 10% - 20% on the price levels before SVDS existed. (Note: some costs are back with TAs and have required resourcing.)
- c. SVDS gives options which totally change the structure of the VSP market.
- d. SVDS enables alternative and improved valuation methodologies.
- e. SVDS enables Councils to quickly switch VSP's or move work between VSP's (this takes minutes vs weeks).

2. Improved Data Quality

- a. SVDS eliminates duplicate data entry.
- b. SVDS ensures there is one valuation database.
- c. SVDS enables over night synchronization of DVR (District Valuation Roll) and RID (Rating Information Database).
- d. SVDS synchronizes data between TAs and Regional Councils.
- e. SVDS allows Councils to correct DVR data and rating unit errors (not VSPs).
- f. SVDS integrates OVG (Office of the Valuer General) data validation software.

3. Improved Access

- a. SVDS gives full access to the DVR for TAs and Regional Councils.
- b. SVDS is accessible from anywhere.
- c. SVDS is available 24 / 7.

4. Improved Control Over VSP Workflow

- a. SVDS gives a full audit trail of all changes made.
- b. SVDS lets TAs track and confirm when VSP work is completed.
- c. SVDS lets TAs hold back work that VSPs don't need to do.
- d. SVDS lets TAs see all aspects of the valuation process including changes made and details on property inspection types and dates.
- e. SVDS lets TAs see VSP workflow and resource allocation giving them better insight into, and control, of actual costs.
- f. SVDS changes the relationship between the Councils and VSP with Councils now being far more aware of actual work flows, valuation outcomes and data quality.
- g. SVDS lets TAs fully monitor, and report on, work flow rather than waiting for the VSP to tell them what has been done.
- h. SVDS has opened the communication between TA and their VSP.
- i. SVDS has, for the first time, allowed TAs to have detailed project plans for Revaluations.

The SVDS is now being offered to interested councils at a price per property of \$2.50 pa. If the associated data is made exclusively available to LASS for resale, then there is a 50c rebate per property (bringing the price per property down to \$2.00 pa). In addition if an entry license fee of \$2 per property is paid, then LASS will pay the data owner a share of sales revenue above 50c per property (if the fee is not paid then there will be no further return to the data owner from data sales).

Rather than LASS deciding the cost sharing between the Region and the TAs, it is thought that the Region and each individual TA should determine between themselves where the benefit lies for each property and how this is reflected in sharing the above costs.

(The issue of equity shares has still to be resolved.)

Other possible one-off costs associated with the implementation of SVDS include:

1. Unbundling and recasting Council VSP, data management and data sales contracts.
2. SVDS participation in the implementation project (it is anticipated councils will require access to some SVDS skill-sets and knowledge and that these would be provided at market competitive rates)
3. Initial data cleansing and loading (all Councils so far have needed to consolidate, clean and reconcile their valuation data before loading it into SVDS)
4. Training Council users
5. Software costs associated with the development and implementation of interfaces between the SVDS and Council computer systems.

When Councils join the SVDS using it as a service they get:

- Membership of the Usergroup
- Access to virtual support tools
- Access to standardised processes
- Access to standardised protocols
- An influence over the development of processes and protocols, and
- An influence SVDS functionality

When Councils join the SVDS as shareholders they get:

- Membership of the Advisory Group
- A say on SVDS direction / business plan, and
- A say on SVDS investment

Prospects / the Future

The SVDS User Group and Advisory Group are continuing the development of SVDS. The User Group is developing standards and protocols for the use of SVDS and for valuations. They have also developed a list of desired functionality that will keep the development team busy for the next three years.

The Advisory Group are completing the establishment of the SVDS service desk. They have also created a financial plan that has enabled them to develop a price list for Councils interested in becoming SVDS clients. The Advisory Group is also considering the development list proposed by the User Group and is working on how to best deliver these independently or in collaboration with other parties.

The LASS shareholding Councils are investigating further shared service opportunities. These include:

1. a Waikato Roding Transport Model to provide input into the development of future Land Transport and Regional Growth Strategies.

2. a shared Library Management System to link library systems across the Greater Waikato so as to establish the technical, policy and governance infrastructure for shared digital library and information services on an equal basis to every resident regardless of location, and
3. a Regional Digital Network Service connecting together all Waikato Councils and libraries.

The LASS company is also developing relationships with other organisations. These include:

1. Councils from other regions interested in creating similar shared service companies,
2. Councils interested in being clients of the SVDS, and
3. Companies interested in supplying Waikato Councils with back office services.

Adaptability / Transferability

The Waikato Councils are very interested in working collaboratively with other New Zealand Councils. At every opportunity the LASS Shareholders and the LASS Board has worked to structure the company and services so that other Councils can engage with LASS as shareholders or as clients in existing shared services or in the creation of new shared services. If appropriate the Waikato Councils are also interested in procuring shared services from others including central government agencies and Council clusters from other parts of New Zealand.

In the creation of LASS and the SVDS the Councils have acquired over 5 years experience in collaboration and shared service procurement that they are willing to share with over Councils.

Conclusion

In hindsight the Waikato Councils undertook a lot in a relatively short time, possibly too much too quickly. They created an application linking computer systems in multiple organisations, created a service to host, deliver and sustain the application, created a holding company for this service and other services and explored and engaged in service and data sales options. However, they now have a robust shared service company, with an established successful shared service and a willingness to explore and if appropriate establish more shared services.

During this endeavour a range of things became apparent. These included, as well as the usual Project Management maxims, many of the challenges identified in “Getting Better at Managing for Shared Outcomes” (from Department of the Prime Minister and Cabinet, Te Puni Kokiri, SSC and The Treasury), and in “Local Authorities Working Together” (from the OAG).

