

REVIEW OF RESOURCE SHARING ARRANGEMENTS

BETWEEN CIRCULAR HEAD AND
WARATAH-WYNYARD COUNCILS

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Executive Summary

Background

The Australian Centre of Excellence for Local Government's work on local government reform, service delivery and the adoption and application of new ideas in the Australian local government sector confirms that the current economic, financial and policy climate in Australia requires councils to deliver better performance at lower costs. This requirement extends beyond a dedication to incremental and continuous improvement and requires a commitment to changes in the way services are planned, organised and delivered.

Councils need to engage effectively with their communities to ensure the needs of the ageing population, changing economy and rising expectations of high levels of services are addressed. Challenges such as managing and mitigating against natural disasters, provision of new services and programs, key workforce shortages and new technologies all need to be closely monitored and addressed. Internally, councils can prioritise regular service reviews to ensure efficiency, effectiveness and continuous improvement of service delivery.

Councils also need to take the opportunity to develop clear strategic objectives for the future. As such they can work with local communities to achieve those outcomes, support an organisation-wide understanding of the needs of local communities and facilitate the development of collaborative relationships and common goals with other organisations in the public and private sectors as well as at sub-regional, regional and state level.

Whilst acknowledging local differences, councils share many common statutory responsibilities and carry out similar functions and activities. Therefore, there are opportunities to work jointly to deliver services and share costs and resources¹. In local government, the potential for innovation cuts across all functions and services, including asset management, development control, waste management, sustainability programs, natural resource management, community services, trading enterprises and economic development. There are examples of councils successfully working collaboratively across these functions in Australia and overseas.

This project

Circular Head and Waratah-Wynyard Councils started resource sharing in 2008 with the appointment of the Circular Head Council General Manager as the General Manager of Waratah-Wynyard Council. Although the General Manager position is no longer shared, both councils have expanded resource sharing to a range of roles, projects and procurement in order to improve levels of service and preserve and maintain local representation. The councils are keen to continue to grow, enhance and refine the resource sharing arrangements and engaged the Australian Centre of Excellence for Local Government (ACELG) at the University of Technology Sydney to review the resource sharing arrangements between the two councils.

This project is particularly relevant to the current Tasmanian local government context because in 2015, the Minister for Planning and Local Government convened a series of regional meetings with Tasmanian councils to discuss how the state government can work with local government to build a strong and resilient local government sector and improve service delivery to Tasmanian communities. The focus of the opportunities for the future are voluntary council amalgamations and strategic resource sharing.

This project involved:

¹ Victorian Auditor-General's Report 2014. Shared Services in Local Government. Available at: www.audit.vic.gov.au/reports_and_publications/latest_reports/2013-14/20140528-Shared-Services.aspx

- > Desktop analysis of various council documents
- > Site visits, interviews and workshops with a range of staff and councillors
- > A financial analysis of savings and additional costs from resource sharing, including a review of soft benefits.

The aim was to:

- > Determine the success factors of the current resource sharing arrangements
- > Review the current governance arrangements, including decision making processes, and develop a framework for decision making in the future, particularly in relation to how decisions are made for determining future areas for resource sharing
- > Review the State Government's current reform agenda and provide advice to the councils as to whether the current resource sharing arrangements will deliver the outcomes sought
- > Identify whether the current arrangements have led to the councils having the strategic capacity to respond to current and future challenges
- > Develop a framework for determining the most appropriate scale for working together, individually, through other regional groups, for example, the Cradle Coast Authority, and state-wide through the Local Government Association of Tasmania (LGAT)
- > Develop a set of commonly agreed objectives by which to assess the continued success or otherwise of resource sharing arrangements
- > Undertake a financial analysis of the savings from resource sharing.

Key findings

The resource sharing arrangements for staff, procurement and projects at Circular Head and Waratah-Wynyard Councils have been supported by a formal agreement and enabled by the now two General Managers. The arrangements are strongly supported by councillors and senior staff. Both councils have seen improved levels of service quality, economies of scope and scale and increased organisational development and strategic capacity.

There are a range of success factors which have supported the arrangement including:

- > A common, agreed rationale/approach for resource sharing, in the absence of clear objectives
- > Increased strategic capacity with shared staff at senior levels
- > Incremental rather than transformational change over time which has helped build an organisational culture of resource sharing
- > Transparency, equity and flexibility to create trust
- > Shared leadership meetings to discuss and resolve shared issues.

Key lessons learnt include:

- > Not all staff are suited to resource sharing and recruitment needs to be made on an identified set of personal attributes as well as skills
- > Technology and management systems are a vital key enabler for resource sharing as they support physical movement between locations and ensure efficiency of use.

Recommendations

The resource sharing arrangements between Circular Head and Waratah-Wynyard Councils are now well established with an increasing range and type of shared staff, projects and systems. The following recommendations aim to build on the solid foundations established over the past few years and are designed to improve and enhance the current arrangements, to make the arrangements more strategic, to ensure the objectives are clear and measurable and to ensure that resource sharing continues to benefit the communities of Circular Head and Waratah-Wynyard.

Strategic planning and leadership development

1. Engage the senior leadership group and councillors in a strategic planning exercise to identify community expectations of service delivery in the next ten years and design an approach to resource sharing to respond to the long-term needs, including the development of a workforce plan for the two organisations. The current List of Services project will help provide a clearer understanding of services and service levels
2. Following the strategic review, refresh the vision for resource sharing and engage the leadership groups to proactively drive the strategic vision and thinking
3. Convene regular meetings of the leadership and councillor groups of Circular Head and Waratah-Wynyard Councils to engage in strategic planning activities
4. Informed by the long term workforce plan, expedite alignment of organisation structures, strategic plans, budgets and annual reports
5. As part of the long term workforce plan, identify and develop emerging leaders to ensure there is a cohort of new leaders to support the current management and executive teams.

Communications

6. Develop an internal and external communications strategy to ensure staff, councillors, the community and other stakeholders understand the rationale for resource sharing and the vision and benefits of the arrangements. Measure the success of the communications strategy in increasing awareness and understanding of resource sharing in community feedback and staff surveys
7. Ensure staff receive consistent messages following joint executive team meetings as soon as possible after each meeting.

Information technology

8. Ensure the current review of IT is expedited to ensure staff can share calendars and seamlessly access files of both councils remotely
9. Ensure all staff make better use of existing IT capacity, for example, encourage meetings via Skype rather than enforce travel to face to face meetings.

Staffing and workforce

10. Ensure that recruitment policies clearly identify the desired attributes and skills for resource shared positions to ensure candidates are suitable for these positions
11. Continue to demonstrate that resource shared staff are accessible and responsive and that the benefits of resource sharing apply across the whole spectrum of resource sharing activities. Balance this with the pressure for some positions to meet face-to-face with colleagues

12. Introduce a shared performance management and workload system for staff reporting to two managers
13. Consider establishing a committee across both councils for resource shared (potentially, including non-resourced shared staff) to consider operational matters and provide input into decision-making around resource sharing
14. As part of workforce planning, prepare guidance material for (new and existing) resource shared officers on how to carry out their role. Ensure the guide includes advice for dealing with any conflict of interest that might arise from their shared role. Ensure people in resource shared positions have a regular opportunity via the performance management system to discuss and resolve any issues or concerns with their managers
15. Include 'resource sharing' as a standard item on executive level meeting agendas to ensure the timely identification and resolution of any issues arising
16. Ensure resource shared and non-resource shared officers understand the importance of their role in providing services and governance to the communities of both council areas
17. Review current work policies and practices to ensure the councils are achieving the maximum benefits of resource sharing and remove barriers to productivity, such as travel between the two council offices
18. Consider the potential for burnout of senior managers and identify and develop emerging leaders to provide support where possible.

New and expanded opportunities

19. Informed by the long-term workforce plan, continue to expand resource sharing in areas such as payroll, accounting, shared procurement, planning and development, economic development and other operational areas
20. Examine opportunities for the asset management and other teams to work towards a centre of excellence model that might be made available to other councils on a fee for service basis.

Governance

21. Develop a process for dealing with any conflicts of interest that may arise from resource sharing of staff across two councils
22. Review whether the six-month notice period to withdraw from the Resource Sharing Agreement is appropriate given the increasing scope of resource sharing, especially with integrated systems and technology. Consider amending the agreement to 12 to 24 months to reduce the risk of the impact on continuing operations with any withdrawal.

Succession planning

23. Consider sharing a General Manager when either position becomes vacant in the future. This role would need to be specified and recruitment undertaken against those specifications. The role description should include such attributes as a genuine and balanced regional focus, the ability to demonstrate success in a similar role and previous experience of resource sharing.

Managing change and project management

24. Ensure that any changes resulting from resource sharing are well managed, that staff fully understand the need for change and that the changes and new practices are well planned, documented and managed

25. Ensure that strategic projects across the two councils are supported with strong project management, a robust process for decision-making and clear procedures for managing potential conflicts of interest
26. Establish a clear pathway to progress initiatives requiring the commitment of both councils.

Evaluation and reporting

27. Consider the evaluation framework provided in this report and continue to work towards identifying financial benefits as part of the next stage of this review
28. Engage in the resource sharing review being undertaken by the Cradle Coast Authority to ensure strategic opportunities for advancement are pursued
29. Share the findings of this review with the Minister for Local Government, the Division of Local Government, the Local Government Association of Tasmania, the Cradle Coast Authority and surrounding councils
30. Consider sharing the findings of this report with staff at both councils.

1 Introduction

1.1 Background

Circular Head and Waratah-Wynyard Councils have been undertaking various forms of resource sharing since 2008 in order to improve levels of service and preserve and maintain local representation. The councils are keen to continue to grow, enhance and refine the resource sharing arrangements and engaged the Australian Centre of Excellence for Local Government (ACELG) at the University of Technology Sydney (UTS) to review the resource sharing arrangements between the two councils.

ACELG has also undertaken a similar review of the resource sharing arrangements between Kentish and Latrobe Councils.

This section covers a high level background to resource sharing between the two councils, details of the current situation and an overview of resource sharing. It details:

- > History of resource sharing between Circular Head and Waratah-Wynyard Councils (Section 1.2)
- > The policy context in Tasmania (Section 1.3)
- > Current policy drivers in Tasmania (Section 1.4)
- > Shared services and resource sharing (Section 1.5)
- > Current resource and service sharing arrangements (Section 1.6)
- > About this review (Section 1.7)
- > Methodology for this review (Section 1.8)
- > About this report (Section 1.9).

1.2 History of resource sharing between Circular Head and Waratah-Wynyard Councils

Circular Head and Waratah-Wynyard Councils began resource sharing in November 2008 with the appointment of the Circular Head Council General Manager as General Manager of Waratah-Wynyard Council. Following this, the Mayor of Circular Head approached the Waratah-Wynyard Mayor and proposed that the General Manager continue in the role at Circular Head Council on a resource shared basis. Both councils agreed to the proposal and entered into a two-year *Resource Sharing Agreement*.

The *Resource Sharing Agreement* was signed in November 2008. According to this:

The consideration of a resource sharing arrangement is driven by the belief that it would strengthen the future economic and social viability of each municipality. Given that the Waratah-Wynyard municipality and the Circular Head municipality are direct neighbours, each Council considers it is sensible and practical to explore a strategic alliance.

The purpose of the agreement is not solely economic. Both Councils believe their role is central to the future sustainability of their communities and as such decisions must be taken with consideration of social outcomes as well as financial benefits.

