



Implementation Framework for Shared Services in Local Government

Introduction

Councils constantly strive to improve the efficiency of their service delivery. Their finances face pressure as a result of increased community demands for services, the need to maintain assets/infrastructure, skills shortages, increased legislative/compliance responsibilities etc. Councils recognise that they must operate in a financially sustainable manner without compromising the quality of services delivered. It is recognised that co-operative working arrangements can yield significant efficiencies for all participants.

Among its various findings, the Independent Inquiry into the Financial Sustainability of Local Government recognised that there are many forms of co-operation/integration currently operating between Councils but challenged Councils to do more. Specifically the Inquiry report recommended:

“11.2 (1) That, in canvassing alternative methods of delivery, councils consider further resource-sharing initiatives, especially involving the smaller councils, ranging from working together more effectively to more formalised regional groups, area integration and whole-of-sector initiatives.”

In order to promote greater efficiencies and savings through increased co-operation between Councils the LGA released *Information Paper 7: Service Delivery Framework including the Role of Shared Services*, which identifies a range of strategies for the delivery of services by Councils through shared or collaborative arrangements. This paper sets out various models which in some cases go beyond the currently recognised scope of shared service arrangements and which might be explored by Councils wishing to pursue creative approaches to securing efficiencies through greater application of co-operation between Councils.

In November 2006 the LGA, in consultation with Local Government Corporate Services (LGCS), commissioned a comprehensive sector-wide survey to capture examples of what is currently occurring between Councils, the nature of savings being achieved and opportunities to enhance collaborative service delivery. The survey also gathered information regarding the number and nature of services that Councils are currently collaborating on and the structural arrangements for the joint delivery of services. The survey report “Review of South Australian Local Government Joint Service Delivery Opportunities” (available from the LGA’s web site at www.lga.sa.gov.au/goto/fsp) was tabled at the LGA’s April 2007 General Meeting and its findings and recommendations noted.

The report presented to the April 2007 General Meeting recognised a key coordinating role for the LGA in conjunction with Councils and other organisations such as LGCS and suggested that a rigorous high level process be followed which should highlight the key issues and decision making steps required. The report's recommendations included that the LGA:

- conduct a forum involving senior officers of Councils to consider the report's findings and recommendations resulting from this research and identify priority issues for progress through business case analysis and Councils wishing to participate in 'case study' studies;
- access funding from the \$2 million available from the LGFA for the development of business cases where the potential exists for the LGCS to undertake/co-ordinate collaborative service arrangements across the sector;
- upon the development of the business cases identified above, assist Councils to participate in collaborative service areas, deemed viable through the conduct of the case studies; and,
- collect financial and other information to demonstrate the benefits gained already from collaboration between all Councils, groups of Councils and through other mechanisms already in place in the sector along with projected savings resulting from work undertaken following adoption of the report.

On 6 June the LGA, in conjunction with LGCS and LGMA, held a Shared Services Forum which provided the opportunity for Council representatives to discuss priorities and implementation issues for the range of opportunities across the sector that had been identified through the earlier study.

The information gathered through the Forum has been distilled into the attached "Implementation Framework for Shared Services in Local Government" which sets out a program for examination and implementation of the various shared service opportunities identified. The purpose of the Framework is to provide a structured approach to moving forward in the implementation of Shared Service Delivery in Local Government.

The Framework recognises that not all opportunities will lead to sector-wide implementation and that some may be best delivered by groups of Councils working collaboratively under some form of operating agreement or arrangement.

It is proposed to establish a reference group comprising representatives of LGA, LGCS, LGMA and Councils to provide advice and guidance throughout the implementation of the Framework.

The program of work stemming from the Framework recognises that LGCS has established itself as a key player in procurement activities in Local Government. However there are several service areas that may not be the best fit for LGCS and assessments will need to be made to identify the appropriate means for implementing these. It is proposed that in the first instance the LGA will work with at least five Councils on a "pilot case study" basis to undertake business case analyses for each service area identified. Council involvement will be encouraged so as to provide appropriate representation in terms of location, size, level of resources etc. Councils will also be encouraged to participate in a "shared services network" to share information about their current co-operative arrangements and provide a vehicle for bringing together Councils wishing to establish new collaborative ventures. Where appropriate, LGCS will be closely involved in the pilot case studies and subsequent implementation.

It is proposed that the Framework be enhanced, overtime, to provide implementation timeframes for each service area and include information on the current cost of services, target savings from collaboration and indicators of successful implementation.

The inclusion of cost information will require further work to develop methodologies for cost estimates as some data is not currently available or not reliable enough for the purposes of setting targets.

The Framework is structured in two parts.

Part 1: This part addresses the processes for developing the program as a whole.

Part 2: This part details actions over the next, say 5 years for each identified service area and provides a short description of the activities proposed to explore the area as a pilot for a future shared service.

