

# Rural Councils Transformation Program

## Efficiencies through scale

Lead council(s) and contact details	Northern Grampians Shire Council
Member councils / entities	Ararat Shire Council Glenelg Shire Council Southern Grampians Shire Council
Total funding requirements:	2019-20 \$2.325 million 2020-21 \$2.659 million 2021-22 \$0.016 million 2022-23 \$0 million Total \$5.000 million

For convenience the business case assessment criteria are reproduced below from the 'Rural Councils Transformation Program Funding Guidelines'. The Department of Environment, Land, Water and Planning reserves the right not to award funding in the case that no applications reasonably meet these criteria.

Criteria	Description	Weighting
<b>Financial sustainability</b>	Demonstrate how the proposal will deliver efficiencies / savings that will contribute to improved sustainability of involved councils	35%
	Quantify the financial benefits of the proposal in annual terms and demonstrate that there will be a positive Net Present Value (NPV) within five years, which will be sustained beyond this period	
<b>Evidence-based</b>	Clearly articulates the evidence of the need and how the proposal will address this need	25%
	Outlines a robust framework for collecting data or other evidence to assess the proposal's outcomes and, if applicable, to assess its viability as a model that can be replicated or scaled up	
<b>Impact</b>	Clearly quantifies the expected improvements from current baseline resourcing and service provision levels or council operations that will result from the proposal	25%
	Outlines how the proposal project will result in a transformation of significant scale	
	Demonstrates that the proposal project will have a positive impact on rural communities through improving service delivery quality or scope	
<b>Collaboration</b>	Demonstrates clear and comprehensible partnering arrangement governance arrangements, including roles and responsibilities for project delivery on an ongoing basis*	15%

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## 1. Overview

### 1.1 Executive Summary

#### Rural Councils Transformation Program

Improving the operational and financial sustainability of rural councils is a priority for the Victorian State Government under the Rural and Regional Councils Sustainability Reform Program (RRCSR). Rural Councils play an important role in the delivery of essential services whilst also building healthy and inclusive communities in their local regions. Strengthening the long-term sustainability and capacity of these councils will therefore help to secure the long-term wellbeing of these communities.

The Rural Councils Transformation Program (RCTP) is an initiative tasked with advancing these objectives. The RCTP was established in 2018 and its express aims are to:

- Improve the financial sustainability of rural and regional councils through economies of scale, regional service delivery and/or collaborative procurement
- Incentivise efficiencies and improvements in service delivery – primarily through collaboration and innovation
- Demonstration of material efficiencies and benefits that could facilitate further, potentially deeper initiatives in the future.

This business case has been developed for the Efficiencies Through Scale (ETS) project, which was created in response to the RCTP, where Expressions of Interests were sought for potential grant funding from consortiums of rural and regional councils across Victoria.

#### Efficiencies Through Scale

**Efficiencies Through Scale is transformative in that it provides the common systems, technologies and processes necessary for the four councils to collaborate in an efficient and integrated fashion.**

Efficiencies Through Scale (ETS) is a collaborative project between four councils in South Western Victoria which will significantly transform the operational systems of those local authorities. It was created in response to the disjointed systems and processes that these councils currently work with, which are creating unsustainable inefficiencies that exacerbate problems common to regional councils – such as costly asset management programmes and inefficiencies in procurement.

ETS will directly address those issues by rationalising and standardising management, communication and IT systems across the four councils. Those collaboration initiatives would then enable and facilitate the development of a more efficient and productive delivery of asset management, procurement, data-based decision making, back office functions and customer services across the four councils. That raft of improvements is then likely to result in the following major benefits:

- Significant financial savings – which primarily stem from regional procurement and regional asset management.
- More efficient processes – through common communications systems and collaboration across all major departments and across all councils.
- Better experiences for ratepayers – through systems that better link customer requests, front of house teams and supporting business functions.
- A more productive back office – driven by improved and digitised document management systems that enable more sophisticated data analytics.

So while the project commences as a digital systems based programme of investments (2019 to 2021), those changes should be viewed as a necessary enabler for more significant collaboration opportunities across the four councils.

**Without the common systems, technologies and processes across the four councils, collaboration can only be ad hoc and piecemeal.** It is the optimised channels of communication, information management, analytics and workflows across the councils that unlock the potential for cost savings (in procurement, asset management) and better service delivery (in management and back office functions, analytics, and customer service).

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## Project aims and scope

Overall the project aims to establish a joint management and technological system as a framework for all back-office functions across the four councils to operate within, which will:

- Enable wide-ranging digital upgrades and regional consolidation across key back office services and systems including for records, financial services, information services, human resources, procurement and asset management (years 1 to 3)
- Reduce the duplication of managerial services and staff hierarchies, so that resourcing can be better redirected into actual service delivery for the local community (year 4 onwards)
- Result in managerial level and back office staff savings across the four participating councils (year 4 onwards)
- Generate savings through regional procurement of collective materials and services budgets (year 4 onwards).

More specifically, the project aims to introduce seven key systems across the four councils within the first three years. The table below summarises what the purpose of each of these systems is, and what their strategic significance is to the overall project in terms of long term benefits.

New system	Intended purpose	Strategic significance
Transformation Employee support	Cultural change management to facilitate organisational changes associated with the project.	This will create significant changes in the way these four councils work both within and across councils.
Shared Cloud Based Email and Office Productivity Systems	Creating one common system of communications across the four councils.	Communication is likely to be a key success factor (and risk) in the development of collaborative initiatives across the councils.  Adoption of a common conferencing system and the ability to collaborate in real time on the development of standard office documents is the foundation of the modern virtual team. This is a key enabler of staff remaining effective and productive in a dispersed regional back-office.
Strategic asset management	Alignment of data, methods as well as shared planning, procurement and project/program management	An integrated system of asset management eliminates the duplication of costs and processes across the four councils.  The scale of asset management investment is such that relatively small improvements in productivity will yield substantial on-going savings.  The alignment of data and analytics is the critical step in enabling the four councils to identify and then act upon strategic initiatives in the maintenance, renewal, retirement and procurement of assets.
Customer Request Management (CRM)	This system optimises the workflow between front of house teams (such as planning) and support teams (such as GIS)	By improving the connection between customer facing staff and support functions, the councils are better able to manage workflows in terms of responsiveness and productivity.  The intent is to create a shared back-office team responsible for managing the routing and processing of customer requests. The shared CRM platform is a key enabler in managing risk and performances as requests are discriminated and responded to by the responsible officers across the four councils. Without this capability, compliance risks and performance will be very difficult to manage across such a large and dispersed team.
Records Management and Inbound Document Digitisation	Shared and digitised document storage systems that help the councils better manage their databases.	Information management minimises risks associated with mismanagement of key databases; and enables better data analytics across council's back office functions.  The most effective way of ensuring back of house members of staff can support functions across all councils, is to ensure they

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have an efficient and effective method for the capture, discovery, retrieval and storage of information.

The on-going effective management of risk and performance in a shared environment will necessitate that in the future much of the localised tacit knowledge is captured and made discoverable in systems that are readily accessible.

Effective knowledge management will be at the core of enabling the four councils to share staff resources. Without this there is an increased risk that behaviours will revert back to the previous siloed operations of separate entities.

Enterprise Resource Planning (ERP)	Enables the integrated management of core back office functions across the four councils.	Allows the future singular managers and directors (who will be responsible for their function across the four councils) to better collect, store, manage and interpret data from the functional business activities in their department.
Hosting Project	Cloud computing uses remote resources, saving councils the cost of servers and other local equipment.	<p>Cloud based computing is quite scalable, which makes it well suited where the individual digital systems of each council will be consolidated into one system across the region.</p> <p>Given the vast geographical expanse of the region, being able to upload and download information from a cloud based server will be significantly more efficient.</p>

## Project governance

The project objectives will be delivered through a regional shared service partnership, underpinned by a funding agreement based on the principles of:

- Pay for usage of shared services
- Financial transparency & equity
- Medium term financial commitment.

Each council commits to participating and funding the regional partnership for the core project implementation period (3 years), as well as to a minimum of 2 additional years of operations (years 3 and 4).

The ETS project will be headed by an Executive Steering Committee (ESC) led by the four CEOs. The CEOs on the ESC will provide overarching direction, oversight and guidance for the project.

An Implementation Committee (IC) will then sit below the ESC. The IC will be comprised of external project consultants and relevant council officers whose expertise will drive the implementation of all operational components of the project. Most of these individuals will be technical experts in their respective fields.

One individual will act as the Project Lead. This individual will hold overall responsibility for the delivery of the project. Within the governance structure, this person will act as a conduit between the ESC and the IC; by chairing the IC, and reporting on IC implementation progress back to the ESC.

## Anticipated financial savings

The project expenditure profile will change from the business as usual scenario as follows:

- Project implementation costs incurred (\$10.6 million for which a RCTP grant of \$5 million is being sought)
- Rationalisation of staff: rationalisation of senior council management as well as back office staff enabled (assumes reductions of ~17 EFT commencing in year 4, with natural attrition favoured over redundancies)
- Regional productivity savings: 3% efficiency gains generated on half of collective materials and services budgets.

Under these modelling assumptions, a collective operational spend of \$206 million over the five year forecast period to 2023-24 results. This compares to a \$213 million spend under the business as usual scenario. These savings translate to a Net Present Value benefit of \$1.1 million.

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## Project implementation

A summary of the headline implementation steps and key milestones identified for each component of the project have been outlined in the implementation summary table below. Additional detail is provided in the appendices.

	Completion date	Cost
<b>Governance Framework</b>		
Governance Framework	Jul 2019	NA
<b>Core Systems</b>		
Transformation Employee support	Aug 2019	14,000
Shared Cloud Based Email and Office Productivity Systems	Sep 2019	955,000
Strategic asset management	May 2021	787,000
Customer Request Management (CRM)	Dec 2020	833,000
Records Management	Jan 2021	705,000
Enterprise Resource Planning (ERP)	Oct 2020	2,350,000
Hosting Project	Apr 2020	580,000
<b>Easy Wins</b>		
Process Mapping Software	Sep 2019	250,000
Project Management Software	Sep 2019	300,000
HR Systems	Oct 2019	1,000,000
Governance Software	Sep 2019	400,000
Process Digitisation	Sep 2019	930,000
GIS	Dec 2021	572,000
<b>Staff rationalisation</b>		
Redundancies (allowance only, natural attrition preferred)	Jul 2022	500,000
<b>Project management</b>		
3 years full time resource	Jul 2022	450,000
<b>TOTAL</b>		<b>10,626,000</b>

## 1.2 Summary Statistics

Group	(\$000s)						
Description	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	5-year total	Ongoing
Total operational funds	150	150	1,018	54	54	1,426	0
Total operational expenditure	1,359	1,488	992	14	14	3,866	0
<b>Net RCTP funds sought</b>	<b>1,209</b>	<b>1,338</b>	<b>-26</b>	<b>-40</b>	<b>-40</b>	<b>2,440</b>	<b>0</b>
Total capital funds	0	0	1,341	1,428	1,431	4,200	0
Total capital expenditure	1,116	1,322	1,382	1,469	1,472	6,760	0
<b>Net RCTP funds sought</b>	<b>1,116</b>	<b>1,322</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>2,560</b>	<b>0</b>
<b>Total Net RCTP funds sought</b>	<b>2,325</b>	<b>2,659</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>
Deliverables							
#REF!							
Service: Regional Management & Back Office Services							
Service: Regional Productivity Savings							
Performance measure impact						n/a	n/a
Adjusted underlying result						n/a	n/a
-business as usual (%)	-8	-9	-9	-7	-9	n/a	n/a
-recommended solution (%)	-8	-9	-9	-5	-7	n/a	n/a
Expenditure per capita						n/a	n/a
-business as usual (\$)	2,788	2,836	2,889	2,923	3,030	n/a	n/a
-recommended solution (\$)	2,788	2,836	2,889	2,870	2,976	n/a	n/a
Total existing staff (FTE)	12.2	12.2	12.2	11.2	11.2	n/a	11.2
Total existing staff change (FTE)	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Total existing non-staff (FTE)	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Total non-staff change (FTE)	0.0	0.0	0.0	0.0	0.0	n/a	0.0
<b>Total Labour (FTE)</b>	<b>12.2</b>	<b>12.2</b>	<b>12.2</b>	<b>11.2</b>	<b>11.2</b>	<b>n/a</b>	<b>11.2</b>



## 2. Problem identification

### 2.1 Background

The financial pressures and structural issues faced by rural and regional councils have long been recognised across Australia. In the latest attempt to effectively address these issues in Victoria, the Rural and Regional Councils Sustainability Reform Program (RRCSR), delivered through Local Government Victoria (LGV), established that to operate sustainably local government needs:

- Capability - the capacity and capability to govern effectively and deliver its functions to meet community needs
- Efficiency – the ability to deliver services and infrastructure efficiently, and deliver value for money for ratepayers
- Effectiveness – the ability to deliver the agreed level and standard of services and infrastructure in accordance with community needs and strategic objectives
- Financial performance - the ability to generate enough funds to provide the agreed level and standard of services of infrastructure.

However, the RRCSR found that rural and regional councils faced many barriers to sustainability, largely reflecting their limited size and dispersion of population, along with a range of location specific factors, such as remoteness, ICT connectivity, composition of population, visitor numbers, etc.

The RRCSR concluded that, looking ahead, rural and regional councils faced three overarching issues:

- Reduced ability to invest for the long term (assets, service delivery, etc.)
- Increased dependency on government for financial support
- Continued difficulty in attracting and retaining skilled, professional and knowledgeable staff.

The RRCSR highlighted that unless material inroads are made into improving rural and regional council sustainability, the community will suffer comparatively lower standards of service than their metropolitan counterparts, deteriorating infrastructure performance (roads, bridges, water, etc.) and reducing breadth and scope of service delivery (i.e. reduced access to services, less services for the vulnerable).

The RRCSR subsequently developed a suite of reform options. Three of the key components of these reform options included the following:

- 3.1 Regional service model development and implementation: regional service delivery has the potential to create significant financial savings for local government, supporting their achievement of ongoing sustainability, together with facilitating the provision of more integrated, coordinated services to support vibrant and productive rural and regional communities.
- 4.1 Support collaboration and innovation through enabling back office transformation: a modern digital strategy leading to shared IT platforms will improve communications and knowledge sharing between councils and improve engagement and opportunities for co-production with the community.
- 6.1 Improve knowledge and capability of council staff: building the capacity of councils and their staff is a vital element of enabling local government to adopt the reforms and improvements that are needed to guarantee sustainability.

The Rural Councils Transformation Program (RCTP) was developed to respond to the recommendations of RRCSR. The RCTP seeks to incentivise the implementation of large-scale transformative projects on a regional level, such as joined-up service delivery, corporate services, procurement and asset management. Indeed, the RCTP aims include demonstrating the economies of scale and service delivery improvements that can be achieved through regional service delivery and collaborative procurement.