The Councils believe the resource sharing arrangement will help to:

- > *Secure future viability for both communities in the current economic, political and social climate*

- > *Deliver better and relevant services to the community*
- > *Retain the identity of each municipal area*
- > *Maintain final decision making within each Council*
- > *Be proactive and choose alliance with 'like minded players' with similar objectives to fully resource share*
- > *Make long term cost savings to spend on much needed projects and resources*
- > *Develop economies of scale*
- > *Attract skilled staff.*

In 2008, the two councils commissioned KPMG to identify resource sharing opportunities which were identified in the following areas:

- > Human resources
- > Financial management
- > Planning and development
- > Works and maintenance
- > Plant and equipment
- > Joint purchasing
- > Contract services
- > Social and community services
- > Regional issues².

In response to the KPMG review, the senior management teams of both councils identified the following resource sharing priorities:

- > Preparation of long-term financial plans
- > Refinement of asset management planning
- > Project management
- > Strategy development
- > Financial reporting
- > Improved human resource management
- > Improved records management.

A *Resource Sharing Action Plan: 2010-2013* was then developed which containing 35 actions. These included:

- > Shared technical officer position for project management
- > Shared plumbing compliance officer
- > Shared weeds officer
- > Joint contract for animal management services

² KPMG 2008. *Consideration of resource sharing opportunities.*

- > Joint strategic asset management approach
- > Communications strategy and appointment of a shared communications officer
- > Shared human resources coordinator, risk coordinator and occupational health and safety officer.

In 2010, the *Resource Sharing Agreement* was extended for a further three years and in 2011, the University of Tasmania was commissioned to evaluate the partnership. The review examined the advantages and disadvantages of the arrangements and identified a range of positive outcomes for the community, the councils and employees. However, there were also a number of concerns. The review concluded that:

- > Resource sharing is an evolving process
- > There was some initial resistance by some stakeholders to the changes introduced
- > There was insufficient communication about the implications of resource sharing
- > Once benefits became evident, acceptance became greater
- > Resource sharing is a challenge but has delivered greater motivation and job satisfaction
- > Resource sharing has enabled more effective and efficient service delivery³.

The *Resource Sharing Agreement* was reviewed in 2013 and amended in January 2014. Significantly, it removed the agreement to have a shared General Manager but allowed for the employment of specific staff. The agreement now runs to November 2018.

The *Waratah-Wynyard Council Form & Function Review 2015* concluded that the *Resource Sharing Agreement* has provided value in terms of improvements in the efficiency, effectiveness and scope of council services and identified two major benefits:

- > The creation of a significant number of shared resource roles across the two councils
- > Improved strategic asset management and long-term financial management.

The review also identified some challenges and set out a series of options and recommendations. These are outlined in Table 1.

TABLE 1 ISSUES AND RECOMMENDATIONS FROM THE FORM & FUNCTION REVIEW

Issues	Recommendations
Integrated strategic and organisational planning (see note)	Broaden the resource sharing arrangements to integrate strategic planning processes
Resource sharing objectives	Refine the <i>Resource Sharing Arrangement</i> to provide a clear set of resource sharing objectives for both councils
Legal protections	Seek professional advice on the most appropriate mechanism to provide legal protections to both councils
Determination of success	Develop an assessment methodology, identify functions suitable for delivery through resource sharing and develop a business case for the transition of functions
Alignment of organisational structures (see note)	Seek to align the organisational structures to accommodate existing and planned resource sharing arrangements

³ University of Tasmania 2011. *Impact of Resource Sharing on Staff and Councillors*.

Issues	Recommendations
Workplace development (see note)	Complete the current IT review and provide greater education about resource sharing and the necessary working style for resource shared employees

Source: *Form & Function Review 2015*.

Note: Some of the recommendations have been progressed since the review including:

- > The commencement of the *Sustainable Murchison Community Plan 2040* to integrate strategic planning of Circular Head, King Island, Waratah-Wynyard and West Coast Councils. The plan will also have strong integration with Burnie City Council's Making Burnie 2030 Community Plan
- > The organisational structures have been aligned as recommended
- > The review of IT has been undertaken and a draft report is currently being considered.

1.3 The policy context in Tasmania

1.3.1 The need for innovation

The Tasmanian role of Local Government Project⁴ built the case for cultural change within local government to encourage councils to move from a *focus on compliance and financial dependency to being an innovative and financially sustainable sector*.

As such, the project favoured a broader view in order to capture the full scope of local government roles. The project identified the key roles of local government as shown in Table 2.

TABLE 2 KEY ROLES OF LOCAL GOVERNMENT

Role	Description
Sense of place	Councils facilitate and work with their communities to develop a sense of place through branding, promoting and enhancing local identity and promoting social cohesion and health and well-being
Community engagement	Councils engage with their communities, sharing information about community, council and government business and where appropriate, provide opportunities for constituents to influence and/or participate in council decision making
Strategic leadership	Councils provide strategic leadership through understanding current and future operating environments, identifying opportunities and risks and making decisions which align with long-term strategic plans and corporate plans
Land use planning	Councils are strategic land use planners who work with communities to create an environment that guides the use of land to balance economic, environmental and community/social values and to support the health and wellbeing of communities
Economic development	Councils facilitate the economic development of communities by working with the business community to attract and retain investment and support sustainable economic growth
Services and assets	Councils are responsible financial managers who deliver cost effective, equitable and efficient services and assets which reflect local need and expectations and are guided by council's long-term corporate planning objectives

⁴ The Role of Local Government Project is a collaborative project between the Tasmanian Government and local government. It was established in 2012 by the Premier's Local Government Council in response to the ongoing public debate about the current and future role of local government. Available at: www.dpac.tas.gov.au/divisions/local_government/role_of_local_government

Role	Description
Legislation and by-laws	Councils enforce relevant state and national legislation and create by-laws and policies as required to support the efficient and effective functioning of council to support the community
Representation and cooperation	Councils engage with each other and other spheres of government to represent and advocate the needs of their communities, and where appropriate, cooperate and work in partnership to generate the greatest benefit for communities

In establishing these roles, the project placed local government's service delivery role within a broad strategic leadership frame. The roles include concepts such as social cohesion, community well-being, local identity, participative decision making, strategic leadership, long-term strategic planning, economic development and collaborative partnerships alongside the more traditional roles of service delivery, asset management and policy development.

This means that, as a tier of government in its own right local government has representative responsibilities to the community it leads and serves but with an ever-increasing involvement in strategic and policy activities.

ACELG's work on local government reform, service delivery and the adoption and application of new ideas in Australian local government confirms that the current economic, financial and policy climate in Australia requires local governments to deliver better performance at significantly lower costs. Challenges such as managing and mitigating against natural disasters, provision of new services and programs, key workforce shortages and new technologies all need to be closely monitored and addressed.

Whilst acknowledging local differences, councils share many common statutory responsibilities and carry out similar functions and activities. In local government, the potential for innovation cuts across all functions and services, including asset management, development control, waste management, sustainability programs, natural resource management, community services, trading enterprises and economic development. There are examples of councils successfully working collaboratively across this range of functions in Australia and overseas.

1.4 Current policy drivers in Tasmania

Earlier in 2015, the Minister for Planning and Local Government, the Hon. Peter Gutwein MP, convened a series of regional meetings with Tasmanian councils to discuss how the Tasmanian Government can work with local government to build a strong and resilient local government sector and improve service delivery to Tasmanian communities.

Minister Gutwein identified the range of issues and challenges facing local government and presented the options available to councils to improve outcomes for ratepayers. They are⁵:

- > Nearly half of councils are not adequately maintaining their road system
- > Councils' net financial assets have declined over the past three years by 27%
- > Rates have exceeded CPI increases by approximately 110% and have been above the Tasmanian Cost Index by approximately 35% over the past five years
- > Tasmanian councils have the second lowest average population per municipal area of all Australian states

⁵ Department of Premier and Cabinet 2015. Voluntary Council Amalgamations: Voluntary Council Amalgamations Regional meetings. Available at: www.dpac.tas.gov.au/data/assets/pdf_file/0008/248246/Peter_Gutwein,_MP,_Minister_for_Planning_and_Local_Government_PowerPoint_Presentation_at_Voluntary_Council_Amalgamations_Regional_Meetings_Feb_2015.pdf

- > Tasmania's population is forecast to rise by almost 7% to 550,000 by 2025
- > Significantly more of the population will be 65 years of age or older
- > Significantly less of the population will be younger than 30 years of age
- > Small and medium sized rural agricultural councils will be affected most.

Two options were identified to improve outcomes for ratepayers: voluntary amalgamations and strategic shared services. In relation to shared services, the Minister noted:

- > Current shared services arrangements are driven by crisis, not strategy
- > There is a poor understanding of the benefits to ratepayers
- > There is a lack of empirical data regarding financial service delivery outcomes
- > There is a lot of promise but only incremental progress in reality
- > Councils have little understanding of what is best practice and what it would deliver
- > Over half of the 154 current shared services arrangements have no formal governance structure or had an informal management arrangement
- > Only 13% had been subject to cost-benefit analysis
- > Many often rely on relationships rather than sound business cases
- > Most are inadequately evaluated
- > There is a lack of political and management support and leadership in driving efficiencies and cooperation.

It is important to note that, using the definitions in Section 1.5, most of the collaboration between councils in Tasmania is around shared services, often with a fee-for service component. However, Circular Head and Waratah-Wynyard Councils are different in that resource sharing is for staff, some projects and some procurement (Section 1.6) with the main benefit being the cost sharing of skilled staff which might otherwise not be available to these two councils.

The state government allocated funds to assist councils to undertake feasibility studies into voluntary amalgamations and new strategic shared services arrangements and many regional groups of councils are currently conducting reviews of shared services as part of this.

In addition, the new *Building Bill 2016*, as part of the Tasmanian Government's reform of Tasmania's Building Regulatory Framework, looks to introduce a risk-based approach to building and plumbing approvals that will streamline the process. This will reduce the Permit Authority workload of councils by up to an estimated 60% which will impact on how councils deliver building and plumbing approvals.

It is very timely for Circular Head and Waratah-Wynyard Councils to review their resource sharing arrangements to ensure they are robust, strategic in their focus and assist both councils to provide effective services and good governance to their communities.

1.5 Shared services and resource sharing

Shared services and resource sharing are often used interchangeably but they are different.

1.5.1 Shared services

Shared services is where two or more councils join together to provide a service to meet community needs. The key aim of shared services is to reduce costs via economies of scale but other reasons can be:

- > Economies of scope – Shared services and collaboration provide important opportunities for local governments to capture economies of scope (where an organisation increases its critical mass in order to be able to do things it otherwise could not) and enhance its strategic capacity
- > Improved service quality – Sharing a service with others can result in the provision of greater access and better quality of services
- > Organisational development – The sharing of services can be the catalyst for bringing different employee groups together to work on joint projects and assist in upskilling and transferring experience between groups at different levels in the organisation
- > Increased strategic capacity – The concept of ‘strategic capacity’ infers taking the organisation to a higher level of capability in terms of resources, skills, knowledge and innovation and building economies of scale and scope to plan and act more strategically and effectively.⁶

Examples of shared services are⁷:

- > External services – services that councils provide to the local community, such as Meals on Wheels, waste collection and landfill operations, community and library services
- > Back office functions – functions that support external services, such as information and communications technology, finance, legal, payroll, human resources, internal audit and asset management
- > Procurement – purchase of goods and services.

Shared services can be provided via a range of mechanisms to achieve economies of scale such as: jointly establishing up a separate organisation to deliver the service, for example, with waste collection; jointly procuring a shared IT system; or working collaboratively on regional economic development.

