

Finance and Corporate Committee Agenda

Date: Thursday, 31 August, 2017

Time: 9:00 am

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

Elected Members: Cr Shelley Deeming (Chairperson)
Her Worship the Mayor Sheryl Mai
Cr Stu Bell
Crichton Christie
Cr Vince Cocurullo
Tricia Cutforth
Cr Sue Glen
Cr Jayne Golightly
Cr Phil Halse
Cr Cherry Hermon
Cr Greg Innes
Cr Greg Martin
Sharon Morgan
Cr Anna Murphy

For any queries regarding this meeting please contact
the Whangarei District Council on (09) 430-4200.

1. Declarations of Interest	
2. Apologies	
3. Confirmation of Minutes of Previous Finance and Corporate Committee Meeting	
3.1 Minutes of the Finance and Corporate Committee meeting 27 July 2017	3
4. Information Reports	
4.1 Operating Result for the 12 Months Ending 30 June 2017	7
4.2 Financial Report for the Month Ending 31 July 2017	13
4.3 Operational Report - Finance and Corporate - August 2017	17
4.4 Local Government Funding Agency Quarterly Report to 30 June 2017	31
4.5 Whangarei Art Museum Trust - Recruitment of Board Member	51
4.6 Service Delivery Review Update - Corporate and Finance	57
5. Public Excluded Business	
6. Closure of Meeting	

Finance and Corporate Committee – Terms of Reference

Membership

Chairperson: Councillor Shelley Deeming

Members: Her Worship the Mayor Sheryl Mai
Councillors Stu Bell, Crichton Christie, Vince Cocurullo, Tricia Cutforth, Sue Glen, Jayne Golightly, Phil Halse, Cherry Hermon, Greg Innes, Greg Martin, Sharon Morgan, Anna Murphy

Meetings: Monthly

Quorum: 7

Purpose:

To oversee Council and CCO's financial management and performance, including operation of the administrative and internal support functions of council.

Key responsibilities include:

- Progress towards achievement of the council's financial objectives as set out in the Long Term Plan.
- Preparation for recommendation to council:
 - Advising and supporting the mayor on the development of the Long Term Plan (LTP) and Annual Plan (AP)
 - Financial policy related to the LTP and AP
 - Setting of rates
 - Preparation of the consultation document and supporting information, and the consultation process for the LTP and AP
 - Annual Report
- Financial/Planning and Control
 - Corporate accounting services
 - Treasury – debt and interest risk management
 - Procurement
- CCO Monitoring and Performance
 - Monitoring the financial and non-financial performance targets, key performance indicators and other measures of each Council Controlled Organisation (CCO) to inform the committee's judgement about the performance of each organisation.
 - Advising the mayor on the content of the annual Letters of Expectations (LoE) to CCOs.
- Overseeing and making decisions relating to an ongoing programme of service delivery reviews as required under section 17A of the Local Government Act 2002

- Shared Services – investigate opportunities for Shared Services for recommendation to council.

Delegations

- (i) All powers necessary to perform the committee's responsibilities, including, but not limited to:
 - (a) the approval of expenditure of less than \$5 million plus GST.
 - (b) approval of a submission to an external body.
 - (c) establishment of working parties or steering groups.
 - (d) power to establish subcommittees and to delegate their powers to that subcommittee.
 - (e) the power to adopt the Special Consultative Procedure provided for in Section 83 to 88 of the LGA in respect of matters under its jurisdiction (this allows for setting of fees and bylaw making processes up to but not including adoption).
 - (f) the power to delegate any of its powers to any joint committee established for any relevant purpose under clause 32, Schedule 7 of the Local Government Act 2002

Item 3.1**Finance and Corporate Committee Meeting Minutes**

Date: Thursday, 27 July, 2017
Time: 9:00 a.m.
Location: Council Chamber
Forum North, Rust Avenue
Whangarei

In Attendance

Cr Shelley Deeming (Chairperson)
Her Worship the Mayor Sheryl Mai
Cr Stu Bell
Cr Crichton Christie
Cr Vince Cocurullo
Cr Tricia Cutforth
Cr Sue Glen
Cr Jayne Golightly
Cr Phil Halse
Cr Cherry Hermon
Cr Greg Innes
Cr Greg Martin
Cr Sharon Morgan
Cr Anna Murphy

1. Declarations of Interest

2. Apologies

There were no apologies.

3. Confirmation of Minutes of Previous Finance and Corporate Committee Meeting

Moved By Cr Greg Innes

Seconded By Cr Greg Martin

That the minutes of the Finance and Corporate Committee meeting held on Thursday 29 June 2017, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

Carried

4. Decision Reports

4.1 Local Government Funding Agency - Statement of Intent 2017-2018

Moved By Cr Cherry Hermon

Seconded By Her Worship the Mayor Sheryl Mai

That the Finance and Corporate Committee agrees with the 2017-2018 Statement of Intent for the Local Government Funding Agency.

Carried

5. Information Reports

5.1 Financial Report for the 12 Months Ending 30 June 2017

Moved By Cr Sue Glen

Seconded By Sharon Morgan

That the Finance and Corporate Committee notes the financial report for the 12 months ending 30 June 2017.\

Carried

5.2 Operational Report - Finance and Corporate - July 2017

Moved By Cr Greg Martin

Seconded By Cr Sue Glen

That the Finance and Corporate Committee notes the operational report for July 2017.

Carried

5.3 Whangarei Quarry Gardens Trust - OAG Assessment of Whangarei District Council Control

Moved By Cr Stu Bell

Seconded By Cr Greg Martin

That the Finance and Corporate Committee notes the assessment report from the Office of the Auditor General relating to Whangarei Quarry Gardens Trust.

Carried

7. Closure of Meeting

The meeting concluded at 9.52am

Confirmed this 31st day of August 2017

Councillor Shelley Deeming (Chairperson)

4.1 Operating Report for the 12 Months Ending 30 June 2017

Meeting: Finance and Corporate Committee
Date of meeting: 31 August 2017
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the operating results for the 12 months ending 30 June 2017.

2 Recommendation

That the Finance and Corporate committee notes the operating results for the 12 months ending 30 June 2017.

3 Background

In the July financial report, Council was advised that a 2016-17 full year interim (pre-audit) financial report would be presented this month. This report is focused on the operating result which outlines what Council has received in terms of revenue and then spent during the year, compared to Council's 2016-17 Annual Plan.

The intention of presenting the result in August was to allow time for staff to progress through our year end process which is more involved than a normal month end. While nearly all matters relating to normal operating processes (such as accruals for work done in June but physically paid in July) are completed, staff are still working through a number of non-cash IPSAS adjustments that are required to complete the final 2016-17 Annual Report. These adjustments are not ready for inclusion in this report.

3.1 Operating Result

The net operating surplus for the 12 months ending 30 June 2017 currently stands at \$9.6m compared with the Annual Plan surplus of \$2.5m, a favourable variance of \$7.1m.

Driving the favourable operating surplus variance are:

- A \$3.2m favourable variance in operating income with the key items being:
 - User fees of \$21.6m being \$1.5m above budget
 - Metered water of \$13.7m being \$1.1m above budget
 - Interest received of \$0.9m being \$0.8m above budget.

- A \$1.1m favourable variance in operating expenditure with the key items being:
 - Repairs and maintenance of \$15.9 being \$1.0m below budget
 - Depreciation of \$37.0m being \$1.6m below budget.
 - These favourable variances are partially offset by a \$2.2m unfavourable variance in professional fees.
- A \$2.7m favourable variance in capital income with the key items being \$5.7m of development contributions, with a favourable variance of \$2.7m above budget.

3.2 Capital Expenditure

The capital expenditure for the year ended 30 June 2017 was \$39.7m (including \$3.3m of operating expenditure) compared to the revised budget of \$56.8m resulting in a \$17.1m variance.

3.3 Items not included in this 2016-17 operating result that will be included in the Annual Report

The items below are not part of the operating result so have not been included in these financial reports. Based on the current draft figures, these items have a net impact of \$28.8m. The effect of these transactions on the operating result will deliver a \$19.2m deficit for the 2016/17 financial year. The main contributor to this is a loss on sale of \$38.9m due to the divestment of Otaika Valley and Mangakahia Roads to NZTA to form State Highway 15.

This transfer to NZTA results in the roading asset no longer being recorded in Council's financial statements. This will save Council an estimated \$1.1m per year of roading maintenance costs.

- NRLLP joint venture share of profit
- Whangarei District Airport share of profit
- Vested Asset Income
- Found Asset Income
- Swap revaluation
- Forestry revaluation
- Investment property revaluation
- Roding revaluation
- Gain/loss on sale/disposal of assets
- Other minor non-cash adjustments
- Any prior period items requiring adjustment in the 2016-17 year.

4 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

5 Attachments

1. Monthly Key Indicators
2. Income Statement

MONTHLY KEY INDICATORS
JUNE 2017



Full Year to 30 June 2017

	2016/17 Full Year	AP Budget	Variance	2016/17 Full Year
	(Surplus)/ Deficit	(Surplus)/ Deficit	(Surplus)/ Deficit	Indicator
	\$ m	\$ m	\$ m	
OPERATING				
Total Rates	(88.6)	(87.9)	(0.7)	●
User Fees	(21.6)	(20.1)	(1.5)	●
Operating Subsidies and Grants	(6.7)	(6.6)	(0.1)	●
Total Operating Income	(121.8)	(118.5)	(3.3)	●
Personnel Costs	25.8	25.8	0.0	●
Professional Fees / R&M / Asset Operating Expenditure	27.9	26.7	1.2	●
Other Operating Expenditure	30.7	31.2	(0.5)	●
Total Operating Expenditure	129.3	130.4	(1.1)	●
(Surplus)/Deficit from Operations	7.5	11.9	(4.4)	●
CAPITAL				
Capital Subsidies	(10.9)	(11.0)	0.1	●
Development Contributions	(5.7)	(3.0)	(2.7)	●
Total Capital Income	(17.2)	(14.5)	(2.7)	●
External Net Debt	120.5	156.1	(35.6)	●
Net Interest on debt	6.9	8.0	(1.1)	●
Total (Surplus) / Deficit	(9.6)	(2.5)	(7.1)	●

KEY	
●	Favourable to budget
●	Unfavourable, but within 5% of budget
●	Unfavourable, over 5% of budget
↑	Favourable to previous month
↓	Unfavourable to previous month

Key Contributors to Year End Forecast Unfavourable Variances:

Professional Fees / R&M / Asset Operating Expenditure

The unfavourable variance is due to professional fees for leaky building litigation, rental arbitration expenses, Marsden City legal expenses, resource consents processing, and environmental policy plan changes currently tracking higher than budget.

Capital Subsidies

The unfavourable variance is due to the subsidy budgeted for replacement of bridges which did not get NZTA funding approved, and carry forward of cycleways.

Note: The above information includes excerpts taken from the Monthly Income Statement. The shaded lines above represent key totals from the Monthly Income Statement but are not totals of the lines above.

MONTHLY INCOME STATEMENT

30 JUNE 2017

Council Summary	Actual 2016/17 \$000	Annual Plan 2016/17 \$000	Variance 2016/17 \$0
Operating Income			
General Rates	(50,382)	(51,020)	639
Activity Targeted Rates	(24,485)	(24,275)	(210)
Metered water	(13,712)	(12,634)	(1,078)
User Fees	(21,580)	(20,073)	(1,507)
Other Income	(4,049)	(3,847)	(202)
Interest Received - Cash Balances	(880)	(55)	(825)
Operating Grants & Subsidies	(6,672)	(6,575)	(98)
Total Operating Income	(121,761)	(118,479)	(3,282)
Operating Expenditure			
Personnel Costs	25,783	25,754	29
Professional Fees	6,824	4,635	2,189
Repairs and Maintenance	15,918	16,952	(1,033)
Asset Operating Expenditure	5,190	5,087	102
Other Operating Expenditure	30,668	31,151	(483)
Depreciation	37,076	38,714	(1,638)
Interest Expense - External Borrowings	7,798	8,086	(287)
Total Operating Expenditure	129,258	130,379	(1,121)
(Surplus)/Deficit from Operations	7,496	11,900	(4,404)
Capital Income			
Capital Subsidies	(10,882)	(11,006)	124
Capital Scheme Rates	(414)	(407)	(7)
Lump Sum Contributions	(194)	(49)	(145)
Development Contributions	(5,696)	(3,000)	(2,696)
Total Capital Income	(17,186)	(14,462)	(2,724)
Capital Grant Expenditure			
Capital grant expenditure	82	50	32
Total Capital Grants	82	50	32
(Surplus)/Deficit from Operating Capital	(17,104)	(14,412)	(2,692)
Total (Surplus)/Deficit	(9,608)	(2,512)	(7,096)

4.2 Financial Report for the Month Ending 31 July 2017

Meeting: Finance and Corporate Committee
Date of meeting: 31 August 2017
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the financial report for the month ending 31 July 2017.

2 Recommendation

That the Finance and Corporate Committee notes the financial report for the month ending 31 July 2017.

3 Background

Please note that a full financial report has not been prepared for the month ending 31 July 2017, due to:

- the Finance team are in the process of finalising the 2016/17 results which impact on opening balances for the 2017/18 year
- phasing of the 2017/18 revised budget is currently being undertaken
- additional workload due to the restructure and LTP planning.

3.1 External Net Debt and Treasury

Total net external debt at the end of July 2017 was \$120.2m compared to year to date budgeted net debt of \$134.4m, resulting in net debt being \$14.2m under budget.

This positive variance is due to assumptions made regarding the opening net debt balance of the 2017/18 Annual Plan. A revised budgeted net debt figure will be provided in September.

3.2 WDC Treasury Operations

As at 31 July 2017 cash and term deposits held of \$41.8m was comprised of:

- \$20.0m of term deposits relating to prefunding undertaken in March 2017.
- \$10.0m of term deposits relating to short term borrowings not yet required.
- \$1.0m of term deposits relating to excess cash not currently required.
- \$10.8m cash on hand.

Council is currently receiving slightly higher interest rates than the borrowing rate on the majority of these deposits.

3.3 Economic

The OCR remained at 1.75% in the August MPS as expected. The Reserve Bank signalled that the next rate movement would likely be an increase but indicated that this may not occur until March 2020. The market is almost fully pricing in an OCR hike by June 2018.

Long term rates have remained almost unchanged during July moving from 3.29% to 3.30%.

The low long term swap rates are partially offset by higher global credit spreads which will increase the cost of any future borrowing. Council has utilised prefunding to reduce its exposure to this.

4 Accounts receivable in arrears

Total arrears as at 31 July 2017 was \$3.0m, compared to \$3.4m in the previous year.

5 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

6 Attachments

Treasury Report

TREASURY REPORT 31 JULY 2017



STANDARD AND POORS CREDIT RATING:

AA

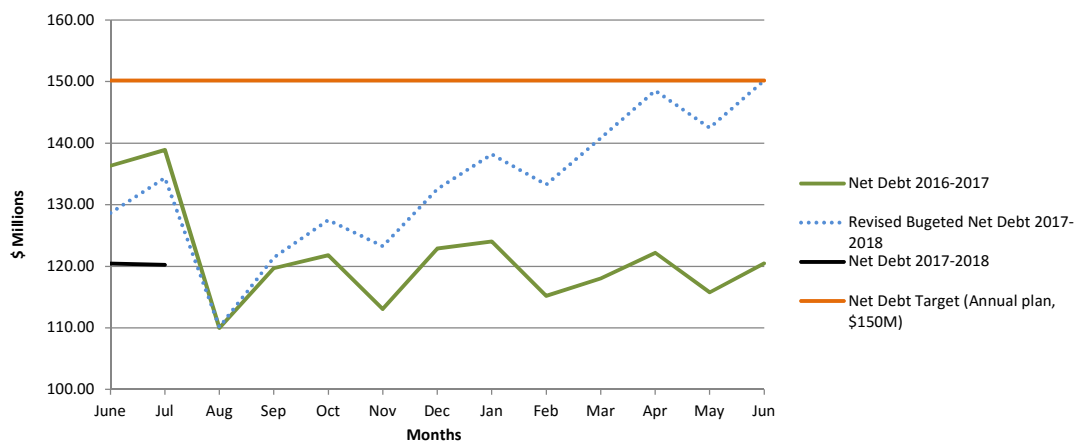
Outlook: Stable

DEBT SUMMARY:

As at 31 July 2017

External Debt		
Opening public debt as at 1 July 2017		162,000,000
Plus loans raised during month	5,000,000	
Less loan repayments made during month (Note: Facility movement has been netted)	(5,000,000)	
Net movement in external debt		-
Total External Debt		162,000,000
Less: Cash balances (excluding funds held on behalf)	10,750,333	
Term deposits (Funds held on deposit until required for project funding)	31,000,000	
Total cash and term deposits		41,750,333
Total Net External Debt		120,249,667
<i>Note: Council also holds \$2.3m of LGFA borrower notes. These are not included in net external debt as per Council's Treasury Risk Management Policy.</i>		
External debt is represented by:		
Less than 1 Year		30,000,000
1-3 Years		39,000,000
3-5 Years		33,000,000
Greater than 5 Years		60,000,000
Total		162,000,000

NET EXTERNAL DEBT COMPARED TO BUDGET:



Note: the 'Revised Budgeted Net Debt 2017-2018' is based on 2017/18 Annual Plan prior to revising the budget in September.

Internal Funding		
Community Development Funds		9,958,895
Property Reinvestment Reserve - Available for Reinvestment	4,817,944	
Property Reinvestment Reserve - Accumulated	28,229,182	
		33,047,126
Water Reserve (note: estimate until 2016/17 balance finalised)		28,021,372
Total		71,027,392

Note: Reserves Funding is disclosed to ensure transparency of Council's use of cashflow management to fund capital works. Where funds are raised through property sales or targeted rates for Water, but they are not required for immediate investment in that asset category, Council's Revenue and Financing policy allows them to be used for other purposes, rather than being held on deposit. To ensure total transparency of this we create Reserve Accounts so that the appropriate funding can be made available and transferred back when it is required. The timing of projects requiring these funds is set out in our Long Term Plan (LTP) and/or Annual Plan (AP). These Reserves are not a liability to an external party, and are not part of Council's debt obligations.

The Property Reinvestment Reserve is split to record funds that were used specifically for capital works in previous years; and a smaller amount representing recent unbudgeted sales where the funds received have offset external debt.

The only situation where our Net Debt would increase as a result of these Reserves is if major expenditure on Water Assets or property purchases is brought forward from the dates set out in the LTP/AP.

4.3 Operational Report – Finance and Corporate – August 2017

Meeting: Finance and Corporate Committee
Date of meeting: 31 August 2017
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide a brief overview of work across services that the Finance and Corporate Committee is responsible for.

2 Recommendation/s

That the Finance and Corporate Committee notes the operational report for August 2017.