The Efficiencies through Scale (ETS) project aims to overcome the common issues facing rural and regional councils in the south west of Victoria, by collaboratively partnering to deliver a suite of back office services using a regional approach; generating cost savings, improving staff capabilities, and ultimately improving service delivery and infrastructure conditions throughout the region. Aspects of all the three reform options mentioned above (i.e. RRCSR reforms 3.1, 4.1 and 6.1) are included in the proposed project scope.



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## 2.2 Definition and evidence of the problem

The problems facing local government identified in the RRCSR report are faced across Victoria's southwest.

The investment logic mapping (ILM) process further articulated these problems, drawing from the insights of participating council CEOs, as depicted in Figure 1. Each of these problems is successively described and evidenced in the following paragraphs.

### Financially unsustainable rural councils are increasingly unable to halt the deterioration of valued community assets

The RRCSR highlighted the financial pressures faced by rural and regional councils across Victoria, including their:

- Low population bases from which to raise own source revenues (e.g. rates, fees and charges)
- High reliance on government grant funding to maintain services and infrastructure provision
- Higher unit costs in maintaining assets and delivering some services, particularly in large council areas with long road lengths and dispersed populations, and
- Escalating service and infrastructure delivery costs.

As a result, rural and regional councils spend much more than their metropolitan counterparts on asset renewal and maintenance and core services (such as local roads and bridges), leaving less for other functions. They also have inferior underlying operating results, with deficits much more likely to be recorded in historic and forecast financial results.

Table 1 draws together comparable data for the participating councils and 'metropolitan' and 'regional city' council averages, illustrating the financial unsustainability faced by the participating councils, and how this is impacting on their ability to maintain their assets and services.

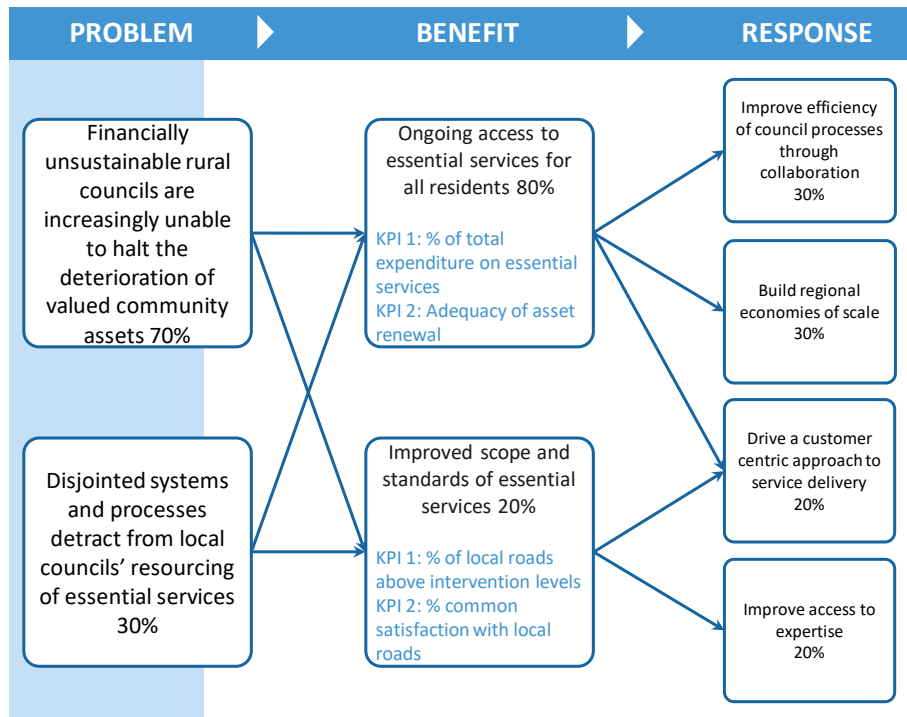
What is clear in Table 1 are the elevated levels of the following measures for the participating councils when compared to their metropolitan counterparts:

- Rates per capita
- Expenditures per capita
- Infrastructure assets per capita (between 2 and 3 times the metropolitan average), and
- Percentage of total expenditures on a) depreciation and amortisation, and b) local roads and bridges.

Also evident in Table 1 are the:

- Widespread insufficiencies of asset renewal expenditures, when compared to depreciation, and
- Low and/ or negative levels of adjusted underlying surplus across the region; clearly indicating a position of financial unsustainability.

Figure 1 Investment Logic Map



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**Table 1** Comparative financial indicators

	Ararat	Glenelg	Northern Grampians	Southern Grampians	Regional Cities	Metro-politan
Rates per capita <sup>(2) (3)</sup>	\$1,452	\$1,342	\$1,433	\$1,215	\$1,053	\$884
Rates/ adjusted underlying revenue <sup>(1)</sup>	0.59	0.49	0.51	0.45	0.58	0.66
Total expenditures per capita <sup>(2) (3)</sup>	\$2,539	\$2,323	\$3,465	\$2,913	\$1,814	\$1,221
Total infrastructure assets per capita <sup>(2) (3)</sup>	\$14,727	\$21,701	\$35,916	\$21,590	\$11,732	\$6,293
% Total expenditure on depreciation & amortisation <sup>(2)</sup>	26%	21%	28%	46%	19%	14%
% Total expenditure on local roads and bridges <sup>(2)</sup>	37%	30%	32%	47%	16%	8%
Asset renewal compared to depreciation <sup>(1)</sup>	0.55	0.72	0.30	1.43	0.73	0.90
Adjusted underlying surplus <sup>(1)</sup>	-5.7%	5.8%	-20.6%	-6.9%	2.7%	10.2%
Current assets compared to current liabilities <sup>(1)</sup>	4.73	2.72	3.62	2.57	2.76	2.77
Loans and borrowings compared to rates <sup>(1)</sup>	0.12	0.14	0.18	0.11	0.30	0.16

Sources: <sup>(1)</sup> LGPRF 2017; <sup>(2)</sup> VGC 2016; <sup>(3)</sup> VIF 2016.

## Disjointed systems and process detract from local councils' resourcing of essential services

The participating councils have recently audited their respective business transformation/ IT arrangements. This audit is included in the appendices for reference purposes. It shows a wide diversity of:

- Staffing hierarchies and arrangements
- Software systems employed across common local government functional requirements
- Hardware and mobile devices in use
- Network and network communications arrangements, and
- Governance policies.

**Essentially the appendix illustrates what happens when each of the councils run their own back office systems: staff hierarchies and efforts are duplicated; and local software, hardware, network, communications and governance arrangements are developed in isolation without the benefit of effective regional collaboration.**

By way of example, the following table is a summary extract of the software systems employed across the participating councils for a range of discrete but common local government functional purposes.

**Table 2** Software systems in use for a range of discrete purposes

Purpose	Ararat	Glenelg	Northern Grampians	Southern Grampians
Email/ Productivity Systems	Lotus Notes	Microsoft Exchange	GSuite	Microsoft Exchange
Asset Management	Confirm	Conquest	Assetic	Conquest
Customer Request Management (CRM)	Open Office	Helpbox	Merit CRM	NA

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Records management	Novell	ECM	InfoXpert	HP Content Manager
Enterprise Resource Planning (ERP)	Open Office	Open Office	Authority	Authority
Process mapping software	NA	MapInfo	ProMapp	Auvik
Project management software	NA	ECM	Smartsheets	Open Project
HR systems	Community (open office)	Peoplestream	HR Onboard	NA
Governance software	NA	NA	NA	Microsoft Office
Process digitisation	NA	Adobe Standard/ Pro	ElementOrg	NA

Source: Participating councils.

These disjointed systems and process detract from local councils' resourcing of essential services. While they are not the only drivers of these issues, they are part of the issue given:

- The duplication of organisational effort that results, as well as
- The inefficiency of local council decisions that can result, i.e. because they are not informed by broader regional perspectives or the lessons that can be learnt from past or neighbouring council experience.

While noting that many issues drive the ultimate results, Table 3 shows how overall expenditures with the participating councils is comprised, consistently categorised across the councils under the following banners:

- Community development
- Economic development
- Infrastructure
- Organisational effectiveness.

Within this context, essential services are the total of community development, economic development and infrastructures services. The remainder of expenditures, i.e. organisational effectiveness, relate to what might otherwise be considered corporate service functions (back office or overhead functions).<sup>1</sup>

**Table 3 Comparative essential service expenditure statistics**

	Ararat	Glenelg	Northern Grampians	Southern Grampians	Total
1 Community development expenditures <sup>^</sup>	\$5,385,355	\$10,817,566	\$4,757,934	\$10,255,719	\$31,216,574
2 Economic development expenditures <sup>^</sup>	\$2,563,824	\$5,527,752	\$1,687,573	\$2,849,373	\$12,628,522
3 Infrastructure expenditures <sup>^</sup>	\$10,987,783	\$9,997,790	\$7,823,893	\$10,381,316	\$39,190,782
4 Organisational effectiveness expenditures <sup>^</sup>	\$6,037,494	\$12,580,046	\$9,734,889	\$8,042,709	\$36,395,138
Total expenditures <sup>^</sup>	\$24,974,456	\$38,923,154	\$24,004,289	\$31,529,117	\$119,431,016
% essential services (1,2 & 3)	76%	68%	59%	74%	70%
% organisational effectiveness (4)	24%	32%	41%	26%	30%
Sealed local roads below intervention level*	100%	92%	78%	100%	n.a.

<sup>1</sup> Includes Councillor Services; Management; Infrastructure & Asset Administration; Council Facilities Support; Governance Administration; Customer Service; Insurance Costs; Records Administration; Financial Services; Business Transformation; Human Resources; and Fleet.

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Comm. satisfaction with sealed local roads*	43%	35%	48%	32%	n.a.
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Sources: ^participating councils; \*LGPRF

Table 3 shows that organisational effectiveness expenditures comprise between 24% and 41% of total expenditures across the participating councils; averaging 30% across the region. Of course, given the financial pressures facing these councils, every extra dollar dedicated to organisational effectiveness comes at the expense of expenditures for essential service delivery.

Given the significance of local roads expenditures in these geographically expansive rural councils, it is instructive to examine the degree to which:

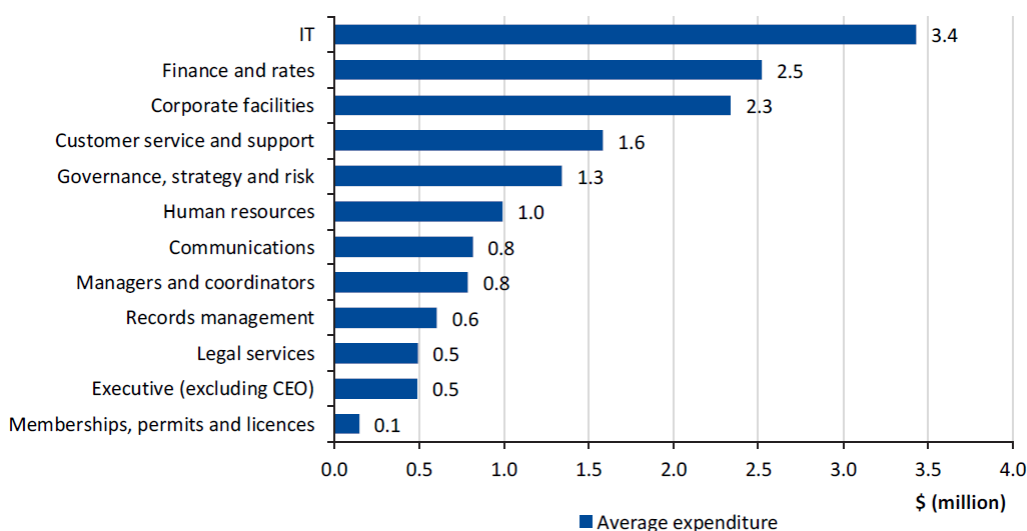
- Local roads are being adequately maintained, and
- The local community is satisfied with local roads.

Table 3 shows that, in Glenelg and the Northern Grampians, the level of local sealed roads requiring immediate intervention is high, and that community satisfaction with local sealed roads is very poor right across the region (particularly when you contrast the results against the metropolitan community satisfaction rate of 68%).

While the level of council expenditures that go towards 'organisational effectiveness' functions compares poorly with the 'corporate services' benchmarking results published by VAGO (2018), it is noted that the definitions utilised do vary somewhat.<sup>2</sup> However, the ultimate conclusions drawn by VAGO remain valid for the participating councils. That is:

- Regardless of size, most councils should be able to achieve efficiencies in back office functions.
- The corporate services functions that cost councils the most are IT, finance and rates, corporate facilities (as illustrated in Figure 2), and are obvious targets for generating cost efficiencies.

Figure 2 Average corporate services expenditures by function (2016-17)



Note: This excludes uncategorised corporate services expenditure. Surveyed councils averaged \$3.8 million in uncategorised corporate services costs. Bar lengths may vary due to rounding. CEO = chief executive officer.

Source: VAGO.

<sup>2</sup> VAGO found that, on average, councils spent approximately 15% of their total expenditure on 'corporate services'. This finding was in line with a 2013-14 consultant's report that surveyed Australian federal and state public sector entities, which found that small- and medium-sized entities spend approximately 14% of total expenditure on 'corporate services'.



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Finally, VAGO pointed out that all the councils audited in developing its 2018 report, had considered using shared services or outsourcing to improve the cost efficiency and quality of corporate services. However:

“The audited councils advised that there are barriers to successful shared services, such as different service expectations and priorities, incompatible technology, different software expiration dates, and different risk profiles” (p.13).

This project aims to overcome these barriers by enabling the participating councils to take a regional and collaborative approach to integrating their back office functions through using common business processes, IT systems and staff sharing arrangements. This will flow through to better, more coordinated decision making, especially in areas where large financial savings are likely to be generated, namely strategic asset management and regional procurement.

## 2.3 Timing considerations

The financial statistics in Table 1 and the forecast financial results, under the business as usual scenario in Section 3.7, highlight that the financial sustainability issues facing the participating councils are dire. Action is required urgently.

The proposed project provides a platform for moving towards collaborative and shared services delivery and the direct and indirect financial gains that such an approach can generate.

## 3. Recommended (preferred) solution

### 3.1 Details of recommended solution

#### Scope of shared systems

This project initially involves:

- **Regional provision and consolidation of back office services:** consolidation and standardisation of back office functions across all councils under the one structure and operating within a common cloud-based IT system; shared communications systems; decommissioning of and upgrading on legacy systems; shared document and records management/storage (including digitisation); shared back office tools and analytical digital platforms.

The key elements of this initial scope are summarised in the table below.