One such mechanism is resource sharing.

1.5.2 Resourcing sharing

Resourcing sharing is one mode of shared service delivery and involves sharing assets such as people and capital. For example:

- > When one council is unable to attract or retain staff skills in a particular discipline and another council has spare capacity, such as in engineering design or development assessment
- > Where one council has surplus plant and equipment and can rent the assets to another council
- > Where one or more councils can pool their staff resources and collaborate on strategic planning at a local or regional level or on joint procurement.

So, resource sharing also has the same outcomes of economies of scale, economies of scope, improved service quality, organisational development and increased strategic capacity.

⁶ ACELG 2012. Legal and Governance Models for Shared Services in Local Government. Available at: www.acelg.org.au/news/legal-and-governance-models-shared-services-local-government

⁷ Victorian Auditor General 2014. Victorian Auditor-General’s Report: Shared serviced in local government. Available at: www.audit.vic.gov.au/publications/20140528-Shared-Services/20140528-Shared-Services.pdf

1.6 Current resource and service sharing arrangements

1.6.1 Expected outcomes

The original objectives for resource sharing were never clearly articulated but were *driven by the belief that it would strengthen the future economic and social viability of each municipality* (see also Section 1.2). However, the *Resource Sharing Agreement* includes the following aims:

- > Secure future viability for both communities in the current economic, political and social climate
- > Deliver better and relevant services to the community
- > Retain the identity of each municipal area
- > Maintain final decision making within each Council
- > Be proactive and choose alliance with ‘like minded players’ with similar objectives to fully resource share
- > Make long term cost savings to spend on much needed projects and resources
- > Develop economies of scale
- > Attract skilled staff.

In addition, the role of the Resource Sharing Committee (Section 1.6.5) is, amongst other roles, to develop and approve indicators to assist the councils monitor the success of the arrangement, track the costs and social benefits and make recommendations to each council concerning resource sharing matters.

Circular Head and Waratah-Wynyard Councils share staff in order to provide services and collaborate on projects at policy, operational and strategic levels. The key objectives are linked to the aims of shared services as noted in Section 1.5.1 and shown in Table 3.

TABLE 3 OBJECTIVES FOR CIRCULAR HEAD AND WARATAH-WYNYARD COUNCILS

Objective from Section 1.5.1	Description in <i>Resource Sharing Agreement</i>
Improved service quality	Deliver better and relevant services to the community
Economies of scale	Secure future viability for both communities in the current economic, political and social climate Develop economies of scale
Economies of scope	Make long term cost savings to spend on much needed projects and resource
Organisational development	Attract skilled staff

It is important to note that during this review, participants described the shared arrangements as ‘resource sharing’. The term ‘shared services’ was rarely mentioned. However, a more appropriate terminology would be ‘shared services, procurement and projects’.

1.6.2 Shared staff

Since the decision in 2008 to share the position of General Manager, there has been a staged and steady approach to shared staff positions has occurred. 17 positions are now shared across the two councils. These are shown in Table 4.

TABLE 4 CURRENT RESOURCE SHARING ARRANGEMENTS

Work stream	Position
Infrastructure and Development	Director Infrastructure and Development Services
	Manager Engineering and Projects
	Manager Asset and Services
	Asset Service Levels Developer
	Manager Development and Regulatory Services
	Engineering Projects Co-ordinator
	NRM Officer
Corporate and Community Services	Plumbing Compliance Officer
	Director Corporate and Community Services
	Manager Corporate Services and Risk
	Manager Community Activation
	IT Co-ordinator
	HR Co-ordinator
Strategic and Financial	Health and Safety Officer
	GIS Co-ordinator
	Director Strategic and Financial Services
	Communications Officer

1.6.3 Shared projects

The two councils are also involved in shared projects including:

- > *Sustainable Murchison Community Plan 2040*
- > IT Review
- > Open Space, Sport and Recreation Plan
- > Policy Review
- > List of Services project.

1.6.4 Shared procurement

Shared procurement has generally been in the form of joint infrastructure contracts such as for road resurfacing and recycling. Other procurement has included joint insurance brokerage.

1.6.5 Governance arrangements

The *Resource Sharing Agreement* sets out the operating arrangements for the resource sharing activities. The agreement established a Resource Sharing Committee to oversee the implementation of the arrangements. The committee:

- > Oversees the preparation and implementation of the arrangements
- > Develops and approves indicators to assist the councils monitor the success of the arrangement

- > Receives management reports and monitors resource sharing activities
- > Tracks the costs and social benefits
- > Makes recommendations to each council concerning resource sharing matters, noting that recommendations are not binding on either council
- > Monitors and reviews the evolution of the arrangement
- > Resolves any disputes.

Each council nominates three representatives to the committee and the General Manager acts in an advisory capacity. The Chairperson is elected on a rotational basis, being a member of the host council for that meeting. The committee meets not less than three times in a calendar year. Meeting minutes are provided to all councillors and any elected members may attend committee meetings as an observer.

The agreement notes that the two councils will meet at least annually and the senior management teams will meet at least every two months.

A council can withdraw from the agreement with the provision of no less than six months' notice to the other council.

1.7 About this review

This review of the current arrangements between Circular Head and Waratah-Wynyard Councils is to:

- > Determine the success factors of the current resource sharing arrangements
- > Review the current governance arrangements, including decision making processes, and develop a framework for decision making in the future, particularly in relation to how decisions are made for determining future areas for resource sharing
- > Review the State Government's current reform agenda and provided advice to the councils as to whether the current resource sharing arrangements will deliver the outcomes sought
- > Identify whether the current arrangements have led to the councils having the strategic capacity to respond to current and future challenges
- > Develop a framework for determining the most appropriate scale for working together, individually, through other regional groups, for example, the Cradle Coast Authority and state-wide through LGAT
- > Develop a set of commonly agreed objectives by which to assess the continued success or otherwise of resource sharing arrangements
- > Undertake a financial analysis of the savings from resource sharing.

1.8 Methodology for this review

The methodology for this review involved a mixture of desktop analysis, face-to-face meetings, workshops, site visits and follow up telephone discussions.

1.8.1 Desktop analysis

The review of key council documents included:

- > The Circular Head Council and Waratah-Wynyard Resource Sharing Agreement, December 2013
- > Circular Head Profile, Local Government Division, February 2015

- > Waratah-Wynyard Profile, Local Government Division, February 2015
- > Circular Head Annual Report 2013-14
- > Waratah-Wynyard Annual Report 2013-14
- > Waratah-Wynyard Council Form and Function Review, June 2015
- > Impact of Resource Sharing on Staff and Councillors, Institute for Regional Development, University of Tasmania for Circular Head and Waratah-Wynyard Councils, 2011
- > Reports from the Role of Local Government Project
- > Resource Sharing Review Between Circular Head and Waratah-Wynyard Councils (undated)
- > Resource Sharing Building Stronger and Better Councils Status Report, May 2012
- > Internal documents provided by Circular Head Council and Waratah-Wynyard Council.

1.8.2 Site visits, interviews and workshops

Site visits were conducted at both Circular Head and Waratah-Wynyard Councils and included 25 interviews with senior staff and resource shared staff. Most interviews were conducted face-to-face and a number of resource shared staff were interviewed by Skype or telephone.

In addition, two workshops were held, one for each group of councillors.

Interviews were also held with:

- > CEO of the Division of Local Government
- > CEO of LGAT
- > CEO of the Cradle Coast Authority
- > General Manager of Burnie City Council.

1.8.3 Financial analysis

This involved the development of a spreadsheet for the councils to record their estimated savings and additional costs from resource sharing. Soft benefits were also identified. Care was taken to ensure that the underlying assumptions for the spreadsheet and the principles for data input were agreed (with ACELG and also with Kentish and Latrobe Councils).

The financial analysis occurred about six months after the site visits.

1.8.4 Reporting and presentations

The draft report was amended following feedback from Circular Head and Waratah-Wynyard Councils and was presented to a joint meeting of Councillors in September 2016.

1.9 About this report

This report is divided into the following sections as shown in Table 5.

TABLE 5 TABLE OF CONTENTS

Section #	Title	Description
-	Executive summary	High level summary of background to project, key findings, recommendations and next steps
1	Introduction	Background to resource sharing, definitions, current arrangements and details of this review
2	Success against original objectives	Key areas of success
3	Analysis of what has worked well and why	Analysis of factors for success
4	Lessons learned	Key lessons for other councils
5	Areas for improvement	Improvements for the future
6	Response to the current reform agenda	Details of current and potential policy context and whether the current resource sharing arrangements will deliver the outcomes sought by the state government
7	Financial analysis	Details of savings/additional costs and benefits of resource sharing
8	Monitoring success in the future	How to assess success using an evaluation framework
9	Recommendations	Recommendations for the future
Appendices	-	Appendices

Throughout this report there are quotes from interviewees. These are all unattributed, in line with the ethics policy for this project.

2 Success against original objectives

2.1 Overview

The original objectives for resource sharing were not clearly articulated however, as noted in Section 1.6.1, they can be summarised as aiming for:

- > Improved service quality (Section 2.2)
- > Economies of scale (Section 2.3)
- > Economies of scope (Section 2.4)
- > Organisational development (Section 2.5).

In addition, other key outcomes were to ensure that each council had retained its independence at the local level, maintained final decision making ability and worked with like minded partners. This has been achieved.

2.2 Improved service quality

The arrangements have enabled the employment of staff who are shared across both councils. This has enhanced service delivery expertise and delivered services across a larger area with a larger population.

There are many positive aspects of resource sharing but one of the strongest is in promoting and positioning local government as an innovator and improving its reputation in the community.

I feel that ratepayers actually respect us for sharing resources. The perception in the community is simply because we are government officers we are lazy, we are ineffective and we don't look at innovative ways of doing business. I find that the ratepayers...have got a lot of respect for us because they know...that their council is actually looking at innovative ways to do business and share resources. And...it's really good for improving council's image and putting councils in a positive light.

We're almost Australia-wide leaders in resource sharing. This is incredible on its own. For a small little semi-rural council in north west of Tasmania. That's a big achievement I think.

If you look at our unplanned leave, we will have the least unplanned leave. Our sick leave would be low. I'm not saying that, you know that we control our health a bit better or whatever but there's something which motivates us so we actually have the least unplanned leave.

2.3 Economies of scale

The arrangements have allowed both councils to spread costs and risk, particularly in relation to shared employment costs. In addition, resource sharing has allowed each council to better respond to the economic, social and political environment, particularly in relation to state government requirements for integrated asset and financial management.

The financial analysis in Section 7 provides details of specific hard and soft costs and savings as a result of resource sharing. In addition, there are opportunities to measure costs and risk sharing as part of a new evaluation framework see Section 8.

We want to be able to say to the community 'it works and we've saved this much money'.

Efficiencies are also made when only one staff member attends an external meeting and can represent and report back to both councils or when staff can implement the same policy or process for both councils.

One person goes to a conference or meeting and brings back information for both councils...that is an efficiency.

I enjoy seeing something that works here and going back to [the other council] and saying, hey they've got this

new system in place and it seems to be working really well how about we look at doing that here and vice versa.

Given the ongoing LGAT review of responsibilities of regional bodies, LGAT and LGPro Tasmania and the review of the Local Government Act it may be appropriate to await these findings before determining the most appropriate scale for working together in the future either under the current resource sharing agreement or with other regional groups or state-wide.