3 Background

The purpose of the Finance and Corporate Committee is to oversee Council and CCOs financial management and performance, including operation of the administrative and internal support functions of Council.

This report provides a brief overview of some of the operational highlights for July/August 2017 and provides some further comment on future planned activities.

4 Significance and engagement

The decisions or matters of this agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

5 Attachment

Operational Report – Finance and Corporate – August 2017

Operational Report – Finance and Corporate – August 2017

Information Communications Technology (ICT)

All end of fiscal year changes requiring ICT support and configuration were completed in the month of July, however there are a small number of changes required because of the restructure which are still awaiting completion. These are due to finish in August. The teams continue to focus on ensuring service delivery meets expected service levels, monitoring and managing cyber threats and system risks, while also working through upcoming projects and LTP planning.

Strategically, the ICT vision and strategic plan are expected to be reviewed in the next two months, with work beginning on re-forming the ICT Think Tank to participate in the review process. The review process will include hands on time in a Technology Immersion programme designed to enable participants to conceptualise and get “hands on” with new and emerging technologies that has the potential to change the way we carry out Council’s operations in the mid to long term.

ICT Operations

Operations continue to operate at peak workload levels, which is expected for the month of July. This has seen a decline in service level attainment, with the team currently operating at 4% below the target. There have been zero corporate system outages, however a printer disruption did cause significant print downtime across the organisation. Key activities include:

- Review of ICT Infrastructure services and resource alignment
- Changes resulting from the restructure process applied to systems
- Various project implementations - support
- Application and Desktop support business as usual.

ICT Projects

The ICT projects team are focused on initiating up-coming projects which are featured on the organisation’s ICT roadmap.

- Upgrade Technology One to Ci Anywhere - next software upgrade.
- Corporate Performance Management - Implementation of software to track, trace, monitor and manage key performance indicators across WDC.
- Website Platform Redevelopment (Digital Platform) – Review and re-development of our existing WDC websites.

The team are also closing off the following projects:

- E-Scribe Implementation - completing training
- Server and computer decommissioning from Trilogy.

Finance

Financial Management

Preparation of the Annual Report for the year ended 30 June 2017 is now underway, with adoption scheduled for 28 September 2017. The operational financial result was finalised in mid August, and the overall result including non cash IPSAS adjustments is also being locked down in readiness for providing a draft ready for Audit NZ's visit beginning late August. CCO accounts for NECT, WAMT and WDA have been completed and submitted to Audit.

Finance is working on the revised 2017/18 Annual Plan budget.

Planning continues to progress for the financial aspects of the LTP. Some of this involves adjustments to TechOne to reflect the impacts of the restructure. Budgeting assumptions are being clarified. Work is progressing on the revenue and financing policy and the financial strategy. Co-ordination with infrastructure for capital projects and the infrastructure strategy is progressing.

Payables processing has continued to ensure that approved payments to suppliers are being completed on time.

Revenue

Rates

The first instalment rates notices were sent in early July.

The rates review continues to progress and modelling is being done to prepare for the next council briefing in September.

The Valuation Service Provider (VSP) implementation project, which has seen Opteon begin as the supplier of the district valuation roll and VSP services on 1 August is progressing well.

Other rating activity:

- Total rating units increased during July 2017 to 41,771 rating units
- Rating database maintenance to reflect:
 - 50 Building consents completed in July
 - 114 Subdivisions completed in July
 - 234 Sales processed in July.

General Revenue

Over the last month 402 notifications were sent to banks for payment of overdue rates. This is around 100 less from last year.

The rebate office has been opened for three weeks and has already processed 1200 rebates to the value of \$671,027. The office has been a lot busier than previous years with lots of people walking in and making enquiries.

For direct debits there are currently:

- 14,179 rates
- 7,257 water
- 118 debtors
- total of 21,554 which is 1,451 more than this time last year.

Statements are now being produced via a template, doing away with the pre-printed paper and the associated cost.

Water Billing

An analysis of the July water billing:

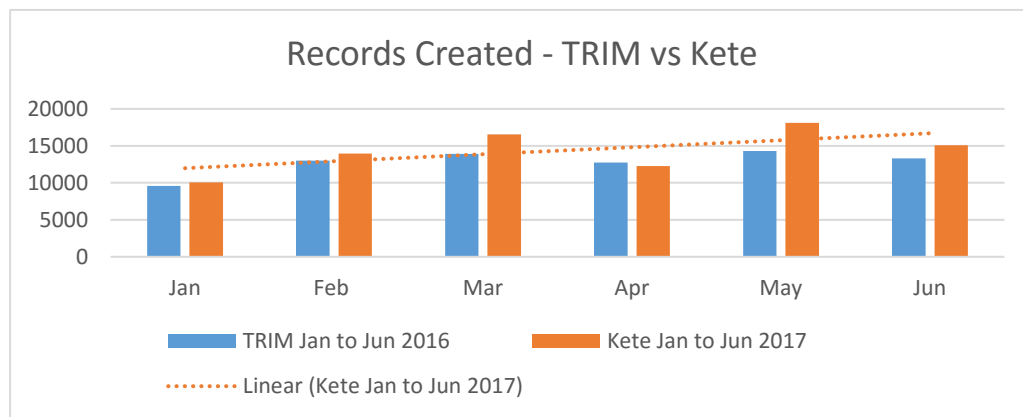
Water Billing Transaction Summary - July							
	Consumption	Backflow	Special Readings	Supply charge	Penalties	Refunds / Write offs	Leak Adjustments
\$	901,264	5,981	7,070	47,004	5,473	(11,692)	(8,475)
Transactions	3,466		114				15
Average	260		62				(565)

Business Support

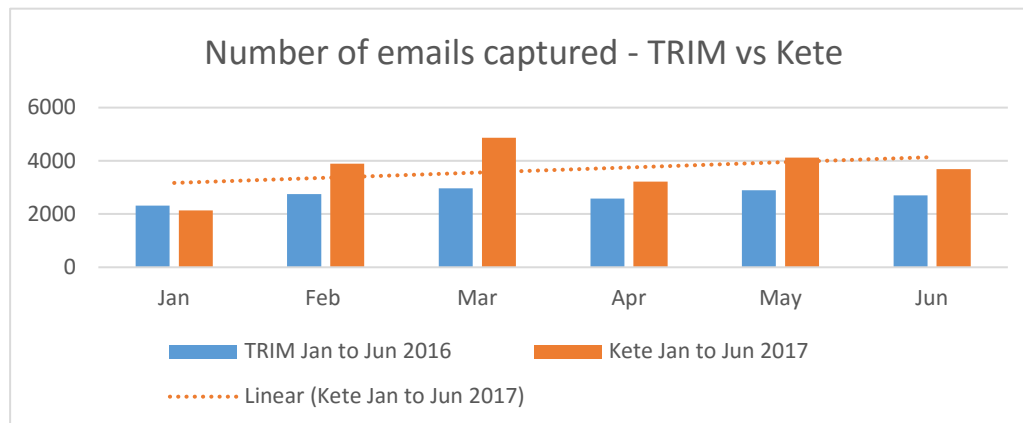
Information and Records

A snapshot of our information management activities has been undertaken to measure the change impact of managing records in Kete now as part of the Trilogy work.

We have seen a positive change in use of the system across the organisation and this is quantified by a 31% increase in the number of records being filed into the system when compared to the same period in the previous year.



The technology implementation has also seen a 35% increase in the number of emails captured.



This positive increase in the capture of information across Council as well as the increased functionality with our information management systems, will lead to better outcomes for our customers, our service delivery and decision making. We will also be better placed for improving our records management activities.

Other key activities include:

- Appraisal of historic information handed to records during organisational moves
- Report development for record and information management activities
- Digitisation project support.

Procurement

Procurement has shifted from Finance to Business Support, so is now based in Walton Plaza, but continues to offer day to day support to all staff, with enquiries around policy and procedure relating to procurement being the most common requests.

Specific work continues on projects including:

- Building Control Department overflow contractors
- Airport Management Contract
- Towing Services Contract review
- First Encounters Consultant
- Trees Maintenance Contract Review.

Communications

Process improvement

The Communications department worked with Customer Services to mitigate the risk of issues blossoming on Facebook because we are not responding early enough to de-escalate them. We have now implemented a shared roster for faster and more effective two-way Facebook response.

Phone enquiries to the Communications department are now filtered through set first responders. For example, media enquiries go to Ann Midson first and Katy Davidson in her absence – vice versa sharing for mayoral enquiries.

Post the organisational change process, we are also working to identify, and in some cases create, clear role responsibilities within the team.

Content audit

There is no current view of how well Council's social media platforms or websites perform.

For example, should we be spending time and money on all the social media channels we have today? We don't know right now because we don't have any data to measure against, but we clearly need it.

The Communications department will use Google Analytics (GA), to measure monthly website and social media performance against set GA parameters.

This content auditing will generate a report every three months, that we will use to help us determine what works on a website or social media channel (e.g. high engagement understood via a combination of four criteria) and what does not (e.g. high bounce rate and low page duration).

We will also use GA to help us innovate, using its A/B testing functionality. The latter is basically looking at two versions of a webpage, to improve the page's performance by tweaking certain technical aspects. For example, the webpage may have to low signal-to-noise ratio because whitespace is poorly used, or poor visitor numbers because it now lacks alt-tags on pictures.

Given we'll begin redeveloping the website early next year, this quarter's content audit efforts will mostly be focused on learning the required skills and creating a baseline for future measurements.

Advertising review

There is currently an organisational lack of clarity and/or understanding of the:

- Annual organisational spend on advertising
- Rationale employed that results in use of advertisers
- Level of benefit received from organisational spend
- Extent to which the stated aims and objectives of advertising are being achieved
- Level of compliance with legislative requirements being achieved
- Split between Corporate and Departmental responsibilities for undertaking and funding advertising.

To close this knowledge gap, the Communications department will drive a review of all the advertising activities it currently drives (e.g. radio, print, TV).

The anticipated outcomes of this project are:

- An understanding across the organisation of the activities that constitute advertising
- Improved understanding of the organisation's spend on advertising
- An assessment of the effectiveness of that spend, to guide decisions about future advertising spend.

LTP

The Communications department's role in early engagement is complete. Our focus is now towards the next phase of consultation in March 2018.

Council News

Work on our weekly 2-4 page insert in the Whangarei Leader, still includes the creation of articles, artwork and design layout. However, we are also making small design changes in each issue to make it easier to read and slowly realign branding on these pages.

Generally speaking

Our daily writing, design and event work has again covered a diverse range of topics including Freedom Camping; the Bees, Poultry and Traffic bylaws; refreshing City Safe branding and artwork for Civic Honours; signage including heritage panels and artwork for the opening of the Pocket Park.

Media and public relations

The media covered the following news about Council in July:

- Disabled access to Exhibition Hall stage during Stage Challenge
- Parking charges introduced at the Town Basin
- New era as firefighting is restructured (Rural Fire)
- Hundertwasser building process
- New playground for Tikipunga
- New property valuation provider
- New library bus
- Rates increase
- Bus link for Hikurangi
- New street furniture for Bank Street
- Council debates local government remits
- Mayor competes in Russell Birdman Festival
- Youth awards
- Fly tipping
- Petition requesting Town Basin playground fencing
- Recycling practices
- Rubbish review/waste minimisation
- Freedom camping bylaw review
- WDC fees and charges for financial year
- RSA land purchase
- Port Road pocket park almost complete
- Recycling glass
- Hospital Road/SH14 traffic lights
- Heavy trucks using Marsden Point Road
- New public toilets on Parihaka.

People and Capability

New Staff, Transfers and Leavers – July 2017

We have been busy commencing the recruitment of new staff following the newly completed Council reorganisation. Below is an overview of new staff, transfers and leavers, and vacancies.

New Staff

Mark Berry – Roading Inspector
 Tim Conn – Manager – Communications
 Alison Thompson – Team Leader – Building Approvals and Compliance
 Stephanie Frood-Mitchell – Business Support Clerk
 Werner Theron – Staff Support Officer

Transfers

Melissa McGrath – Manager – District Plan
 Damien Wilkinson – Project Engineer (permanent)
 Markus Magueflor – Trainee Building Control Officer
 Tony Horton – Manager – Strategy
 Denise Scott – Senior Museum Assistant
 Elizabeth Bradshaw – Property Assessment Officer – Residential
 Elsa Hunt – EA to Mayor and Deputy Mayor (permanent)

Leavers

Susie Pealing – Venues & Events Administrator
 Anthony Killeen – Information Consultant
 Lisa McColl – Support Assistant – District Plan
 Sam Armstrong – Co-ordinator – Fleet & Telecommunications

Vacancies advertised

Building Control Officer
 Bylaw Enforcement Co-ordinator
 Corporate Accountant
 Democracy Adviser (Part time)
 EA to NTA Manager
 Information Consultant
 Infrastructure Planner - Parks
 Laboratory Assistant (part time)
 Manager – Business Support
 Manager – District Development
 Manager – Infrastructure Planning & Capital Works
 Operations Engineer – Waste & Drainage
 Planners
 Planning Assistant (internal only)
 Property Assessment Officer
 Senior Planner
 Solid Waste Engineer
 Strategic Planner
 Strategic Planning Co-ordinator
 Support Assistant – Building Inspections (internal only)
 Support Assistant – District Plan

Team Leader – Development Engineering
Team Leader – Rates
Water Treatment Co-ordinator

Vacancies advertised and under offer

Audit & Risk Analyst
Consultation Adviser
Legal Adviser
Manager – Business Improvement
Manager – Community Development
Manager – Parks & Recreation
Manager – Revenue
Senior Water Technician
Team Leader – Business Systems
Team Leader – RMA Approvals & Compliance

Democracy and Assurance

We have been busily recruiting to fill our current vacancies.

- Democracy Team Leader commenced on 7 August
- Audit and Risk Analyst will start on 28 August
- Legal Advisor will start on 11 September
- Consultation Advisor will start on 9 October.

Official Information Requests

This month Council has received several Privacy Act requests where individuals have asked for all information that Council holds about them regarding a certain issue.

The official information requests that have been received have been for information on:

- Regulatory matters – dog attacks, dog impounding and noise complaints.
- Council's civil defence preparedness. This information is for a journalist publishing a paper in the New Zealand Geographic and Scoop. As Council shares its civil defence resource with the Northland Regional Council (NRC) this request is being answered by the NRC.
- Funeral directors and funeral homes, funding of cemeteries, the number and cost of burials and whether Council has eco burial plots.

Democracy

Our digital agenda management system called Escribe is continuing to be embedded in the organisation, following the launch last month. All meeting reports and agendas are created using the new system now and all relevant staff have been trained. Feedback has been positive and there have been efficiencies realised thanks to the new system.

Strategy

Long Term Plan (LTP)

Planning and work is continuing to be progressed for the LTP. Prior to August, 10 elected member LTP briefings have been held on various topics. The feedback received during the early engagement phase is currently being processed and themed, and will be reported to an elected member briefing on 6 September. We are still on track to deliver the consultation document and associated material for approval to go to Audit NZ, at the December council meeting.

Maori Liaison and Development

Te Paparahi o Te Raki – Te Tiriti o Waitangi Claims

During the month of August, The Tūhoronuku Independent Mandated Authority is to reach out to Ngāpuhi throughout the Tai Tokerau, Auckland and elsewhere in Aotearoa to seek Ngāpuhi views on moving forward, settlement negotiations and issues important to them. This is through hui and a survey.

Hapu Mandating Hui for Te Huinga Representation

The following hapu have submitted their hapu representatives to Te Huinga and Te Karearea Strategic Partnership Forum.

Te Parawhau – Taipari Munro

Te Uriroroi – Hona Edwards

Ngati Korora – Violet Sade and Aorangi Kawiti

Te Orewai – Delaraine Armstrong and Julian Reweti

Ngati Hine – Segina Te Ahuahu and Bridgette Henare.

4.4 Local Government Funding Agency Quarterly Report to 30 June 2017

Meeting: Finance and Corporate Committee
Date of meeting: 31 August 2017
Reporting officer: Alan Adcock (General Manager – Finance/CFO)

1 Purpose

To provide an update to Council on Local Government Funding Agency (LGFA) operations.

2 Recommendation

That the Finance and Corporate Committee notes the Local Government Funding Agency quarterly report to 30 June 2017.

3 Background

The LGFA quarterly report to 30 June 2017 provides an update and overview of operational activity. This report has been provided as information leading up to the LGFA annual visit to Council scheduled for 14 September 2017.

4 Significance and engagement

The decisions or matters of this agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

5 Attachment

LGFA Quarterly Report to 30 June 2017

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



Contents	Page
A. Quarter issuance and highlights summary	2
B. Tenders during quarter	3
C. Key performance indicators	6
D. Summary financial information (provisional and unaudited)	7
E. Quarterly compliance summary	8
F. Performance against SOI objectives	9
1. Providing savings in annual interest costs for all Participating Local Authorities	9
2. Making longer-term borrowings available to Participating Local Authorities	11
3. Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice	11
4. Offering more flexible lending terms to Participating Local Authorities	14
5. Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy	14
6. Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities	14
7. Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses	14
8. Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015	15
9. Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency	15
10. Achieve the Financial Forecasts	15
G. Investor relations / outlook	16
H. Key trends	17

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



A. Quarter issuance and highlights summary

Quarter	Total	Bespoke	2017	2019	2020	2021	2023	2025	2027	2033
Bonds issued \$m	530	N/A	-	-	100	-	20	135	60	215
Loans to councils \$m	548.2	364.2	-	-	8	-	5	26	19	127
Loans to councils – No.	73	54	-	-	2	-	1	5	4	7

Year to date	Total	Bespoke	2017	2019	2020	2021	2023	2025	2027	2033
Bonds issued \$m	1285	N/A	-	20	190	30	65	560	205	215
Loans to councils \$m	1378.2	657.2	3	11	13	15	63	358	87	127
Loans to councils – No.	120	71	1	3	4	2	4	21	8	7

In addition to the above issuance, LGFA has issued \$350 million of treasury stock to itself, comprising \$50 million of each LGFA bond maturity (except the 2017s). The treasury stock holdings are used to facilitate stock lending to banks to assist with improving secondary market liquidity in LGFA bonds.