Table 4.. Scope of Common Systems

New system	Intended purpose	Strategic significance and long-term benefit
Transformation Employee support	Cultural change management to facilitate organisational changes associated with the project.	This project will create significant changes in the way these four councils work both within their own organisations but also in terms of collaboration across the four organisations. There is a need for these changes to not only be socialised amongst the staff, but to ensure that there are changes in culture and in the way these people work which maximises the potential cost savings and productivity improvements from all these new systems.
Shared Cloud Based Email and Office Productivity Systems	Creating one common system of communications across the four councils.	Communication is likely to be a key success factor (and risk) in the development of collaborative initiatives across these councils. The creation of a singular comms system is therefore essential for laying the foundations for all other aspects of the project to ensure that staff working across large geographic distances will be able to effectively communicate whenever required to ensure that products, services, and projects are delivered on time and without misunderstandings arising from poor or inadequate communication.
Strategic asset management	Alignment of data, methods as well as shared planning, procurement and project/program management	An integrated system of asset management eliminates the current duplication of costs and processes across the four councils' systems.  The new system will also allow the councils to improve their ability to plan/schedule maintenance, significantly improving the timeliness and effectiveness of the asset maintenance program.  Longer term, a singular asset management system generates significant financial savings (which can then be invested in additional asset investment and service delivery).
Customer Request Management (CRM)	This system optimises the workflow between front of house teams (such as planning) and support teams (such as GIS)	By improving the connection between customer facing staff and support functions, the councils are better able to manage workflows in terms of responsiveness and productivity.
Records Management	Shared and digitised document storage systems that help the councils better manage their databases.	Information management is important from two strategic perspectives: <ul style="list-style-type: none"> <li>• Minimisation of risks associated with mismanagement of key databases – this risk may become more significant as well when the councils begin collaborating and sharing a range of services.</li> <li>• Easier access to well organised datasets lays the foundation for better data analytics across council's back office functions (see below).</li> </ul>

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Enterprise Resource Planning (ERP)	Enables the integrated management of core back office functions across the four councils.	<p>The importance of this system is that it will allow the future singular managers and directors (who will be responsible for their function across the four councils) to better collect, store, manage and interpret data from the functional business activities in their department.</p> <p>The main likely benefit of this system will be a more efficient resource allocation process across the four councils – so it may become an enabler for greater regional staff sharing amongst the Councils in the future.</p>
Hosting Project	Cloud computing uses remote resources, saving councils the cost of servers and other local equipment.	<p>The main advantage to cloud based computing is that it is quite scalable, which makes it well suited to this context where the individual digital systems of each council will be consolidated into one system across the region. Given the vast geographical expanse of this region, being able to upload and download information from a cloud based server will be significantly more efficient than under a singular server which would otherwise be located out of one of the councils' offices.</p> <p>Overall this is all intended to generate long term cost savings.</p>

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## Scope of shared services

Once these common back office systems are in place (by end Year 3), the following services will be enabled across the region:

- **Strategic asset management:** standardised data and methods for condition assessments/ monitoring/ reporting; shared asset condition assessments and project/ program management; shared asset renewal/ procurement planning.
- **Strategic procurement and contract management:** joint procurement planning; tendering for goods and services; contract management.
- **Regional management of council services:** single directors appointed for each function across all four councils in the region; common management systems and processes across all councils; organisational and cultural change, better integration and work flow between customer requests and front of house teams.

## Scope of broader organisational change

Overall the project aims to establish a joint management and technological system as a framework for all back-office functions across the four councils to operate within, which will:

- Enable wide-ranging digital upgrades and regional consolidation across key back office services and systems including for records, financial services, information services, human resources, procurement and asset management.
- Reduce the duplication of managerial services and staff hierarchies, so that resourcing can be better redirected into actual service delivery for the local community.
- Result in managerial and back office savings of 17 full time equivalent staff across the four participating councils by year 4.
- Savings of ~3% through regional procurement of 50% of materials and services budgets by year 4.

The project will also ensure that common IT systems are implemented with standardised quality, benefiting from collaboration (in terms of specifications and implementation/use) while learnings from neighbouring councils are incorporated.



## 3.2 Partnering – legal / governance arrangements

### Regional partnership/ funding agreement

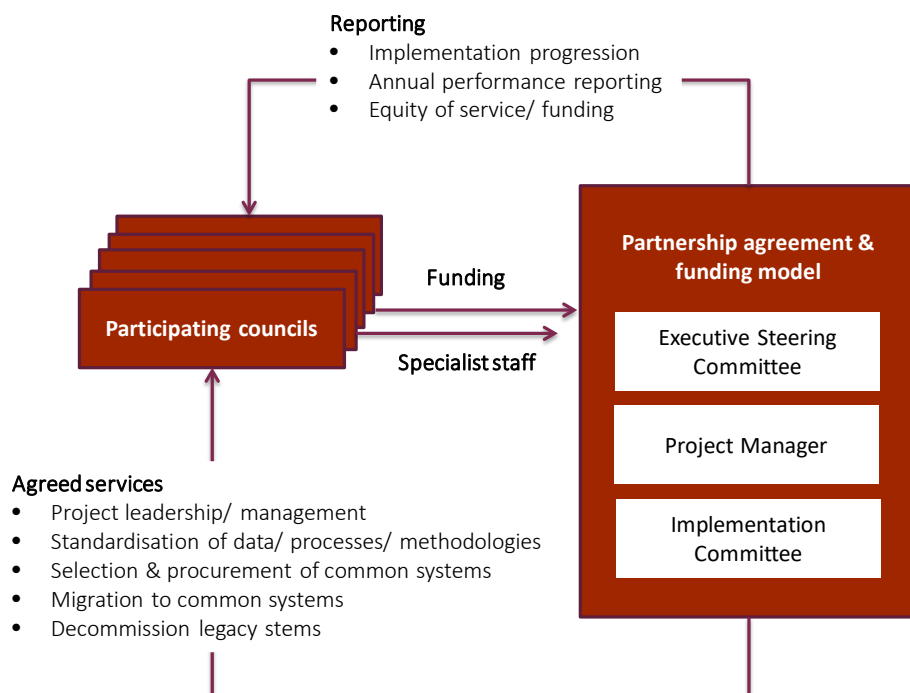
The project objectives will be delivered through a regional shared service partnership, underpinned by a funding agreement based on the principles of:

- Pay for usage of shared services
- Financial transparency & equity
- Medium term financial commitment.

Each council commits to participating and funding the regional partnership for the core project implementation period (3 years), as well as to a minimum of 2 additional years of operations.

In these two subsequent years of operation, the governance arrangements will be revisited as the project transitions from a systems migration programme to a shared staffing and service delivery arrangement.

Figure 3 Initial project governance arrangements



### Roles & responsibilities

To ensure that all participating councils have adequate oversight of the partnership's activities in the core project implementation period (first 3 years), an Executive Steering Committee (ESC), comprised of the CEOs from each of the member councils, will be established. Responsibilities of the ESC will include:

- Providing overarching leadership and direction for the shared service partnership
- Ensuring the business plan (work program/ activities) of the partnership aligns with established direction
- Ensuring the funding, staffing and other contributions from each council are received
- Endorsing the appointment of key positions, contractors and/ or external consultants
- Reviewing performance of the partnership's activities and its funding model
- Managing partnership risks.

The ESC will be serviced by a project manager who will be responsible for project implementation and leading regional collaboration. The project manager would:

- Be the individual who is ultimately responsible for the delivery of the partnership's services
- Act as the main contact for this region's collaboration as a group
- Work as a conduit between the ESC and the Implementation Committee (IC), and attend both committees' meetings; keeping the ESC informed of progress and ensuring that the IC's work is reflective of the ESC's decisions and intentions.

An Implementation Committee (IC) comprised by the project manager and lead staff from each of the participating councils will also be established. The IC will coordinate the:

- Change management, staff training and emergent issues management
- Preparation for system migration

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- Recommendation of common systems/ contractors for procurement
- Migration to the common systems procured.

Project specific working teams may also be developed by participating council staff on an as needs basis.

## Contracting arrangements

The regional partnership will not directly employ individuals. While the project will fund an overall project manager for three years and a project manager for a single year to drive the migration to a common cloud-based Email/Productivity System, these individuals will be employed by participating councils. All other staff resources will be seconded from participating councils on a part time basis, recognising that the value that the project will bring will be underpinned by the degree to which integrated systems enable better regional intelligence and local decision making.

Funding for the project will predominantly be based around each council's contributions towards the shared IT systems. Northern Grampians Shire Council has already undergone this process to some degree, so this is an opportunity for some of those learnings to be spread across the region.

## 3.3 Evidence of the proposed solution's effectiveness

### Case studies of effective collaboration

A selection of case studies of local government collaboration is detailed in Appendix I. The table below summarises these in terms of the scope of collaboration and the financial savings generated.

Some of the key conclusions that can be drawn from this summary are as follows:

- Common IT systems often enable better regional intelligence, decision making and resource allocation
- Strategic asset management and procurement are regular features in regional services collaboration
- Financial savings while variable can be considerable.

Table 5 Summary of available evidence

Case Study	Scale of shared service	Shared Service type	Cost saving	Timespan
Local government common services joint venture	12 regional Tasmanian councils and several NT councils	Planning, finance and asset management services	\$1.2 million	1 year
Regional strategic alliance for regional asset management	3 NSW councils	Regional asset management	\$20.6 million (Total whole of life cost savings of 2%)	10 years
WBC Strategic Alliance	3 rural councils in New Zealand	IT systems and record keeping, fleet management, asset management, human resources, workforce planning and training, internal audit and business process improvement, integrated planning and reporting, global information systems, issue based regional strategies, procurement, general resource sharing	\$2.55 million	4 years

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Shared procurement for GIS service in Gippsland	Two regional VIC councils	Shared procurement arrangement	\$8,000	1 year
Shared procurement for Cradle Coast councils	Nine councils in Tasmania	Shared procurement arrangement	\$2.5 million	1 year
ACT Government Shared Services	All ACT Government Departments and Agencies	ACT Government Information, communications and technology (ICT) provider, procurement solutions, records, publishing services, tactical and transactional finance, HR services	\$20 million	1 year
Hunter Councils Inc	12 councils in NSW Hunter Valley	Separate entity with environment, learning and development, regional procurement, records storage, professional grouping	\$1 million (procurement only)	1 year

## Collaborative procurement

Evidence relating to the benefits of regional procurement is abundant. In 2014, VAGO's report into *Shared Services in Local Government*, found that:

- There was "likely to be continued growth" in shared procurement between local governments in Victoria as it "provides a significant opportunity for the sector to realise cost savings and other benefits"
- 91% of the 58 surveyed councils were involved in shared service initiatives, with over 25% of current initiatives relating to shared procurement. Around one fifth of surveyed councils reported cost savings ranging from \$6,000 to \$1.3 million in relation to shared service activity. Most of these savings arose from shared procurement arrangements, while others were from external service delivery, including regional library corporations, waste management and immunisation services.

The *Local Government Procurement Strategy* undertaken by EY on behalf of the Minister for Local Government in 2008 concluded that adoption of better procurement practices across Victorian local governments could yield annual savings in the vicinity of \$180-350 million (or between 7.5 and 15% across expenditure categories). The Minister commented that cost savings of this scale "would have a significant impact across the sector, and ultimately deliver savings to local communities" (EY, 2008).

EY (2008) also found that across the range of regional procurement 'expenditure categories', the key enablers for financial savings were often linked with the following:

- Establishment of regional grouping possibly aligned with expiry of existing contracts
- Common planning cycles across councils in each regional grouping
- Common tendering requirements/ specifications
- Common tendering & contract management processes
- Bundling of upgrades or maintenance into a program of work.

Given that the scope of the project aims to establish and utilise common strategic procurement and IT systems across the region, financial savings are likely to be considerable given the scale of procurement activities by the participating councils.

While the evidence for strategic asset management is not as well researched as strategic procurement (and acknowledging that the two are somewhat linked), the scale of infrastructure asset expenditure in this region managed by participating councils is approaching \$40 million per annum. Even the smallest efficiency gain generated through strategic asset management is likely to accumulate into very large dollar savings over time.

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## 3.4 Scalability of the recommended solution

The project, if funded, will reinforce a process that has already commenced in the region.

The recommended solution can be envisaged as the first stage of a much larger collaboration program across the region. The establishment of a governance and management structure where a single director is responsible for their respective function across all four participating councils is a significant step that will enable even deeper forms of collaboration into the future. The common IT systems established under this project will also allow for an integration of all information and data systems/processes, which would also reduce transactional costs associated with collaboration in the future.

It is therefore potentially scalable in the longer term (e.g. after three years of proven operation) as it provides the basis from which to expand regional service collaboration into additional services/ functions (e.g. with customer facing functions the next logical step).

## 3.5 Alternatives considered

### Strategic response options analysis

In the strategic response options analysis, alternative strategic interventions were developed that would deliver some or all the expected benefits of solving the problems facing the participating councils. These interventions included the participating councils:

- Operating under a business as usual approach
- Acting individually to address the problems identified, and
- Acting collaboratively across the region to address the problems identified.

The strategic response options analysis found that only acting collaboratively across the region would make a meaningful contribution towards solving the problems being faced, and that acting individually would pose higher costs and socioeconomic risks for each of the participating councils. Taking a business as usual approach was considered to be highly risky given the scale of problems facing the participating councils.

### Alternative project options

Project options were also explored in terms of the core and non-core systems that would be included within the immediate project scope, and the governance arrangements considered for implementing the project.

Through a series of collaborative information collection processes and workshops, each of the participating councils identified:

- The core and non-core systems that they were currently using
- The adequacy of these systems in meeting contemporary local government requirements
- The costs and therefore potential saving of collectively procuring systems at a regional level, and
- The relative urgency and/ or ease of migrating to a common regional system.

The participating councils also considered a range of alternative governance arrangements (inc. separate entity, single council provider under contract to participating councils, mixed council providers under contract to participating councils) before selecting the partnership model governed by a CEO management committee. While a separate entity was attractive from a long term commitment perspective, the likely costs of establishing and governing any new entity were assessed as considerable. Finally, the potential complexity of council contracting models was noted, and potentially undermined the benefits that each of the participating councils would derive.

## 3.6 Evaluation strategy

The evaluation strategy for the project is comprised of three elements:

1. Monitoring and reporting of agreed implementation milestones which will form part of the proposed funds acquittal reporting (first 3 years) (Refer to Appendix E & F for implementation steps, costs and timeframes)

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2. Monitoring and reporting of identified benefits, as per the key performance indicators in the Benefits Management Plan (BMP), which will be incorporated into a final evaluation of the project. Refer to Appendix C for the Benefits Management Plan.
3. Full evaluation after two years of integrated operations (after Year 5) to assess the feasibility and/ or attractiveness of:
  - Continuing regional service delivery collaboration and staffing for the services/ systems within the project scope, and
  - Expanding regional service delivery collaboration and staffing for additional local government services/ systems.