2.4 Economies of scope

Both councils have shared staff which they would not otherwise have employed. This has provided economies of scope in addition to the ability to exchange information and best practice.

There is a broader range of services now being offered to the community and the arrangements have led to an enhanced capacity to promote the sub-region and better advocate for the interests of the two councils.

When I started here we didn't have an HR person, we didn't have a media person, we didn't have a plumbing compliance officer and we've been able to have those people because of this sharing of resources.

When we talk about efficiencies...it's not for it to cost less, but for us to be able to do more of something. So it's not about just a cost-saving measure.

The two municipal areas take up a big chunk of the state. And so if there are issues that we want to promote, messages we want to get out there, it's much easier for other governments and other businesses to deal with us collectively.

We might be filling service gaps that we haven't been able to service before by resource sharing.

You can't discount that increase in scope, the increases in scope by way of having, for example, our communications officer.

Shared use of consultants has built economies of scope as staff have benefited from exposure to inter-state expertise, particularly in the asset management area where a mentoring arrangement has been established with a leading asset management consultant. The skills and knowledge gained from that experience now reside in-house and are being applied across both councils.

2.5 Organisational development

Perhaps one of the strongest benefits from the arrangements has been the ability to attract and retain a more highly skilled and experienced workforce. The potential gaps in succession planning have now been addressed and the more consistent presence of specialist staff creates quality assurance and hubs of excellence.

New structural arrangements have elevated a number of staff to executive level and established middle level management roles with the aim of enabling improved strategic management across the two councils. Whilst the new structures have been in place for only a short time, it is clear that the creation of strategic executive positions backed up by a stronger middle management team has real potential for both councils. Resource sharing has enabled the establishment of these key leadership roles and both councils have clearly benefited from the ability to create shared positions and attract high calibre candidates to fill these roles.

The shared executive position staff are now in a strong position to deploy staff and resources where there is the greatest need in each council. This would not necessarily occur if there were two executive positions with competing priorities.

Irrespective of where they're sitting they'll be thinking about how we deliver [services] for [the combined] area. And so we've got to move to doing that rather than thinking of resource sharing as two part-time roles. It's got to be much more closely aligned than that.

The shared executive positions are also now in a strong position to be able to secure staff and councillor support for resource sharing through their leadership, communication and behaviour as resource shared officers themselves.

A further benefit has been in succession planning and the ability to back fill positions. There are now opportunities to create specialist roles available to both organisations, build up the specialist teams and provide career development and succession planning for these key roles.

If a gaping hole was to be left we can cover it [now] between the two councils...If you lose a strategic person, you can cover them a little bit. You've got that backup.

I think that we don't lose nearly as many staff now.

Managers also reported that it is now possible to retain staff for longer because shared staff are provided with more challenging roles and greater career development opportunities. Many staff noted that they would not have applied for the position had it not been shared, as they felt the only working for one of the councils would not have provided sufficient variety, diversity and challenge.

It certainly made me want to apply for it. I thought it was a pretty exciting opportunity to work across two councils.

I wouldn't want it any other way. I love what I do, it's exciting, it's challenging. I think if I worked for one council I'd be bored.

This actually keeps me interested, passionate and excited because I'm constantly challenged. It's brilliant.

Resource sharing has resulted in broader reach and scale for specialist roles and has enabled specialist staff to apply their skills more consistently.

The skills and knowledge that we might have here could be different to those of [council name] but we're able to cross fertilise skills and knowledge and experience. They may not have that knowledge but they've got something else that they can provide back to us.

We started to talk about what's your expertise? What would you like to do more of? What are the things that really you feel passionately about? And it was really obvious who should be doing all the work [at one council] and who should be doing work [at another council]. Certainly resource sharing allowed us to specialise more.

In addition, a new level of strategic planning and thinking has been created with access to highly skilled, highly qualified and experienced staff.

Of the various reform options that you have available [such as] strategic planning, the review of service levels, the focus on strategic asset management planning, integrating with your financial plan; they're all part of the picture and obviously resource sharing is a really important part of that picture because a lot of the way [we're] achieving those things is through resource sharing positions.

To me resource sharing is a delivery mechanism for the overall vision or the strategies that the council determines.

3 Analysis of what has worked well and why

3.1 Overview

Research on share services between local governments in New Zealand by the Association of Local Government Information Management found the following attributes of structure and governance were essential to the success of sharing services⁸:

- > Chief Executive Officer commitment, coupled with political commitment and each local authority management team
- > There must be passionate advocates within each local authority
- > Willingness to invest time and energy into building relationships with staff from the other local authorities
- > The shared service entity needs a culture of its own, separate from the individual local authorities
- > The business structure must enable the shared service to conduct business with external parties from a position of strength
- > There must be equal rights in decision-making and influence over the activities of the shared service
- > The governance group must meet regularly with a key focus on monitoring performance and evaluating strategic direction and new opportunities
- > The governance group must be proactive and drive the strategic vision and thinking
- > The members of the governance group must view their work on the shared service as an ordinary part of their job
- > Use professional external support in drafting key documents
- > Use third party facilitators when establishing a new shared service structure, adding new members or when considering strategic direction
- > Foster transparency and trust across the board, and share the goals, activities and performance of the shared service with politicians, management teams and staff
- > Match great ideas for shared services with a structured project management methodology and resource.

Similar factors contributing to the success of Circular Head and Waratah-Wynyard Councils' arrangements include:

- > Agreed rationale for resource sharing (Section 3.2)
- > Improved strategic capacity (Section 3.3)
- > Making incremental change over time (Section 3.4)
- > Ensuring transparency, equity and flexibility (Section 3.5)
- > Strengthened middle management group (Section 3.6)
- > Strengthened asset management capability (Section 3.7)
- > Shared leadership (Section 3.8).

⁸ ALGIM 2011. *Shared Services in New Zealand Local Government*. Presentation to the ALGIM annual conference.

We started off thinking there were three things that were key to success. There were people, processes and then the systems of IT and the hardware. We probably, as we got deeper into it, realised people were 90% of it.

3.2 Agreed rationale for resource sharing

Research shows that where councils implement shared services or regional alliances as a means of avoiding amalgamation, it is unlikely to result in lasting partnerships and genuine benefits to the communities involved⁹. However, although arrangements started opportunistically, with the appointment of a shared General Manager, it is clear that Circular Head and Waratah-Wynyard Councils entered into the 2008 agreement based on a genuine desire to proactively strengthen the viability of each municipality, rather than actively resist amalgamation. This has given the arrangement a strong foundation for success.

I don't see resource sharing [as a] way of fighting off amalgamation. We've [taken] resource sharing...on board to provide a better service to the community and be able to run our business at a better capacity.

To me resource sharing is just one arm of delivery. It's a delivery mechanism for the overall vision or the strategies that the council determines for the region. I don't think we've got a clear vision and direction for the region and I also agree that the future of Waratah-Wynyard and Circular Head depend upon each other.

We took resource sharing on board in the first place to provide a better service to the community and be able to run our business at a better capacity in this modern age.

The key focus is that we are unlocking capacity of both councils to maximise usage of skills and people.

Shared services and resource sharing are often seen as soft options by local governments but Circular Head and Waratah-Wynyard Councils have acknowledged that issues will emerge from time to time and both councils are committed to working together to solve any problems in the interests of making the arrangements a success.

3.3 Improved strategic capacity

The 2007-08 Queensland council amalgamations represented a decisive shift in the debate about structural reform¹⁰. The priority was to create a more robust and capable system of local government, with no mention of economies of scale or reducing rates. The objectives of the reform were as follows:

- > Facilitate optimum service delivery
- > Ensure that local governments effectively contribute to and participate in regional economies
- > Manage economic, environmental and social planning consistently with regional communities of interest
- > Effectively partner local government with other levels of government to ensure sustainable and viable communities.

The Reform Commission argued that government must be capable of responding to the varied challenges facing different regions of Queensland. This required organisations with the requisite 'knowledge, creativity and innovation' as well as adequate financial capacity and skills both to deliver services efficiently and to plan effectively¹¹.

⁹ ACELG 2011. *Consolidation on Local Government: A Fresh Look, Volume 1 Report*. Available at: www.acelg.org.au/news/international-study-highlights-need-consolidation

¹⁰ Ibid.

¹¹ Local Government Reform Commission (Queensland) 2007. *Report of the Local Government Reform Commission report*. Volume 1. Available at: bishop.slg.qld.gov.au/view/action/nmets.do?DOCCHOICE=877518.xml&dvs=1470794303531~379&locale=en_AU&s

The Tasmania *Role of Local Government Project* clearly sets out the case for change in Tasmania, highlighting the need for the local government sector to look beyond the status quo to future challenges¹².

A definition of strategic capacity is therefore:

Local governments that are robust and capable, with the requisite knowledge, creativity, innovation and financial capacity to deliver services, plan effectively and partner with other levels of government.

It is clear from discussions with staff and councillors that Circular Head and Waratah-Wynyard Councils have been able to use resource sharing as a means to improve the strategic capacity of both councils. Resource sharing has assisted the councils to:

- > Provide a broader range of services to the two communities
- > To better respond to local government reform
- > To build a stronger and more capable workforce with a broader range of skills, qualifications and expertise
- > Engage in better asset management, stronger advocacy and more effective regional promotion.

This is evidenced in a number of ways:

- > The opportunity to apply specialist skills existing in one council to the benefit of two councils, dispensing with the need for each council to retain in-house expertise in some areas (the economies of scope concept as detailed in Section 2.4)
- > Provision of improved access for the community as a result of positions working across two council areas
- > The ability to deploy staff and resources across a larger area and in areas where there is greatest need
- > A strengthened middle management team shared across two council areas, with the ability to attract highly qualified and skilled candidates to key roles
- > Creation of specialist roles and the provision of career development opportunities in specialist teams
- > Provision of more challenging opportunities for specialist staff
- > Improved ability to respond to reform initiatives, for example the introduction of a new planning system, asset and financial management
- > Improved access and exposure to inter-state specialist consultants
- > Greater participation in regional and sub-regional planning initiatives
- > Better asset management.

3.4 Making incremental change over time

Although the criticism of resource sharing in Tasmania (see Section 1.4) is that it has been driven by crisis rather than strategic, this is not the case at Circular Head and Waratah-Wynyard

[earch_terms=&adjacency=&VIEWER_URL=/view/action/nmets.do?&DELIVERY_RULE_ID=4&divType=&usePid1=true&usePid2=true](#)

¹² Department of Premier and Cabinet 2012. *Role of Local Government Project*. Available at: www.dpac.tas.gov.au/divisions/local_government/role_of_local_government

Councils. Resource sharing evolved gradually as opportunities arose. Typically, when a position became vacant, a decision was made whether or not to share that position. For both councils, resource sharing has often meant making adjustments based on changed needs or where a resignation/retirement has created an opportunity to improve scope or scale.

It just seemed to become the practice that when new positions were required there were discussions across both councils...let's employ a resource shared person. There was no more structure than that.

I would be very surprised if there was any sort of project plan at the initial stage. It was very much, well we're going to share these roles and see what happens.

There is merit for small councils to introduce change gradually however, whilst this has resulted in a level of stability and acceptance, there has been no clear strategy and longer term vision for resource sharing or planning which roles should be shared aligned to strategic and operational requirements into the future.

Some of it was set up circumstantially...they needed help at [one council] so let's resource share the role rather than do the ideal set up first.

I understand the need for it all to be flexible but too much flexibility just makes it confusing and chaotic for everybody.