Key points and highlights for the June quarter:

- Bond yields continued the recent trend with yields falling along the curve and the yield curve flattening. The 2019 bond yield fell 16 bps (0.16%) while the 2027 bond yield fell 31 bps (0.31%).
- LGFA issued \$530 million of bonds during the quarter in tenders held in each month. The average term of issuance of 10.39 years was significantly longer than the 8.04 years for the previous quarter, reflecting the debut issuance of the 2033s as well as the greater proportion of 2025s and 2027s issued. LGFA outstandings now total \$7.855 billion (including \$350 million of treasury stock).
- LGFA margins to NZGB and swap continued the trend of the past three quarters with spreads to NZGB narrowing between 2 bps and 11 bps and spreads to swap narrowing by 5 bps to 16 bps.
- On-lending to council borrowers was \$548.2 million including \$364.2 million of bespoke issuance (66% of total lending) during the quarter. Much of this borrowing activity related to council refinancing of the December 2017 loans. The average term of on-lending to councils during the quarter was 8.97 years which was significantly longer than the prior March quarter (7.52 years) and the average term of 7.8 years for the 2015-16 year.
- The short-term council borrowing product remains well supported by councils with loans outstanding of \$232 million as at 30 June 2017. This was a decrease of \$22 million over the quarter although the number of councils using this product was unchanged at nineteen.
- LGFA Net Operating Gain (unaudited) for the twelve months to June 2017 was \$11.073 million or \$1.073 million above budget.
 - Net Interest Income of \$17.513 million was \$0.935 million above budget due to council refinancing of their December 2017 loans through additional borrowing from LGFA rather than the repayment of their existing loans. This provides a short-term boost to net interest income due to a higher amount of lending than forecast.
 - Total expenses of \$6.441 million were \$139k below budget due to a lower than forecast usage of the DMO facility offset by higher NZX and legal fees than forecast. AIL payments were in line with forecast.

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



B. LGFA bond tenders during quarter

LGFA held three bond tenders over the quarter.

Tender 45: 5 April 2017 \$175 million

Tender 45 Tender date: 5 April 2017	Apr-20	Apr-25	Apr-27	Apr-33	<p>It was a promising start to the 2033s with strong bidding demand at the lower end of pre-tender estimates for yield and spread to NZGB and swap.</p> <p>Weighted average yields were 27 bps lower on the 2020s and the 2025s compared to the previous February tender reflecting lower global yields and a tightening in LGFA spreads to NZGB and swap.</p> <p>Demand was very strong for all four maturities with only a small number of successful bids for each maturity. Coverage ratio of 3.8 times was the second highest coverage ratio in the past year</p> <p>Margins over NZGBs were 8.5 bps tighter on the 2020s and 9.5 bps tighter on the 2025s compared to the previous tender. Margins over swap (after DMO charges) were 11 bps tighter on the 2020s and 9 bps tighter on the 2025s compared to the previous tender.</p> <p>The average maturity of the LGFA bonds issued was a record breaking 125 months (i.e. 10.38 years).</p> <p>While we issued NZ\$175 million of LGFA bonds we on-lent NZ\$134 million to councils and undertook a further NZ\$30 million of blend and extend transactions with councils refinancing their December 2017 loans.</p>
Total amount offered \$m	30	20	50	75	
Total amount allocated \$m	30	20	50	75	
Total number bids received	15	16	18	62	
Total amount of bids received \$m	164.2	103.4	102	291	
Total number of successful bids	2	4	1	16	
Highest accepted yield %	2.72	3.35	3.71	4.53	
Lowest yield accepted %	2.705	3.34	3.71	4.46	
Highest yield rejected %	2.80	3.415	3.82	4.69	
Lowest yield rejected %	2.72	3.35	3.715	4.53	
Weighted average accepted yield %	2.715	3.346	3.71	4.507	
Weighted average rejected yield %	2.756	3.379	3.762	4.583	
Coverage ratio	5.47	5.17	2.04	3.88	
NZGB spread at issue bps	44.0	61.0	70.0	106.0	
Swap spread at issue bps	20.0	35.0	50.0	81.0	
Swap spread: AA council bps	31.5	51.0	58.5	86.5	
Swap spread: AA- council bps	36.5	61.0	63.5	91.5	
Swap spread: A+ council bps	41.5	66.0	68.5	96.5	
Swap spread: unrated council bps	46.5	71.0	73.5	101.5	

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



Tender 46: 10 May 2017

\$165 million

Tender 46 Tender date: 10 May 2017	Apr-20	Apr-25	Apr-27	Apr-33	<p>It was another strong tender result for the new 2033s with ongoing bidding demand and further swap spread tightening for the second consecutive tender.</p> <p>The recent stability in LGFA yields was illustrated with the tender results as weighted average yields were unchanged on the 2020s and the 2025s compared to the previous April tender.</p> <p>Issuance yields were 2 bps to 3 bps tighter than the prevailing secondary market levels at the time of the tender and the coverage ratio of 3.9 times was the second highest coverage ratio in the past year.</p> <p>The widening in swap spreads to NZGB over the previous month impacted on LGFA spreads to NZGB. LGFA spreads to NZGB widened by 6 bps on the 2025s and by 2 bps on the 2033s compared to the April tender. More importantly for council borrowers, spreads to swap tightened between 6 bps (2020s) and 12.5 bps (2033s). These spreads are at twenty-one month lows.</p> <p>The average maturity of the LGFA bonds issued in the tender at 10.21 years (123 months) was just shorter than the April tender record of 10.38 years.</p> <p>While we issued \$165 million of LGFA bonds we on-lent \$178.3 million to twelve councils and undertook \$45 million of blend and extend transactions or repurchase transactions with councils refinancing their December 2017s. Twelve borrowing councils was the equal largest number in almost two years.</p>
Total amount offered \$m	35	35	35	60	
Total amount allocated \$m	35	35	35	60	
Total number bids received	12	24	21	26	
Total amount of bids received \$m	167.25	215	119.16	141	
Total number of successful bids	1	3	8	11	
Highest accepted yield %	2.72	3.710	3.910	4.425	
Lowest yield accepted %	2.72	3.710	3.885	4.385	
Highest yield rejected %	2.79	3.760	3.955	4.540	
Lowest yield rejected %	2.725	3.710	3.910	4.425	
Weighted average accepted yield %	2.72	3.710	3.899	4.414	
Weighted average rejected yield %	2.741	3.729	3.929	4.468	
Coverage ratio	4.78	6.14	3.40	2.35	
NZGB spread at issue bps	43.0	76.0	82.0	108.0	
Swap spread at issue bps	15.3	41.7	46.3	67.0	
Swap spread: AA council bps	26.25	51.0	60.5	78.0	
Swap spread: AA- council bps	31.25	61.0	65.5	83.0	
Swap spread: A+ council bps	38.25	66.0	70.5	88.0	
Swap spread: unrated council bps	43.25	71.0	75.5	93.0	

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



Tender 47: 14 June 2017

\$190 million

Tender 47 Tender date: 14 June 2017	Apr-20	Apr-25	Apr-27	Apr-33	<p>It was going to be difficult to carry on from the success of the four previous tenders. Spreads to swap and NZGB had tightened significantly and LGFA bonds were rich to the AAA rated Kauris. Yields were 30 bps lower than the May tender. This was the third consecutive monthly tender and total issuance volume of \$530 million of long dated bonds over these tenders was going to make it more challenging.</p> <p>Demand was very strong for the 2020s, 2025s and 2027s. There were a small number of successful bids with issuance yields 1 bps to 3 bps tighter than the prevailing secondary market levels. Demand was soft for the 2033s with the weighted average yield 3 bps above prevailing secondary market yields and a 1.11 x coverage ratio.</p> <p>Compared to the previous tender, the spread to swap was 1 bps to 3 bps tighter on all maturities except the 2033s where spreads widened by 6 bps. Spreads to NZGB narrowed between 2 bps and 8 bps.</p> <p>The average maturity of the LGFA bonds issued at 10.39 years (125 months) was the historic record.</p> <p>Coverage ratio of 1.9 times was poor but understandable given the larger tender size and the reduced interest in the 2033s.</p> <p>While we issued \$190 million of LGFA bonds we on-lent \$195.7 million to twelve councils and undertook \$3 million of repurchase transactions.</p>
Total amount offered \$m	35	50	25	80	
Total amount allocated \$m	35	50	25	80	
Total number bids received	13	17	18	19	
Total amount of bids received \$m	115	99	73	89	
Total number of successful bids	2	4	6	17	
Highest accepted yield %	2.500	3.370	3.570	4.200	
Lowest yield accepted %	2.480	3.360	3.560	4.115	
Highest yield rejected %	2.580	3.450	3.670	4.240	
Lowest yield rejected %	2.510	3.380	3.570	4.200	
Weighted average accepted yield %	2.491	3.365	3.566	4.152	
Weighted average rejected yield %	2.529	3.421	3.623	4.223	
Coverage ratio	3.29	1.98	2.92	1.11	
NZGB spread at issue bps	41.0	69.0	79.0	107.0	
Swap spread at issue bps	14.2	36.5	41.9	70.4	
Swap spread: AA council bps	25.75	47.25	57.25	79.5	
Swap spread: AA- council bps	30.75	52.25	62.25	84.5	
Swap spread: A+ council bps	35.75	57.25	67.25	89.5	
Swap spread: unrated council bps	40.75	62.25	72.25	94.5	

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



C. Key performance indicators

Measure		Prior full year to June 2016	Q1 30 Sep 16	Q2 31 Dec 16	Q3 31 Mar 17	Q4 30 Jun 17
Average cost of funds relative to NZ Government Stock and NZ Treasury Bills for issuance in the 12-month period to 30 June 2017	Target %		0.50%	0.50%	0.50%	0.50%
	Actual % Rolling 12 month	0.676% (0.74% for bonds and 0.30% for bills)	0.72% (0.82% for bonds and 0.30% for bills)	0.705% (0.84% for bonds and 0.30% for bills)	0.701% (0.82% for bonds and 0.32% for bills)	0.709% (0.81% for bonds and 0.32% for bills)
Average base margin over cost of funds for short term and long term lending	Target %		0.10%	0.10%	0.10%	0.10%
	Average actual % Rolling 12 month	0.106%	0.10% (0.108% for long term and 0.082% for short term lending)	0.10% (0.107% for long term and 0.082% for short term lending)	0.102% (0.109% for long term and 0.081% for short term lending)	0.104% (0.108% for long term and 0.086% for short term lending)
Estimated interest cost savings %	Target %		Improvement on prior year	Improvement on prior year	Improvement on prior year	Improvement on prior year
	2019 maturity As at quarter end	17 bps	15 bps	15 bps	19 bps	22 bps
	2021 maturity As at quarter end	27 bps	22 bps	21 bps	27 bps	30 bps
	2025 maturity As at quarter end	33 bps	24 bps	20 bps	25bps	27 bps
Issuance and operating expenses (excluding AIL) YTD	Target (\$ m)		\$1.10 m	\$2.40 m	\$3.60 m	\$4.80 m
	Actual (\$ m) Year to date	\$4.36 m	\$1.11 m	\$2.33 m	\$3.39 m	\$4.64 m
Lending (short and long term) to participating councils	Target (\$ b)		\$6.516 b	\$6.791 b	\$7.066 b	\$7.341 b
	Actual (\$ b) Year to date	\$6.241 b	\$6.605 b	\$7.016 b	\$7.291b	\$7.736b

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



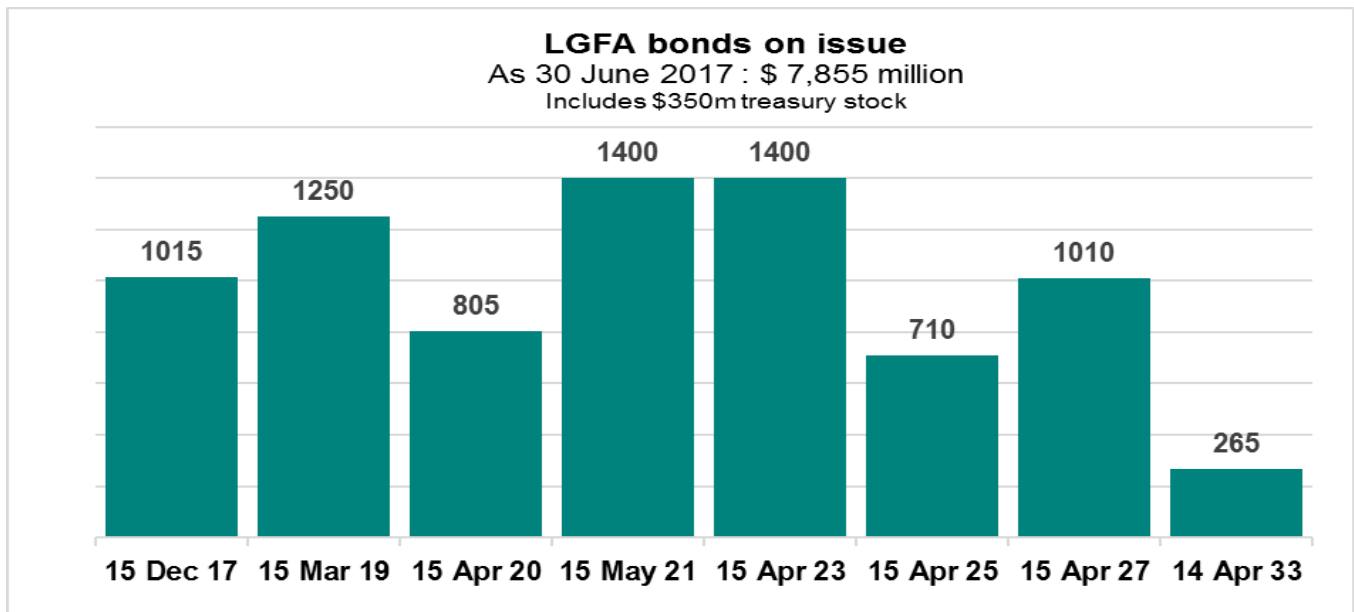
D. Summary financial information (provisional and unaudited)

Financial Year (\$m)	YTD as at Q1	YTD as at Q2	YTD as at Q3	YTD as at Q4
Comprehensive income	30-Sep-16	31-Dec-16	31-Mar-17	30-June-17
Interest income	76.54	155.71	236.43	320.70
Interest expense	72.35	147.20	223.34	303.19
Net interest revenue	4.19	8.51	13.09	17.51
Issuance and On-lending costs	0.45	0.90	1.33	1.82
Approved issuer levy	0.18	0.87	1.05	1.80
Operating expenses	0.66	1.43	2.06	2.82
Issuance and operating expenses	1.29	3.20	4.44	6.44
Net Profit	2.89	5.31	8.65	11.27

Financial position (\$m)	30-Sep-16	31-Dec-16	31-Mar-17	30-Jun-17
Retained earnings + comprehensive income	19.22	23.143	26.486	28.905
Total assets (nominal)	6,835.90	7,228.55	7,528.69	8059.79
Total LG loans (nominal)	6,605.23	7,014.90	7,293.97	7735.56
Total LGFA bills (nominal)	225.00	225.00	350.00	350.00
Total LGFA bonds (nominal)	6,435.00	7,115.00	7,275.00	7,855.00
Total borrower notes (nominal)	102.80	108.40	112.76	120.00
Total equity	47.12	48.14	51.49	53.91

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



E. Quarterly compliance summary

Policy	Limit	Policy page ref	Continuous Compliance
One-month Liquidity Monitor	>120%	S1-1.1	Yes
Three Month Liquidity Monitor	>110%	S1-1.2	Yes
Twelve Month Liquidity Monitor	>110%	S1-1.3	Yes
Council Exposure (any 12-month period)	<10% of Balance Sheet	S1-1.5	Yes
Liquidity Buffer	>110%	S1-1.4	Yes
Partial Differential Hedge (PDH Interest Rate Gap Report)	\$40,000	S3-4.1	Yes
Value at Risk (VaR)	\$250,000	S3-4.2	Yes
Council Maturity (any 12-month period)	\$100m or 33% of LGFA borrowing	S1-1.6	Yes
Funding Largest Council Exposure	>100%	S1-1.7	Yes
Foreign Exchange Exposure	Nil	S7-3.1	Yes
NZDMO Facility Utilisation	Report monthly	S8-8.5	Yes
Counterparty Credit Limits	80% of Portfolio \$75m Counterparty (category 3)	S4	Yes
Auckland Council Exposure (proportion of total Council exposure)	<40%	S1-1.8	Yes
Balance Sheet Maturity Mismatch	<15% of Balance Sheet	S2-2.1	Yes
Financial Covenants	Various (as set out on p13)	S9	Yes
Authorising Treasury transactions	Two approvers, one signature	S8-8.4	Yes

Details for compliance breaches over quarter.

There were no breaches over the quarter.

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



F. Performance against SOI objectives and performance targets

Primary objectives

1. Providing savings in annual interest costs for all Participating Local Authorities

Our base on-lending margins have been held at a constant level since August 2015 of 9 bps (2017s and 2019s), 10 bps (2020s and 2021s) and 11 bps (2023s and longer). The actual average base lending margin paid by council borrowers will depend upon the actual term of council borrowing. The base margin charge covers our operating costs and provides for capital to grow in line with the growth in our balance sheet to maintain a capital buffer.

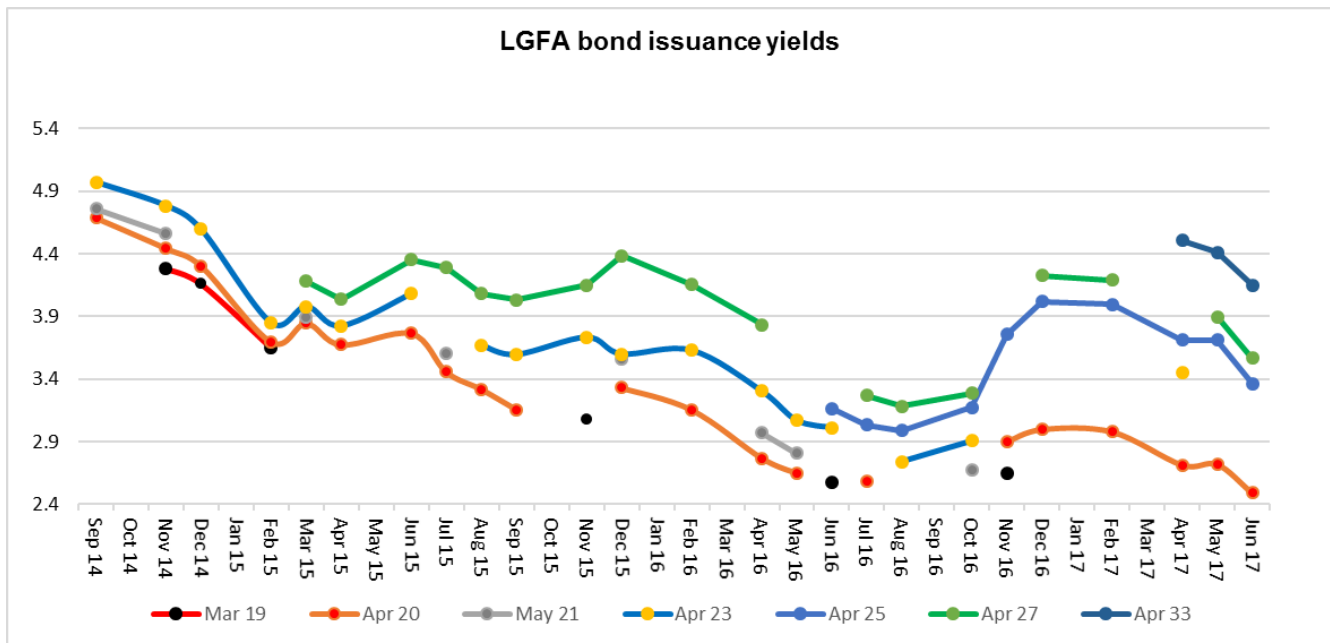
Our estimated annual savings to councils based upon the secondary market levels at 30 June 2017 of LGFA bonds compared to bonds issued by Auckland and Dunedin councils is between 22 bps and 32 bps depending upon the term of borrowing. There has been a favourable change to these estimated savings over both the past quarter and year.