## Project implementation milestones

The project implementation plan is included in the appendices (Appendix E & F). Within this plan for each of the common systems some of the universal milestones include the following, enabling transparent tracking of systems implementation:

- Determine system choice
- Procurement
- Implementation
- Decommission legacy systems.

## Benefits Management Plan

The BMP (Appendix C) includes the following key performance indicators:

Benefit: Ongoing access to essential services for all residents

- KPI 1: % of total expenditure on essential services: percentage of total expenditures that are dedicated to essential service delivery (inclusive of community development, economic development and infrastructure services as collectively defined by the participating councils (Source: participating councils)
- KPI 2: Adequacy of asset renewal – the expenditure on renewing existing assets or replacing existing assets to their original capability divided by the amount of depreciation on all assets (Source: LGPRF).

Benefit: Improved scope and standards of essential services

- KPI 1: % of local roads above intervention levels: percentage of sealed local roads that are below the renewal intervention level set by council and therefore do not require renewal (Source: LGPRF).
- KPI 2: % common satisfaction with local roads: Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads (Source: LGPRF).

## 3.7 What are the implications of a 'business as usual' approach?

If the participating councils continue with a business as usual approach, the consequences will be progressive.

- First, councils faced with ongoing financial sustainability issues will limit asset renewal expenditures, gradually running down their asset bases.
- Second, once additional savings are needed to balance the books, councils will limit new capital expenditure, meaning that growing communities or evolving community needs will remain un-serviced indefinitely.
- Third, councils will eventually need to scale back services, reducing their direct contributions to their communities, and potentially indirectly causing broader socioeconomic breakdowns.

While this sounds alarmist, rural councils are facing real challenges and a business as usual approach will ultimately require something to give. The recent findings documented in the 2017 RRCSFP report highlight that in small rural councils, where the financial pressures are most exacerbated:

- Capital spending focusses on asset renewal with limited new asset development

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- Capital renewal spending is inadequate to meet long term asset replacement needs
- Operating budgets are directed to core services with less available for other functions, with this being manifest in relatively low spending on community planning, libraries, health and welfare services.

## Unsustainable business as usual financial trajectories

The following table summarises how key financial metrics will deteriorate under the business as usual scenario:

- Adjusted underlying result: All councils will experience underlying deficits by the end of the five year period with the exception of Glenelg. The group will experience declining underlying results over the five year period.
- Asset renewal: None of the councils will achieve the asset renewal target of 100% by the end of the five year period with the exception of Southern Grampians. The group will experience declining asset renewal results over the five year period.
- Expenditure per capita: All councils will experience increasing expenditure per capita over the five year period with the exception of Glenelg. The group will experience increasing expenditure per capita over the five year period.

### Performance Measures

	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	5 Year Change
<b>Adjusted underlying result (&gt;0%)</b>						
-Glenelg	-6%	-7%	-6%	-2%	1%	117%
-Southern Grampians	-11%	-10%	-10%	-11%	-11%	0%
-Ararat	-12%	-14%	-15%	-17%	-19%	-58%
-Northern Grampians	-6%	-5%	-5%	-2%	-10%	-67%
<b>-Group</b>	<b>-8%</b>	<b>-9%</b>	<b>-9%</b>	<b>-7%</b>	<b>-9%</b>	<b>-13%</b>
<b>Asset renewal (&gt;100%)</b>						
-Glenelg	56%	34%	25%	91%	96%	72%
-Southern Grampians	142%	103%	119%	126%	110%	-23%
-Ararat	54%	52%	51%	58%	56%	4%
-Northern Grampians	63%	47%	47%	75%	68%	7%
<b>-Group</b>	<b>81%</b>	<b>60%</b>	<b>62%</b>	<b>69%</b>	<b>68%</b>	<b>-16%</b>
<b>Exenditure per capita</b>						
-Glenelg	\$2,619	\$2,620	\$2,606	\$2,565	\$2,581	-1%
-Southern Grampians	\$2,821	\$2,925	\$3,001	\$3,087	\$3,180	13%
-Ararat	\$2,868	\$2,959	\$3,056	\$3,158	\$3,265	14%
-Northern Grampians	\$2,948	\$2,961	\$3,048	\$3,073	\$3,352	14%
<b>-Group</b>	<b>\$2,788</b>	<b>\$2,836</b>	<b>\$2,889</b>	<b>\$2,923</b>	<b>\$3,030</b>	<b>9%</b>

## 4. Benefits

### 4.1 Benefits of recommended solution

As articulated in the Investment Logic Map (ILM) depicted earlier under Section 2, the overarching benefits anticipated include:

- Ongoing access to essential services for all residents
- Improved scope and standards of essential services.

Within this framework, the project is expected to generate significant benefits. Regionwide asset management and procurement efficiencies will eventuate, whilst the shared management and IT systems will progressively enable the councils to work together more closely.

In the medium term, when this flows through to operational decision making, these capabilities will generate material savings in:

- The planning for and provisioning of new assets (as capital investment decisions are better informed across the region)
- Renewing and maintaining existing assets (as capital renewal and maintenance decisions are better informed)
- The procurement of regional goods and services (as procurement processes are aligned and leveraged for a broad array of council expenditures).

A key focus of the project is the procurement and implementation of significant IT systems across the four councils. The implementation of these technological products and services will then enable:

- Improved data management and analytical capabilities for specialist functions, helping the deliver better services for the community, whilst better managing a raft of project/program risks
- A more responsive asset management system which is better equipped to anticipate and track the need for asset renewal and procurement in advance – leading to significant long term cost savings and a better managed stock of assets overall
- Improved communications and workflow across all council back office and front of house teams as well as between the councils – potentially paving the way for further (and deeper) collaboration initiatives in the future, and ultimately
- A more effective shared management structure through standardisation of all processes and information which are critical to effective planning and management of participating councils

In terms of flow on effects, the financial savings generated will be directed towards additional asset investment and service delivery, as determined individually by each of the participating councils on an as needs basis. Improved community satisfaction with council decisions and service delivery are likely to eventuate.



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## Project alignment with Council plans

The project contributes to the key strategies of each of the participating councils, as summarised in the table below. Appendix D provides additional detail.

**Table 6 Project alignment with Council Plans**

Plan	Strategic priority	Priority details
Ararat Council Plan 2017-21 Year 2.0	Community	<ul style="list-style-type: none"> <li>Community services that are accessible, inclusive and responsible to the communities needs</li> </ul>
	Our organisation	<ul style="list-style-type: none"> <li>Good governance through leadership</li> <li>Service and infrastructure that meets the municipality</li> <li>Professional and skilled staff in a safe and supporting environment</li> <li>Sustainable, long term financial management</li> </ul>
Glenelg Shire Council Plan 2017-2021	Connecting Glenelg	<ul style="list-style-type: none"> <li>Support the creation of all abilities access in the shire</li> </ul>
	Leading Glenelg	<ul style="list-style-type: none"> <li>We will advocate on behalf of the community for better outcomes for the Shire</li> <li>Promote collaboration and seek joint ventures with regional, state and federal opportunities</li> <li>Financial responsibility to ensure long term viability and sustainability</li> <li>Community members are encouraged to take an active part in democratic engagement</li> <li>Long term planning and staff capacity building to assist in the development of a resilient organisation</li> </ul>
Northern Grampians Shire Council Plan 2017- 2021	Improve organisational effectiveness	<ul style="list-style-type: none"> <li>Streamline processes by reviewing internal processes to reduce red tape and increase efficiency</li> </ul>
Southern Grampians Shire Council Plan 2017-2021	Support our community	<ul style="list-style-type: none"> <li>A healthy and vibrant community</li> </ul>
	Plan for our built environment and infrastructure	<ul style="list-style-type: none"> <li>Plan and provide for sustainable assets and infrastructure</li> </ul>
	Provide governance and leadership	<ul style="list-style-type: none"> <li>Provide transparent and responsible governance</li> <li>Effective advocacy</li> <li>Create an environment that supports committed and skilled staff</li> <li>Deliver efficient and customer focused services</li> </ul>
Ararat Council Plan 2017-21 Year 2.0	Community	<ul style="list-style-type: none"> <li>Community services that are accessible, inclusive and responsible to the communities needs</li> </ul>

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## 4.2 Historical service performance

Historic service performance (baseline performance) are summarised below for the group and each of the participating councils in terms of:

- Adjusted underlying result (%)
- Expenditure per capita (\$).

Group								
Performance measure	Unit of Measure	2017-18 Actual	2018-19 Budget	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
<b>Adjusted underlying result</b>								
-Result	%	-6	-11	-8	-9	-9	-7	-9
-Target	%	>0	>0	>0	>0	>0	>0	>0
<b>Expenditure per capita</b>								
-Result	\$	2,878	2,784	2,788	2,836	2,889	2,923	3,030
-Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Glennelg								
Performance measure	Unit of Measure	2017-18 Actual	2018-19 Budget	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
<b>Adjusted underlying result</b>								
-Result	%	6	-17	-6	-7	-6	-2	1
-Target	%	>0	>0	>0	>0	>0	>0	>0
<b>Expenditure per capita</b>								
-Result	\$	2,323	2,679	2,619	2,620	2,606	2,565	2,581
-Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Southern Grampians								
Performance measure	Unit of Measure	2017-18 Actual	2018-19 Budget	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
<b>Adjusted underlying result</b>								
-Result	%	-7	-5	-11	-10	-10	-11	-11
-Target	%	>0	>0	>0	>0	>0	>0	>0
<b>Expenditure per capita</b>								
-Result	\$	2,913	2,751	2,821	2,925	3,001	3,087	3,180
-Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ararat								
Performance measure	Unit of Measure	2017-18 Actual	2018-19 Budget	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
<b>Adjusted underlying result</b>								
-Result	%	-6	-10	-12	-14	-15	-17	-19
-Target	%	>0	>0	>0	>0	>0	>0	>0
<b>Expenditure per capita</b>								
-Result	\$	2,539	2,772	2,868	2,959	3,056	3,158	3,265
-Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Northern Grampians								
Performance measure	Unit of Measure	2017-18 Actual	2018-19 Budget	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
<b>Adjusted underlying result</b>								
-Result	%	-21	-12	-6	-5	-5	-2	-10
-Target	%	>0	>0	>0	>0	>0	>0	>0
<b>Expenditure per capita</b>								
-Result	\$	3,465	3,019	2,948	2,961	3,048	3,073	3,352
-Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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## 4.3 Estimated impact on service performance measures and sustainability

The table below shows how the sustainability measures for the group, outlined in Section 4.2, are expected to change if the project is implemented.

Group			Baseline	Change in target from section 4.2 if proposal endorsed				
Performance measure	Existing/ New	Unit of Measure	2018-19 Budget	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
<b>Adjusted underlying result</b>	Existing							
-Result		%	-11	-8	-9	-9	-5	-7
-Target		%	>0	>0	>0	>0	>0	>0
<b>Expenditure per capita</b>	Existing							
-Result		\$	2,784	2,788	2,836	2,889	2,870	2,976
-Target		N/A	N/A	N/A	N/A	N/A	N/A	N/A

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## 5. Current Council Service(s) Delivery

### 5.1 Revenue history and forecasts ('business as usual')

Revenue history and forecasts are not relevant for the services that will be shared under the envisaged project scope, as they are not revenue generating services.

Group	(\$000s)						
Revenue	2017-18 Actual	2018-19 Budget	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
<b>Service: Regional Management &amp; Back Office Services</b>							
1. User fees and charges	0	0	0	0	0	0	0
2. Specific purpose grants	0	0	0	0	0	0	0
3. Proceeds from sale/leaseback	0	0	0	0	0	0	0
4. Internal reserves	0	0	0	0	0	0	0
5. Loan funds	0	0	0	0	0	0	0
6. Other	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Service: Regional Productivity Savings</b>							
1. User fees and charges	0	0	0	0	0	0	0
2. Specific purpose grants	0	0	0	0	0	0	0
3. Proceeds from sale/leaseback	0	0	0	0	0	0	0
4. Internal reserves	0	0	0	0	0	0	0
5. Loan funds	0	0	0	0	0	0	0
6. Other	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note: None of the services are revenue generating.

### 5.2 Expenditure history and forecasts ('business as usual')

#### Participating councils individually

The expenditure history and forecasts for the services within the project scope are detailed by participating council and by the participating councils as a regional group in the tables overleaf.

Collectively the results indicate that, under a business as usual scenario, the participating councils are expected to spend \$213 million over the five year forecast period to 2023-24.

# Rural Councils Transformation Program

Glenelg							(\$000s)
Operational Expenditure	2017-18 Actual	2018-19 Budget	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
<b>Service: Regional Management &amp; Back Office Services</b>							
1. Staffing (including oncosts)	3,402	3,477	3,553	3,631	3,711	3,793	3,876
2. Contractor/Consultants	0	0	0	0	0	0	0
3. External service providers	0	0	0	0	0	0	0
4. IT Operating	0	0	0	0	0	0	0
5. Plant, vehicles and equipment	0	0	0	0	0	0	0
6. Materials and consumables	0	0	0	0	0	0	0
7. Imputed accommodation	0	0	0	0	0	0	0
8. Contribution of corporate governance	0	0	0	0	0	0	0
9. Annualised cost of capital	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>3,402</b>	<b>3,477</b>	<b>3,553</b>	<b>3,631</b>	<b>3,711</b>	<b>3,793</b>	<b>3,876</b>
<b>Service: Regional Productivity Savings</b>							
1. Staffing (including oncosts)	0	0	0	0	0	0	0
2. Contractor/Consultants	0	0	0	0	0	0	0
3. External service providers	0	0	0	0	0	0	0
4. IT Operating	0	0	0	0	0	0	0
5. Plant, vehicles and equipment	0	0	0	0	0	0	0
6. Materials and consumables	8,156	8,360	8,569	8,783	9,003	9,228	9,458
7. Imputed accommodation	0	0	0	0	0	0	0
8. Contribution to corporate governance	0	0	0	0	0	0	0
9. Annualised cost of capital	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>8,156</b>	<b>8,360</b>	<b>8,569</b>	<b>8,783</b>	<b>9,003</b>	<b>9,228</b>	<b>9,458</b>
<b>Total</b>	<b>11,558</b>	<b>11,837</b>	<b>12,122</b>	<b>12,415</b>	<b>12,714</b>	<b>13,021</b>	<b>13,335</b>