3.5 Ensuring transparency, equity and flexibility

There is strong acceptance amongst resource shared staff (especially operational staff) that they need to be visible in both organisations to ensure that the broader staff and councillor groups see they are getting value from the resource shared positions. One way to achieve this is to be present in both workplaces. However, this can result in some inefficiencies as staff feel the need to travel to both locations regularly just to be seen, even if the role does not necessarily require a physical presence at both councils.

Whilst flexibility is needed to gain the full productivity benefits of resource sharing, the conscious effort of resource shared staff to try to be visible is laudable. As so many senior staff are now resource shared, there are further opportunities to ensure staff and resources are directed to the areas in greatest need at the time, recognising that inevitable peaks and troughs will occur and both councils will benefit overall.

No one has said 'you are expected to be here [number of] days a week' but I feel a real sense of needing to be visible. People don't respect the fact that you are competent enough to be working on whatever you need to be working at regardless of where you're sitting.

So there is a different understanding at each council why I'm here I think. I think in some instances it's really good but then other times I do feel like I'm on the outer.

3.6 Strengthened middle management group

The creation of a strong middle management group with highly skilled staff has enabled executive managers to provide stronger strategic leadership to the two organisations and provide support to the General Managers and councillor groups.

I've always been a big supporter of resource sharing right from the very first day that it was raised because I saw it as a being able to keep senior people about the place and particularly to do with planning and engineering and those sort of things.

3.7 Strengthened asset management capability

Circular Head and Waratah-Wynyard Councils have significantly built up strategic asset management capacity with a specialist team now in place. This presents a potential opportunity for the team to work towards a centre of excellence model where those skills can be made available to other councils on a fee for service basis.

The creation of a strong middle management group with highly skilled staff has also enabled executive managers to provide stronger strategic leadership to the two organisations and provide support to the General Managers and councillor groups.

We're reasonably confident that we're building a level of capability for strategic asset management that we could share with [other] councils...knowing that they probably can't have a specialist in-house themselves.

3.8 Shared leadership

Combined meetings of the two executive teams (most of which are now resource shared positions) have the potential to drive further improvements, as both councils embark on a broader range of strategic activities.

The combined monthly meeting of the two executive teams to focus on strategic issues will also support more strategic thinking around resource sharing and should include a standard agenda item to identify and resolve any issues.

It is clear that there is a strong commitment to further develop relationships of trust and respect between the two councils and the further alignment of strategic plans through the *Sustainable Murchison Community Plan 2040* will further strengthen the resource sharing arrangement between the two councils.

4 Lessons learned

4.1 Overview

Lessons learned through the implementation of resource sharing include:

- > Not all staff are suited to being a shared resource (Section 4.2)
- > The importance of IT alignment (Section 4.3).

4.2 Not all staff are suited to being a shared resource

Working as a resource shared staff member appears to suit people who:

- > See the big picture
- > Are forward looking
- > Can see the opportunities that resource sharing can bring to the community
- > Are motivated by the challenges and opportunities of working across two organisations
- > Have specialist skills to bring across a larger area
- > Are interested in role which is resource shared
- > Are interested in creating a sustainable workforce.

This means that personal and career attributes need to be taken into account when assessing whether a particular person (current or potential staff member) is suited for a resource shared position.

To be resource shared you've got to be not a special kind of person but you've got to be a particular kind of person. Some can do it, some can't.

I thought it was a pretty exciting opportunity to work across two councils because it was a new role as well so that was particularly exciting to me because I knew that I'd be able to come into it and shape it for myself rather than pull on someone else's coat tails.

When I first started it was, it was them and us thing. You had to be really careful and develop the relationships. It's really important you develop the relationships so that people know that they can contact you, it doesn't matter where you are.

I don't want someone that's going to be working across either Council and letting either Council down. You need someone that's going to be dedicated and devoted to the cause and have the enthusiasm to go ahead and do it because what we've found with the resource sharing people is that they do get enthusiastic about it because they have a challenge here and a challenge there and they try to meet that challenge.

If I didn't have a sense of resilience I wouldn't survive.

So resource sharing itself – I love it.

4.3 The importance of IT alignment

The lack of alignment across the two councils both in terms of operational systems and support systems, such as email and phones, has made the implementation of resource sharing less effective and efficient than it could have been. Running two operational systems means resource shared staff need to adapt to both (rather than using the best of both) and the lack of access to email and diary systems when away from the 'home' council has been frustrating for some people.

However, any introduction of new IT systems will be challenging as well as the changes to work practices it may bring and changes must be managed sensitively.

I think the lack of common IT systems has been a bit of an Achilles heel the whole way along.

They're both pretty well entrenched with the systems they run, so...one or both councils will have to change.

I said, oh look I'm happy to have a chat with you over Skype but people are like, oh no I'll wait until you're here.

IT is a shemozzle and very difficult to go from one council to the other. At one council I can do heap of stuff and then the other one I'm sort of hamstrung.

5 Areas for improvement

5.1 Overview

Key areas for improvement for resource sharing include:

- > Adopt a more strategic approach to resource sharing (Section 5.2)
- > Strengthen the governance framework for decision-making (Section 5.3)
- > Improve communication and revisit the vision (Section 5.4)
- > Integrate information technology (Section 5.5)
- > Closely align organisation structures and staff reporting arrangements (Section 5.6)
- > Clarify work practices and policies (Section 5.7)
- > Expand resource sharing and specialisation (Section 5.8)
- > Monitor workloads for resource shared staff (Section 5.9)
- > Shared General Manager (Section)
- > Improve change management (Section 5.11)
- > Measure outcomes and demonstrate the benefits (Section 5.12)
- > Ensure continuity of arrangements (Section 5.13).

5.2 Adopt a more strategic approach to resource sharing

Whilst the staged implementation of resource sharing has contributed to the success of the current arrangements, there appears to be a sufficient level of maturity and acceptance across both councils to consider a more strategic approach to resource sharing.

Resource sharing arrangements were initially implemented as opportunities arose (see also Section 3.4) but as the organisational structures and strategic plans of both councils are now more closely aligned it may be appropriate to take a more strategic approach given future challenges/opportunities and community expectations around services and levels of service. This approach will also lead to more strategic recruiting, shared projects and strategies which could create more effective and efficient outcomes for both councils and their communities.

[We need to] focus on customer expectations. If we'd had that front of mind back in 2008-9, I feel we would have been far more developed by now. So rather than taking the opportunistic [approach] to just resource share, the purpose should always be that we deliver our customer expectations.

We need to actually define what it is that we want to achieve and then create resourcing to achieve that instead of the other way around.

I feel we would have been far more developed by now, so rather than taking the opportunistic route, trying to build contagion within the organisation to just resource share but without purpose front of mind.

Sharing a purpose and that focus on the customer experience, you obviously see the benefit of an enhanced strategic planning approach.

The development of strategic workforce plans is also a vital component for the future to address the human resources required to achieve the activities identified in the councils' strategic plans.

Workforce development plans are needed for both organisations aligned to council strategic plans. We can't do that until we've identified what our objectives are and what resourcing we need to achieve those objectives.

We haven't done enough work around identifying emerging leaders and what capacity we've got to develop them, with resource sharing as a fundamental part of that.

We haven't got a workforce development plan so therefore we haven't looked at how to best utilise our resource shared staff and we haven't looked at how we support our resource shared staff well enough.

A number of staff noted that a closer examination of service delivery modes should be undertaken and decisions made on the most appropriate method for each service. Resource sharing has tended to be the default option but there is a range of other options available including shared services (where one council provides services to the other of a fee for service basis), joint contracting, one council co-ordinating a private contractor on behalf of the other and shared procurement.

The *Sustainable Murchison Community Plan 2040*¹³ is a positive move for the four councils involved and it will hopefully lead to a closer alignment of council strategic plans.

5.3 Strengthen the governance framework for decision-making

The *Resource Sharing Agreement* appears to be fit for purpose. In addition, the Resource Sharing Committee generally appears to provide good oversight of the resource sharing arrangements.

However, the decision-making framework could be further strengthened to support future challenges and opportunities and:

- > Involve more active participation of the senior leadership teams, especially when it becomes apparent that both councils are not committed to a project
- > Be more closely aligned to the strategic visions and plans of both councils (at a local, sub-regional and regional level)
- > Take into account the results of current sector reviews and reform processes.

One council will fund it and the other won't so the project won't proceed.

Getting agreement at the political level or the management level is very difficult.

One council will fund it and the other won't so the project won't proceed and you're sitting there going, oh well what's happening, we got money for it from one council so we can't do anything with it. So it sits there for another twelve months and then what'll happen is that council won't roll over that money and then the other council might fund it.

The resource sharing committee doesn't influence me in any way because I think it's because the meetings are so far apart.

The governance framework should also reflect good practice principles. The Western Australia Department of Local Government outlines the essential characteristics of regional collaboration models and these present a useful starting point for Circular Head and Waratah-Wynyard Councils to consider when strengthening the governance framework for decision making¹⁴. The characteristics are summarised as:

- > Different models for different circumstances – more than one model may be needed to accommodate differing purposes within a group of councils
- > Flexibility – collaborative models must have sufficient flexibility to meet the needs and streamline the operations of participating councils

¹³ The Sustainable Murchison 2040 Community Plan is a major planning initiative of the Waratah-Wynyard, Circular Head, West Coast and King Island Councils which will provide a strategic community plan to inform a coordinated approach for municipal planning in the Murchison area over the next 25 years.

¹⁴ Department of Local Government 2001. *Information Paper: Regional Collaboration Models for Local Government in Western Australia*. Available at: metroreview.dlg.wa.gov.au/OpenFile.ashx?Mode=446E37686749376A356D684D2B6E6D6D4D6E555273773D3D&ContentID=48645766583762544C42413D&usg=AFQjCNGZYzbtE2wM79LExU7YijlNajOn8g

- > Accountability – flexibility must be balanced by accountability both to ratepayers and to the state government
- > Compliance – accountability brings with it issues of compliance, which need not be burdensome if targeted to specific functions
- > Transparency – processes need to be put in place for the appointment of members on the decision making body and individual accountability needs to be maintained through appropriate mechanisms such as codes of conduct. Transparency of decision-making is also required, including the extent of oversight and reporting to participating councils. There also needs to be adequate protection for the expenditure of public funds and appropriate approvals for significant business operations.

Regular joint planning sessions and meetings of the two leadership groups and councillor groups may help strengthen the governance framework. Joint meetings of the two councillor groups would further assist and both councils have expressed an interest in meeting more regularly.

5.4 Improve communication and revisit the vision

Staff have varying levels of understanding about the reason for resource sharing, the expected benefits and the actual results so far.

To increase productivity and reduce cost that's what my perception of resource sharing is – to avoid amalgamation.

The challenges and concerns raised by all staff could be better managed with clearer, more frequent communication (especially from senior management) across the two organisations about the benefits of resource sharing, including the shared vision, the benefits and promotion of the positive aspects. This will assist to create a sense of shared ownership and embed this way of working into the culture of both organisations. In addition, resource sharing successes should be celebrated across the whole organisation, not just attributed to the resource shared role.

Some of the people that have been resource sharing from the start will say to you it feels like you work for two different organisations and there are two lots of expectations. And we've got to get rid of that.

I feel like my home base is Wynyard because I'm employed by Waratah-Wynyard Council. So maybe that's part of it. I don't know what people that work for Circular Head who resource share at Wynyard feel like whether they get a similar vibe when they're at Wynyard.

I think there'd be some merit in having some consistent messages come out of those senior leadership meetings. Not just for you but for the whole staff so that everybody's hearing the same thing at the same time.