Resources will be redirected under the Financial Sustainability Program along with a submission for additional funding from the LGR&DS to support this work over the program period. Financial resources will also be secured from the \$2 million (to be expended over a period of time) available via the LGFA to consider shared services opportunities where it is considered that ultimately the LGCS could manage the service. The Implementation Framework will operate within the Strengthening Local Government Program and under the guidance of the LGA's Financial Sustainability Advisory Committee.

Implementation Framework for Shared Services in Local Government

Part 1: Development of the Framework

Activity	Recommended Actions	Responsibility	Resources	Timeframe
Resourcing	<ul style="list-style-type: none"> Assign Project Officer to project 	LGA	Project Officer	<ul style="list-style-type: none"> Immediate
	<ul style="list-style-type: none"> Secure R&DS funding 	LGA	Project Officer	<ul style="list-style-type: none"> September 2007 R&DS call
	<ul style="list-style-type: none"> Secure LGFA funding 	LGA/LGCS	Project Officer	<ul style="list-style-type: none"> Ongoing
Project Direction	<ul style="list-style-type: none"> Establish program under the oversight of the LGA's Financial Sustainability Advisory Committee 	LGA	Project Officer	Immediate then ongoing
Project Guidance	<ul style="list-style-type: none"> Establish Reference Group comprising representatives of LGA, LGCS, LGMA and Councils 	LGA/Project Officer	Project Officer	<ul style="list-style-type: none"> Immediate then ongoing
	<ul style="list-style-type: none"> Prioritise service opportunities 	FSAC	Reference Group/Project Officer	<ul style="list-style-type: none"> Feb 2008
Council Engagement	<ul style="list-style-type: none"> Call for Council expressions of interest for case studies 	LGA	Project Officer	<ul style="list-style-type: none"> Nov 2007
	<ul style="list-style-type: none"> Establish Shared Services Network among Councils 	LGA	Project Officer	<ul style="list-style-type: none"> Dec 2007
Financial Estimates	<ul style="list-style-type: none"> Establish methodology for estimating cost of current service provision 	FSAC	Reference Group/Project Officer	<ul style="list-style-type: none"> Feb 2008
	<ul style="list-style-type: none"> Establish methodology for estimating savings from collaborative service provision 	FSAC	Reference Group/Project Officer	<ul style="list-style-type: none"> July 2008
Evaluation	<ul style="list-style-type: none"> Develop indicators for successful implementation 	FSAC	Reference Group/Project Officer	<ul style="list-style-type: none"> July 2008

Part 2: Service Areas for Shared Service Implementation

Existing LGCS Contracts – currently successfully accessed by many Councils

Service	Recommended Actions	Responsibility	Resources	Timeframe	Financial Sustainability Enquiry Reference	Current LG Expenditure	Cost Saving Target
<ul style="list-style-type: none"> • After Hours Call Service (RAA) • Security Services (RAA) • Corporate Uniforms & Workwear • Microsoft Agreement (Commander) • Fleet acquisition & disposal (Carfleet) • Salary Packaging (EPAC) • Hazardous Product safety Management (Chem Alert) 	<ul style="list-style-type: none"> • Increase awareness and communicate benefits 	LGA/LGCS		ongoing			

SERVICE AREA: INFRASTRUCTURE OPERATIONS

Service	Recommended Actions	Responsibility	Resources	Timeframe	Financial Sustainability Enquiry Reference	Current LG Expenditure	Cost Saving Target
Plant & Equipment (“Kennards for Councils”) – <ul style="list-style-type: none"> • purchase • utilisation 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
Buildings/ Pools <ul style="list-style-type: none"> • maintenance 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
Infrastructure services <ul style="list-style-type: none"> • Design • Policy development • Contract management • Service delivery – eg road construction/sealing, footpath construction • Engineering services & advice • Street sweeping 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD

SERVICE AREA: PROFESSIONAL SERVICES

Service	Recommended Actions	Responsibility	Resources	Timeframe	Financial Sustainability Enquiry Reference	Current LG Expenditure	Cost Saving Target
Professional Services <ul style="list-style-type: none"> • Urban Planners • Designers/architects • Engineers • Financial Services • Auditors • Legal Services • IT Services • Marketing/PR • Project Management 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
Development Assessment & Planning <ul style="list-style-type: none"> • Policy/PAR’s/Section 30 Reviews • Assessment • Administration • Compliance • Community interface (customer service etc) 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
Building Inspections and Assessment <ul style="list-style-type: none"> • Compliance • Assessment • Professional advice 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGCS	TBD	TBD	11.2 (1)	TBD	TBD