30-Jun-17	Savings to AA rated councils (bps)				
	Auckland 2019	Dunedin 2020	Dunedin 2021	Auckland 2022	Auckland 2025
AA rated councils margin to swap	33	47	50	54	66
Less LGFA margin to swap	-12	-15	-20	-24	-38
LGFA Gross Funding Advantage	21	32	30	30	28
Less LGFA Base Margin	-9	-10	-10	-10.5	-11
LGFA Net Funding Advantage	12	22	20	19.5	17
Add 'LGFA Effect'	10	10	10	10	10
Total Saving	22	32	30	29.5	27

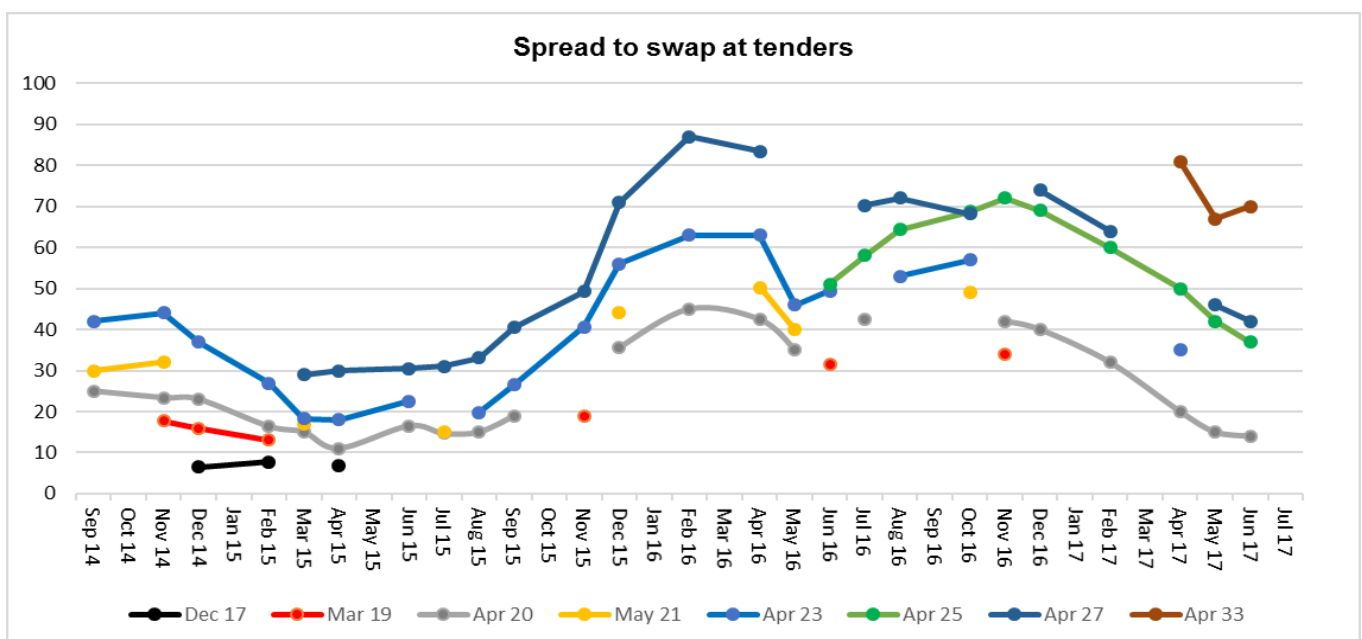
LGFA continues to deliver funding close to the 30 bps savings target for councils as outlined in the original business case for LGFA as well as providing councils with access to long dated tenors (out to sixteen years). The popularity of the short term borrowing product also suggests councils are reducing their borrowing costs for short dated tenors.

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



We held three tenders during the quarter with total issuance of \$530 million. This was the fourth largest quarterly tender issuance amount (out of twenty-seven quarters). Credit market conditions were strong over the quarter with little issuance by high grade borrowers (e.g. Kauri issuers) and good demand for credit from investors. Secondary market spreads to swap for LGFA bonds narrowed by between 5 bps (2017s) and 16 bps (2027s) over the quarter with the average spread to swap across all LGFA bonds (excluding the new 2033s) improving 6 bps to a two year low of 28 bps.



Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017

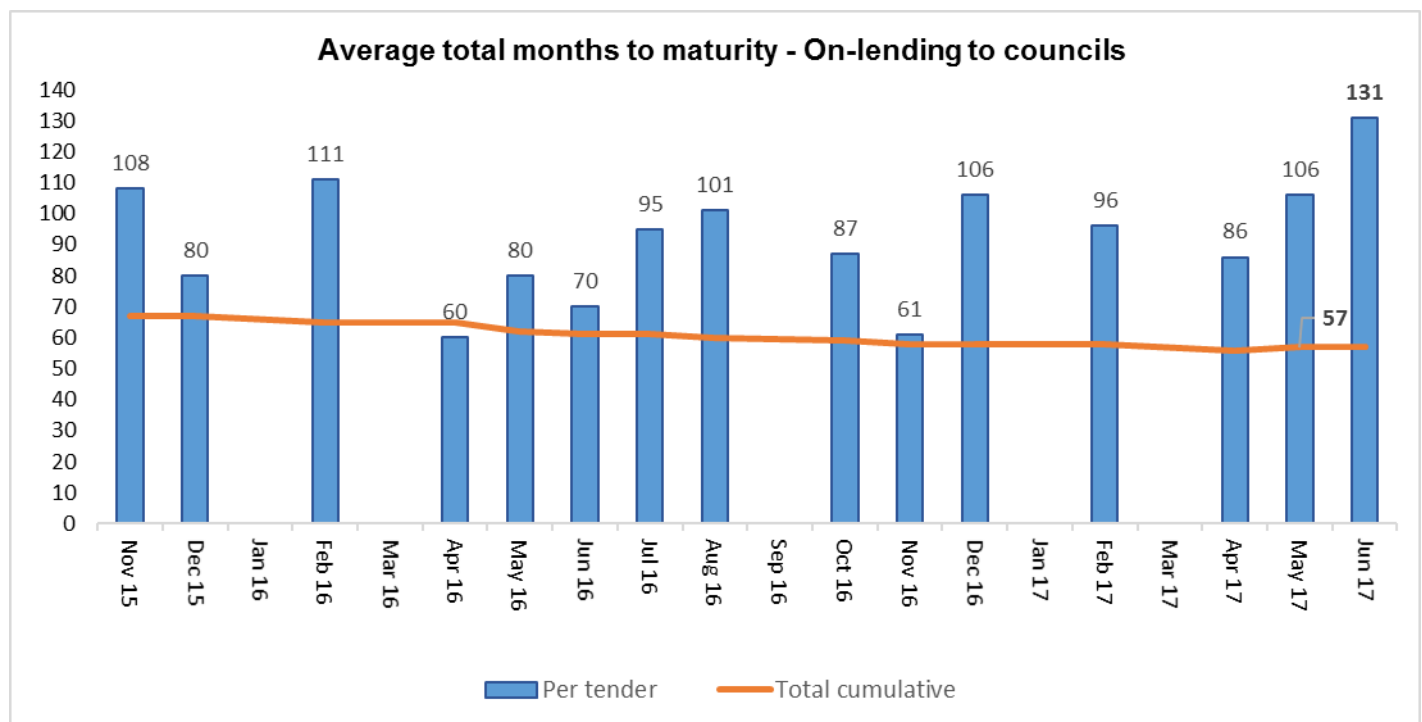


2. Making longer-term borrowings available to Participating Local Authorities

The average borrowing term (excluding short dated borrowing) for the June 2017 quarter by council members was 8.97 years and this was significantly longer than the March 2017 quarter of 7.52 years and the 7.58 years for the 2015-16 year. This was due to councils in the quarter being able to borrow for the first time into maturities between 2027 and 2033.

LGFA commenced issuance of a 2033 maturity in the quarter and by the end of the quarter had issued \$215 million. Councils can now borrow from one year to sixteen years and to any in between maturity on a bespoke basis.

The impact from issuing the new 2033 bond is highlighted in comparing the average issuance term of LGFA bonds during the quarter at 10.39 years compared to 8.04 years for the prior quarter. The average term of issuance over the 2016-17 year also lengthened to 8.87 years compared to 8.10 years for the 2015-16 year. The average term of all long dated council borrowing from LGFA is 57 months.

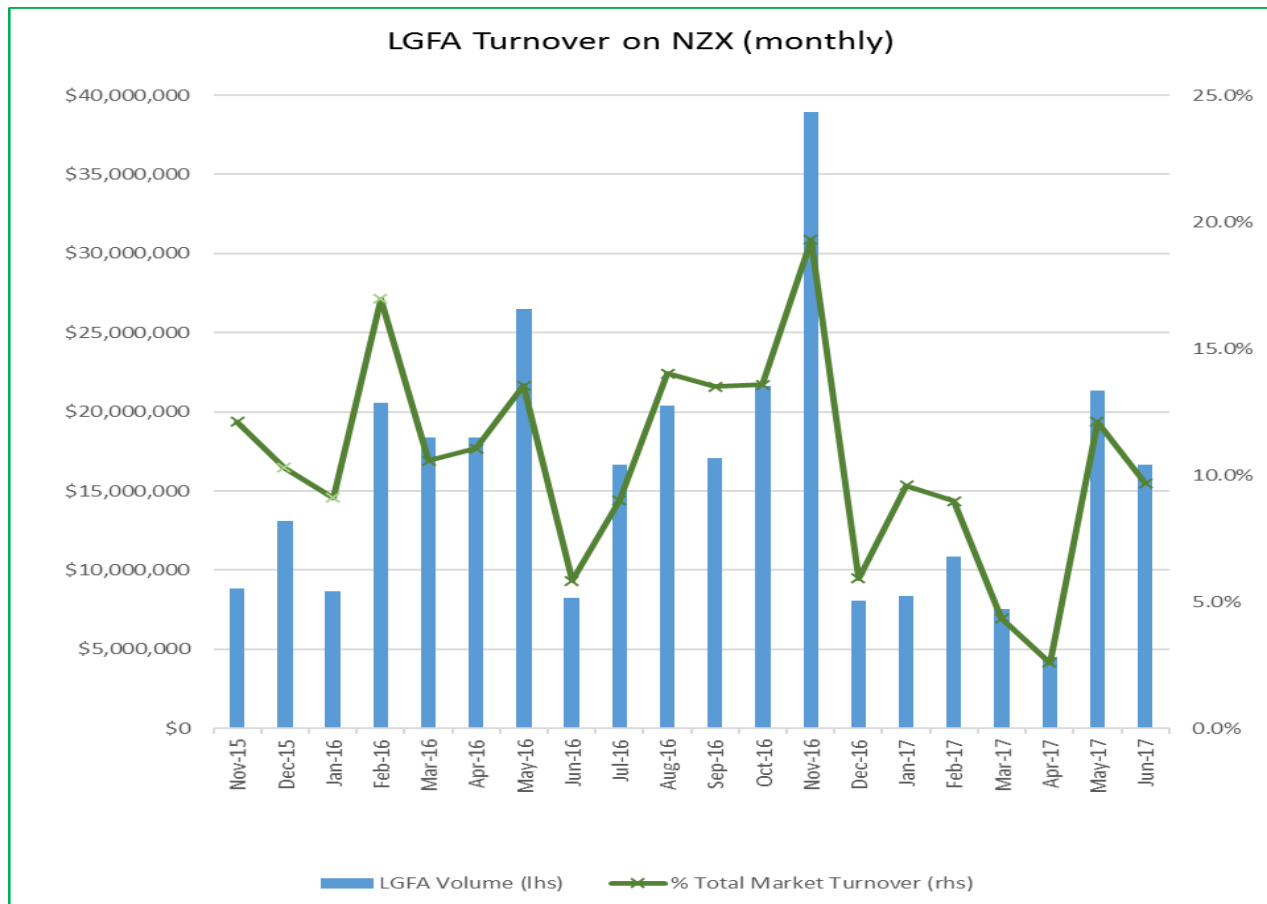


3. Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice

The listing of LGFA bonds on the NZX Debt Market in November 2015 has led to greater investor awareness of LGFA bonds. Average turnover on the NZX Debt market since listing has been \$16 million per month or 11% of the total turnover of the NZX Debt Market. Turnover has reduced in recent months as retail investors are more attracted to high term deposit rates.

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017

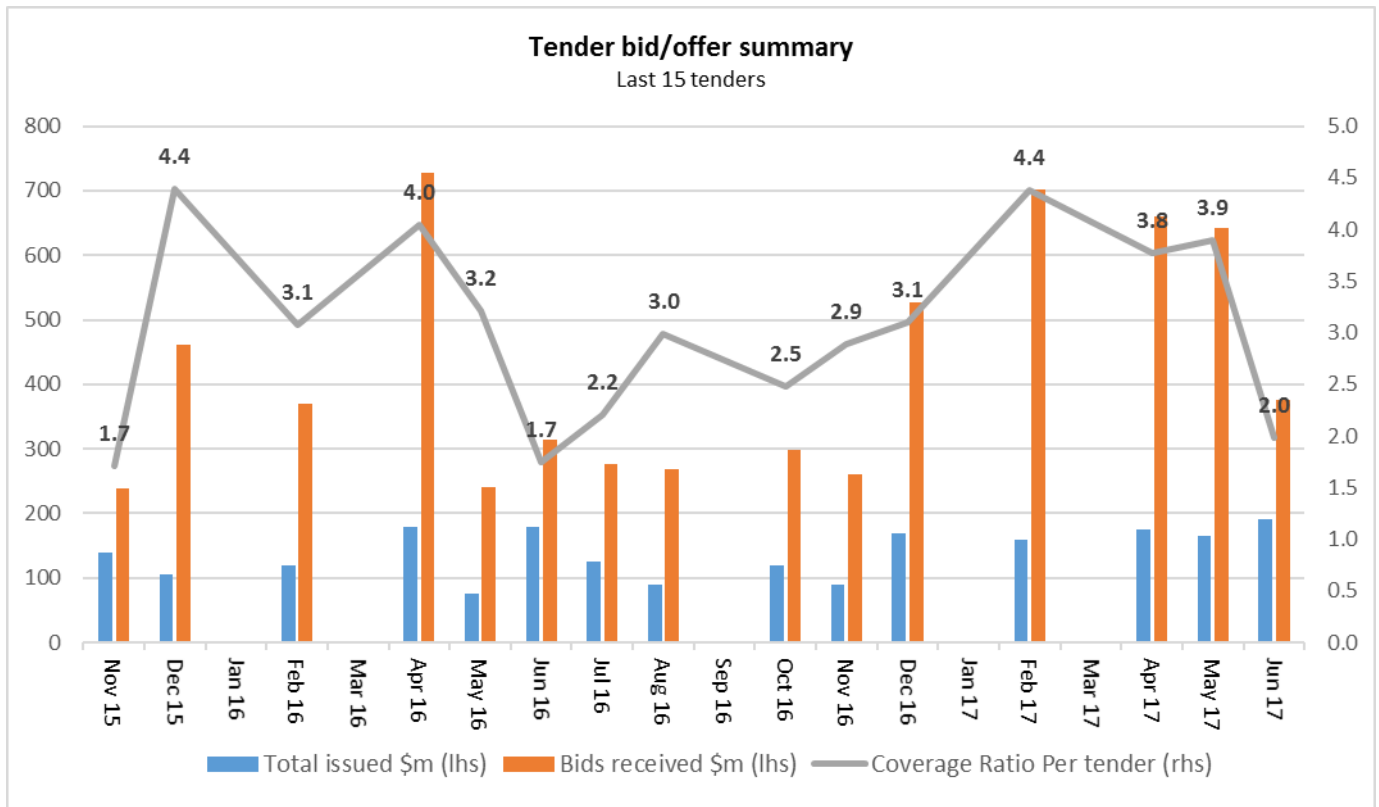
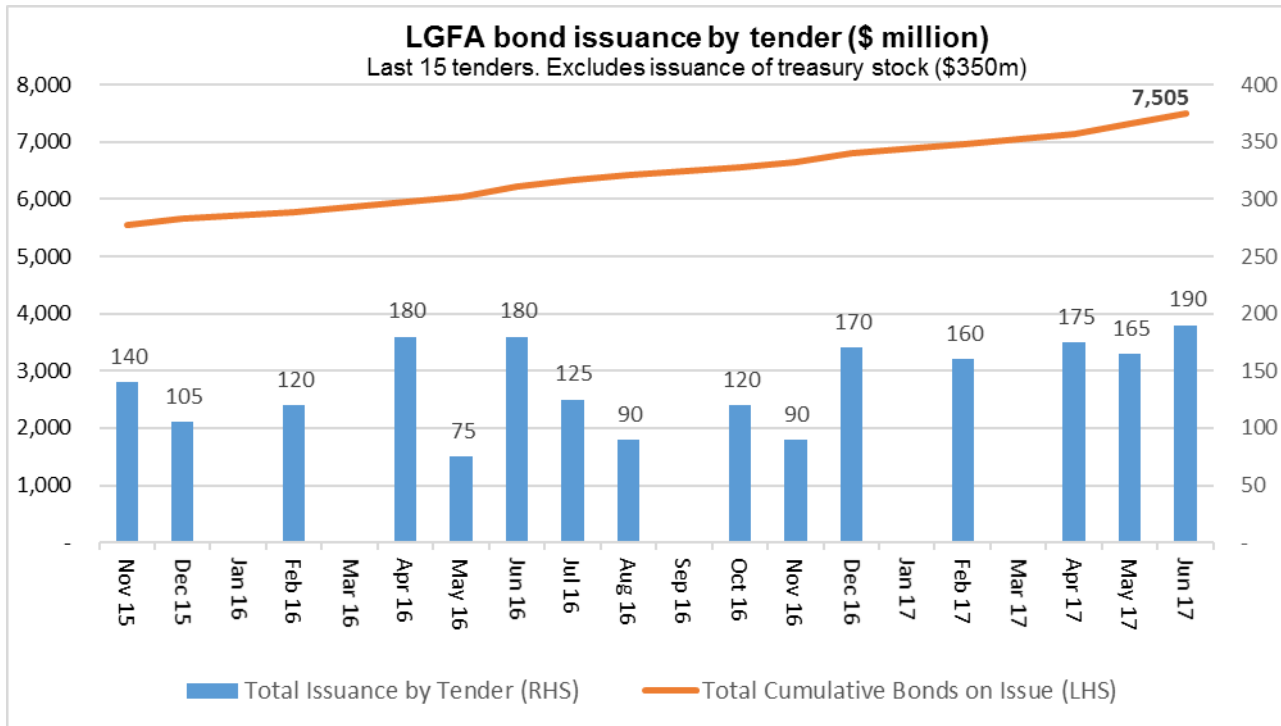


LGFA began issuing 3-month and 6-month LGFA Bills and commenced short dated (less than 1 year) lending to councils in late 2015. LGFA has short term loans to nineteen councils of \$233 million outstanding as at 30 June 2017.