Southern Grampians							(\$000s)
Operational Expenditure	2017-18 Actual	2018-19 Budget	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
<b>Service: Regional Management &amp; Back Office Services</b>							
1. Staffing (including oncosts)	3,176	3,246	3,318	3,391	3,465	3,541	3,619
2. Contractor/Consultants	0	0	0	0	0	0	0
3. External service providers	0	0	0	0	0	0	0
4. IT Operating	0	0	0	0	0	0	0
5. Plant, vehicles and equipment	0	0	0	0	0	0	0
6. Materials and consumables	0	0	0	0	0	0	0
7. Imputed accommodation	0	0	0	0	0	0	0
8. Contribution of corporate governance	0	0	0	0	0	0	0
9. Annualised cost of capital	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>3,176</b>	<b>3,246</b>	<b>3,318</b>	<b>3,391</b>	<b>3,465</b>	<b>3,541</b>	<b>3,619</b>
<b>Service: Regional Productivity Savings</b>							
1. Staffing (including oncosts)	0	0	0	0	0	0	0
2. Contractor/Consultants	0	0	0	0	0	0	0
3. External service providers	0	0	0	0	0	0	0
4. IT Operating	0	0	0	0	0	0	0
5. Plant, vehicles and equipment	0	0	0	0	0	0	0
6. Materials and consumables	7,566	7,755	7,949	8,147	8,351	8,560	8,774
7. Imputed accommodation	0	0	0	0	0	0	0
8. Contribution to corporate governance	0	0	0	0	0	0	0
9. Annualised cost of capital	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>7,566</b>	<b>7,755</b>	<b>7,949</b>	<b>8,147</b>	<b>8,351</b>	<b>8,560</b>	<b>8,774</b>
<b>Total</b>	<b>10,742</b>	<b>11,001</b>	<b>11,266</b>	<b>11,538</b>	<b>11,816</b>	<b>12,101</b>	<b>12,393</b>

# Rural Councils Transformation Program

Ararat								(\$000s)
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	
Operational Expenditure	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	
<b>Service: Regional Management &amp; Back Office Services</b>								
1. Staffing (including oncosts)	1,921	1,969	2,019	2,069	2,121	2,174	2,228	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	0	0	0	0	0	0	0	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution of corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>1,921</b>	<b>1,969</b>	<b>2,019</b>	<b>2,069</b>	<b>2,121</b>	<b>2,174</b>	<b>2,228</b>	
<b>Service: Regional Productivity Savings</b>								
1. Staffing (including oncosts)	0	0	0	0	0	0	0	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	6,445	6,606	6,771	6,940	7,114	7,292	7,474	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution to corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>6,445</b>	<b>6,606</b>	<b>6,771</b>	<b>6,940</b>	<b>7,114</b>	<b>7,292</b>	<b>7,474</b>	
<b>Total</b>	<b>8,366</b>	<b>8,575</b>	<b>8,790</b>	<b>9,009</b>	<b>9,235</b>	<b>9,466</b>	<b>9,702</b>	

Northern Grampians								(\$000s)
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	
Operational Expenditure	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	
<b>Service: Regional Management &amp; Back Office Services</b>								
1. Staffing (including oncosts)	2,694	2,761	2,830	2,901	2,973	3,047	3,124	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	0	0	0	0	0	0	0	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution of corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>2,694</b>	<b>2,761</b>	<b>2,830</b>	<b>2,901</b>	<b>2,973</b>	<b>3,047</b>	<b>3,124</b>	
<b>Service: Regional Productivity Savings</b>								
1. Staffing (including oncosts)	0	0	0	0	0	0	0	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	5,219	5,350	5,483	5,620	5,761	5,905	6,053	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution to corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>5,219</b>	<b>5,350</b>	<b>5,483</b>	<b>5,620</b>	<b>5,761</b>	<b>5,905</b>	<b>6,053</b>	
<b>Total</b>	<b>7,913</b>	<b>8,111</b>	<b>8,313</b>	<b>8,521</b>	<b>8,734</b>	<b>8,952</b>	<b>9,176</b>	

# Rural Councils Transformation Program

## Participating councils collectively

Group	(\$000s)						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Operational Expenditure	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Service: Regional Management &amp; Back Office Services</b>							
1. Staffing (including oncosts)	11,193	11,453	11,719	11,992	12,270	12,556	12,847
2. Contractor/Consultants	0	0	0	0	0	0	0
3. External service providers	0	0	0	0	0	0	0
4. IT Operating	0	0	0	0	0	0	0
5. Plant, vehicles and equipment	0	0	0	0	0	0	0
6. Materials and consumables	0	0	0	0	0	0	0
7. Imputed accommodation	0	0	0	0	0	0	0
8. Contribution to corporate governance	0	0	0	0	0	0	0
9. Annualised cost of capital	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>11,193</b>	<b>11,453</b>	<b>11,719</b>	<b>11,992</b>	<b>12,270</b>	<b>12,556</b>	<b>12,847</b>
<b>Service: Regional Productivity Savings</b>							
1. Staffing (including oncosts)	0	0	0	0	0	0	0
2. Contractor/Consultants	0	0	0	0	0	0	0
3. External service providers	0	0	0	0	0	0	0
4. IT Operating	0	0	0	0	0	0	0
5. Plant, vehicles and equipment	0	0	0	0	0	0	0
6. Materials and consumables	27,386	28,070	28,772	29,491	30,229	30,984	31,759
7. Imputed accommodation	0	0	0	0	0	0	0
8. Contribution to corporate governance	0	0	0	0	0	0	0
9. Annualised cost of capital	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>27,386</b>	<b>28,070</b>	<b>28,772</b>	<b>29,491</b>	<b>30,229</b>	<b>30,984</b>	<b>31,759</b>
<b>Total</b>	<b>38,579</b>	<b>39,523</b>	<b>40,491</b>	<b>41,483</b>	<b>42,499</b>	<b>43,540</b>	<b>44,606</b>

Group	(\$000s)						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Capital Expenditure	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Service: Regional Council Management</b>							
1. Capital component 'a'	0	0	0	0	0	0	0
2. Capital component 'b'	0	0	0	0	0	0	0
3. Contingency/risk allocation	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Service: Regional Back Office Services</b>							
1. Capital component 'a'	0	0	0	0	0	0	0
2. Capital component 'b'	0	0	0	0	0	0	0
3. Contingency/risk allocation	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Service: Regional Productivity Savings</b>							
1. Capital component 'a'	0	0	0	0	0	0	0
2. Capital component 'b'	0	0	0	0	0	0	0
3. Contingency/risk allocation	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note: None of the services have capital expenditure.



## 5.3 Return on investment

Given that the services within the project scope are non-revenue earning, the business as usual's return on investment equates with the forecast expenditures under the baseline (Section 5.2), that is:

- A collective spend of \$213 million over the five year forecast period to 2023-24.
- A Present Value spend of \$197 million (using a 2.5% discount rate).

# Rural Councils Transformation Program

## 6. Revenue sought for the recommended solution

### 6.1 Expenditure forecasts

Based on the evidence summarised in Section 3.3, the expenditure profile under the project scenario for participating councils will change to include:

- Project implementation costs (\$10.2 million for which a RCTP grant of \$5 million is being sought)
- Regional council management and back office services:
  - Rationalisation of ~17 EFT assumed across the participating councils, commencing in year 4, with natural attrition favoured over staff redundancies
- Regional productivity savings
  - Costs of overall materials and services – 3% efficiency gains assumed on 50% of materials and services budgets

These underlying assumptions are conservative given the findings of EY (2008), who found that collaborative procurement could generate savings between 7.5%-15% across all council expenditure categories.

In the tables overleaf, collective expenditure forecasts under the project scenario total to \$206 million over the five year forecast period.

Group	(\$000s)						
	2019-20	2020-21	2021-22	2022-23	2023-24	5-year total	Ongoing
Operational Expenditure	Forecast	Forecast	Forecast	Forecast	Forecast		
<b>Service: Regional Management &amp; Back Office Services</b>							
1. Staffing (including oncosts)	11,719	11,992	12,270	10,206	10,430	56,617	10,430
2. Contractor/Consultants	0	0	0	0	0	0	0
3. External service providers	0	0	0	0	0	0	0
4. IT Operating	0	0	0	0	0	0	0
5. Plant, vehicles and equipment	0	0	0	0	0	0	0
6. Materials and consumables	0	0	0	0	0	0	0
7. Imputed accommodation	0	0	0	0	0	0	0
8. Contribution to corporate governance	0	0	0	0	0	0	0
9. Annualised cost of capital	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>11,719</b>	<b>11,992</b>	<b>12,270</b>	<b>10,206</b>	<b>10,430</b>	<b>56,617</b>	<b>10,430</b>
<b>Service: Regional Productivity Savings</b>							
1. Staffing (including oncosts)	0	0	0	0	0	0	0
2. Contractor/Consultants	0	0	0	0	0	0	0
3. External service providers	0	0	0	0	0	0	0
4. IT Operating	0	0	0	0	0	0	0
5. Plant, vehicles and equipment	0	0	0	0	0	0	0
6. Materials and consumables	28,772	29,491	30,229	30,082	30,834	149,408	30,834
7. Imputed accommodation	0	0	0	0	0	0	0
8. Contribution to corporate governance	0	0	0	0	0	0	0
9. Annualised cost of capital	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>28,772</b>	<b>29,491</b>	<b>30,229</b>	<b>30,082</b>	<b>30,834</b>	<b>149,408</b>	<b>30,834</b>
<b>Total</b>	<b>40,491</b>	<b>41,483</b>	<b>42,499</b>	<b>40,288</b>	<b>41,264</b>	<b>206,025</b>	<b>41,264</b>

# Rural Councils Transformation Program

Gleneel							(\$000s)	
Operational Expenditure	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	5-year total	Ongoing	
<b>Service: Regional Management &amp; Back Office Services</b>								
1. Staffing (including oncosts)	3,553	3,631	3,711	3,093	3,161	17,149	3,161	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	0	0	0	0	0	0	0	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution to corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>3,553</b>	<b>3,631</b>	<b>3,711</b>	<b>3,093</b>	<b>3,161</b>	<b>17,149</b>	<b>3,161</b>	
<b>Service: Regional Productivity Savings</b>								
1. Staffing (including oncosts)	0	0	0	0	0	0	0	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	8,569	8,783	9,003	8,959	9,183	44,497	9,183	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution to corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>8,569</b>	<b>8,783</b>	<b>9,003</b>	<b>8,959</b>	<b>9,183</b>	<b>44,497</b>	<b>9,183</b>	
<b>Total</b>	<b>12,122</b>	<b>12,415</b>	<b>12,714</b>	<b>12,052</b>	<b>12,344</b>	<b>61,646</b>	<b>12,344</b>	

Southern Gramplains							(\$000s)	
Operational Expenditure	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	5-year total	Ongoing	
<b>Service: Regional Management &amp; Back Office Services</b>								
1. Staffing (including oncosts)	3,318	3,391	3,465	2,888	2,951	16,012	2,951	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	0	0	0	0	0	0	0	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution to corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>3,318</b>	<b>3,391</b>	<b>3,465</b>	<b>2,888</b>	<b>2,951</b>	<b>16,012</b>	<b>2,951</b>	
<b>Service: Regional Productivity Savings</b>								
1. Staffing (including oncosts)	0	0	0	0	0	0	0	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	7,949	8,147	8,351	8,310	8,518	41,276	8,518	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution to corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>7,949</b>	<b>8,147</b>	<b>8,351</b>	<b>8,310</b>	<b>8,518</b>	<b>41,276</b>	<b>8,518</b>	
<b>Total</b>	<b>11,266</b>	<b>11,538</b>	<b>11,816</b>	<b>11,198</b>	<b>11,469</b>	<b>57,288</b>	<b>11,469</b>	

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Ararat							(\$000s)	
Operational Expenditure	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	5-year total	Ongoing	
<b>Service: Regional Management &amp; Back Office Services</b>								
1. Staffing (including oncosts)	2,019	2,069	2,121	1,700	1,738	9,647	1,738	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	0	0	0	0	0	0	0	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution to corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>2,019</b>	<b>2,069</b>	<b>2,121</b>	<b>1,700</b>	<b>1,738</b>	<b>9,647</b>	<b>1,738</b>	
<b>Service: Regional Productivity Savings</b>								
1. Staffing (including oncosts)	0	0	0	0	0	0	0	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	6,771	6,940	7,114	7,079	7,256	35,161	7,256	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution to corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>6,771</b>	<b>6,940</b>	<b>7,114</b>	<b>7,079</b>	<b>7,256</b>	<b>35,161</b>	<b>7,256</b>	
<b>Total</b>	<b>8,790</b>	<b>9,009</b>	<b>9,235</b>	<b>8,780</b>	<b>8,994</b>	<b>44,808</b>	<b>8,994</b>	

Northern Grampians							(\$000s)	
Operational Expenditure	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	5-year total	Ongoing	
<b>Service: Regional Management &amp; Back Office Services</b>								
1. Staffing (including oncosts)	2,830	2,901	2,973	2,525	2,581	13,809	2,581	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	0	0	0	0	0	0	0	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution to corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>2,830</b>	<b>2,901</b>	<b>2,973</b>	<b>2,525</b>	<b>2,581</b>	<b>13,809</b>	<b>2,581</b>	
<b>Service: Regional Productivity Savings</b>								
1. Staffing (including oncosts)	0	0	0	0	0	0	0	
2. Contractor/Consultants	0	0	0	0	0	0	0	
3. External service providers	0	0	0	0	0	0	0	
4. IT Operating	0	0	0	0	0	0	0	
5. Plant, vehicles and equipment	0	0	0	0	0	0	0	
6. Materials and consumables	5,483	5,620	5,761	5,733	5,876	28,474	5,876	
7. Imputed accommodation	0	0	0	0	0	0	0	
8. Contribution to corporate governance	0	0	0	0	0	0	0	
9. Annualised cost of capital	0	0	0	0	0	0	0	
<b>Sub-total</b>	<b>5,483</b>	<b>5,620</b>	<b>5,761</b>	<b>5,733</b>	<b>5,876</b>	<b>28,474</b>	<b>5,876</b>	
<b>Total</b>	<b>8,313</b>	<b>8,521</b>	<b>8,734</b>	<b>8,258</b>	<b>8,457</b>	<b>42,283</b>	<b>8,457</b>	

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Group						(\$000s)	
	2019-20	2020-21	2021-22	2022-23	2023-24		
Capital Expenditure	Forecast	Forecast	Forecast	Forecast	Forecast	5-year total	Ongoing
<b>Service: Regional Council Management</b>							
1. Capital component 'a'	0	0	0	0	0	0	0
2. Capital component 'b'	0	0	0	0	0	0	0
3. Contingency/risk allocation	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Service: Regional Back Office Services</b>							
1. Capital component 'a'	0	0	0	0	0	0	0
2. Capital component 'b'	0	0	0	0	0	0	0
3. Contingency/risk allocation	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Service: Regional Productivity Savings</b>							
1. Capital component 'a'	0	0	0	0	0	0	0
2. Capital component 'b'	0	0	0	0	0	0	0
3. Contingency/risk allocation	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## 6.2 Proposed revenue sources and alternatives

The total proposed investment by the group is \$10.6 million and an RCTP grant is sought for \$5.0 million. The shortfall of \$5.6 million will be funded by the participating councils over the five years to 2023-24 as set out in the following table.