Insights of specific relevance to the LASS / SVDS experience include:

- A Service Champion. For each shared service a “Champion” (who is passionate about the intended outcome and senior enough within the Councils to promote the arrangement’s interests) should be appointed as Sponsor to lead the shared service initiative.
- Critical Mass. The need for a critical mass of knowledge, experience and passion to initiate, support and sustain the shared service endeavour through the conception, creation and eventual ongoing operation of the services.
- The matching of roles between participating Councils. In small Councils individual staff fill multiple roles that in larger Councils are filled by many people. This has led to communication challenges in the larger Councils.
- Choice of Initial Service. Though shared services have been considered in the Waikato at least since 1995, it was the SVDS with its strong inter Council community, compellingly simple logic and high executive importance for multiple Councils that convinced the Councils to decisively engage.
- Shared Service - a Family Affair. Shared Services should be approached as a family, rather than a purely commercial endeavour.
- Shared Service should be owned by the Councils. At times the SVDS was seen to be “owned” by the LASS project team, who were viewed as vendors by many of the Councils and kept distant.
- Shared Service is not Out-sourcing. There is a continual challenge to convince people that “shared service” is not a euphemism for out-sourcing.
- Equitable public service. At multiple levels within the Waikato Councils there is an aspiration to provide an equitable region wide public service, and to continually improve this service and reduce its costs to the citizen. This exists within and between TAs and not just at the regional level.
- Varying TA Capacity. The Waikato Councils have a wide range of capacities that in shared service endeavours creates tension between “good practice” and pragmatism. This was apparent in discussions around completeness of process versus robustness and/or integrity of process. The level and detail of communication becomes critical in these situations.

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Appendix one

LASS Company

Local Authority Shared Service Limited (LASS) was developed as a joint initiative between the 13 councils of the Waikato region. Its evolution can be traced from a range of projects that were implemented between local councils. These projects highlighted the benefits of a jointly owned governance structure to provide an opportunity for collaborative management and development. Central government devolution, closer working relationships between councils and a desire to benefit from cost saving opportunities offered by jointly progressing shared initiatives have fostered more efficient services.

The SVDS was initially set up as a stand alone business unit of the Regional Council jointly funded by the participating LAs with the intention that alternative structures would be considered.

The reasons for considering alternative structures included:

- A desire for a more transparent governance structure that involved all the LAs in the region in deciding what the priorities should be for shared services, and in the management of shared services
- An entity that could enter into commercial arrangements with suppliers and partners on behalf of the participating LAs
- A desire to ensure there was focus on the services adding benefit to the community through enhanced services and/or reduced costs, and that
- Opportunities to sell processes and systems to other LAs to reduce the cost of services to the shareholding LAs are pursued.

After considering possible options for structures, including a charitable trust, a stand alone business unit, a joint venture and a limited liability company, the company structure was adopted, principally because of the ease of involving different groups of participating LAs through the use of different classes of shares for each set of shared services.

The LASS can promote such developments to the benefit of those LAs that choose to be actively involved in a particular joint service. Each LA owns an equal number of shares in the LASS and as such has an equal say in its development.

The LASS governance structure enables the Directors appointed by the shareholders to decide on the future direction of those services that will be promoted under its auspices. Any such services will be operated as a stand alone business unit with an advisory group appointed by the shareholders participating in that service to provide direction but answerable to the Directors.

Shared Valuation Database Service (SVDS) was developed as a stand along business unit and was structured to enable the construction of a database service that was available on-line and provided LAs with updated valuation data.

The LASS Statement of Intent is to:

- provide the Waikato Local Authorities with a vehicle for developing and delivering shared services.
- provide to local authorities outside the Waikato the processes and systems.
- pursue all opportunities for developing and delivering these shared services to add benefit to the community either through enhanced services or reduced cost.
- explore all possible avenues for the provision of these services itself or for the contract provision of these services from outside parties entirely dependant on each being subject to a rigorous business case.

LASS Company Principles

The Directors have developed some core Governing and Operating Principles which will be reviewed from time to time. Currently they are:

1. LASS is a Council Controlled Organisation (CCO) set up to enable and/or deliver shared services for the communities of the Waikato region. Its focus is within the region and it will be owned by the 13 Councils of the region.
2. Franklin, Taupo and Rotorua District Councils are considered as Councils within the region on the same basis as other Councils within the region, even though a significant portion of their domain lies outside the Waikato Region.
3. The intent of LASS is primarily to improve service levels, enable services that could not otherwise be delivered and/or reduce costs. It is not intended to make profits.
4. Initially, at least, LASS will be a minimalist organisation. Where practical and cost effective, all services and resources will be delivered under Service Level Agreements or contracts, by Councils or third parties.
5. Each unique shared Service will be managed as a separate business unit. Each such Service will be “owned” by the Councils that have agreed to invest in it. All costs (and any revenues) will be accounted for within each Service.
6. Potential shared services will be championed by one or more Councils and be subject to feasibility studies prior to acceptance by the LASS Board as a new Service.
7. LASS can be used as an “incubator” for potential services.
8. Costs of feasibility studies will be borne by the championing Council(s).
9. When a new Service is approved by the LASS Board, Service Shares will be issued to the participating Councils in proportion to their investment and as agreed by those Councils.
10. As soon as a new Service is accepted, the Service shareholders will provide the Board with nominations for members of an Advisory Group to oversee or manage the activities and finances of the Service and to advise the LASS Board (via the LASS CEO) on any significant decisions that are required.

11. The LASS Board is the overseeing Board of Directors of all Services.
12. Councils outside the region can purchase services from any LASS Service. If the Service Advisory Group and the LASS Board agree, such Councils could also invest in the Service
13. If any Service becomes significantly used and/or owned outside of the region, the LASS Board will consider setting it up as a separate CCO.