LGFA bond tenders continued to be supported by the market with the coverage ratios across the three tenders averaging 3.12 times. This is in line with the long-term average over the forty-four tenders held to date. Excluding the new 2033s, price tension remained strong as we issued between 1 bps and 3 bps tighter than secondary market levels at the time of each tender. We continue to offer three or four LGFA maturities at each tender and try to maintain the volume offered within the \$130 million to \$170 million range to ensure ongoing price tension.

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



4. Offering more flexible lending terms to Participating Local Authorities

Bespoke lending continues to be a popular borrowing option for council members. Since we introduced the ability for councils to choose their preferred maturity and date of drawdown in February 2015 we have lent \$1.378 billion in bespoke transactions. During the June 2017 quarter, we lent \$364.2 million on a bespoke basis to twenty-one councils. This comprised 66% of total term lending by LGFA to its members during the quarter.

Short term borrowing by councils has been well received with loan terms to date of between 3 months and 12 months on \$233 million of loans.

Additional objectives

5. Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy

LGFA's Net Operating Gain on an unaudited management account basis was \$11.073 million for the twelve-month period compared to the management forecast of \$10.0 million. Our cost of funds for the 2016-17 year was 3.56% which would imply a similar projected dividend rate to last year of 5.56% for the coming year. The LGFA Board has the sole discretion to set the dividend.

6. Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities

LGFA estimates market share from the PwC Local Government Quarterly Debt Report and the most recent report is for the June 2017 quarter. LGFA market share of total sector borrowing for the June 2017 quarter was 99.1% and for the year to June 2017 was 82.9%. Adjusting both estimates for Auckland Council borrowing in its own name (as Auckland Council is restricted in the amount that it can borrow through LGFA) then LGFA market share for the June quarter was 99.1% and for the year to June 2017 was 91.3%. Our market share remains strong compared to our global peers but will be influenced by the amount of borrowing undertaken by Auckland Council in its own name.

7. Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses

Expenses for the full year on an unaudited basis are \$6.441 million which is \$139k below budget. This variance is the consequence of:

- Issuance and on-lending costs (excluding AIL) at \$1.827 million were \$124k below budget. There were lower fees than budgeted relating to the NZDMO facility and credit rating agencies. These were offset by higher NZX and legal costs from the additional bond issuance associated with the introduction of the bond lending facility.

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



- Operating costs at \$2.819 million were \$27k below budget and reflected lower overheads and travel costs than forecast offset by higher personnel costs.
- Approved Issuer Levy payments of \$1.795 million were in line with our forecast of \$1.783 million.

8. Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015

LGFA has a Health and Safety staff committee and reporting on Health and Safety issues are made to the LGFA board on a regular basis by the Risk and Compliance Manager. There were no Health and Safety incidents during the quarter.

The Kaikoura earthquake in November impacted on Wellington CBD buildings. As result, staff are currently working from the Local Government New Zealand offices until it is safe to return to the LGFA offices.

9. Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency

LGFA met with both S&P and Fitch rating agencies in September 2016 as part of their annual review process. S&P subsequently affirmed the long-term rating of LGFA at AA+ (stable outlook) on 20 October 2016 and Fitch affirmed the AA+ (stable outlook) on 15 November 2016.

LGFA is due to meet with both credit rating agencies between September and October 2017.

10. Achieve the financial forecasts

As at the end of fourth quarter, Net Interest Income was estimated by management on an unaudited basis to be \$935k above budget while expenses are \$139k below budget. Net Operating Gain of \$11.073 million was \$1.073 million above budget and is 16% above the Net Operating Gain for the prior year. Net Interest Income is higher than forecast primarily due to how Councils have refinanced their December 2017 loans. Rather than using the proceeds to repay the existing December 2017 loans to LGFA, councils have placed the funds on term deposit with banks, leading to a higher level of outstanding loans from LGFA than forecast.

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



G. Investor relations / outlook

Managing relations with our investor base is very important as the amount of bonds on issue has yet to peak. Our projections for funding for each of the next three years is approximately \$1.2 billion p.a. so we require both existing investors to increase their holdings and to also find new investors. Our focus is on growing the offshore investor and domestic retail investor base as these groups have the most potential given that we already received strong support from the domestic banks and institutional investors.

Over the past twelve months we have met with nearly all our forty largest holders across Japan, Hong Kong, Middle East, North America, Australia, UK, Europe and New Zealand.

Offshore investors and domestic banks increased their holdings of LGFA bonds during the June quarter but domestic investor holdings declined

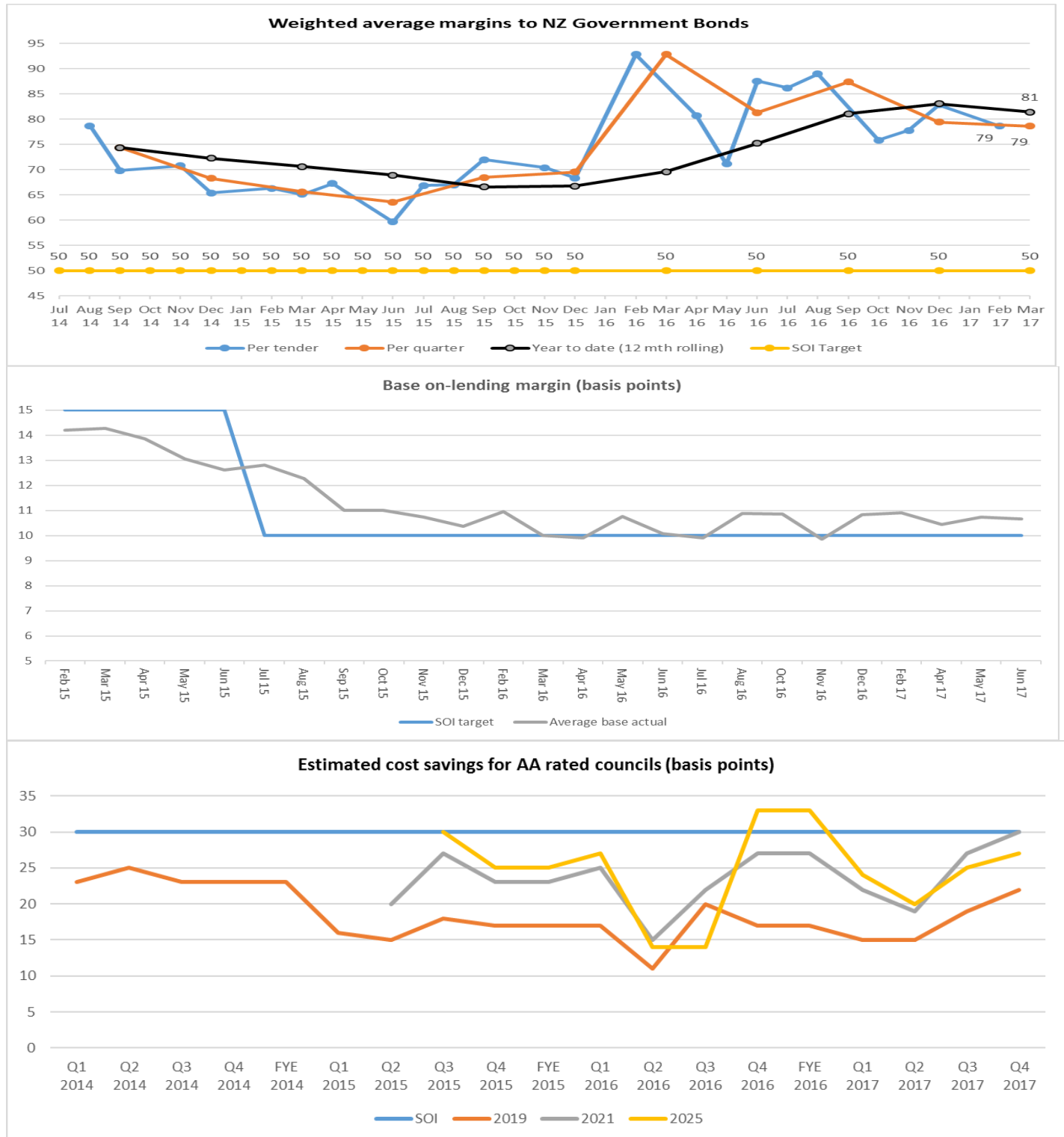
- Domestic banks increased their holdings by \$459 million over the June quarter and were estimated to hold \$2.586 billion (34.5% of outstandings) compared to \$1.947 billion (31.3% of outstandings) as at 30 June 2016. Bank liquidity books and secondary market trading books both increased their holdings during the quarter given the absence of Kauri bond issuance and the higher than usual LGFA bond tender issuance.
- Domestic institutional and retail investors reduced their holdings by \$255 million over the June quarter and were estimated to hold \$2.603 billion (34.7% of outstandings) compared to \$2.636 billion (42.4% of outstandings) as at 30 June 2016. A small number of larger investors reduced their holdings following the recent outperformance by LGFA bonds relative to swap, NZGBs and Kauri issues.
- Offshore investors increased their holdings by \$327 million over the June quarter and were estimated to hold \$2.315 billion (30.9% of outstandings) compared to \$1.637 billion (26.3% of outstandings) as at 30 June 2016. The 30.9% of outstandings held by offshore investors is a record high.

Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017



H. Key trends



4.5 Whangarei Art Museum Trust – Recruitment of Trustee

Meeting: Finance and Corporate Committee
Date of meeting: 31 August 2017
Reporting officer: Jason Marris (Manager Democracy and Assurance)

1 Purpose

To note the recruitment process for the replacement of a trustee to the Whangarei Art Museum Trust (WAMT).

2 Recommendation

That the Finance and Corporate Committee notes the recruitment process to fill the vacant trustee position on the Whangarei Art Museum Trust.

3 Background

At its June 2017 meeting, Council approved the amended trust deed for the Whangarei Art Museum Trust (WAMT). According to the deed there must be no more than 7, and no less than 6 trustees of WAMT.

Council is responsible for appointing four of the trustees to WAMT - one member of the Council, two members of the community, and one representative from local hapu. The trustees themselves have the responsibility of appointing a minimum of two, and a maximum of three trustees to the trust.

Current membership of the trust is as follows:

1. Grant Faber (Chair) – appointed by WAMT in June 2012
2. Kirsty Hughes (Deputy Chair) – appointed by WAMT in June 2012
3. Thomas Biss – appointed by the WAMT in May 2016
4. Councillor Sharon Morgan – appointed by Council in December 2016
5. Taipari Munroe – appointed by Council in December 2015 (local hapu representative)
6. Andy Britton – appointed by Council in May 2012
7. Vacant*

* This position was held by Adrienne Dietrich, however with the adoption of the new trust deed, is now vacant. This position is one of the appointments from the community that Council is required to make under the terms of the trust deed, and a recruitment process is to be undertaken to fill the position. This appointment will be for a period of three years.

4 Discussion

Skills and requirements for the vacant position

Under the terms of the trust deed, WAMT has provided the skills and requirements that council should take into account when recruiting for the vacant position. These are listed below. The full position description is also attached to this report for reference. Note that the position is not a paid position, and is voluntary.

Preferred Skills, Knowledge and Experience

- Good knowledge of the visual arts sector and its active organisations in the Whangarei District and wider Northland
- Strong arts knowledge, particularly of Northland and New Zealand artists
- Time as a practicing artist or service within a Northland arts organisation
- Previous experience as a Trustee, Board Member or in an organisational governance role

Time Commitments / Expectations

- Attendance at monthly board meetings of approximately 3 hours' duration
- Workload of approximately 2 to 3 hours per week

Recruitment Process

The recruitment process below will be undertaken.

Vacancy Advertised

The vacancy will be advertised from 1 – 15 September 2017. It will be advertised using council's normal methods on Seek, our website and via Council News. Council staff and WAMT trustees will also send the vacancy out to networks in the arts community. The Trust has also asked that the role be advertised on the Big Idea website (www.thebigidea.nz) which has a reach of approximately 45,000 interested in the arts. This listing is free for volunteer job opportunities.

Council appointment

Applicants will be reported to Council for a decision on the appointment, in either September (if the process can be completed), or October.

5 Significance and engagement

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

6 Attachments

Position description for Whangarei Art Museum Trust trustee

Whangarei Art Museum Trust

Trustee Role Description

The Whangarei Art Museum is the responsibility of a Trust Board comprised of seven Trustees, four approved by the Whangarei District Council with the Trust appointing a further three Trustees. All trustee positions are voluntary and this vacant position is a Council appointed member to represent the community for a term of three years.

Whangarei Art Museum Trust (WAMT) actions and direction are determined by the Trust Deed, which details the objectives of the Trust. These include both the operation of the Art Museum and the requirement to support, stimulate and enhance the artistic and cultural life of the Whangarei District.

WAMT is a Council Controlled Organisation (CCO) but it retains independent operation and governance. This independence protects its charitable status. It ensures WAMT retains eligibility for charitable funding and that it remains the appropriate organisation to receive art works from benefactors who wish to make bequests to an organisation that operates in the interests of the greater community.

Preferred Skills, Knowledge and Experience

- Good knowledge of the visual arts sector and its active organisations in the Whangarei District and wider Northland
- Strong arts knowledge, particularly of Northland and New Zealand artists
- Time as a practicing artist or service within a Northland arts organisation
- Previous experience as a Trustee, Board Member or in an organisational governance role

Time Commitments / Expectations

- Attendance at monthly board meetings of approximately 3 hours' duration
- Workload of approximately 2 to 3 hours per week

4.6 Service Delivery Review Update – Corporate and Finance

Meeting: Corporate and Finance Committee
Date of meeting: 31 August 2017
Reporting officer: Alan Adcock (General Manager - CFO)

1 Purpose

To provide an overview of the completed service delivery reviews for various financial management, information services and people and capability activities.

2 Recommendation

That the Finance and Corporate Committee notes the completed service delivery reviews for the following activities:

- Rating Valuation
- Treasury Risk Management
- Privacy and Information Services
- Technology Services
- Website and Online Services
- Data and Information Services
- Fleet Management
- IT Training
- Recruitment
- Health and Safety
- Payroll

3 Background

Section 17A of the Local Government Act 2002 requires local authorities to periodically review the way they govern, fund and deliver their services. This means considering alternative ways of providing the service, analysing any of those options that could prove beneficial and providing a recommendation as an outcome of the review.

The first round of these reviews are required to be completed by August 2017.

To meet this requirement Whangarei District Council is using the following process.

1. A staff steering group was created to provide structure around the review programme including designing and approving templates to complete the reviews.

2. Reporting of the overall programme is made to the Audit and Risk Committee, who provide governance oversight.
3. Each service was reviewed by relevant staff against a list of selection criteria in a review workshop.
4. Once completed, the reviews were checked and approved by the General Manager Corporate / CFO.
 - i. If a change to the service delivery model is recommended, the approach will be presented to the appropriate committee for a decision.
 - ii. If the change requires delegated financial authority, then it will also need to go through a full council meeting as per the current procurement policy.

4 Discussion

This section provides a brief description of each service reviewed to date that is relevant to the oversight of this committee, and the resulting decision. The complete review documents are attached to this report.

A strict interpretation of the legislation suggests that 'internal' activities fall outside the scope of the Section 17A reviews. However, it was decided there was merit in applying the same process in some situations; particularly where an aspect of service delivery was contracted to an outside organisation.

Corporate – Finance

Scope

The key areas of Finance delivery reviewed were Rating Valuation and Treasury Risk Management.

Decision

In both cases the status quo has been recommended as the preferred approach.

- A procurement process for Rating Valuation services was completed earlier this year, and resulted in a change in provider from Quotable value to Opteon. As part of this process improvements were also made to the way valuation details are stored and managed through IT systems.
- Treasury Risk Management is a complex activity that required expert input, access to complex global economic data and constant monitoring. Scale efficiencies mean that an external provider (of which there are just two in the sector) will be more cost-effective than in-house delivery.

However, it is noted that while we have a long-standing and successful relationship with PriceWaterhouseCoopers, it is some time since a competitive procurement process for these services was undertaken. This will be considered in the next financial year.

Corporate – Information Services

Scope

The key areas of Information Services delivery reviewed were:

- Privacy and Information Services
- Technology Services
- Website and Online Services
- Data and Information Services

Most of these services are currently delivered in-house, with the exception of a range of IT services, including specialist skills, software licences and cloud delivery of both software and infrastructure.

Decision

As noted in the reviews, the recent implementation of the first phase of the Trilogy work program (based on the Information Services Strategic plan) and the recent organisational restructure has already seen many of these services reviewed.

All externally provided services have defined contract terms; and it is standard practice to review the delivery of each service as each contract is due for renewal or termination.

People and Capability

Scope

The People and Capability functions listed below were considered for the scope of this review:

- Fleet Management
- IT Training
- Recruitment
- Health and Safety
- Payroll

Council's functions are largely delivered by in-house expertise with contractors used only when specific expertise is required.

Decision

Status quo – In House

In house delivery was determined to be the best and most cost-effective option. This allows the functions to be more adaptable to the changing needs of the organisation – this flexibility supports a culture focused on meeting the organisational goals.

5 Significance and engagement

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website

6 Attachments

1. Corporate – Finance – Section 17A reviews
2. Corporate – Information Services – Section 17A reviews
3. People and Capability – Section 17A reviews

LGA Section 17(A) Service Delivery Review – Valuation Service Provider Including District Valuation Roll and Valuation Services

Service being reviewed:

As part of its rating and under the Rating Act 2002 WDC must maintain a District Valuation Roll (DVR). It also needs to value properties within the district including a full triennial revaluation. Valuation services are provided by a Valuation Service Provider (VSP).

Current service agreement or contract terms:

WDC has just been to market for both the DVR and the VSP. When going to market, WDC was looking for two things:

- A supplier who could provide a DVR solution because currently WDC's ERP system TechOne does not have full DVR functionality.
- A supplier of valuation services because WDC does not have those skills in house and do not consider that it would be efficient to employ valuers as staff either in terms of having the expertise to manage them or from a career progression perspective for the valuers.

Opteon has been appointed as WDC's provider for the both DVR and VSP services. The contract is for an initial 6 year period with the option of a three year right of renewal.