Group		(\$000s)						
Revenue		2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	5-year total	Ongoing
<b>Service: Regional Management &amp; Back Office Services</b>								
1. User fees and charges		0	0	0	0	0	0	0
2. Specific purpose grants		0	0	0	0	0	0	0
3. Proceeds from sale/leaseback		0	0	0	0	0	0	0
4. Internal reserves		0	0	0	0	0	0	0
5. Loan funds		0	0	0	0	0	0	0
6. Other		150	150	1,904	364	364	2,931	390
<b>Sub-total</b>		<b>150</b>	<b>150</b>	<b>1,904</b>	<b>364</b>	<b>364</b>	<b>2,931</b>	<b>390</b>
<b>Service: Regional Productivity Savings</b>								
1. User fees and charges		0	0	0	0	0	0	0
2. Specific purpose grants		0	0	0	0	0	0	0
3. Proceeds from sale/leaseback		0	0	0	0	0	0	0
4. Internal reserves		0	0	0	0	0	0	0
5. Loan funds		0	0	0	0	0	0	0
6. Other		0	0	455	1,118	1,121	2,695	1,211
<b>Sub-total</b>		<b>0</b>	<b>0</b>	<b>455</b>	<b>1,118</b>	<b>1,121</b>	<b>2,695</b>	<b>1,211</b>
<b>Total</b>		<b>150</b>	<b>150</b>	<b>2,359</b>	<b>1,482</b>	<b>1,485</b>	<b>5,626</b>	<b>1,601</b>

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## 6.3 RCTP grant sought

An RCRP grant is sought for \$5.0 million, with the vast bulk of this expended in the first 2 years, enabling financial dividends to be recouped in the later years.

Group		(\$000s)						
		2019-20	2020-21	2021-22	2022-23	2023-24	5-year total	Ongoing
RCTP Grant		Forecast	Forecast	Forecast	Forecast	Forecast		
<b>RCTP Grant Proceeds</b>	<b>Total</b>	<b>2,325</b>	<b>2,659</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>
<b>Service: Regional Management &amp; Back Office Services</b>								
<b>RCTP Budget Allocation</b>								
1. Staffing management/admin		220	220	650	0	0	1,090	0
2. Accommodation		0	0	0	0	0	0	0
3. Consultancies		180	380	200	0	0	760	0
4. Training and development		0	60	40	0	0	100	0
5. Legal		0	70	0	0	0	70	0
6. Leases		0	0	0	0	0	0	0
7. Other direct council resources		0	24	14	14	14	65	0
<b>Capital</b>								
8. Vehicles		0	0	0	0	0	0	0
9. Equipment		0	0	0	0	0	0	0
10. IT Software		0	350	350	350	350	1,400	390
11. IT Hardware		0	0	0	0	0	0	0
	<b>Sub-total</b>	<b>400</b>	<b>1,104</b>	<b>1,254</b>	<b>364</b>	<b>364</b>	<b>3,485</b>	<b>390</b>
<b>Service: Regional Productivity Savings</b>								
<b>RCTP Budget Allocation</b>								
1. Staffing management/admin		180	0	0	0	0	180	0
2. Accommodation		0	0	0	0	0	0	0
3. Consultancies		479	524	48	0	0	1,051	58
4. Training and development		175	160	40	0	0	375	0
5. Legal		125	50	0	0	0	175	0
6. Leases		0	0	0	0	0	0	0
7. Other direct council resources		0	0	0	0	0	0	13
<b>Capital</b>								
8. Vehicles		0	0	0	0	0	0	0
9. Equipment		0	0	0	0	0	0	0
10. IT Software		1,116	972	1,032	1,119	1,122	5,360	1,141
11. IT Hardware		0	0	0	0	0	0	0
	<b>Sub-total</b>	<b>2,075</b>	<b>1,706</b>	<b>1,120</b>	<b>1,119</b>	<b>1,122</b>	<b>7,141</b>	<b>1,211</b>
	<b>Total</b>	<b>2,475</b>	<b>2,809</b>	<b>2,373</b>	<b>1,482</b>	<b>1,485</b>	<b>10,626</b>	<b>1,601</b>



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## 6.4 Return on investment

### Financial returns

Given that the services within the project scope are non-revenue earning, the project's return on investment equates with the difference in between project (Section 6.1) and baseline expenditure profiles (Section 5.2), after accounting for project implementation costs (Section 6.3), that is:

- A collective operational spend of \$206 million over the five year forecast period to 2023-24, compared to a \$213 million spend under the business as usual scenario.
- RCTP funded project costs of \$5.0 million
- A Net Present Value benefit of \$1.1 million.

### Sensitivity analysis

In the table below a sensitivity analysis tabulated below:

- Column A summaries the assumptions and results generated by the project documented above
- Column B presents a more optimistic scenario, as per Column A, assuming double the reduction in staffing and that 3% gains can be made on 100% of the participating council's collective materials and services budgets
- Column C presents a more pessimistic scenario, as per Column A, assuming that 3% gains can be made on 25% of the participating council's collective materials and services budgets.

**Table 6 Sensitivity analysis**

Savings	A Proposed	B Optimistic	C Pessimistic
Rationalisation of staff (EFT)	17.0	34.0	17.0
Materials and services* 3%	50%	100%	25%
5 yr BAU (\$m)	213	364	137
5yr Proposed (\$m)	206	351	131
RCTP Grant (\$m)	-5.0	-5.0	-5.0
<b>NPV (\$m)</b>	<b>1.1</b>	<b>6.9</b>	<b>0.3</b>

*\*Total forecast materials and services for all councils*

Effectively the sensitivity results highlight that only under the most pessimistic of assumptions will the project just generate a positive NPV.

### Non-financial returns

Some non-financial returns on investment can also be realised through the capacity of the organisations to re-allocate resources derived from the cost savings highlighted above. Whilst the exact detail of where the cost savings will be reallocated will be determined by the councils individually, it should logically free up more funds and staff to focus on delivering better services and assets for the community.

Improved quality of assets is a direct outcome from the joint asset management system across the region. In this case, the non-financial return stems from the fact that most councils will now gain access to a superior system which they would otherwise not have been able to afford. Assets should also be better maintained in the long term as the new joint system will enable the councils to better monitor assets as they come up for renewal, leading to more preventative works on assets.



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The increased levels of collaboration through this process across the councils is not a quantifiable return. However, just having the CEOs and key staff work through important issues, systems and processes is likely to build a deeper working relationship which will transcend beyond current levels of collaboration; they will have actual systems and staff to embed and share across the councils – which could be extended to other important operational functions in the future, particularly as there will now be single directors working across all the councils in each function.

Finally, the improved management and standardisation of data and information across the councils will help to reduce downside risks. Whilst this may not be quantified and monetised in the financial appraisal, it could nonetheless prevent oversights or errors that lead to long term cost-blowouts on both back office and front of house functions.

## 7. Deliverability

### 7.1 Assessment and management of risks and sensitivities

The key risks to project delivery have been identified by the CEOs of the participating councils, as well as by drawing from evidence elsewhere regarding the potential threats to shared services arrangements. These key risks are identified below, as are their respective:

- Likelihood of occurrence
- Impact if they do occur
- Mitigation strategy
- Residual risk after mitigation strategies are employed.

Table 7 Risk mitigation

Risk	Likelihood*	Impact^	Mitigation strategy	Residual risk#
Ongoing commitment: Existing and potentially new CEOs of participating councils continue to support project.	Possible	Major	<p>CEOs to continue to meet regularly to ensure relationships are confirmed and nurtured.</p> <p>The councils will be hooked into common management and IT systems, benefitting all council staff and therefore incidentally monitored by the CEOs daily.</p> <p>Exiting the common IT systems component is likely to impose material costs, as collective procurement and ongoing licensing efficiencies are foregone.</p> <p>Executive Steering Committee membership to be furnished with baseline vs project resourcing and outcomes, as per Benefits Management Plan.</p> <p>Eventual rationing of key staff (Year 4) will be informed by collectively developed position descriptions and remuneration packages, and will be staged to ensure service continuity is maintained.</p>	Medium
Ongoing commitment: Councillors: Existing and potentially new councillors of participating councils continue to support project.	Possible	Major	<p>Governance model has been developed at the operational level.</p> <p>Service qualities still to be determined by elected councillors.</p> <p>Ongoing councillor briefing sessions planned, including sharing of baseline vs project resourcing and outcomes, as per Benefits Management Plan.</p>	Low
Ineffective project governance/ management: Governance model does not fairly and reasonably match participation costs and benefits	Unlikely	Moderate	<p>Overall review after three years provides an inbuilt opportunity to refine any unintended governance issues.</p> <p>Collaborative nature of governance model will enable ongoing scope and operational refinements.</p> <p>Appointment of a project leader with the responsibility for overall project delivery and for</p>	Low

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			acting as a conduit between the Executive Steering and Implementation Committees.	
Contractor selection: Contractors selected to provide common systems/ integration/ migration services fail to deliver	Unlikely	Major	Internal and external technical and procurement experts will be recruited to assist with selection and management of preferred contractors.  Engagement contracts with preferred contractors will have clear performance expectations regarding documentation of process and progression milestones, enabling contractors to be effectively supervised.	Low
Benefits unrealised: the envisaged benefits are not generated – particularly for IT systems which do not eventually generate significant productivity benefits or savings	Possible	Moderate	Baseline vs project resourcing and outcomes monitored and assessed annually, as per Benefits Management Plan.  Collaborative nature of governance model, along with the having a project manager with dedicated overall responsibility for the project's implementation, will ensure commitment and enable ongoing scope and operational refinements.	Low
Time delays: Timelines estimated for delivering project milestones are not met	Likely	Moderate	Specialist project management resources to be used throughout implementation program.  Engagement contracts with preferred contractors will have clear performance expectations regarding documentation of process, progression milestones and budget tracking, enabling contractors to be effectively supervised.	Medium
Cost blowouts: Costs estimated for delivering project milestones are insufficient	Likely	Moderate	Specialist project management resources to be used throughout implementation program.  Engagement contracts with preferred contractors will have clear performance expectations regarding documentation of process, progression milestones and budget tracking, enabling contractors to be effectively supervised.	Medium
Staff resistance: Relevant staff members resist proposed changes/ industrial action	Possible	Moderate	Change management expertise and processes to be used throughout project implementation program, with funding for these processes explicitly costed into delivery budgets.  Eventual rationing of key staff (Year 4) will favour natural attrition over redundancies.  Staff engagement plans to be developed and updated throughout the project by dedicated project manager.	Low
Management vacuum: Eventual loss of senior staff across councils results in a knowledge vacuum in terms of management expertise and understanding of locally	Possible	Moderate	Staff engagement plans to be developed and updated throughout the project by dedicated project manager.  Eventual rationing of key staff (Year 4) will be informed by collectively developed position	Medium

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specific issues in each domain/department

descriptions and remuneration packages, and will be staged to ensure service continuity is maintained.

Single director positions will have focussed position descriptions, enabling staff efforts to be appropriately prioritised on regional services.

\*Ranging from 1) Rare, 2) Unlikely, 3) Possible, 4) Likely to 5) Almost certain.

^Ranging from 1) Negligible, 2) Minor, 3) Moderate, 4) Major to 5) Catastrophic.

# Ranging from 1) Low, 2) Medium to 3) High.

Once funding is sourced from the RCTP, the participating councils will appoint a dedicated project manager whose task it will be to develop a detailed risk register and to monitor and report how project risks evolve throughout its progressive delivery.

## 7.2 Impacts

The suite of social, environmental and economic impacts of this project versus the business-as-usual scenario are outlined below. A basis for their inclusion, as well as the significance of their impacts are also described.

Table 8 Implementation impacts by stakeholder group

Impact	Affected groups	Type	Scale/direction	Key issues
Community perception of a loss of local control and influence	Councillors/Community	Social	Small/negative	A greater level of regional collaboration could be perceived by some sections of the community as an attempt to reduce the independence of local councils from an operational perspective.
Potential increased travel between councils for all the activities involved in collaboration	Councils/community	Environmental	Small/negative	The ESC and IC meetings plus all the project specific collaborations would require significant face to face contact and that necessitates travel.
Transaction costs in implementation	Councils	Financial	Medium/negative	The financial and/or resourcing cost associated with all the governance, legal and implementation aspects of putting the technology, management structure and shared services into practice.
Some existing systems which may still have had a life are written off	Councils	Financial	Small/negative	Sunk costs associated with the loss of utility from existing systems which may still have had some time to run. That said, participating councils have expressed a clear view that existing systems are not fit for purpose.
Improved provisioning of assets and asset renewal program	Councils	Financial	Large/positive	Being able to plan assets with a regional perspective, better monitor asset conditions, and respond more effectively when intervention is required will improve the quality of the asset stock and efficiency of capital expenditures.

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Reduced cost of procurement across the region	Councils	Financial	Large/positive	Cost savings to be generated through joint procurement, at least in the negotiation of price with private providers, but also likely in the efficiency of the providers delivering the service across a region.
Financial savings and sustainability	Councils	Financial	Medium/positive	The main direct benefit is the reduction in costs which directly contributes to the financial sustainability of councils over the medium and long term.
More productive and strategic resource allocation	Councils/ Community	Financial/ Social/ Economic	Large/positive	The financial savings should allow the councils to redirect resources towards more productive activities, including enhanced service delivery or asset renewal activities.
Improved data management and analytics capability	Councils	Financial	Large/positive	The procurement of new systems will significantly improve the councils' systems in terms of information storage and analysis.
Ongoing cost for software as a service	Councils	Financial	Small/negative	Some of the software packages being procured will be paid for an ongoing annual fee basis.
Loss of employment opportunity due to staff cuts	Community	Economic	Medium/negative	The staff rationalisation associated with the project would likely be a permanent reduction in employment – although the resources which funded those jobs can now be put to potentially more productivity outcomes. Requires careful messaging.
Unemployment for the local staff who are made redundant	Community	Economic, Social	Small/negative	The redundant staff would need to find alternative employment opportunities – preferably within the region but this may not be possible in some instances.

## 7.3 Readiness and implementation process

The participating councils are ready to implement but await seed funding given the resourcing required to deliver the project scope.

The working arrangements between the CEOs of participating councils are informally in place and can quickly be formalised.

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## 7.4 Timelines and milestones

Key milestones identified for each component of the project have been outlined in the implementation summary table below, which draws from Appendix E & F.

Implementation costs by system component are also provided for reference purposes.