I think there needs to be an acceptance and understanding of how our roles work culturally. I think that's a big thing for me and that needs to come from management.

In addition, it is important to ensure that all staff understand the relative priorities for the resource shared positions, especially where they are different across the two councils. This will help set expectations about how responsive shared resource staff are able to be.

Regular joint meetings of the two council leadership and councillor groups will also improve communication and although the former is underway, there are opportunities for joint meetings of councillors.

Much has changed since the initial agreement in 2008 and it may be timely to refresh the vision for resource sharing and provide clarity on the objectives. The two leadership groups should play a proactive role to drive the strategic vision and thinking and clearly define the purpose for the future.

External communication with the community is also important so the community and other stakeholder understand the benefits of resource sharing for both Circular Head and Waratah-Wynyard and have realistic expectations about where staff live and work.

It used to be they'd come and live in our community. Not any more. So that's a challenge.

We felt we didn't have any runs on the board to communicate with the community; there was nothing that we could say that was really of any great value.

I feel that ratepayers actually respect us for actually sharing resources.

And actually it's really good for improving council's image and putting councils in a positive light.

5.5 Integrate information technology

The lack of IT integration has restricted progress on resource sharing efficiencies and effectiveness. All staff interviewed commented on the lack of integration of IT systems and the impact on their ability to perform their role. The plans to integrate IT should be actioned in the short term as many of the areas outlined for improvement in this report may well be addressed by IT solutions. In the meantime, the executive team should encourage all staff to make better use of the existing IT infrastructure, for example, using Skype to reduce face-to-face meetings where they are unnecessary.

I think one of our biggest let downs, and one of our struggles, is IT and both councils are going through an IT review. That's a big challenge to us and it's got to be fixed up.

IT is a huge impediment.

I think IT is critical.

So what I'm saying to them is that we will have far more meetings via Skype and that as a department we will be a virtual department.

5.6 Closely align organisation structures and staff reporting arrangements

There is a high degree of duplication especially in terms of line management because resourced shared staff are employed by one council but work across both. In most cases, the manager at the employing council is responsible for performance management and leave approval whilst the manager at the other council is responsible for professional development and workflow management. This creates risk and uncertainty, particularly if the two managers have different views about staff performance and workflow.

This could be addressed through shared performance management and open communication to collectively manage workflow and absences. Alternatively, the staff member could report to just one manager and the managers could then communicate regularly with each other.

What has happened in the past is the manager from the employing council would do the performance appraisal. Sometimes [the other manager from the other council would be involved...or provide input beforehand. There was no structure around how that occurred.

Ideally the two structures would look the same, ideally.

You've got different hierarchies.

The new organisational structures at both ends will make things a little bit harder. But there's some resource shared people that are in manager roles and then there's others like me that are in officer roles.

The non-aligned structures have resulted in a small number of staff being involved in strategic management meetings at one council but not the other. This means they have only access to strategic information in one council which can result in confusion about the sensitivity of information they access.

5.7 Clarify work practices and policies

There is some inconsistency in work practices which could be addressed by clearer induction or ongoing training and/or changed practices. These include:

- > Minimising journey to work time as staff start their work day at their employing council, pick up a pool vehicle and then drive to the other council, even if they live closer to the other council. Suggestions to improve productivity would be to allow shared employees to take a council vehicle home overnight
- > Minimising travel generally to address potential increase in WHS risk as more staff are driving between the councils
- > Providing guidance to resource shared staff on the conduct of their role, for example, how to manage and use multiple email addresses or how to manage relationships and workloads.

Where we need to lift our game is in our planning. There's challenges in every job, and organising your transport's one of them here. That's an easy one to manage if people just take a bit of care.

If you start travelling in between then you're chewing up an hour and a half or two hours every time you jump in the car which is unproductive time.

Every time there's an accident on the highway I keep thinking, where are our staff?

Our resource shared staff have two emails – one at Circular Head and one at Waratah-Wynyard. Basic admin stuff hasn't really been thought about in the process.

There is potential for push/pull to make it hard. So they're quite open to me negotiating with them around priority if I do get conflict.

In a sense you have to be pretty good at managing up, you have to be able to say look I'm doing this and I'm happy to do what you've asked but you need to work out the priority.

Although there is some traction across both councils around shared policy development, it does not occur universally or in a structured or formal sense. Clearly policy and practice alignment will improve efficiency at both councils generally but especially for resource shared positions.

We don't have alignment of policies across both councils so that can be very difficult. There is duplication of work because...discussions don't happen.

It happens but it doesn't happen easily or smoothly.

No one else has instructed me no one has asked no one has said, you are expected to be here two days a week, no one's ever told me anything, I could not come here if I wanted.

We don't have alignment of policies across both councils so that can be very difficult.

5.8 Expand resource sharing and specialisation

There are opportunities to further specialise and explore the centre of excellence model that might offer particular services to other councils on a fee for service basis, particularly in the asset management area.

We've been resource sharing for a long period of time but there's untapped ways to make it better, we haven't explored or haven't enacted yet. The common systems processes, practices, across the two councils still are an area of untapped improvement.

Finance is an area that could be shared. Unfortunately, we both have the same deadlines which makes it a bit difficult.

I suppose it depends how far you want to take it all. Like on a regional basis there's no reason you couldn't do it. My area is probably particularly easy to do it because we're a state based legislation.

Instead of being a jack-of-all-trades resource sharing allowed us to specialise more.

Additional opportunities for resource sharing were also identified, particularly in the payroll, finance, economic development and procurement areas and these should be explored in the context of a broader strategic positioning of resource sharing to respond to community expectations.

I think that there are certainly opportunities. In each council you'll end up inevitably with specialists that everyone would like a little bit of. So it could be, for example, planners. Planners are really hard to come by but if you had a pool of planners between Burnie, Wynyard and Circular Head and the West Coast and King Island then that broadens it out even further because really hard to attract people to the West Coast and King Island.

I think that there's tremendous scope there to do things differently however I think that we need to inform ourselves on the views of our community before we make any further changes.

There's no reason why we can't go to the market and start looking for State Government work. If we can set our teams up and have a greater opportunity to do this – it's another field that we can work in.

5.9 Monitor workloads for resource shared staff

There is a high risk of burn out for staff in resource shared roles. This needs to be closely monitored and realistic expectations set. Succession planning and encouraging next level managers to step up may help to relieve pressure on shared executive positions.

I think one of the challenges would be staff burnout. You've got your key staff that are working across both councils. A huge amount of time [goes] into it, a lot of meetings, two council meetings a month, four council workshops a month.

I think there is a real potential for burnout because I think that these sorts of roles attract people who like to be busy and are very enthusiastic and passionate.

I often say to people the thing about resource sharing is that you never have down time. When you're in a fixed situational position you generally have a bit of down time.

The risk is that they will keep continually burning people out. That they will lose their corporate knowledge; their skills; the skill base that they've got.

Often resource shared staff are viewed as people who have part time jobs and other staff do not see/appreciate the value they add. As 'part timers' they often work more than a part time job at each council and this add to workload and pressure to perform.

My role is more treated like two part time jobs instead of looking at the outcome and the tasks that have been completed.

5.10 Shared General Manager

There were mixed views about sharing a General Manager. On balance, revisiting the arrangement is warranted when either position becomes vacant in the future. The General Manager position and two director positions at Circular Head are the now only non-resource shared members of the senior executive team.

A couple of the roles like the GM is a bit of a struggle for a resource shared position.

You've got to pay for half a GM. Obviously there's probably a big dollar saving in that but you lose some things on the other side of that. On the flip side of that because you haven't got a GM there to lead you all the time.

I'd love to see a shared GM. I think if you're going to be fair dinkum about resource sharing you've got to resource share at the top.

I think it would be good to actually have two GMs.

5.11 Improve change management

Any future changes (incremental or more strategic) need to be actively and sensitively managed, especially in relation to the roll out of a common IT system. As a number of staff are invested in the current systems, there may be reluctance and uncertainty about changing.

There is still some resistance to resource sharing in both organisations and the perception that if a resource shared officer is not physically located at the workplace they are not working for that council.

There's still a great bulk of people who are resistant to the change.

One of our challenges is getting our staff to accept the fact that resource shared staff are part of the organisation. It doesn't matter which office they're working in at any point in time.

Some [non-resource shared] staff] may feel that they're less significant – they're not quite as important as the resource shared people. [We need to make] sure that everyone in the organisation recognises how important they are as a cog in the wheel.

I do most of my work out of the office here. I find that personally I work far more efficiently in my own space with my own mess around me, my own computer screen. I feel like a bit of a fish out of water when I go to the Wynyard Office

Whilst it is everyone's responsibility, the executive teams should model the sort of behaviours required to ensure resource sharing is accepted as the way the two councils conduct their business. Strong leadership and regular, positive communication about key benefits and outcomes (see also Section 5.4) are key enablers to break down these barriers.

Non-resource shared staff [should] model positive and inclusive behaviour but resource shared staff need to do the same.

Because I'm not at Wynyard office all that often I'd walk in there and they go, 'Oh that's that person, what's their name?' It's probably not great but I think that's a sacrifice that I have to make in order to be productive.

Better communication, integrated IT and making more efficient use of existing IT systems will also assist change.

5.12 Measure outcomes and demonstrate the benefits

With any change, it is important to be able to measure the outcomes and the benefits, whether soft or hard. The expected outcomes and benefits for resource sharing were not defined in any great detail in 2008 and the lack of baseline data, an evaluation framework, robust data collection and associated performance indicators means it is difficult to measure how and whether resource sharing has contributed to outcomes against the original objectives of improved service quality, economies and scale and scope and organisational development benefits.

We don't collect this data in terms of our effectiveness and our efficiency prior to any change to then demonstrate that amalgamation works or that resource sharing works or that anything else that you want to do works.

We need to be transparent about it. I think the community expects value for money and we've probably misinterpreted that as lower cost in the past. We might be filling service gaps that we haven't been able to service before, by resource sharing those sorts of opportunities.

There was always a view that you can't measure the financial savings from resource sharing. I really do disagree with [that]. I think you can measure it. It's just about having the systems to be able to capture it.

Because [efficiencies] just do not get captured enough. So if there is a meeting that's in Burnie and we decide [name of officer] may go to that meeting [instead of both] we can record that as an efficiency. I want to capture that.

In addition, the attribution of cost savings and other benefits specifically to resource sharing is hard to quantify, particularly in a changing policy environment in Tasmania. For example, state government requirements for improved asset and long-term financial planning and management

may have also contributed to improvements in service provision and the financial bottom line. However, resource sharing had been important in enabling both councils to comply with the new legislation and this has led to asset management in particular being 'state-leading'.

I mean internally I can see what benefits there are and have a full appreciation of some great outcomes. We haven't been able to demonstrate that and explain to the people in a good fashion how this came about.

There is still a strong feeling at both councils that resource sharing is about economic outcomes and saving money to improve financial sustainability.

It's already saved us quarter of a million dollars on combining delivery of the bridge contract.

A more detailed analysis of financial benefits is in Section 7.

In the future it will be important to introduce an evaluation framework to measure success. This is explored in greater detail in Section 8.

5.13 Ensure continuity of arrangements

Under the *Resource Sharing Agreement* either council can withdraw from the agreement with the provision of no less than six months' notice to the other council. With an increasing number of resource shared staff, projects and systems there is a business risk for both councils in the (unlikely) event one council decides to withdraw from the arrangement.