Why this service is provided by an external supplier

DVR

Presently WDCs ERP system TechOne does not provide the functionality to host the DVR. This needs to be provided by an external supplier.

VSP

Valuers are professional experts in valuation. Employing in house valuers was considered and evaluated prior to going to market for a VSP but was not considered to be suitable for the following key reasons:

- WDC do not have the expertise in house to manage a valuer or team of valuers.
- In appointing an external provider, WDC benefits from utilising a company that has systems and processes established that support a team of valuers across the North Island.
- The triennial revaluation requirement creates a peak in workload and resource required. It would be a challenge to ensure there was sufficient resource available during the triennial revaluation period and keep the team fully utilised outside in the intervening periods.

Review Criteria and Decision

SECTION 1:

If the answer is YES to any of the three options below then the service qualifies for pre selection as a Service Delivery Review under subsection 2 of Section 17(A) of LGA

Are there any significant changes to the service levels for this service?	No LTP levels of service exist
Is the contract or binding agreement due to expire in less than 2 years?	No.
Has it been more than 6 years since the service was last reviewed?	No

SECTION 2:

If either of the criteria below apply to the service, then a review is **not** required under subsection 3 of Section 17(A) of LGA

Is delivery of the service bound by legislation, contract or other agreement which cannot be reasonably altered before August 2017?	Yes.
Is the cost of completing the review greater than the potential benefits of a review?	Yes

Decision to review

Have just completed a comprehensive procurement process, therefore no need to review until either 31 August 2022 being the expiry of the initial 6 year contractual term or the right of renewal is exercised, 1 September 2023, being two years prior to the final contract expiry date of 1 September 2025.

Analysis of options and recommendation

Options:

In considering the various options for providing this service the only two viable options are in-house or using an external supplier. This is because of the sensitive nature of the information being collected and the close alignment needed to the changing business needs of the council. Other advantages and disadvantages are outlined below.

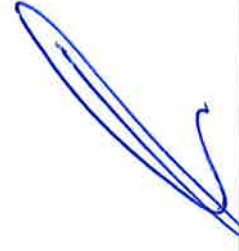
In-house		External Supplier
Advantages <ul style="list-style-type: none"> • It would be preferred to have an in-house DVR because of the control that WDC would then have over the data but Tech One does not currently have that functionality. • No benefit in having in house valuer. 		Advantages <ul style="list-style-type: none"> • Have specifically built DVR solution. • Have a team of trained valuers with developed systems and processes. The valuers will continue to grow and be mentored by the supplier.
Disadvantages <ul style="list-style-type: none"> • There is a lot of valuer tools within the chosen Opteon DVR system that may not be able to be replicated in TechOne nor can be managed by WDC. • WDC does not have the expertise to manage professional valuer(s) nor provide valuer(s) with mentoring, training and career growth which they would get in a team of valuers. WDC may miss out on changes to valuation approach changes as well. 		Disadvantages <ul style="list-style-type: none"> • Need to have robust construal performance systems/processes (measured against agreed KIPs) in place to ensure the supply of services is efficient and effective and meets Councils expectations and complies with contractual requirements.

Recommendation:

Implement new supplier and review at end of contract period.

Sign Off Page

I agree to the recommendations.


 Department Manager
 (print name)


 Department Manager
 (signature)

18/8/17
 Date



ALAN ARLOUN

Group Manager
(print name)

[Signature]

Group Manager
(signature)

18/8/17

Date

N/A ROB FORLONG

Chief Executive
(print name)

N/A *[Signature]*

Chief Executive
(signature)

N/A 18/8/17

Date

LGA Section 17(A) Service Delivery Review –Treasury Management

Service being reviewed:

The service being reviewed is Treasury Management for Whangarei District Council. WDC has debt currently fluctuating between \$115m to \$175m, and other banking treasury items such as deposits which it needs to manage.

Current service agreement or contract terms:

Currently WDCs treasury management is delivered by members of the WDC Finance team in co-ordination with the CFO. This team receive advice and direction from PWC Treasury. PWC Treasury (previously Asia Pacific Risk Management) provide treasury advisory services and have been advising in this space since 1999. They are presently retained by 37 local government authorities as treasury advisors and they also do one off policy work for another 8 councils. PWC have been advising WDC since 2007, and WDC are extremely satisfied with their service and have a strong relationship.

Treasury advisory services are fully funded by the collection of rates.

An engagement letter is in place for PWCs services. As part of the letter fees are adjusted annually by CPI.

Why WDC provides this service.

Treasury management is a complex area requiring specialised knowledge and expertise. As required by the LGA, WDC have a treasury risk management policy in place, incorporating liability management and investment management. The policy sets out the parameters and guidelines for managing the various aspects of treasury. PWC Treasury assist WDC with the treasury policy and the triennial reviews of this policy.

Financial strategy is set at the start of an LTP cycle and WDC meet with PWC to discuss tactical plans to manage the interest rate risk for the LTP.

A monthly treasury meeting or conference call between WDC staff and PWC is held. PWC prepare a report that analyses the current WDC treasury situation and external NZ & global macro-economic situation as the basis for discussion. The meeting focuses on assessing whether the current positions of debt, hedging (SWAPs and any other derivatives) and term deposits are appropriate or require alteration considering the updated market situation. PWC advise if they have identified opportunities that can be taken advantage of or risks that need to be managed.

Review Criteria and Decision

SECTION 1:

If the answer is YES to any of the three options below then the service qualifies for pre selection as a Service Delivery Review under subsection 2 of Section 17(A) of LGA

Are there any significant changes to the service levels for this service?	No LTP levels of service exist for Treasury Management
Is the contract or binding agreement due to expire in less than 2 years?	There is no expiry date for the Engagement Letter.
Has it been more than 6 years since the service was last reviewed?	Yes

SECTION 2:

If either of the criteria below apply to the service, then a review is **not** required under subsection 3 of Section 17(A) of LGA

Is delivery of the service bound by legislation, contract or other agreement which cannot be reasonably altered before August 2017?	Yes.
Is the cost of completing the review greater than the potential benefits of a review?	No

Decision to review

There is a high level of satisfaction with the status quo structuring of treasury management i.e. the option of in-house working with an expert treasury advisor. It is acknowledged that we have not gone to market for the advisory services since initially engaging PWC in 2007. There is another provider Bancorp who provide treasury advisory services in the local government sector. Consequently we will plan a procurement process in 2018/19 once the LTP is adopted.

Analysis of options and recommendation

Options:

In considering the various options for providing this service the only two viable options are in-house or contracting out. This is because of the sensitive nature of the information being collected and the close alignment needed to the changing business needs of the council. Other advantages and disadvantages are outlined below.

In-house	Contractor
Advantages <ul style="list-style-type: none"> Difficult to identify any advantages other than not being dependant on external advice. 	Advantages <ul style="list-style-type: none"> PWC advise 37 local government & 8 others so broad experience and can be considered experts in this sector. They also advised in establishing the LGFA so understand the LGFA's services implicitly. Benefit of the outputs of a team carrying out macro-economic analysis as opposed to a single in-house person.

Disadvantages	Disadvantages
<ul style="list-style-type: none"> • Would have to hire an expert treasury staff member who would have to do all analysis themselves if not obtaining from experts. • Costs would far outweigh the current situation. • Analysis would not be using a team of experts that PWC employs and could also get out of kilter with the best approach at any given time. • Feeds for services such as Reuters and Bloomberg which are expensive in their own right would need to be established. 	<ul style="list-style-type: none"> • Another option is to fully contract out the treasury management but this would not have the benefit of the input from WDC staff. • WDC staff would still have to provide forecasts.

Other considerations:

Alignment: Internally staffing the treasury function, with expert external advice being provided, means that these staff have a clearer understanding of the business needs and the businesses cashflow forecasts and changing political environment.

Cost: The external advisors only cost a third to a quarter of what a full time expert treasury accountant would cost.

Public interest: Historically there has been no significant interest from the community in the business model for the provision of this service.

Performance: Council has benefited significantly from the PWC advice – for instance council prefunding future debt maturities by which money is borrowed to pay off debt at a later time and put on term deposit, the term deposit rates being higher than the borrowing rates allowing arbitrage intertest income to be earned. Over \$100k was earned via this in 2016-17.

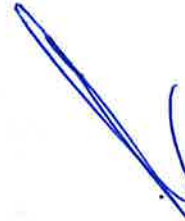
Recommendation:

Continue managing the treasury with a combination of internal staff acting with the advice of treasury advisory experts. Put the treasury advisory services through a procurement process in 2018/19. At that time consideration will be given to changing from a letter of engagement to a contract.

Sign Off Page

I agree to the recommendations.


 Department Manager
 (print name)


 Department Manager
 (signature)


 Date

ALAN ADGOW

Group Manager
(print name)



Group Manager
(signature)

18/8/17

Date



N/A

Chief Executive
(print name)



N/A

Chief Executive
(signature)

18/8/17

N/A

Date

LGA Section 17(A) Service Delivery Review – Privacy and Information Services

Service being reviewed:

Provision of Privacy and Information Services

Current service agreement or contract terms:

Privacy of information is managed internally through several business and technology mechanisms. There are no current external provider agreements, except for the use of normal technology software to provide authentication and protection services, such as encryption etc. Individual information is protected in accordance with the Privacy Act and business processes ensure that access to individual information protected by privacy is monitored and managed using secure access protocols this includes protocols for physical files held. Only designated individuals with specific access rights can access private information. That access is monitored and routinely audited.

Release of information to staff and the public on a regular or adhoc basis is a service that is provided by business units outside of Information Services and the release of such information is done in accordance with legislation and all applicable acts. Release of information is the responsibility of the organisation's functional business units.

Kathryn Candy (Senior Legal Advisor) is the designated Privacy Officer at WDC.

Why WDC provides these services internally.

The above services are supplied internally for several key reasons including:

1. On site control on direct monitoring is more efficiently supplied.
2. Allowing third party access to monitor and control privacy access to information adds additional risk of intrusion, data theft and cyber security threats.

Review Criteria and Decision

SECTION 1:

If the answer is YES to any of the three options below then the service qualifies for pre-selection as a Service Delivery Review under subsection 2 of Section 17(A) of LGA

Are there any significant changes to the service levels for this service?	No
Is the contract or binding agreement due to expire in less than 2 years?	No
Has it been more than 6 years since the service was last reviewed?	No – the service supply has recently been reviewed and re-aligned via a restructuring process.

SECTION 2:

*If either of the criteria below apply to the service, then a review is **not** required under subsection 3 of Section 17(A) of LGA*

Is delivery of the service bound by legislation, contract or other agreement which cannot be reasonably altered before August 2017?	No
Is the cost of completing the review greater than the potential benefits of a review?	Yes, but high level review completed anyway

Decision to review and rationale:

As part of the recent organisational restructure process, internally resourced and supplied services have been reviewed in the last 3 months and some changes to how services are delivered have already been put in place. It is industry standard for local government organisations to manage privacy and access to data internally to reduce the risk of data theft and security breaches.

Conclusion and Recommendations	
Recommendations from the service delivery review:	<p>It is recommended that there are no further reviews of the services provided internally, as this has already been completed via the Restructure process.</p> <p>In addition to this it should be noted that it is industry standard practice to internally supply privacy services for data and data release.</p>

Sign Off Page

I agree to the recommendations.

Jo Wheat-Connelly

Department Manager
(print name)



Department Manager
(signature)

18 August 2017

Date

Alan Aocun

General Manager
(print name)



General Manager
(signature)

Date

18/8/17

Rob Forlong

Chief Executive
(print name)



Chief Executive
(signature)

Date

18/8/17

LGA Section 17(A) Service Delivery Review – Technology Services

Service being reviewed:

Provision of Technology services both internally and externally supplied by a mix of insourced Whangarei District Council employees and outsourced services.

Current service agreement or contract terms:

Currently a mix of services are supplied either via outsourced options (due to availability of skills, resources or cost/benefit/value to deliver) or in-house permanent staffing. Some products (licences) are part of a greater shared service agreement with other councils/entities in order to gain the best possible value and price for the region/council. Each service or product is reviewed as it comes up for renewal to establish whether a shared arrangement between councils/entities will enable a better buy price or service delivery for the region.

Services provided in house by staff include:

Service Area	Service Name	Internal/External
Application Support	Application enhancement request	Internal
Application Support	Application training Request	Internal
Application Support	2nd Level Management and resolution of incidents	Internal
Application Support	Request for new software application	Internal
Core Services	Business continuity	Internal
Core Services	Integration	Internal
Core Services	Information security	Internal

Service Area	Service Name	Internal/External
Core Services	Governance, Strategy and policy	Internal
Core Services	Hardware and software inventory procurement and management	Internal
Desktop Deployment	Setup new Computer equipment	Internal
EDRMS/EC Admin	Change or Edit Security	Internal
EDRMS/EC Admin	Project or Contract Container Required	Internal
EDRMS/EC Admin	User Adds Moves Changes	Internal
Email Set Up	Create Account in Exchange	Internal
Email Set Up	Add to groups	Internal
Email Set Up	Mailbox Rule Creation or Change	Internal
Incident and Problem Resolution - IT Infrastructure	Service Disruption classed as Incident/Problem	Internal
Key Business Users (KBU)	KBU training and support	Internal
Monitoring	Network and Service monitoring	Internal
Networking	Enabling network access	Internal
Networking	Enabling remote network access	Internal
Networking	Disabling Network Access	Internal
Networking	Adjusting Network access	Internal
Product Upgrades/New Releases	Apply patches and upgrades	Internal

Service Area	Service Name	Internal/External
Project Management	Project Management	Internal
Desktop Maintenance	Removal of computer Equipment	Internal
Desktop Maintenance	Modifications to computer Equipment	Internal
Desktop Maintenance	Faulted computer Equipment	Internal
Service Level Management	SLA Management and Reporting	Internal
Technical advice	Technical advice technical consultancy or advice request	Internal
Technical advice	Vendor/consultant services procurement	Internal
Vendor Management	Vendor Management	Internal

Why WDC provides these services internally.

The above services are supplied internally for several key reasons including:

1. Priority of the service or continuity of the service requires resource availability to be direct – i.e – available on site at any time
2. Resources are currently available in house and are more cost effective/cheaper than the alternative of outsourced resourcing
3. Time to provide service is quicker and more efficient internally
4. Internal knowledge of resources provides a more efficient delivery of the services

Services provided externally:

Service Area	Service Name	Internal/External
Application Support	Access to application request	External
Application Support	Application consultancy or advice request	External
Application Support	Database/application refresh Request	External
Application Support	End of Financial and Calendar Year tasks	External
Application Support	1st level Faults, errors, performance or access issues reporting	External
Application Support	2nd Level Management and resolution of incidents	External
Application Support	New report or change to an existing report request	External
Disaster Recovery	Recovery of files/folders	External
Disaster Recovery	Recovery of Servers/Systems	External
Land/Property GIS Management	GIS Mapping	External
Land/Property GIS Management	GIS Layer management	External
Server Maintenance	Backup and Recovery Management	External
Server Maintenance	Server monitoring and resource management	External
Server Maintenance	Firmware updates and Hardware and associated resource maintenance	External

Why WDC provides these services externally - outsourced.

The above services are supplied externally for several key reasons including:

1. Resources are unable to be secured into permanent employment (WDC Staff) to perform the service due to cost/ability to pay market rates or availability within Whangarei.
2. Total cost to deliver the service is cheaper and more efficient/effective outsourced.
3. External resources have greater level of skill and capability, therefore delivering the service more effectively, reducing cost

Current external suppliers – Services and Products

Contract Number	Description	Contract Type	Contract Status	Effective Date
0000032	Eagle Technology Group - Service Desk Services - IT01504	Service	Active	10/07/2017 12:00 AM
0000054	Onstream System - Trapeze renewal	Product	Active	20/01/2017 12:00 AM
0000057	Ibis Technology Ltd - iSite SW - IT01653	Product	Active	10/01/2017 12:00 AM
0000089	Infor Global - Hansen ASM - IT02178	Product	Active	25/05/2017 12:00 AM
0000128	Infocentrik - TRIM maintenance Time and Material - IT01843	Product	Active	13/02/2015 12:00 AM
0000157	Eagle Technology - ESRI 3yr ELA - IT01985	Product	Active	12/07/2017 12:00 AM
0000159	Northcloud - SSRPM renewal - IT02170	Product	Active	26/06/2017 12:00 AM
0000160	Murray Warin - IS Contractor - IT01986	Service	Active	11/07/2017 12:00 AM
0000165	SPM Asset - Quarterly renewal 15/16 - IT02925	Product	Active	20/07/2017 12:00 AM
0000170	Vodafone - monthly maintenance charges - IT02598/ IT02902	Service	Active	11/07/2017 12:00 AM



Contract Number	Description	Contract Type	Contract Status	Effective Date
0000171	Technology One - SaaS Service Fee - IT02084	SaaS	Active	31/03/2017 12:00 AM
0000172	Technology One - Application Managed Services fee - IT02144	Service	Active	12/07/2017 12:00 AM
0000173	Northcloud - Secure MX Business Anti-Spam - IT02346	Product	Active	11/07/2017 12:00 AM
0000185	Information Leadership - SaaS contract - IT02156	SaaS	Active	18/12/2015 12:00 AM
0000190	Uber Group - The Hub Fiber connection - IT02190 / IT02715	Service	Active	01/02/2017 12:00 AM
0000191	CAMMS - Annual Licence fee - Risk Management	Product	Active	27/03/2017 12:00 AM
0000192	Tenderlink - LGOL Subscription Renewal - IT02214	Service	Active	10/02/2016 12:00 AM
0000193	Microway - SnagIT -	Product	Active	13/03/2017 12:00 AM
0000197	Eagle Technology - Yurti renewal - IT02756	Product	Active	09/03/2017 12:00 AM
0000198	Northcloud - ESET NOD32 Anti Virus and Mobile Security -	Product	Active	23/03/2017 12:00 AM
0000200	Hedgebook - Hedgebook Pro - IT02904	Product	Active	01/06/2017 12:00 AM
0000201	Radio Spectrum Management - Radio Licences -	Product	Active	01/03/2017 12:00 AM
0000202	Process Software NZ Ltd - Wondershare renewal - IT02735	Product	Active	24/02/2017 12:00 AM
0000204	Horizon Technology - Vijeo Citect Renewal -	Product	Active	16/03/2017 12:00 AM
0000205	DMS - 20 hours Technical Support - IT02260	Service	Active	21/03/2016 12:00 AM
0000206	NZ Esri User Group - Corporate Subscription - IT02342	Service	Active	01/05/2017 12:00 AM