SERVICE AREA: FINANCIAL

Service	Recommended Actions	Responsibility	Resources	Timeframe	Financial Sustainability Enquiry Reference	Current Local Government Expenditure	Cost Saving Target
Rates <ul style="list-style-type: none"> • Collection • Modelling • Notices • Advertising 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
Payroll <ul style="list-style-type: none"> • administration • processing 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
Accounting & eProcurement <ul style="list-style-type: none"> • Accounts receivable • Accounts payable • General ledger • Financial reporting 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	14.3 (2) 11.2 (1)	TBD	TBD

SERVICE AREA: ICT STREAM

Service	Recommended Actions	Responsibility	Resources	Timeframe	Financial Sustainability Enquiry Reference	Current LG Expenditure	Cost Saving Target
IT <ul style="list-style-type: none"> • Support/help desk services • Infrastructure – servers, etc • Software • Joint purchasing arrangements – equipment (computers etc) 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	14.3 (2) 11.2 (1)	TBD	TBD
Disaster Recovery	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
Library <ul style="list-style-type: none"> • Service delivery • Management system 	<ul style="list-style-type: none"> • Engage Pilot Council • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD

SERVICE AREA: HUMAN RESOURCES

Service	Recommended Actions	Responsibility	Resources	Timeframe	Financial Sustainability Enquiry Reference	Current LG Expenditure	Cost Saving Target
<ul style="list-style-type: none"> • Recruitment <ul style="list-style-type: none"> ○ Advertising ○ Short listing ○ initial interviews ○ testing ○ contract negotiations ○ letters of offer • Training <ul style="list-style-type: none"> ○ Course delivery ○ Course providers and information ○ Brokerage • Workforce planning <ul style="list-style-type: none"> ○ Data gathering ○ Data analysis ○ Plan development • Employee relations <ul style="list-style-type: none"> ○ Award interpretation ○ Classification review ○ EB negotiations <p>Industrial advice /representation</p>	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
<p>Traineeship/cadetship program</p>	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess 	LGA	TBD	TBD	11.2 (1)	TBD	TBD

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<ul style="list-style-type: none"> Administration Service delivery 	<p>Business Case</p> <ul style="list-style-type: none"> Determine viability <p>If appropriate, establish a “roll out program”</p>						
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SERVICE AREA: ENVIRONMENTAL SERVICES

Service	Recommended Actions	Responsibility	Resources	Timeframe	Financial Sustainability Enquiry Reference	Current Local Government Expenditure	Cost Saving Target
<p>Environmental Health</p> <ul style="list-style-type: none"> Inspectorial services (ie food inspections etc) Records management Professional advice Community education 	<ul style="list-style-type: none"> Engage Pilot Councils Establish and Assess Business Case Determine viability If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
<p>Immunisation</p> <ul style="list-style-type: none"> Data entry/records management Service provision 	<ul style="list-style-type: none"> Engage Pilot Councils Establish and Assess Business Case Determine viability If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
<p>Community Waste Water</p> <ul style="list-style-type: none"> Licensing issues and compliance Monitoring Water reuse and recycling 	<ul style="list-style-type: none"> Engage Pilot Councils Establish & Assess Business Case Determine viability If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD

SERVICE AREA: WASTE MANAGEMENT

Service	Recommended Actions	Responsibility	Resources	Timeframe	Financial Sustainability Enquiry Reference	Current LG Expenditure	Cost Saving Target
Waste Management <ul style="list-style-type: none"> • Kerbside Collection <ul style="list-style-type: none"> ○ Recycling ○ Household ○ Green waste • Disposal <ul style="list-style-type: none"> ○ Recycling • Landfill • Transfer stations • Hard waste • Industrial/commercial waste 	Identify 'as-is' model and propose the 'to-be' model and develop the 'road map' for sector wide waste management standard. <ul style="list-style-type: none"> • Engage Pilot Councils • Establish & Assess Business Case • Determine viability • If appropriate, establish a "roll out program" Improve data collection and reporting	LGA	TBD	TBD	11.2 (1)	TBD	TBD

SERVICE AREA: CORPORATE AND COMMUNITY SERVICES

Service	Recommended Actions	Responsibility	Resources	Timeframe	Financial Sustainability Enquiry Reference	Current Local Government Expenditure	Cost Saving Target
Governance <ul style="list-style-type: none"> • Compliance • Shared resources 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
HACC Services & other State Government Contracts <ul style="list-style-type: none"> • Contract management • Service delivery 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish and Assess Business Case • Determine viability • If appropriate, establish a “roll out program 	LGA	TBD	TBD	11.2 (1)	TBD	TBD
Community Services <ul style="list-style-type: none"> • service delivery eg <ul style="list-style-type: none"> ○ Community transport ○ Youth services 	<ul style="list-style-type: none"> • Engage Pilot Councils • Establish & Assess Business Case • Determine viability • If appropriate, establish a “roll out program” 	LGA	TBD	TBD	11.2 (1)	TBD	TBD