RESOURCE SHARING

BUILDING STRONGER AND BETTER COUNCILS

STATUS REPORT MAY 2012
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Executive Summary

The Resource Sharing – Building Stronger and Better Councils Status Report 2012 has been produced to address a recommendation of the *Impact of Resource Sharing on Staff and Councillors* report prepared by the Institute for Regional Development, University of Tasmania for Circular Head and Waratah-Wynyard Councils. This report is designed to be a comprehensive overview of the current status of the resource sharing arrangement between the two councils, provide some background on why the resource sharing arrangement was put in place and the benefits and achievements reached so far.

This report is aimed to provide the community with the background on what resource sharing offers, what it has achieved, whether the current model is achieving the desired outcomes, whether further work is required to meet these objectives as well as an understanding of how resource sharing works and is delivered.

The Building Stronger and Better Councils Status Report 2012 looks at not only the background and key drivers for resource sharing, but also details how this was implemented, how resource sharing works in action, what outcomes have been achieved and what needs to happen next.

Complementary to this report is the Resource Sharing Fact Sheet and the Resource Sharing Report Summary.
Background
A resource sharing arrangement between Circular Head and Waratah Wynyard Councils was initiated for a number of reasons; the key driver was to make each Council stronger and better.

The resource sharing arrangement was put in place to address the ever expanding demands and continual pressure to limit rate increases with a belief that the model could give each Council an edge in dealing with these issues. The model was also seen as enabling each Council to consolidate its position as a responsible and competent Local authority, pursuing the collaborative efforts required to secure greater sustainability.

In 2007 the Local Government Association of Tasmania (LGAT) initiated a ‘Sustainability Review’. The findings provided similar commentary to reports delivered interstate, highlighting insufficient ongoing investment in the replacement of existing infrastructure.

Then, in early 2008, an Auditor-General’s report on Tasmanian Local Government Finances noted that five Councils were in ‘financial difficulty’. Concurrently, the State Government initiated a debate regarding the future provision of Water and Sewerage services, including the possibility of removing delivery responsibility away from LG.

The history of local government reform suggests that unless the sector is willing to demonstrate leadership, then the State Government is likely to enact forced structural reform - most often embodied in forced amalgamations and mergers of neighbouring Local Governments.

With predictable regularity, media commentary associated with local government in Australia results in calls for a reduction in the number of local authorities. The simplistic proposition put forward being that fewer councils would mean a reduction in costs (and hence lower rates) due to alternative structures.

The initiative was designed to share resources and reduce overheads, while maintaining the unique characteristics of both municipalities.

Following the appointment of the General Manager of the CHC to the role of General Manager of the WWC, the consultancy firm KPMG was commissioned to present a report as a basis for assessing the opportunity for resource sharing between the two Councils and employing one GM to serve both.

“The KPMG report, titled “Consideration of resource sharing opportunities”, was presented at a joint meeting to Councillors and the Senior Management teams from both Councils in October 2008.
From Report to Reality: Resource Sharing

The report revealed a number of opportunities for both councils to develop a resource sharing arrangement. The KPMG study found that while Councils were under increased pressure to provide innovative ways to allocate resources across a range of competing activities to meet the needs of current and future generations, resource sharing provided the opportunity to retain local autonomy while improving service delivery.

Much of the published literature focuses upon by efficiency gains and the cost savings via economies of scale in areas such as IT, plant, purchasing and administration. The KPMG report enabled both Councils to also look at the effectiveness gains that would be possible from such an arrangement.

Whilst the merger approach is popular in the world of commerce, experience in other states suggests that local government amalgamations can be costly and disruptive to implement. Detractors of the amalgamation approach argue that smaller communities often suffer in terms of service provision relative to their bigger cousins with larger populations, as the outcome typically robs small communities of effective representation.

The resource sharing model was chosen in order to deliver better and relevant services to the communities by being proactive and choosing an alliance with ‘like minded players’ with similar objectives. This approach was also determined as the best way to attract skilled staff. This was also seen as an opportunity to enable the development of staff into specialists and to give both Councils access to improved systems while offering greater opportunities and job satisfaction.

In October 2008 each Council resolved to proceed, with an effective commencement from 1 December 2008 for a two year trial. The agreement was extended in 2010 with a review due in mid 2013.

One thing that was made clear was there were no plans to amalgamate the Councils. The intention was to share resources where it made sense to do so and where it was of benefit to ratepayers.
Implementation

Following the appointment of the joint General Manager the Senior Management Teams at each Council identified a number of priorities, including asset management planning, project management, strategy preparation, performance/governance, business strategy.

A redirection of resources in some areas and changes to management structures occurred. Business Performance Units were established in order to better manage areas of governance, council policies/strategic and annual plans, records and legal, risk management including occupational health and safety and organisation development (encompassing human resources and performance management).

The arrangement also saw the establishment of the Business Strategy Unit (now the Strategic Projects Office), which was created to develop strategies and prepare business plans evolving from identified needs or concepts considered worthy of pursuing. Creating business cases (after testing concepts/ideas) and providing documented project proposals for external (or internal) funding consideration is a core function of the Unit. In practice, the BSU acts in a coordination role to develop specific projects or activity from the conceptual to pre-delivery stage; working with the various professionals within the existing organisational structure in pursuit of the identified tasks.

The resource sharing arrangement is underpinned by an agreement, which is aimed at reflecting the needs and identities of both communities and securing collaborative community and environmental wellbeing.

The intent of the agreement is as follows:

- 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 financial decision making with each Council;
- Be proactive and choose alliances 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; and
- Attract skilled staff.