Table 9 Summary implementation timeframes

Scope	Summary milestones	Completion date	Cost
<b>Core systems</b>			
Transformation Employee support	Workshops Health Checks Working with Leaders session Leadership coaching	Aug 2019	14,000
Shared Cloud Based Email and Office Productivity Systems	Determine system choice Implementation Decommission legacy systems	Sep 2019	955,000
Strategic asset management	Standardise data and methodologies Determine system choice Procurement Implementation Decommission legacy systems	May 2021	787,000
Customer Request Management (CRM)	Standardise data and methodologies Determine system choice Procurement Implementation Decommission legacy systems	Dec 2020	833,000
Records Management	Determine Requirements Procurement Implementation Decommission legacy systems	Jan 2021	705,000
Enterprise Resource Planning (ERP)	Standardise costing and reporting Determine Requirements Procurement Implementation Decommission legacy systems	Oct 2020	2,350,000
Hosting Project	Determine current status Implement the migration strategy Determine Requirements Procurement Implementation Decommission legacy systems	Apr 2020	580,000
<b>Easy Wins</b>			
Process Mapping Software	Implementation	Sep 2019	250,000
Project Management Software	Determine Requirements Procurement Implementation Decommission legacy systems	Sep 2019	300,000



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HR Systems	Determine Requirements Procurement Implementation Decommission legacy systems	Oct 2019	1,000,000
Governance Software	Determine Requirements Procurement Implementation Decommission legacy systems	Sep 2019	400,000
Process Digitisation	Implementation	Sep 2019	930,000
GIS		Dec 2021	572,000
<b>Staff rationalisation</b>			
Redundancies (allowance only, natural attrition preferred)		Jul 2022	500,000
<b>Project management</b>			
3 years full time resource		Jul 2022	450,000
<b>TOTAL</b>			<b>10,626,000</b>

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## 8. Staffing requirements

### 8.1 Staff/Contractors

Group	(FTE)					
Functional category	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	Ongoing
<b>Service: Regional Council Management</b>						
<b>New staff</b>						
1. Frontline	0.0	0.0	0.0	0.0	0.0	0.0
2. Back office	0.0	0.0	0.0	0.0	0.0	0.0
3. Contractor	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Existing staff</b>						
1. Frontline	0.0	0.0	0.0	0.0	0.0	0.0
2. Back office	1.0	1.0	1.0	0.0	0.0	0.0
3. Contractor	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Non-staff (category)</b>						
1. Frontline	0.0	0.0	0.0	0.0	0.0	0.0
2. Back office	0.0	0.0	0.0	0.0	0.0	0.0
3. Contractor	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Location: Southern and Northern Grampians</b>	<b>Total</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Service: Regional Back Office Services</b>						
<b>New staff</b>						
1. Frontline	0.0	0.0	0.0	0.0	0.0	0.0
2. Back office	0.0	0.0	0.0	0.0	0.0	0.0
3. Contractor	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Existing staff</b>						
1. Frontline	0.0	0.0	0.0	0.0	0.0	0.0
2. Back office	11.2	11.2	11.2	11.2	11.2	11.2
3. Contractor	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total</b>	<b>11.2</b>	<b>11.2</b>	<b>11.2</b>	<b>11.2</b>	<b>11.2</b>	<b>11.2</b>
<b>Non-staff (category)</b>						
1. Frontline	0.0	0.0	0.0	0.0	0.0	0.0
2. Back office	0.0	0.0	0.0	0.0	0.0	0.0
3. Contractor	0.5	0.5	0.0	0.0	0.0	0.0
<b>Sub-total</b>	<b>0.5</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Location: Southern and Northern Grampians</b>	<b>Total</b>	<b>11.7</b>	<b>11.7</b>	<b>11.2</b>	<b>11.2</b>	<b>11.2</b>
<b>Service: Regional Productivity Savings</b>						
<b>New staff</b>						
1. Frontline	0.0	0.0	0.0	0.0	0.0	0.0
2. Back office	0.0	0.0	0.0	0.0	0.0	0.0
3. Contractor	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Existing staff</b>						
1. Frontline	0.0	0.0	0.0	0.0	0.0	0.0
2. Back office	0.0	0.0	0.0	0.0	0.0	0.0
3. Contractor	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Non-staff (category)</b>						
1. Frontline	0.0	0.0	0.0	0.0	0.0	0.0
2. Back office	0.0	0.0	0.0	0.0	0.0	0.0
3. Contractor	1.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Location: Southern and Northern Grampians</b>	<b>Total</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Grand total</b>	<b>13.7</b>	<b>12.7</b>	<b>12.2</b>	<b>11.2</b>	<b>11.2</b>	<b>11.2</b>

## 9. Other relevant information

## 10. Attachments

Appendix A – Bibliography

Appendix B – RCTP checklist

Appendix C – Benefits Management Plan

Appendix D - Council Policy Alignment

Appendix E - Implementation Costs & Timeframes

Appendix F - Implementation Steps

Appendix G – RCTP Benefits Summary

Appendix H – Survey of Existing ICT Systems

Appendix I – Demonstrated success elsewhere

## Appendix A – Bibliography

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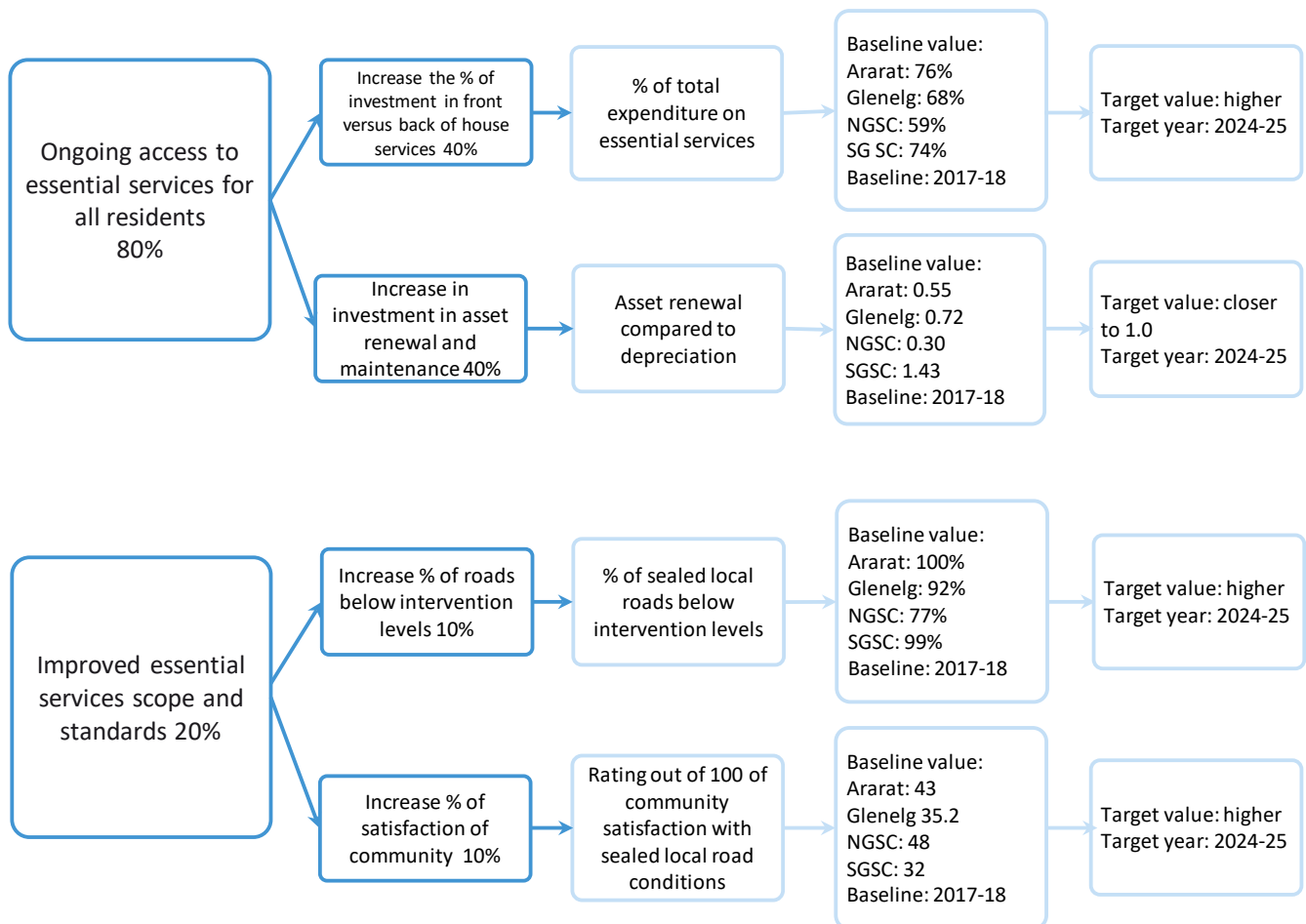
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## Appendix B – Checklist

<i>Initiative title:</i>	<i>Plan</i>	
<i>Department:</i>	<i>[Company]</i>	Yes
1.	Is the problem clearly defined?	<input checked="" type="checkbox"/>
2.	Is it clear what the RCTP is purchasing?	<input checked="" type="checkbox"/>
3.	Are the links to policy(ies) and contributions explicit?	<input checked="" type="checkbox"/>
4.	Are impacts on performance measures specified?	<input checked="" type="checkbox"/>
5.	If the submission has multiple components, have these been described separately and is the impact of each component clearly articulated in the costings, staffing and performance measures sections?	<input checked="" type="checkbox"/>
6.	Has Local Government Victoria (LGV) been engaged on the development of the draft business case?	<input checked="" type="checkbox"/>
7.	Has the <i>Business case</i> been completed in the form of the business case template?	<input checked="" type="checkbox"/>
8.	Have costings been agreed with LGV?	<input checked="" type="checkbox"/>
9.	Have detailed costings been provided in Excel?	<input checked="" type="checkbox"/>

## Appendix C – Benefits Management Plan





# Rural Councils Transformation Program

## Appendix D - Council Policy Alignment

Plan	Strategic priority	Priority details	Aims/ actions
Ararat Council Plan 2017-21 Year 2.0	Community	Community services that are accessible, inclusive and responsible to the communities needs	<ul style="list-style-type: none"> <li>Ensure Council's services and facilities are accessible</li> </ul>
	Our organisation	Good governance through leadership	<ul style="list-style-type: none"> <li>Pursue strategic alliances, regional partnerships, stakeholder forums and advisory committees that assist Council in policy development and service delivery planning</li> </ul>
		Service and infrastructure that meets the municipality	<ul style="list-style-type: none"> <li>Identify infrastructure and service funding gap priorities and appropriate solutions and funding options</li> <li>Develop and maintain partnerships and advocate for improved service provision by government, the private sector and not-for-profit providers</li> </ul>
		Professional and skilled staff in a safe and supporting environment	<ul style="list-style-type: none"> <li>Implement a program of continuous improvement in service delivery</li> <li>Pursue the integration and management of information, communication and technology systems</li> </ul>
	Sustainable, long term financial management	<ul style="list-style-type: none"> <li>Actively pursue external funding for Council's services, assets and operations</li> <li>Commit to an ongoing Service Delivery Review Program</li> </ul>	
Glenelg Shire Council Plan 2017-2021	Connecting Glenelg	Support the creation of all abilities access in the shire	<ul style="list-style-type: none"> <li>Provide opportunities for all people to connect to Council services and community information</li> </ul>
	Leading Glenelg	We will advocate on behalf of the community for better outcomes for the Shire	<ul style="list-style-type: none"> <li>Lead and participate in regional partnerships</li> </ul>
		Promote collaboration and seek joint ventures with regional, state and federal opportunities	<ul style="list-style-type: none"> <li>Lobby and advocate on agreed local priorities to place Glenelg Shire at the forefront of policy and funding considerations</li> </ul>
		Financial responsibility to ensure long term viability and sustainability	<ul style="list-style-type: none"> <li>Council demonstrates leadership in its decisions to meet future needs and challenges</li> <li>Continuous improvement methods used to ensure excellence in service delivery</li> </ul>
		Community members are encouraged to take an active part in democratic engagement	<ul style="list-style-type: none"> <li>Use technologies to assist communication and service delivery</li> <li>Improve the customer experience</li> </ul>
	Long term planning and staff capacity building to assist in the development of a resilient organisation	<ul style="list-style-type: none"> <li>Ensure the organisation has the right mix of people to deliver the best outcomes for the community.</li> </ul>	
Northern Grampians Shire Council Plan 2017- 2021	Improve Organisational Effectiveness	Streamline processes by reviewing internal processes to reduce red tape and increase efficiency	
	Support our community	A healthy and vibrant community	<ul style="list-style-type: none"> <li>Provide appropriate, accessible and equitable Council services, facilities and activities.</li> </ul>

# Rural Councils Transformation Program

Southern Grampians Shire Council Plan 2017-2021	Plan for our Built Environment and Infrastructure	Plan and provide for sustainable assets and infrastructure	<ul style="list-style-type: none"> <li>Collaborate with State Government and Regional agencies to ensure coordinated provision of regional infrastructure</li> <li>Develop the Shire's facilities, programs and services to increase usage</li> </ul>
	Provide Governance and leadership	Provide transparent and responsible governance	<ul style="list-style-type: none"> <li>Ensure responsible, effective and efficient use of Council resources</li> <li>Strengthen Council's internal auditing to improve processes and procedures</li> </ul>
		Effective advocacy	<ul style="list-style-type: none"> <li>Further develop sound working relationships with external partners and stakeholders at a local, regional, national and international level</li> </ul>
		Create an environment that supports committed and skilled staff	<ul style="list-style-type: none"> <li>Plan for and develop future skills required to deliver our services, projects and programs</li> <li>Encourage and recognise high levels of performance and innovative practices</li> </ul>
	Deliver efficient and customer focused services	<ul style="list-style-type: none"> <li>Maximise utilisation of digital solutions in service delivery</li> <li>Ongoing review of service delivery to maximise efficiency and improve outcomes</li> <li>Be recognised as an organisation that provides excellent customer service</li> <li>Investigate partnerships, collaboration opportunities and options for shared service delivery models</li> </ul>	

# Rural Councils Transformation Program

## Appendix E – Implementation Costs & Timeframes

All values are in \$000

Key Projects	Primary Category	Sub Category	Primary Category Cost	Sub Category Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Total	On-going
<b>Transformation Employee Support</b>											
	Consultancies		14		14					14	
	<b>Total</b>		14							14	-
<b>Shared Cloud Based Email and Office Productivity Systems</b>											
	Staffing management/admin		180							-	
		Project Management		180	180					180	
	Accommodation									-	
	Consultancies		50							-	
		Microsoft Partner Costs		50	50					50	
	Training and development		50		50					50	
	Legal		50		50					50	
	Leases									-	
	Other direct council resources									-	
	Vehicles									-	
	Equipment									-	
	IT Software		625		125	125	125	125	125	625	125
	IT Hardware									-	
	<b>Total</b>		955							955	125
<b>Shared Asset Management</b>											
	Staffing management/admin									-	
	Accommodation									-	
	Consultancies		267							-	
		SAM Methodology		25	25					25	
		Data Migration		62	62					62	
		GIS Integration		100		100				100	
		CRM Integration		40		40				40	
		ERP Integration		40		40				40	
	Training and development		45		25	20				45	