This notice period may not be sufficient time to make alternative arrangements, particularly as many of the resource shared positions are providing critical services to the community so a review of this clause of the agreement should be considered as are the details of how and when which staff and systems/processes/projects would be handed to which council.

One of the major risks is if our other partner decided that their future was east, not west, which is quite probably natural to do as you tend to go towards a capital city. That would be a real risk.

In addition, with the broader strategic resource sharing exercise about to commence in the Cradle Coast region, it will be important for both councils to strongly engage in the initiative to ensure strategic opportunities for advancement are pursued and any potential changes to the agreement are highlighted.

6 Response to the current reform agenda

6.1 Overview

This section considers whether the current resource sharing arrangements will deliver the outcomes sought by the state government. It includes:

- > Current reform agenda (Section 6.2)
- > Analysis of government concerns (Section 6.3)
- > Resource sharing as a support for government reforms (Section 6.4).

6.2 Current reform agenda

As noted in Section 1.4, the state government is currently exploring two reform options for local government which are voluntary amalgamation and strategic shared services. At the time of preparing this report, two groups of councils have signed Memoranda of Understanding¹⁵ with the Tasmanian government to examine options for voluntary amalgamation and strategic shared services. They are the Greater Hobart Councils and South East Councils. In other regions, the Cradle Coast Authority has entered into a Memorandum of Understanding with the State Government of Tasmania to undertake a Strategic Resource Sharing Feasibility Study, which commenced in mid-2016.

There was some scepticism about the success of resource sharing across the state, with governance failures, personality clashes and lack of data to measure success being cited. There was also a view that some councils are reluctant to pursue resource sharing as they see it as a step towards eventual amalgamation. There is a perception that some councils are providing services to others to make a profit (the interviewees were not referring to the Circular Head/Waratah-Wynyard and Kentish/Latrobe arrangements). There was also an acknowledgement that Burnie and Devonport Council's desire to merge may have contributed to tensions in the region.

I think it's quite a sensible move, you know we all sort of understand that the alternative is amalgamation you know and who knows how that's going to go if and when that comes up. But at least we had the opportunity to make a fist of it.

So there's that advantage of you having one voice for the area.

So later on if there is someone from the State Government or someone who actually pushes these councils to actually amalgamate, I would actually strongly argue that resource sharing is actually a better model from a community perception perspective and also from a market perspective as well.

6.3 Analysis of government concerns

There is a range of concerns in government about current shared services arrangements in place across Tasmania. These concerns, their applicability to Circular Head and Waratah-Wynyard Councils and whether there is a need/opportunity for improvement are detailed in Table 6.

¹⁵ Peter Gutwein 2015. Investigating local government reform for the Cradle Coast. Available at: www.petergutwein.com/news/investigating-local-government-reform-cradle-coast/

TABLE 6 ANALYSIS OF GOVERNMENT CONCERNS

Concern	Applicable to Circular Head and Waratah-Wynyard?	Need/opportunity for improvement?
Current arrangements are driven by crisis not strategy	The reasons for establishing the arrangements are sound	Yes – Opportunities for further strategic alignment of resource sharing
Poor understanding of the benefits to ratepayers	The benefits are generally understood internally but not necessarily externally	Yes – Need to do more to communicate the benefits to ratepayers, staff and external stakeholders
Lack of empirical data regarding financial service delivery outcomes	It has been a difficult and lengthy process to identify savings resulting from resource sharing	Yes – Need to improve data collection and analysis. Use the proposed evaluation framework (Section 8) and undertake further financial analysis
Little understanding of best practice and what it would deliver	Both councils have clearly identified the benefits of resource sharing in the <i>Resource Sharing Agreement</i> and elsewhere There is also a clear desire in both councils to refresh the vision and establish an evaluation framework to measure future success	Yes – Opportunities to include benefits in all strategic and operational documents
No formal governance structure	There is a sound governance structure in place	Yes – Opportunities to further improve with input from senior management teams
Rely on relationships rather than sound business cases	The two councils rely on strong relationships and generally the resource sharing arrangements are being undertaken for sound business reasons	Yes – Opportunities have been identified in this report to improve business cases, evaluation and assessment of financial benefits
Most are inadequately evaluated	This review has gone a long way towards evaluating the arrangements	Yes – Need to use the proposed evaluation framework (Section 8) to support ongoing, robust evaluation
Lack of political and management support and leadership in driving efficiencies and cooperation	There is strong political and management support and very strong cooperation in Circular head and Waratah-Wynyard	Yes – Opportunities have been identified in this report to strengthen such support and further embed resource sharing in organisational culture

In addition, in his media release announcing the two Memoranda of Understanding, Minister Gutwein again emphasised that shared services must:

- > Incorporate initiatives which involve significant business activities
- > Be supported by a formal agreement
- > Have a sound governance structure in place
- > Provide substantial benefits to ratepayers and be sustainable.

It will be important for Circular Head and Waratah-Wynyard Councils to communicate the outcomes of this review and the councils' responses to the recommendations to the Minister, Division of Local Government, LGAT and the Cradle Coast Authority. It will also be important for Circular Head and Waratah-Wynyard Councils to engage in the resource sharing project being undertaken with the seven other councils in the Cradle Coast region and consider new opportunities where appropriate.

6.4 Resource sharing as a support to government reform

Resource sharing of quality, specialised staff has enabled both two councils to more effectively comply with new legislation and new reporting requirements. Hopefully this will also support proposed planning and other reforms in the future.

However, a lot of the role is around writing and managing projects and so on. And that can be done from anywhere.

7 Financial analysis

7.1 Overview

Demonstrating financial outcomes, especially through economies of scale and scope, is seen as a key measure of success for resource sharing although the value of the benefits as a percentage of total costs may change over time from the original baseline cost. These economies are most likely to be achieved where there are strong synergies between the type of service provision and similar expectations of service levels. They are also dependent on the geographic size of councils and the distances people and assets need to travel.

In addition to qualitative research (noted in Sections 2 to 6) on the outcomes for resource sharing, this project also involved an assessment of financial savings. The approach to identify savings was agreed between both Circular Head and Waratah Wynyard Councils and Kentish and Latrobe Councils.

7.2 Approach to analysis

The lack of baseline data collected at the start of resource sharing (in 2008) made it difficult to assess the cumulative impact of resource sharing.

Maybe we need to have a benchmark or a baseline which is, here is the alternate scenario of an organisation existing on its own, here's what could be achieved for the same or different resource, and then a resource sharing partnership, here's what's actually been achieved and we measure the difference. If that difference provides value for money for the community, without being exorbitant in terms of cost or other measure then that's a good outcome.

And the question has often been asked and we've never got a true and accurate answer in dollars and cents are we saving?

But there was always a view that you can't measure the financial savings from resource sharing and I really do disagree with it, I think you can measure it it's just about having the systems to be able to capture it.

So we're fortunate that we're working but we can't demonstrate anything properly.

However, a high level financial assessment was undertaken for both councils for one financial year using an agreed set of principles. The principles are shown in Table 7.

TABLE 7 PRINCIPLES FOR FINANCIAL ANALYSIS

Principle	Explanation
Like for like service delivery	Skills and capability of staff are the same regardless of whether they are staff members or contractors/consultants All variables must remain constant (skills, outputs or levels of service) except for number of FTEs and cost
Overheads	Overheads such as HR, WHS, Comms, IT, GIS, Asset Services costs, are assumed to be fixed in the short to medium term i.e. resource sharing activity has little impact on overhead costs
Organisational outputs the same	Outputs or productivity of the organisation remain the same <u>For example:</u> Maintain the same number of kilometres of road to the same standard Same lead time for HR assistance in recruitment processes Australia Day festival at same level in either scenario

Principle	Explanation
Service delivery needs of 2016 not pre-resource sharing are used as the comparison	The way the organisation was pre-resource sharing is irrelevant Part of the benefits of resource sharing are that we can get more and/or better services for similar costs For example, service level developer position is a 2016 requirement following legislative SAMP/LTFP needs
Staff costs	Wages plus 21% on costs as a basis for direct employment
Expenses	IT Infrastructure per FTE: Cost \$1,400 Travel expenses per FTE (two trips between councils per week for 48 weeks): Cost \$3,226

The data was gathered for each council using the principles and the savings and additional costs documented.

7.3 Savings and additional costs

Savings and additional costs for shared procurement, staff and plant and equipment were calculated and are summarised in the following section.

7.3.1 Hard savings and additional costs

A summary of the savings and additional costs for 2015/16 is at Table 8.

TABLE 8 SUMMARY OF COSTS/BENEFITS FOR 2015/16

Shared service	Direct one-off saving	Direct ongoing saving	Indirect ongoing saving	Additional one-off cost	Additional ongoing cost	Total saving
Joint projects	\$184,388	-	-	-	-	\$184,388
Shared procurement	\$237,800	-	-	-	-	\$237,800
Shared staff	-	\$607,312	\$9,999	(\$8,400)	(\$35,486)	\$573,425
Total	\$463,988	\$607,312	\$9,999	(\$8,400)	(\$35,486)	\$995,613

As expected, most of the (one-off and ongoing) savings arise from shared staff positions mainly director and senior level staff. These annual savings are not insignificant and add to the financial sustainability of both councils.

The ability to commission joint projects such as the *Sustainable Murchison Community Plan 2040* and share review processes such as the IT review have provided substantial savings in 2015/16. In addition, shared procurement, in particular bitumen resurfacing to increase buying power and economies of scale with the kerbside recycling contract have been successful at reducing costs.

Most of the additional on-going cost is attributable to the cost of travelling between the councils which may reduce over time with increased use of IT communication such as Skype.

7.3.2 Soft benefits

Soft benefits are not insignificant and (based on the original objectives in Section 2) include:

- > Improved service quality: Standardised policies, frameworks and planning have been implemented across the two councils. This has especially been evident in improved risk management/mitigation and approaches to asset management

- > Economies of scope: A range of full time positions (see Section 1.6.2) have also been enabled through resource sharing which would otherwise have been difficult positions to fill or justify on a part time basis
- > Economies of scale: Staff are now able to leverage from discussions and outputs from meetings at both councils and there is more efficient policy, framework and strategy development as these functions can be undertaken in one council and the learnings/practice translated into the other council
- > Organisational development: There are now stronger career paths for middle management with an increased ability to attract and retain. In addition, resourcing sharing has provided great opportunities for collaboration across the councils (especially in asset management) and has enhanced strategic capacity. Relief support is now in place for when staff are on leave.

Another soft benefit from resource sharing is the potential for it to be seen as an indicator of financial strength and good management. Resource sharing, if implemented successfully, can deliver economies of scale but it is especially the economies of scope which are perceived positively by the community.

You start to see people strategically thinking because we've come together as a group and starting to talk about it you think well there's more to this than just our own patch of vegetables that we're working on. So to me I think this is the great benefit that we get out of our resource sharing.

If we start just talking about the savings I just think we're losing the plot because I think it's more about getting better services.

7.4 The issue of attribution

There is some debate about whether some economies of scale at both councils, such as improved asset and financial management, can be attributed to resource sharing or not, especially where changes in policy or practice are driven by legislative requirements. In addition, shared staff may also lead to, or occur as a result of, organisational restructures and in turn this may have made operations more efficient and effective.

We've tested the re-sealing or the bitumen sealing of roads as well, that's a bit more of a commodity service if you like, so the cost is, cost per unit is basically fixed, for whatever reason. We haven't seen the same cost advantages there; maybe in bridges where we've forced greater competition maybe that's where we're getting some of the savings. We don't know 100%.