These intentions are delivered through governance mechanisms in the agreement, which set out protocols to cover the employment of staff at both Councils and resource shared staff and the sharing of expenses and savings. The agreement also establishes the resource sharing committee, which oversees the implementation of the agreement.
As at April 2012 there are 14 resource-shared staff, with seven staff based at Waratah-Wynyard and the remainder at Circular Head. These roles include:

- General Manager
- Executive Manager Financial Services
- Executive Manager Engineering Services
- Human Resources Coordinator
- Manager of Engineering & Projects
- Risk Management Coordinator
- Manager Strategic Projects
- Communications Officer
- Occupational Health & Safety Officer
- Assets Coordinator
- Technical Officer – Assets
- Technical Officer – Engineering and Projects
- Strategic Facilities Designer
- Information Technology Officer

While staff may be based at certain Councils, they generally spend 50% of their time working for each. As some roles are incident or people-based, it is difficult to quantify how much time is spent working for each council on a week to week basis.

**Resource Sharing in Action**

The Resource Sharing Committee steers the process, meeting each quarter to oversee progress reports and to ensure the model is delivering what it was designed to do. The Committee developed a Strategic Action Plan which identifies key actions to be pursued over the term of the agreement. The committee, comprised of three Councillors from each Council, takes a strategic approach to the model and from the outside examines what further opportunities could be developed and furthermore how they could be delivered.

In addition to the higher level priorities, the following information summarises a number of the operational matters which have been or are being progressed within functional areas.

**Human Resources Management:** A Human Resources Coordinator has been employed across both Councils to assist in improving and advancing skills development of staff, leadership skills, performance management systems, identifying staff and department needs and refining the recruitment and retention process.

**Occupational Health and Safety:** An Occupational Health and Safety Officer is resource shared between Councils to ensure both Councils not only meet legislative requirements,
but also to further advance health and wellbeing programs in the workforce. A number of programs, including a re-induction process has ensured all staff are up to date on the most modern and advanced practices in ensuring a safe and healthy workplace and workforce.

**Emergency Management:** Both the Circular Head and Waratah-Wynyard Councils cooperate to ensure legislative requirements are met in this area and also to ensure the Emergency Management Plans for both municipalities apply best practice principles.

**IT Services:** A resource shared IT officer has been employed to look at the number of opportunities available in working on efficiencies and shared systems. This role is also complementing other resource shared staff who are based at both Councils from time to time, who require access to both systems.

**Policy Development:** A cooperative approach between both Councils has seen the implementation of a shared knowledge base, which has delivered more consistent policy development. This area is still in development.

**Risk Management:** The Risk Management Officer at Waratah-Wynyard is resource shared with Circular Head to ensure not only compliance with legislation, but also to ensure staff and services are delivered in line to minimise risk.

**Staff Training Efficiencies:** Combined Human Resources has meant continued success not only internally, but also at LGMA management challenges. Through both, staff have developed better collaborative working relationships and approaches to workplace health and safety.

**Sharing of Skills and Knowledge:** There has been a considerable exchange of skills and knowledge across both Councils. This success has been gained as the relationships are embedded and members work collaboratively within their individual areas of responsibility. There have been many examples of shared skills and expertise across the organisations and considerable advancement of a shared ‘pool’ of staff skills and expertise to access.

**Financial and Asset Management:** A number of ideas have been implemented including the combination of functions to provide for the sharing of financial and asset planning skills to implement comprehensive long term asset and financial management programs.

**Development Services:** Both Councils are working with each other to look at ways to improve the planning approvals, building permits, zoning, weed management, environmental management, animal control, public health, regulatory compliance and other systems within this area. The sharing of skills and knowledge in this area has been beneficial to both Councils because of common issues and different approaches to resolutions.

**Engineering, Works and Maintenance:** Contract management systems have been improved to further a number of programs within this area, as have asset management and development, sharing of specialised equipment and software. A combined approach to
tenders and the sharing of specialised survey and design skills is ongoing. Comparison and optimisation of works and maintenance techniques is delivering improved results in both Council areas.

**Social and Community Services:** A number of collaborations has seen the sharing of knowledge particularly beneficial especially in the areas of child care, program delivery, cultural programs, youth support, family services, leisure and recreation, sporting, public events and arts and culture activities. While grants are often specific to each community, opportunities have been identified to work cooperatively where possible to apply for joint funding when it comes available.

**Communication and Consultation:** A resource shared Communications Officer has been employed to further drive regular and constructive communication between both organisations in relation to operational matters. This includes shared documentation, procedures, thoughts and ideas.

**The Next Phase – 2013 and Beyond**

The KPMG report, titled “Consideration of resource sharing opportunities” identified that leadership was essential to meet the objectives of resource sharing.

KPMG found that political will was essential to success and that while there were a number of barriers to achieve the aims of resource sharing; most of these were centred on resistance to change. The key to success, the report noted, was that there needed to be a genuine commitment to properly support and strategically engage.

The RSA Mission Statement is:-

> To maximise potential and sustainability of both Circular Head and Waratah-Wynyard Municipalities through Resource Sharing

> Efficiency is not the prime mover for resource sharing; but resource sharing can make the best use of scarce skills, strengthen the revenue base, improve services, improve strategic capacity, and increase political clout.

While previously the focus has been on the role of a shared General Manager and possible cost savings, the realisation from resource sharing in action has been that there are many positive benefits from the arrangement.

It is unrealistic to assess the efforts to date simply by the reduction in costs, in many instances additional resources have been secured more economically, improving service provision shortfalls or removing business risks. This strength has been gained through a
voluntary, organic and collaborative process, through an examination of options and - if appropriate and affordable - to implement changes.

The resource sharing process has encouraged a broadening of boundaries, a broadening of thinking - whether the best outcome can be delivered individually, jointly, regionally or indeed at a statewide level.

Albert Einstein is quoted with once saying - Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted.

The true measure of success will be cultural change.