Contract Number	Description	Contract Type	Contract Status	Effective Date
0000207	Information Leadership - iWorkplace SaaS - IT02803	SaaS	Active	12/04/2017 12:00 AM
0000208	DMS - LINZ LDS Dataset script completion - IT02319	Product	Active	22/04/2016 12:00 AM
0000209	A2K Technologies - Autocad renewal - IT02702/ IT02703	Product	Active	30/06/2017 12:00 AM
0000210	Prezi - Prezi renewal -	Product	Active	18/04/2017 12:00 AM
0000211	Caseware - Value Financial license renewal -	Product	Active	28/04/2017 12:00 AM
0000212	MapLogic - MapLogic renewal -	Product	Active	09/05/2017 12:00 AM
0000214	Northcloud - Remote Desktop Manager renewal - IT02344	Product	Active	17/05/2017 12:00 AM
0000216	Uber Group - Remote Site Fiber - IT02356	Product	Active	30/05/2016 12:00 AM
0000219	Civica Pty Ltd - 4J Run Time licence 16/17 - IT02909	Product	Active	11/07/2017 12:00 AM
0000222	ETSL - E-Bench Renewal - IT02368	Product	Active	03/07/2017 12:00 AM
0000224	Tenderlink - SaaS Service - IT02361	SaaS	Active	11/07/2017 12:00 AM
0000226	Jeff Booth Consulting - Infoworks renewal - IT02371	Product	Active	15/06/2017 12:00 AM
0000228	Eagle Technology - CA Service Desk Manager - IT02839	Product	Active	22/05/2017 12:00 AM
0000229	Ibis Information System - IBIS rates modelling - IT02374	Product	Active	10/05/2017 12:00 AM
0000230	Technology One - Intramaps -	Product	Active	28/07/2017 12:00 AM
0000232	Vodafone - Data and Internet Charges - IT02428	Product	Active	11/07/2017 12:00 AM
0000235	Northcloud - VDSL Business Managed Private Circuit - IT02448	Service	Active	08/07/2016 12:00 AM
0000236	Northcloud - Deep Freeze Renewal -	Product	Active	18/07/2017 12:00 AM
0000237	Northcloud - Event Manager Renewal -	Product	Active	19/07/2016 12:00 AM
0000238	Northcloud - TreeSize renewal	Product	Active	10/07/2017 12:00 AM

Contract Number	Description	Contract Type	Contract Status	Effective Date
0000239	Northcloud - OpManager -	Product	Active	11/07/2017 12:00 AM
0000240	Northcloud - ADManager -	Product	Active	11/07/2017 12:00 AM
0000241	Promapp - Promapp Subscription - IT02481 / IT02954	Product	Active	10/07/2017 12:00 AM
0000243	Intergen - e-Scribe Subscription - IT02489	SaaS	Active	20/07/2017 12:00 AM
0000245	Eagle Technology - GIS Data Organisation - IT02493	Service	Active	04/08/2016 12:00 AM
0000246	Sirsidynix - Library Symphony -	Product	Active	20/07/2017 12:00 AM
0000249	Overdrive - Library Participation	SaaS	Active	12/09/2016 12:00 AM
0000250	Texthelp - BrowseAloud -	Product	Active	12/09/2016 12:00 AM
0000253	Northcloud - Accellion renewal	Product	Active	04/10/2016 12:00 AM
0000254	Talent Propeller - Monthly SaaS fee - IT02587	SaaS	Active	12/07/2017 12:00 AM
0000255	Insight Enterprise - Adobe software renewal	Product	Active	29/11/2016 12:00 AM
0000256	Survey Monkey - Subscription renewal	Product	Active	20/10/2016 12:00 AM
0000259	Information Leadership - Support Services and SLA - IT02859	Service	Active	23/05/2017 12:00 AM
0000260	Alphatech Systems Ltd - QLIMS Support Contract -	Service	Active	15/11/2016 12:00 AM
0000261	Information Leadership - Annual product lease on iWorkplace	Product	Active	13/12/2016 12:00 AM
0000262	Northcloud - Offsite Backup tape storage -	Service	Active	18/07/2017 12:00 AM
0000265	ALLTERRA - Trimble/ Pathfinder Terrasync -	Product	Active	21/02/2017 12:00 AM
0000268	DIA - TaaS Lead Agency fee -	Service	Active	20/07/2017 12:00 AM
0000270	Northcloud - ELA Net scaler gateway - IT02829	Product	Active	09/05/2017 12:00 AM

Contract Number	Description	Contract Type	Contract Status	Effective Date
0000271	Site Uptime - Website monitoring renewal -	Product	Active	10/05/2017 12:00 AM
0000273	Northcloud - Citrix renewal -	Product	Active	10/05/2017 12:00 AM
0000275	Information Leadership - Nintex renewal -	Product	Active	10/05/2017 12:00 AM
0000276	MindLogik - Mind Manager renewal	Product	Active	23/05/2017 12:00 AM
0000277	Asnet Technologies - VMR and VR Suite Support renewal	Product	Active	18/07/2017 12:00 AM
0000278	Uber Group - Fiber Connection - IT02841/ IT02895	Service	Active	03/07/2017 12:00 AM
0000279	Professional CAD Ltd - Sketchup Pro renewal	Product	Active	12/06/2017 12:00 AM
0000280	LinkedIn - Lynda.com renewal -	Product	Active	31/07/2017 12:00 AM
0000281	Enovapoint - Junglemail renewal	Product	Active	20/07/2017 12:00 AM
0000282	Northcloud - IaaS Agreement	Service	Active	27/07/2017 12:00 AM
0000284	Northcloud - ShadowProtect -	Product	Active	01/08/2017 12:00 AM
0000285	Northcloud - Engineering Support Services -	Service	Active	02/08/2017 12:00 AM

Review Criteria and Decision

SECTION 1:

If the answer is YES to any of the three options below then the service qualifies for pre-selection as a Service Delivery Review under subsection 2 of Section 17(A) of LGA

Are there any significant changes to the service levels for this service?	No
Is the contract or binding agreement due to expire in less than 2 years?	No
Has it been more than 6 years since the service was last reviewed?	No – the service supply has recently been reviewed and re-aligned via a restructuring process.

SECTION 2:

If either of the criteria below apply to the service, then a review is **not** required under subsection 3 of Section 17(A) of LGA

Is delivery of the service bound by legislation, contract or other agreement which cannot be reasonably altered before August 2017?	No
Is the cost of completing the review greater than the potential benefits of a review?	No

Decision to review and rationale:

As part of the recent organisational restructure process, internally resourced and supplied services have been reviewed in the last 3 months and some changes to how services are delivered have already been put in place, especially as the Trilogy programme that implemented cloud services for our core applications and infrastructure, has meant a change in the way we provide services – moving support and second level support services to the vendors via SaaS delivery systems. Each externally provided service contract is reviewed on a contract term basis - i.e. as contract terms approach completion, the service is reviewed for either re-letting as a contracted service or whether it is viable to provide in house or potentially as a shared service via other local government bodies.

Analysis of options and recommendation

Options:

There are several options to delivering ICT Technology Requirements and Services – these options are explored below

In-house	Vendor/Supplier	Shared Service
Advantages <ul style="list-style-type: none"> Continuity – inside knowledge of council functions and business Direct service – less wait time to deliver for services such as break/fix Resourcing in house can cost less 	Advantages <ul style="list-style-type: none"> Specified skill sets and expertise - well skilled with skills maintained Contracted response times to provide certainty. Resourcing issues remain that vendor's problem - contracted for supply levels. Resources can be supplied from a greater skilled resource pool Cost effective and efficient where processes and services are in the field of expertise Non-performance can be expedited quickly. 	Advantages <ul style="list-style-type: none"> Access to a greater range and number of skilled resources. Skill and knowledge transfer can occur between councils/entities Potential to cost share resources and service costs Potential to standardise service delivery across the region
Disadvantages <ul style="list-style-type: none"> Limited number of staff (capacity) to complete all required work Staff absences can cause delays Less skilled staff (capability) to undertake some services, may lead to delays and or additional costs. Costs incurred to maintain skills that are rarely used can be prohibitive Lack of performance can take longer, with additional steps to complete to address . 	Disadvantages <ul style="list-style-type: none"> Does take additional effort and time for council to monitor the contract, performance and delivery. Can require resourced effort from Council to pass on organisational knowledge to vendor/service supplier resources. Disconnect in communication between supplier and council could cause delays 	Disadvantages <ul style="list-style-type: none"> Difficulty in securing continuous supply of resources i.e. same number of staff/resources to cover all councils/entities. Different systems and business processes/rules could make for inefficient service delivery Ensuring political buy in at each term may be a challenge. Skilled resources leaving an organisation will affect all entities/councils involved in the shared service.

Conclusion and Recommendations	
Conclusion Which of the above options is most cost effective?	Each service is reviewed against the above options as the service comes up for renewal. Technology services are supplied based on the best value/least risk and priority to deliver approach.
Recommendations from the service delivery review:	It is recommended that there are no further reviews of the services provided internally, as this has already been completed via the Restructure process. It is further recommended that the approach to review each service that is currently supplied externally at the time of contract renewal which is current practice.

Sign Off Page

I agree to the recommendations.

Jo Wheat-Connelly

Department Manager
(print name)

Department Manager
(signature)

18 August 2017

Date

ALAN ADCOCK

General Manager
(print name)

General Manager
(signature)

Date

Rob Forlong

Chief Executive
(print name)

Chief Executive
(signature)

Date

LGA Section 17(A) Service Delivery Review – Website and Online Services

Service being reviewed:

Provision of Website and Online Services

Current service agreement or contract terms:

The provision of website and online services is currently supplied internally using standard enterprise systems.

Why WDC provides these services internally.

The above services have been supplied internally for several key reasons including:

1. Sound internal capability to deliver and keep updated
2. Use of the corporate enterprise system and internal service has provided the best value/low cost option
3. Direct provision of Online Services is supplied via the Technology One Corporate enterprise stack/system, while being managed and configured internally and forms part of the overall enterprise Software as a Service (SaaS) licence.

Provision of our current websites and the platform for the delivery of online services is currently under review as part of the project: Website re-development – Digital Platform. This project will look in detail at the scope of the services, the best value/options for delivery of the services now and in the future and the resulting implementation/provisioning of the services.

Review Criteria and Decision

SECTION 1:

If the answer is YES to any of the three options below then the service qualifies for pre-selection as a Service Delivery Review under subsection 2 of Section 17(A) of LGA

Are there any significant changes to the service levels for this service?	No
Is the contract or binding agreement due to expire in less than 2 years?	No
Has it been more than 6 years since the service was last reviewed?	Yes

SECTION 2:

*If either of the criteria below apply to the service, then a review is **not** required under subsection 3 of Section 17(A) of LGA*

Is delivery of the service bound by legislation, contract or other agreement which cannot be reasonably altered before August 2017?	No
Is the cost of completing the review greater than the potential benefits of a review?	No

Decision to review and rationale:

The Website platform and associated services are part of a review planned as a deliverable of an LTP project this year (17/18). This will include reviewing the scope of services, new services and the process/systems to deliver and support these services along with implementation. This is a planned project and was initiated as a deliverable of the ISSP in recognition of the changing digital landscape and the age of our current website platforms. In line with this the supporting requirements that any change in service provision or new digital platform will bring will also be reviewed.

Conclusion and Recommendations	
Recommendations from the service delivery review:	That the service delivery review be undertaken as planned in the Website Redevelopment – Digital Platform project, which is programmed for FY 17/18.

Sign Off Page

I agree to the recommendations.

Jo Wheat-Connelly

Department Manager
(print name)



Department Manager
(signature)

18 August 2017

Date

ALAN ADGOWK

General Manager
(print name)



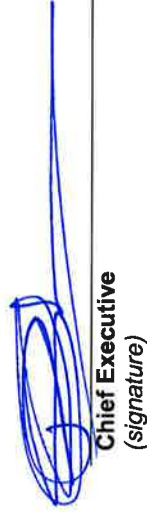
General Manager
(signature)

18/8/17

Date

Rob Forlong

Chief Executive
(print name)



Chief Executive
(signature)

15/8/17

Date

LGA Section 17(A) Service Delivery Review – Data and Information Services

Service being reviewed:

Provision of Data and Information services to the organisation

Current service agreement or contract terms:

Information and Data services from our corporate systems are provided in house by existing staff for the use of our organisation's staff and assists with the delivery of their services as well e.g. Resource consents, Building Consents etc., however there are several data feeds that are supplied by external vendors that provide vital records for our data management. These include the below:

Data received	Supplier	Agreement Term	Agreement details	Funding and delivery	Effectiveness
Corax / Parcel Information	Kim Olivier – LDS feed from LINZ	17/01/2014 – 18/01/2018	Provision of monthly land information supplied for import into corporate systems	Funded from I & R/Data Services operational budget - budgeted for annually	Contract is reviewed at the end of each term, this was recently completed and WDC now use a direct feed from LINZ which was selected as it presented the best cost/value option. This will be re-reviewed at the end of the agreement term.
Archaeological Site Data	NZ Archaeological Association	Annual	Provision of GIS data relating to Northland Archaeological sites	Funded from I & R/Data Services operational budget - budgeted for annually	Contract is reviewed on an annual basis - NZ AA are the only supplier - we review to ensure that the requirement for provision of Archaeological data is still valid



Gazettes and Journals	Legislation Direct EBSCO	Annual	Provision of monthly, quarterly and annual journals and legislation updates/changes	Funded from I & R/Data Services operational budget - budgeted for annually	Reviewed annually to ensure the requirement for provision is still valid. EBSCO contract was previously bookers and reviewed in 2015 through procurement process - EBSCO provided better value of money.
Westlaw legal reference library	Thomson Reuters	2014 - 2019	Provision of legal reference information through a mix of hardcopy information and an online law library.	Funded by Business Support	While the agreement is for 5 years it is reviewed annually in conjunction with key information consumers to ensure we are subscribed to the most relevant products. Currently under review August 2017
Standards Library	Standards New Zealand	Annual	Provision of standards for operations across Council Dedicated subscription to the building standards	Funded from Business Support Funded directly by Building Compliance	Reviewed annually Provides support for decisions surrounding building consent applications by ensuring the most up to date standards are referenced. Standards New Zealand is the only provider of this service.



Why WDC provides this service.

WDC provides this service internally in order to enable the services within WDC, for example Regulatory services to deliver their services to the districts customers. This includes provision of data for mapping and geospatial tasks that WDC business units may undertake through to ensuring WDC staff are advised of and working within legislation.

Review Criteria and Decision

SECTION 1:

If the answer is YES to any of the three options below then the service qualifies for pre-selection as a Service Delivery Review under subsection 2 of Section 17(A) of LGA

Are there any significant changes to the service levels for this service?	No
Is the contract or binding agreement due to expire in less than 2 years?	Yes – Full Review not required
Has it been more than 6 years since the service was last reviewed?	No - the service supply and each of the components has been reviewed within the last 3 years. For example, the Gazette and Journal supply is reviewed every year for applicability and changes to what we receive via the supply are made/adjusted to meet supply and demand.

SECTION 2:

*If either of the criteria below apply to the service, then a review is **not** required under subsection 3 of Section 17(A) of LGA*

Is delivery of the service bound by legislation, contract or other agreement which cannot be reasonably altered before August 2017?	Yes
Is the cost of completing the review greater than the potential benefits of a review?	Yes

Decision to review and rationale:

The services described in this review are contracted to agreements which could not be reasonably altered before August 2017 and in addition to this the cost of reviewing these services are unlikely to yield any benefits, considering the services are re-evaluated at the end of each agreement term.

Sign Off Page

I agree to the recommendations.

Jo Wheat-Connelly
Department Manager
(print name)


Department Manager
(signature)


18 August 2017
Date

ALAN ADGON
General Manager
(print name)


General Manager
(signature)

18/8/17
Date

Rob Forlong
Chief Executive
(print name)


Chief Executive
(signature)

18/8/17
Date

LGA Section 17(A) Service Delivery Review – Internal – Fleet Management

Service being reviewed:

The provision of Fleet Management services to Whangarei District Council staff.

Current service agreement or contract terms:

WDC has an AOG contract for purchasing of vehicles. Individual post purchase contracts exist for service agreements of the individual providers of vehicles.

The day to day management of the fleet availability and maintenance is the responsibility of 1 full time staff member. Resourcing and purchasing is fully funded by ratepayer revenue

Why WDC provides this service.

Providing and managing a fleet of vehicles for WDC staff ensures confidence that staff are kept safe while on council business. The vehicles are well maintained and work has previously been done to ensure the fleet is economical, reliable, safe and fit for purpose. The alternative of staff using their own transport has high reimbursement cost to the business as well as being time consuming to manage.

Review Criteria and Decision

SECTION 1:

If the answer is YES to any of the three options below then the service qualifies for pre selection as a Service Delivery Review under subsection 2 of Section 17(A) of LGA

Are there any significant changes to the service levels for this service?	No levels of service exist
Is the contract or binding agreement due to expire in less than 2 years?	No
Has it been more than 6 years since the service was last reviewed?	No – internal review done by procurement 2015

SECTION 2:

*If either of the criteria below apply to the service, then a review is **not** required under subsection 3 of Section 17(A) of LGA*

Is delivery of the service bound by legislation, contract or other agreement which cannot be reasonably altered before August 2017?	No
Is the cost of completing the review greater than the potential benefits of a review?	Yes

Decision to review

The decision was made not to do a full review of this service as the scope is so small that the cost would outweigh the benefit. There is no significant community interest in the service and the value is too low to warrant spending money on a review. A review was also done in 2015 by the procurement manager before the service was passed to HR to manage.

Analysis of options and recommendation

Options:

Fleet management is a time sensitive and high volume service which means the only viable business models for delivering the service are in-house or contracting out. A CCO or any other type of shared agreement would be too complex and unresponsive to the demands of the service. Below are some of the advantages and disadvantages of the two options considered

In-house	Contractor
Advantages <ul style="list-style-type: none"> Better availability for staff More flexible Easier to control cost 	Advantages <ul style="list-style-type: none"> Risk is taken away from the organisation. Contractor may have more specific contract management knowledge.
Disadvantages <ul style="list-style-type: none"> Because of the size of the fleet Council are potentially not able to attract the most qualified or experienced people to manage this service 	Disadvantages <ul style="list-style-type: none"> Costs are higher Changes are harder to make as contract timeframes would prevail

Other considerations:

Cost: Recent changes have seen an increase in the cost effectiveness of the services – these include having core vehicles which remain on site and dedicated vehicles for long distance. This decision was made because of the cost of people taking own vehicle and the safety of staff. The previous review looked at hiring a vehicle each time one was needed but the cost of this option was found to be significantly higher.

Public interest: Part of purchasing decision about the perception of the type of vehicle to public.

Performance: Continuous monitoring of the performance of the fleet is achieved through reviewing of GPS data eg % time each vehicle was active. This has lead to a reallocated and reduced fleet as well as the reallocation of a number of vehicles to pool cars. There are also ongoing reviews for safety and appropriateness.