I actually created a situation where the contractors are competing with each other.

This issue is not uncommon in cost/benefit analyses and the resolution is to ensure the detailed collection of key measures so that outcomes in strategic and operational processes can be attributed to the correct levers or factors. This should be built into any monitoring framework for the future (see Section 8).

7.5 Overall summary

Although not quantified since the inception of the resource sharing agreement, annual financial savings are most likely increasing over time as more positions are resource shared and there is improved procurement and shared projects. In the future there may be more opportunities but the majority of the savings will continue to be via shared staff.

8 Monitoring success in the future

8.1 Overview

The outcomes and impacts of resource sharing between Circular Head and Waratah-Wynyard Councils have been difficult to assess given the lack of clarity over the objectives and limited baseline data. Although a number of benefits and improvements to service delivery were identified, more needs to be implemented to set outcomes and targets and collate data in a suitable format to monitor progress.

8.2 Why evaluate?

Evaluation is the systematic collection of information about activities and outcomes to:

- > Track progress
- > Make judgements and decisions
- > Improve effectiveness
- > Build understanding.

Evaluation enables decision makers to:

- > Judge merit or worth
- > Make improvements to programs
- > Generate knowledge
- > Engage stakeholders
- > Demonstrate accountability
- > Gain support for future projects.

It is important for evaluation to have a methodological approach with a structured monitoring and evaluation framework to assess performance outcomes whilst at the same time offering a flexible mechanism to document unanticipated outcomes, innovation and lessons learned.

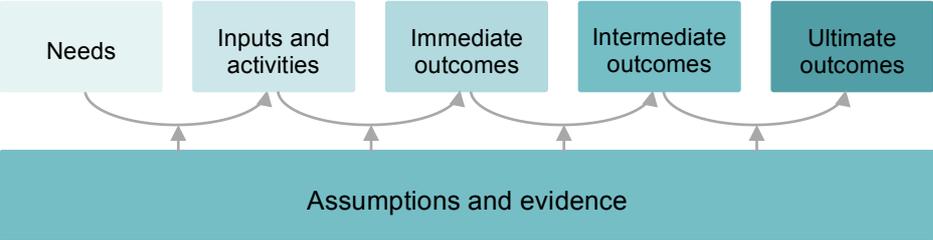
8.3 Program logic

An effective way to ensure a rigorous evaluation is an approach based on program logic. Program logic offers an analysis of the factors which contribute to program outcomes and different levels of interventions. Program logic is the underlying rationale which links the aims and objectives of a service model or overall approach with its various components. These components are:

- > The range of activities undertaken
- > Outputs delivered
- > Outcomes achieved.

The major benefit of program logic is that it seeks to evaluate the assumptions or evidence that have been used to make change. It also helps ensure that any proposed actions will lead to the desired outcomes. A basic model of program logic is at Figure 1.

FIGURE 1 BASIC MODEL FOR PROGRAM LOGIC



In program logic, the monitoring and evaluation approach can be defined by an outcomes hierarchy using the structure outlined in Figure 2.

FIGURE 2 OUTCOMES HIERARCHY

Hierarchy of Outcomes	Definitions
Ultimate outcomes	Impacts, outcomes and achievements across strategic and organisational frameworks
Intermediate outcomes	Impacts, outcomes and achievements in specific program areas
Immediate outcomes	Models of service delivery and provision and how these have been implemented
Inputs/activities	Including policies, services, activities, processes
Needs	Priority issues that the program must address, the evidence base and conceptual underpinnings for the program

8.4 Proposed program logic for resource sharing

In the future, it will be important to more regularly review the financial outcomes and other impacts such as economics of scope and scale and increased strategic capacity. Clear measures and performance indicators need to be set and data gathered from the outset in order to be able to demonstrate the benefits (or otherwise) of resource sharing.

But there weren't any very clear KPIs or benchmarks or things that you wanted to achieve when the resource sharing was set up.

But to me we need to know where we're going. It's hard to set your KPIs without having that overall direction.

A program logic approach, using a hierarchy of outcomes can be a valuable tool to develop a monitoring framework for resource sharing. Framework development should be undertaken collaboratively by senior management at both councils and include key measures of success.

A proposed program logic for the monitoring and evaluation of resource sharing between Circular Head and Waratah-Wynyard Councils is outlined in Figure 3.

FIGURE 3 PROPOSED PROGRAM LOGIC FOR RESOURCE SHARING

Hierarchy of Outcomes	Description
Ultimate outcomes	<ul style="list-style-type: none"> > Resource sharing has strengthened the future economic and social viability of each local government area > Councils are able to better respond to increasing expectations of communities for improved services without wishing to pay extra rates and charges
Intermediate outcomes	<ul style="list-style-type: none"> > Economies of scope are captured – by working together councils have the critical mass to warrant the employment of skilled staff to work across a larger area > Economies of scale – cost savings are achieved through economies of scale > Improved services – resource sharing results in the provision of greater access and better quality of services > Organisational development – assists in the up-skilling and transference of experience between employees > Increased strategic capacity – resource sharing takes councils to a higher level of capability > Resource sharing: <ul style="list-style-type: none"> - Allows councils to maintain their independence - Allows councils to provide services to a larger population - Spreads costs and risks - Allows financial savings in service delivery - Releases savings for other service areas - Provides for both broader and more specialised services - Permits more equitable distribution of services for ratepayers - Attracts a financial contribution from non-residents and ratepayers - Generates additional capital from the sale of excess equipment or land - Creates improved career paths, succession planning and back up resources
Immediate outcomes	<ul style="list-style-type: none"> > Councils attract, retain and train appropriately skilled staff involved in resource sharing > Employees involved in resource sharing are appropriately skilled and suitable to work within and across councils > There is elected member and senior management support for resource sharing > The strategy/framework for resource sharing is implemented consistently and reviewed on an ongoing basis > Any conflicts or challenges are identified and an agreed process for resolution is utilised
Inputs/ activities	<ul style="list-style-type: none"> > Council resources to be shared are identified > Benefits of resource sharing for councils and the community that will be realised are identified and clearly articulated > A strategy/framework for resource sharing is developed and documented. This should include elements such as governance, scope and priorities, decision making processes, communication protocols, culture management, barriers to be addressed and statutory/policy/business rules etc. > Senior leaders are strongly involved in, own and drive the process > Staff skills and capabilities required for involvement in resource sharing are identified
Needs	<ul style="list-style-type: none"> > Respond to identified challenges and issues facing local government: <ul style="list-style-type: none"> - Lagging asset base - Lack of job opportunities in the area and/or sector - Rates increasing beyond CPI - Changing demographics – population ageing and declining youth population > Council responsibility for delivering statutory functions within their local government area



9 Recommendations

The resource sharing arrangements between Circular Head and Waratah-Wynyard Councils are now well established with an increasing range and type of shared staff, projects and systems. The following recommendations aim to build on the solid foundations established over the past few years and are designed to improve and enhance the current arrangements, to make the arrangements more strategic, to ensure the objectives are clear and measurable and to ensure that resource sharing continues benefit the communities of Circular Head and Waratah-Wynyard.

Strategic planning and leadership development

1. Engage the senior leadership group and councillors in a strategic planning exercise to identify community expectations of service delivery in the next ten years and design an approach to resource sharing to respond to the long-term needs, including the development of a workforce plan for the two organisations. The current List of Services project will help provide a clearer understanding of services and service levels
2. Following the strategic review, refresh the vision for resource sharing and engage the leadership groups to proactively drive the strategic vision and thinking
3. Convene regular meetings of the leadership and councillor groups of Circular Head and Waratah-Wynyard Councils to engage in strategic planning activities
4. Informed by the long term workforce plan, expedite alignment of organisation structures, strategic plans, budgets and annual reports
5. As part of the long term workforce plan, identify and develop emerging leaders to ensure there is a cohort of new leaders to support the current management and executive teams.

Communications

6. Develop an internal and external communications strategy to ensure staff, councillors, the community and other stakeholders understand the rationale for resource sharing and the vision and benefits of the arrangements. Measure the success of the communications strategy in increasing awareness and understanding of resource sharing in community feedback and staff surveys
7. Ensure staff receive consistent messages following joint executive team meetings as soon as possible after each meeting.

Information technology

8. Ensure the current review of IT is expedited to ensure staff can share calendars and seamlessly access files of both councils remotely
9. Ensure all staff make better use of existing IT capacity, for example, encourage meetings via Skype rather than enforce travel to face to face meetings.

Staffing and workforce

10. Ensure that recruitment policies clearly identify the desired attributes and skills for resource shared positions to ensure candidates are suitable for these positions
11. Continue to demonstrate that resource shared staff are accessible and responsive and that the benefits of resource sharing apply across the whole spectrum of resource sharing activities. Balance this with the pressure for some positions to meet face-to-face with colleagues

12. Introduce a shared performance management and workload system for staff reporting to two managers
13. Consider establishing a committee across both councils for resource shared (potentially, including non-resourced shared staff) to consider operational matters and provide input into decision-making around resource sharing
14. As part of workforce planning, prepare guidance material for (new and existing) resource shared officers on how to carry out their role. Ensure the guide includes advice for dealing with any conflict of interest that might arise from their shared role. Ensure people in resource shared positions have a regular opportunity via the performance management system to discuss and resolve any issues or concerns with their managers
15. Include 'resource sharing' as a standard item on executive level meeting agendas to ensure the timely identification and resolution of any issues arising
16. Ensure resource shared and non-resource shared officers understand the importance of their role in providing services and governance to the communities of both council areas
17. Review current work policies and practices to ensure the councils are achieving the maximum benefits of resource sharing and remove barriers to productivity, such as travel between the two council offices
18. Consider the potential for burnout of senior managers and identify and develop emerging leaders to provide support where possible.

New and expanded opportunities

19. Informed by the long-term workforce plan, continue to expand resource sharing in areas such as payroll, accounting, shared procurement, planning and development, economic development and other operational areas
20. Examine opportunities for the asset management and other teams to work towards a centre of excellence model that might be made available to other councils on a fee for service basis.

Governance

21. Develop a process for dealing with any conflicts of interest that may arise from resource sharing of staff across two councils
22. Review whether the six-month notice period to withdraw from the Resource Sharing Agreement is appropriate given the increasing scope of resource sharing, especially with integrated systems and technology. Consider amending the agreement to 12 to 24 months to reduce the risk of the impact on continuing operations with any withdrawal.

Succession planning

23. Consider sharing a General Manager when either position becomes vacant in the future. This role would need to be specified and recruitment undertaken against those specifications. The role description should include such attributes as a genuine and balanced regional focus, the ability to demonstrate success in a similar role and previous experience of resource sharing.

Managing change and project management

24. Ensure that any changes resulting from resource sharing are well managed, that staff fully understand the need for change and that the changes and new practices are well planned, documented and managed

25. Ensure that strategic projects across the two councils are supported with strong project management, a robust process for decision-making and clear procedures for managing potential conflicts of interest
26. Establish a clear pathway to progress initiatives requiring the commitment of both councils.

Evaluation and reporting

27. Consider the evaluation framework provided in this report and continue to work towards identifying financial benefits as part of the next stage of this review
28. Engage in the resource sharing review being undertaken by the Cradle Coast Authority to ensure strategic opportunities for advancement are pursued
29. Share the findings of this review with the Minister for Local Government, the Division of Local Government, the Local Government Association of Tasmania, the Cradle Coast Authority and surrounding councils
30. Consider sharing the findings of this report with staff at both councils.



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