Recommendation:

The day to day management of bookings is best suited in-house as this is the most flexible and cost effective option but it is recommended that the new manager reviews the value of leasing rather than owning the fleet. A leasing company would remove some of the organisation risk as well as provide expertise in purchasing and maintenance programmes.

Sign Off Page

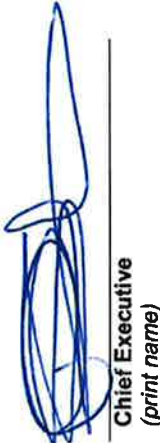
I agree to the recommendations.

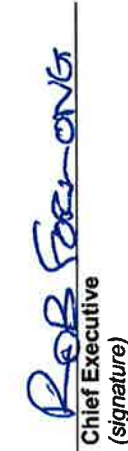

Department Manager
(print name)


Department Manager
(signature) 9 Aug 2017
Date


General Manager
(print name)


General Manager
(signature) _____
Date


Chief Executive
(print name)


Chief Executive
(signature) 28/08/17
Date

LGA Section 17(A) Service Delivery Review – Internal – IT Training

Service being reviewed:

The provision of IT and induction training services to Whangarei District Council staff.

Current service agreement or contract terms:

The resource for this service provides training focused on council systems and processes as well as induction training for new staff.

The role is permanent part time and fully funded by ratepayer monies.

Why WDC provides this service.

WDC provide training to ensure that all employees are given the information they need to do their job well, are made familiar with the vision and goals of the organisation and have knowledge to operate the systems that relate specifically to the environment in which they work.

It is important to maintain and improve the skill level of staff to offer the best outcomes to the community. The aim is to ensure a consistent and high level of customer service to Whangarei District residents no matter which area of council they are dealing with.

Review Criteria and Decision

SECTION 1:

If the answer is YES to any of the three options below then the service qualifies for pre selection as a Service Delivery Review under subsection 2 of Section 17(A) of LGA

Are there any significant changes to the service levels for this service?	Not applicable
Is the contract or binding agreement due to expire in less than 2 years?	No
Has it been more than 6 years since the service was last reviewed?	No

SECTION 2:

*If either of the criteria below apply to the service, then a review is **not** required under subsection 3 of Section 17(A) of LGA*

Is delivery of the service bound by legislation, contract or other agreement which cannot be reasonably altered before August 2017?	No
Is the cost of completing the review greater than the potential benefits of a review?	Yes

Decision to review

The decision was made not to do a full review of this service as the scope is so small that the cost would outweigh the benefit. There is no significant community interest in the service and the value is too low to warrant spending money on a review.

Analysis of options and recommendation

Options:

It makes sense for internal IT systems training to be done in-house by a resource which is familiar with the systems and business user requirements and issues. However, listed below are some of the advantages and disadvantages of this and the only other feasible alternative.

	In-house	Contractor
Advantages <ul style="list-style-type: none"> • Closer to the organisational culture and changing requirements • More readily available to staff • Cost is less • Easier to adapt to changes in business needs 	Advantages <ul style="list-style-type: none"> • Focused time efficient training 	
Disadvantages <ul style="list-style-type: none"> • Potential that the training material and methods are not as up to date as an external dedicated IT training business. 	Disadvantages <ul style="list-style-type: none"> • Not as close to the needs and wants of the organisation. • Costs are higher • Availability – not readily available to respond to staff 	

Other considerations:

Alignment: Because council services are funded by the ratepayer there is a strong need for the behaviour of staff and ways of doing things that better suit the community preferences rather than pure efficiency. This means that internally resourcing training is a better fit for this service.

Cost: The cost of an internal staff member running a course as opposed to a per head cost means internally staffing this service is less costly to deliver in-house. On the job training is also seen as more effective which is why the role is more of a co-ordinator.

Public interest: There is no significant public interest in the delivery model of this service

Performance: Performance is evaluated using participant surveys for each training course.

Recommendation:

Continue delivering the IT training service in-house with a strong focus on flexibility and availability to meet the changing needs of the business. Internal training is required for systems and processes that are specific to the organisation and having a resource that uses the systems every day is the best option to provide this training as they understand the how the software interrelates with other systems as well as how staff use it which is often unique to an organisation.

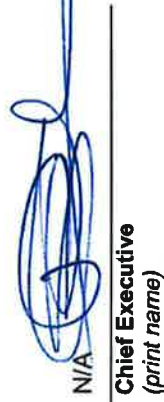
Having an in-house resource also means that the breadth of training can be expanded or built upon without adding extra cost or finding suitable external parties.

Sign Off Page

I agree to the recommendations.

	
Department Manager (print name)	Department Manager (signature)
	Date 9 Aug 2017

	
General Manager (print name)	General Manager (signature)
	Date

	
Chief Executive (print name)	Chief Executive (signature)
N/A	N/A
	Date 21/6/17

LGA Section 17(A) Service Delivery Review – Internal - Recruitment

Service being reviewed:

The provision of recruitment services to Whangarei District Council staff.

Current service agreement or contract terms:

Recruitment services are governed and delivered by WDC staff and fully funded by the collection of rates.

Permanent staffing is managed internally by 1 manager, 3 advisors and 2 admin staff while temporary staff are sourced using a mix of agency appointments and in-house recruitment depending on the role and the timeframe.

The only contract that exists is a collective agreement with AOG (All of Government) for temporary staff recruitment. This contract gives WDC a discount on recruitment through a preferred supplier when the need arises. The agreement however is not an exclusive arrangement which has the advantage that it is possible to use other service providers where they may be deemed more suitable.

The effectiveness of this service is measured through turnover stats, as well as regular meetings to discuss the performance of staff which have started in the last 12 months.

Why WDC provides this service.

The core purpose of the recruitment function is to attract and secure the best people for vacant roles. This allows the functions of council to be delivered well, by skilled competent staff. People are selected based on their alignment with the Councils community outcomes attributable to the role.

Another function of recruitment is the cadet and scholarship programmes. These programmes support and respond to the needs of the community by meeting social responsibility for employment and training of young people within the district.

Review Criteria and Decision

SECTION 1:

If the answer is YES to any of the three options below then the service qualifies for pre selection as a Service Delivery Review under subsection 2 of Section 17(A) of LGA

Are there any significant changes to the service levels for this service?	No LTP levels of service exist
Is the contract or binding agreement due to expire in less than 2 years?	No – open contract with AOG
Has it been more than 6 years since the service was last reviewed?	No

SECTION 2:

*If either of the criteria below apply to the service, then a review is **not** required under subsection 3 of Section 17(A) of LGA*

Is delivery of the service bound by legislation, contract or other agreement which cannot be reasonably altered before August 2017?	No
Is the cost of completing the review greater than the potential benefits of a review?	Yes – no full review to be done

Decision to review

The decision was made not to do a full review of this service as the cost would outweigh the benefit and there is a high level of satisfaction with the status quo option where the delivery of this service in-house.

Analysis of options and recommendation

Options:

In considering the various options for providing this service the only two viable options are in-house or contracting out. This is because of the sensitive nature of the information being collected and the close alignment needed to the changing business needs of the council. Other advantages and disadvantages are outlined below.

In-house	Contractor
Advantages <ul style="list-style-type: none"> Recruitment staff are closer to the business and the changing requirements Easier to build strong relationships A consistent message is sent out to the public Cost is less Internal staff can be redeployed if needed while still retaining institutional knowledge 	Advantages <ul style="list-style-type: none"> All the time-consuming leg work is done before the top candidates are presented to council for consideration – Saves council time
Disadvantages <ul style="list-style-type: none"> Potential for less of a candidate pool than a large recruitment firm Risk of complacency due to not being profit driven 	Disadvantages <ul style="list-style-type: none"> Not as close to the needs and wants of the organisation. Size of district means recruitment firms often attract the same candidates as council would Costs are higher

Other considerations:

Alignment: Internally staffing the recruitment function means that these staff have a clearer understanding of the business needs and changing political environment and they can be more flexible in meeting those changing needs.

Cost: The internal service has also already proven to be cost effective. Current cost sits at 150k with a 10% turnover of 350 staff. If this was to go external the cost would be 18% of salary which equates to approx. 10,800 per person or \$378,000 annually.

Public interest: Historically there has been no significant interest from the community in the business model for the provision of this service. Contracting out is often perceived as more expensive and council needs to be making the best use of ratepayers' money.

Performance: Surveys are completed annually on the performance of this service with generally positive results. Based on these surveys a recent improvement has been the addition of a new full time resource.

Recommendation:

Continue delivering the recruitment service in-house with a strong focus on internal performance requirements and adapting to meet the needs of the organisations recruitment needs.

Sign Off Page

I agree to the recommendations.

Lenny Anderson Department Manager (print name) [Signature] Department Manager (signature) 9 Aug 2017 Date

Rob Forlong Group Manager (print name) [Signature] Group Manager (signature) 8/8/17 Date

N/A Chief Executive (print name) N/A Chief Executive (signature) N/A Date

LGA Section 17(A) Service Delivery Review – Internal – Health and Safety

Service being reviewed:

The provision of Health and Safety services to Whangarei District Council staff and associated contractors

Current service agreement or contract terms:

Health and Safety services are governed and delivered by WDC staff and fully funded by the collection of rates. Permanent staffing is managed internally by 1 manager and 1 field officer. An internal review 2014 led to the appointment of this field officer and saw the manager role elevated.

General staff involvement is through the H&S committee with regular meetings and sharing of information.

The effectiveness of this service is measured through the reporting of key lead and lag indicators which are reported quarterly.

Why WDC provides this service.

Strict legislation under the Health and Safety at Work Act 2015 and the associated regulations govern this service. The organisation is ultimately responsible for safety outcomes and the potentially significant financial consequences if harm occurs. Health and safety is a specialist field and WDC is focused on providing the highest level of care to staff by not only meeting the requirement of the legislation but exceeding these by creating a culture of shared responsibility.

Review Criteria and Decision

SECTION 1:

If the answer is YES to any of the three options below then the service qualifies for pre selection as a Service Delivery Review under subsection 2 of Section 17(A) of LGA

Are there any significant changes to the service levels for this service?	No LTP levels of service exist for this service
Is the contract or binding agreement due to expire in less than 2 years?	No
Has it been more than 6 years since the service was last reviewed?	No

SECTION 2:

If either of the criteria below apply to the service, then a review is **not** required under subsection 3 of Section 17(A) of LGA

Is delivery of the service bound by legislation, contract or other agreement which cannot be reasonably altered before August 2017?	No
Is the cost of completing the review greater than the potential benefits of a review?	Yes

Decision to review

The decision was made not to do a full review of this service as the cost would outweigh the benefit and there is a high level of satisfaction with the status quo option where the delivery of this service in-house.

Analysis of options and recommendation

Options:

In considering the various options for providing this service the only two viable options are in-house or contracting out some of the components of the service. Ultimately the responsibility rests with the organisation and most activities are legislatively unable to be outsourced. The advantages and disadvantages of in-house vs contracting are outlined below for reference.

In-house	Contractor
<p>Advantages</p> <ul style="list-style-type: none"> • Can respond to issues faster • Better staff connections formed • Easier for managers to approach internal staff <p>Disadvantages</p> <ul style="list-style-type: none"> • May be perceived as out of touch with what's going on outside the organisation 	<p>Advantages</p> <ul style="list-style-type: none"> • Specialist knowledge available <p>Disadvantages</p> <ul style="list-style-type: none"> • Time delay in responding to issues raised • Higher cost

Other considerations:

Alignment: Internally staffing the full health and safety function means that there is an assurance the culture and practices which are required by legislation and agreed by management are fully integrated in to the organisation with support and guidance more readily available. Then current service not only meets these obligations but strives to exceed them. An emphasis is placed on prevention with the aim of long term savings in lost time and ACC claims.

Cost: The only cost consideration is the outsourcing of workstation and pain and discomfort reporting resolution. Workstation assessments by an external consultant were last priced at \$120 each, with an average of 10 per month this would be a significant cost to the business. Keeping this part of the service in-house not only saves money but provides a faster turnaround time with more effective results.

Public interest: Several contractors and general members of public request information about Health and Safety. It is good for WDC's reputation to be able to accurately and confidently answer these requests. Also financial losses are passed on to the ratepayer so it is in the communities best interest that WDC keep staff and contractors safe.

Performance: Internal performance is reported through the H&S committee using key indicators as well as strict compliance for new staff induction. Regulations oblige WDC to report all Worksafe notifiable injuries or events and an annual review of the H&S plan is required under the worker participation regulations. Further reporting is made to the WDC Audit and Risk committee and ACC.

Recommendation:

Continue delivering the Health and Safety service in-house with a strong focus on prevention and education. Recent improvements include the introduction of random checks for field based staff and increased monitoring and auditing. When time is available efforts are being made to further educate staff on general wellbeing, security, fatigue, workplace stress and increasing resilience.

Sign Off Page

I agree to the recommendations.



Department Manager
(print name)



Penny Antunovich
Department Manager
(signature)

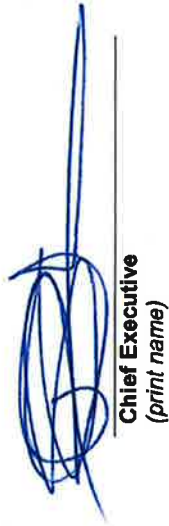


9 Aug 2017
Date

General Manager
(print name)

General Manager
(signature)

Date



Chief Executive
(print name)



Rob Forlong
Chief Executive
(signature)



4/8/17
Date

LGA Section 17(A) Service Delivery Review – Internal - Payroll

Service being reviewed:

The provision of payroll and leave services to Whangarei District Council staff.

Current service agreement or contract terms:

Payroll services are governed and delivered by WDC staff and fully funded by the collection of rates. The function is staffed by 1 full time resource

Contract Description	Supplier	Agreement Term	Agreement details	Funding and delivery	Effectiveness
Technology One - Enterprise Corporate, Property and Rating Application – Software as a Service - Delivering Payroll services as a function within the corporate system	Technology One	2015 – 2021 (6 year term)	6 years right of renewal 12 month rollover period	Funded from ICT Budget, budgeted for annually - includes delivery of multiple functions/services including payroll to over 350 staff and contractors. Fixed SaaS fee based on number of staff at an enterprise level.	Full contract was reviewed in 2015 for effectiveness - WDC maintains an enterprise first policy which means Technology One was reviewed and re- approved as an Enterprise system in 2015. Contract is managed centrally by ICT and monitored on a monthly basis.

The effectiveness of this service is measured by:

- timeliness of processing the payroll and
- accuracy of interpretation of entitlements and
- accuracy of payment.

Why WDC provides this service.

The payroll function is responsible for;

- accurately reimbursing staff for work time spent delivering services to the community
- tracking and administering all leave provisions in line with current legislation
- providing advice and support to the wider HR team and the business

Review Criteria and Decision

SECTION 1:

If the answer is YES to any of the three options below then the service qualifies for pre selection as a Service Delivery Review under subsection 2 of Section 17(A) of LGA

Are there any significant changes to the service levels for this service?	No LTP levels of service
Is the contract or binding agreement due to expire in less than 2 years?	No
Has it been more than 6 years since the service was last reviewed?	No

SECTION 2:

If either of the criteria below apply to the service, then a review is **not** required under subsection 3 of Section 17(A) of LGA

Is delivery of the service bound by legislation, contract or other agreement which cannot be reasonably altered before August 2017?	No
Is the cost of completing the review greater than the potential benefits of a review?	Yes

Decision to review

The decision was made not to do a full review of this service as the scope is so small that the cost would outweigh the benefit. There is no significant community interest in the service and the value is too low to warrant spending money on a review. WDC operate most of its corporate and business functions using the Technology One platform, which is provided via cloud services as a software as a service system (SaaS). This means that all the modules provided are integrated and provide a clean and accurate "one source of the truth" for customer, property, land and staff data across the WDC enterprise. While in theory payroll services and functions could potentially be removed from the Technology One stack, the cost to re-integrate the required financial data back into Technology One from another provider or system would outweigh any direct benefit along with the cost of the human effort required to validate the accuracy on a regular basis and resolve errors that would be inevitable with an integrated external supplier or system would be substantial.

Analysis of options and recommendation

Options:

The technology used to deliver the payroll service is part of a larger Tech one enterprise agreement which has meant there is little appetite for using an external system. However, listed below are some of the advantages and disadvantages of the options for delivery of payroll services.

In-house	Contractor
Advantages <ul style="list-style-type: none"> Integration with corporate system Availability of staff Flexible in terms of sharing workload. Provides contextual service 	Advantages <ul style="list-style-type: none"> Purely transactional with no extra time and money being spent on adhoc requests. Cost saving if utilising buying power of contractor
Disadvantages <ul style="list-style-type: none"> Staff spending time on extra requests outside of normal system functionality or timeframes. Leave considerations 	Disadvantages <ul style="list-style-type: none"> Expensive to make changes Slower change management cycle due to contract constraints

Other considerations:

Alignment: There are no alignment issues with providing this service using any model.

Cost: The cost of contracting out payroll would be outweighed by the value of having the expertise immediately at hand with good working knowledge of the organisation and its practices.

Public interest: There is no significant public interest in the delivery model of this service

Performance: Staff provide feedback that it is good to have queries answered quickly. Service level agreements exist with enterprise software provider TechOne

Recommendation:

It is recommended to continue delivering the payroll service in-house as this makes best use of the efficiencies gained by linking payroll to the corporate systems and cost effectiveness of using enterprise agreements. There is also consistent positive feedback from staff about the availability and flexibility of internal staff to answer queries and sort out issues which would not be possible if this service was outsourced.

One area of consideration going forward is if this service could sit within the Finance area if there was no risk of creating confidentiality issues.

Sign Off Page

I agree to the recommendations.

 _____
Department Manager
(print name)

 _____
Department Manager
(signature)

_____ 9 Aug 2017
Date

 _____
General Manager
(print name)

_____ _____
General Manager
(signature)

_____ _____
Date

 _____
Chief Executive
(print name)

 _____
Chief Executive
(signature)

_____ 8/8/17
Date

RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

1.	The making available of information would be likely to unreasonably prejudice the commercial position of persons who are the subject of the
2.	To enable the council (the committee) to carry on without prejudice or disadvantage commercial negotiations. {(Section 7(2)(i))}.
3.	To protect the privacy of natural persons. {Section 7(2)(a)}.
4.	Publicity prior to successful prosecution of the individuals named would be contrary to the laws of natural justice and may constitute contempt of court.
5.	To protect information which is the subject to an obligation of confidence, the publication of such information would be likely to prejudice the supply of information from the same source and it is in the public interest that such information should continue to be supplied.
6.	In order to maintain legal professional privilege. {Section 2(g)}.
7.	To enable the council to carry on without prejudice or disadvantage, negotiations {Section 7(2)(i)}.

Resolution to allow members of the public to remain

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

Move/Second

permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of _____

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because _____

Note:

Every resolution to exclude the public shall be put at a time when the meeting is open to the public.