# Rural Councils Transformation Program

Key Projects	Primary Category	Sub Category	Primary Category Cost	Sub Category Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Total	On-going
	<b>Legal</b>		50		50					50	
	<b>Contracts/agreements</b>									-	
	<b>Leases</b>									-	
	<b>Other council resources</b>									-	
	<b>Vehicles</b>									-	
	<b>Equipment</b>									-	
	<b>IT Software</b>		425							-	
		Asset management system		85	85	85	85	85	85	425	85
	<b>IT Hardware</b>										
	<b>Total</b>		787							787	85
<b>Customer Request Management, shared backend system, localised front of house teams</b>											
	<b>Staffing management/admin</b>									-	
	<b>Accommodation</b>									-	
	<b>Consultancies</b>		250							-	
		Standardise Policy, Process Procedures		40	40					40	
		Work flow design and development		50	50					50	
		Work flow implementation		60	30	30				60	
		Microsoft Partner Configuration		100	50	50				100	
	<b>Training and development</b>		60		30	30				60	
	<b>Legal</b>		25		25					25	
	<b>Leases</b>									-	
	<b>Other direct council resources</b>									-	
	<b>Vehicles</b>									-	
	<b>Equipment</b>									-	
	<b>IT Software</b>		293							-	
		230 Limited End User Licences @ \$10/mth		138	27.6	27.6	27.6	27.6	27.6	138	27.6
		25 Full Ued User Licences @ \$240/mth		360	72	72	72	72	72	360	72
	<b>IT Hardware</b>										
	<b>Total</b>		628							628	59
<b>Shared Paper Records Management</b>											
	<b>Staffing management/admin</b>									-	

# Rural Councils Transformation Program

Key Projects	Primary Category	Sub Category	Primary Category Cost	Sub Category Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Total	On-going
	<b>Accommodation</b>									-	
	<b>Consultancies</b>		80							-	
		Optimisation of Storage		40	20	20				40	40
		Back Scanning Document Workflow		40		40				40	
	<b>Training and development</b>		20			20				20	
	<b>Legal</b>		20			20				20	
	<b>Leases</b>									-	
	<b>Other direct council resources</b>		65							-	
		Grace Storage \$0.218 per box per month		10		3	3	3	3	10	3
		Grace Backscanning \$9.1775 per messy file		44		11	11	11	11	44	10
		Initial Collection and Storage		10		10				10	
	<b>Vehicles</b>									-	
	<b>Equipment</b>									-	
	<b>IT Software</b>									-	
	<b>IT Hardware</b>									-	
	<b>Total</b>		185							185	53
<b>Shared In Bound Document Digitization</b>											
	<b>Staffing management/admin</b>									-	
	<b>Accommodation</b>									-	
	<b>Consultancies</b>		250							-	
		Standardise BCS, Policy, Process Procedures		40		40				40	
		Automated classification and work flow		150		150				150	
		Work flow implementation		60		30	30			60	
	<b>Training and development</b>		60			30	30			60	
	<b>Legal</b>		50			50				50	
	<b>Leases</b>									-	
	<b>Other direct council resources</b>									-	
	<b>Vehicles</b>									-	
	<b>Equipment</b>									-	
	<b>IT Software</b>		160							-	
		e.g. eCloud \$40k/yr		160		40	40	40	40	160	40
	<b>IT Hardware</b>									-	

# Rural Councils Transformation Program

Key Projects	Primary Category	Sub Category	Primary Category Cost	Sub Category Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Total	On-going
	<b>Total</b>		520							520	40
										-	
<b>Shared back office Enterprise Resource Planning (ERP)</b>											
	<b>Staffing management/admin</b>									-	
		Project Management	140		70	70				140	
	<b>Accommodation</b>									-	
	<b>Consultancies</b>		680							-	
		Standardisation and rationalisation of policies, processes and procedures.		240	120	120				240	
		System specification and procurement		140	40	100				140	
		Data migration		300		100	200			300	
	<b>Training and development</b>		80			40	40			80	
	<b>Legal</b>		50			50				50	
	<b>Leases</b>									-	
	<b>Other direct council resources</b>									-	
	<b>Vehicles</b>									-	
	<b>Equipment</b>									-	
	<b>IT Software</b>		1,400			350	350	350	350	1,400	350
	<b>IT Hardware</b>									-	
	<b>Total</b>		2,350							2,350	350
										-	
<b>Cloud based application hosting, data storage, Networks and Security</b>											
	<b>Staffing management/admin</b>									-	
	<b>Accommodation</b>									-	
	<b>Consultancies \$</b>		60							-	
		Cyber Security		60	60					60	
	<b>Training and development</b>		120		60	60				120	
	<b>Legal</b>									-	
	<b>Leases</b>									-	
	<b>Other direct council resources</b>									-	
	<b>Vehicles</b>									-	
	<b>Equipment</b>									-	
	<b>IT Software</b>		400							-	
		SaaS Data Storage and Hosting		155	20	30	35	35	35	155	35

# Rural Councils Transformation Program

Key Projects	Primary Category	Sub Category	Primary Category Cost	Sub Category Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Total	On-going
		Identity and Access Management		65	20	15	10	10	10	65	10
		Network eg. ExpressRoute		180			60	60	60	180	60
	<b>IT Hardware</b>									-	
	<b>Total</b>		580							580	105
<b>Shared Collection of Specialist Back Office Tools</b>											
	<b>Staffing management/admin</b>									-	
	<b>Accommodation</b>									-	
	<b>Consultancies</b>									-	
	<b>Training and development</b>									-	
	<b>Legal</b>									-	
	<b>Leases</b>									-	
	<b>Other direct council resources</b>									-	
	<b>Vehicles</b>									-	
	<b>Equipment</b>									-	
	<b>IT Software</b>		2,880							-	
		Process mapping		250	50	50	50	50	50	250	50
		Project Management		300	60	60	60	60	60	300	60
		HR		1,000	200	200	200	200	200	1,000	200
		Governance		400	80	80	80	80	80	400	80
		Process Digitisation		930	186	186	186	186	186	930	186
	<b>IT Hardware</b>									-	
	<b>Total</b>		2,880							2,880	576
<b>Shared GIS Services developing and maintaining a consistent GIS platform across all 4 councils</b>											
	<b>Staffing management/admin</b>									-	
	<b>Accommodation</b>									-	
	<b>Consultancies</b>									-	
		Setup and deployment	80		80					80	
		Customer front end setup	40			40				40	
	<b>Training and development</b>		60			30	30			60	
	<b>Legal</b>									-	
	<b>Leases</b>									-	

# Rural Councils Transformation Program

Key Projects	Primary Category	Sub Category	Primary Category Cost	Sub Category Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Total	On-going
	<b>Other direct council resources</b>									-	
	<b>Vehicles</b>									-	
	<b>Equipment</b>									-	
	<b>IT Software</b>		6							-	
		FME cloud \$1200 (100 per month)		6	1	1	1	1	1	6	1
		QGIS (Open Source)								-	
		PostgreSQL Post GIS (open Source)								-	
	<b>IT Hardware</b>									-	
	<b>Total</b>		186							186	1
<b>Staff rationalisation</b>											
		Allowance for redundancies	500				500				
<b>Project management</b>											
		3 years full time PM	450		150	150	150				
	<b>Grand Total</b>		<b>10626</b>		<b>2475</b>	<b>2809</b>	<b>2373</b>	<b>1482</b>	<b>1485</b>	<b>10626</b>	<b>1601</b>



# Rural Councils Transformation Program

## Appendix F – Implementation Steps

What	Steps
Transformation Employee Support	<ul style="list-style-type: none"> <li>• Organisation change management</li> <li>• People and Culture</li> <li>• Leadership and Teams</li> </ul>
Shared Cloud Based Email and Office Productivity Systems	<ul style="list-style-type: none"> <li>• Workshop 1: Planning Together</li> <li>• Workshop 2: Working Together</li> <li>• Health Checks</li> <li>• Working with Leaders</li> <li>• Leadership coaching</li> </ul>
Shared Cloud Based Email and Office Productivity Systems	<ul style="list-style-type: none"> <li>• Shared Communications and Collaboration               <ul style="list-style-type: none"> <li>○ email</li> <li>○ voice</li> <li>○ video</li> <li>○ conferencing etc</li> </ul> </li> <li>• Common Desktop and Productivity Tools</li> <li>• Data Discovery</li> <li>• Workflow</li> <li>• Business Intelligence</li> <li>• Data Analytics</li> </ul>
Shared Asset Management	<ul style="list-style-type: none"> <li>• Determine Requirements</li> <li>• Assesses market options</li> <li>• Procurement               <ul style="list-style-type: none"> <li>○ Tender</li> <li>○ Evaluate tender application</li> <li>○ Contract</li> </ul> </li> <li>• Implementation               <ul style="list-style-type: none"> <li>○ Plan</li> <li>○ Change Management and Training</li> <li>○ Technical implementation</li> <li>○ Decommission legacy systems</li> </ul> </li> </ul>
Shared Asset Management	<ul style="list-style-type: none"> <li>• Regional strategic asset management</li> <li>• Common asset management system</li> <li>• Standardised data and methodologies               <ul style="list-style-type: none"> <li>○ data standards</li> <li>○ condition assessments</li> <li>○ asset/service monitoring</li> <li>○ analysis and reporting</li> </ul> </li> <li>• Shared asset planning               <ul style="list-style-type: none"> <li>○ maintenance</li> <li>○ renewal</li> <li>○ new</li> </ul> </li> <li>• Shared asset procurement               <ul style="list-style-type: none"> <li>○ maintenance</li> <li>○ renewal</li> <li>○ new</li> </ul> </li> <li>• Shared asset program and project management</li> </ul>
	<p>People and Processes</p> <ul style="list-style-type: none"> <li>• Create project team               <ul style="list-style-type: none"> <li>○ Roles, responsibilities and accountabilities</li> <li>○ Specialist roles: SAM, Engineering, GIS Data collection and data analytics</li> <li>○ Skills and competency requirements vs actual</li> <li>○ Training and development needs; immediate and ongoing</li> <li>○ Accommodation, communication and normal mode of working</li> </ul> </li> <li>• Organisation               <ul style="list-style-type: none"> <li>○ Negotiate council service level agreements (SLAs)</li> <li>○ Resource sharing agreements</li> <li>○ Performance expectations</li> <li>○ Locations</li> </ul> </li> <li>• Standardise data and methodologies               <ul style="list-style-type: none"> <li>○ Data</li> <li>○ Processes</li> <li>○ Policies and Procedures</li> </ul> </li> </ul>

# Rural Councils Transformation Program

Customer Request Management, shared backend system, localised front of house teams

- Common CRM
- Work flow and business rules used to route customer request to the right front of house team
- Integrated (linked) with finance/accounts, GIS and Assets.

People and Processes

- Define and standardise the Model of Service
  - Local front of house teams
  - Rationalisation of policies and procedures
  - Standardised workflow
- Empower Customer Service Teams
  - Roles, responsibilities and accountabilities
  - Training and development needs; immediate and ongoing
  - Accommodation, communication and normal mode of working
- Organisation
  - Negotiate council service level agreements (SLAs)
  - Resource sharing agreements
  - Performance expectations
  - Locations

System Procurement and Implementation

- Specify system requirement
- Procurement
  - Tender
  - Evaluate tender application
  - Contract
- Implementation
  - Plan
  - System Implementation
  - Data Extract Transform and Load
  - GIS Integration
  - ERP (Finance and Accounts) Integration
  - Change Management and Training
- Deployment
  - Review and refine
- Decommission legacy systems

Shared Paper Records Management

- Optimisation of onsite and offsite (Grace) document Storage.
- Grace on Demand Archival Document Back-scanning

Design

- Optimisation of existing document storage
  - Risk assessment and legal obligations
  - Treatment disposal and retention
- Assessment of the MAV Procurement contract with GRACE for on demand backscanning

Shared Digitization of all in bound documents and mail

- Inbound document / mail scanning
- Automated document routing and metadata classification

Design

- Standardise Policy, Process Procedures
- Agree upon a share Business Classification System
- Develop shared autoclassification rules
- Develop shared workflow

System Procurement and Implementation

- Specify system requirement
- Procurement
  - If appropriate implement MAV Records storage & imaging services
- Implementation
  - Plan
  - System Implementation

# Rural Councils Transformation Program

- Change Management and Training
- Deployment
  - Review and refine
- Decommission legacy systems

Shared back office Enterprise Resource Planning (ERP)

- Shared cloud-based system.
- Council finance, accounts, statutory process, property and rating, citizen services, risk management.

## People and Processes

- Standardise core business processes
  - Financial accounts
  - Property and Rating
  - Community Services
  - Planning and Building
  - Risk Management
- Establish core teams
  - Roles, responsibilities and accountabilities
  - Training and development needs; immediate and ongoing
  - Accommodation, communication and normal mode of working
- Organisation
  - Negotiate council service level agreements (SLAs)
  - Resource sharing agreements
  - Performance expectations
  - Locations

## System Procurement and Implementation

- Specify system requirement
- Procurement
  - Tender
  - Evaluate tender application
  - Contract
- Implementation
  - Plan
  - System Implementation
  - Data Extract Transform and Load
  - GIS Integration
  - ERP (Finance and Accounts) Integration
  - Change Management and Training
- Deployment
  - Review and refine
- Decommission legacy systems

Cloud based application hosting and data storage

- Migration of all on site server based applications to off-site cloud facilities
- Network performance and service performance standards
- Full mobile online computing capability
- Off line functionality and data synchronisation
- Cyber-security
- Data Integrity
- Risk and Disaster Management

## Design

- Service Architecture
- Security Architecture
- Data Storage Architecture
- Staff Identity and Access Management
- Mobile computing policy

## System Procurement and Implementation

- Specify system requirement
  - Options analysis (e.g. Azure, AWS Google etc.)
- Procurement
- Implementation
  - Plan
  - System Implementation
  - Change Management and Training
  - Staff IAM rollout

# Rural Councils Transformation Program

- Deployment
  - Review and refine
- Decommission legacy systems

- Shared Collection of Specialist Back Office Tools
- Process Mapping Software
  - Project Management Software
  - Human Resource Software (could be supplied as part of the ERP)
  - Governance
  - Process Digitisation

## Design

- Assess service need
- Assess market options
- Determine procurement model

## System Procurement and Implementation

- Specify system requirement
- Procurement
- Implementation
- Deployment
- Training

- Shared GIS Services developing and maintaining a consistent GIS platform across all 4 councils
- Single platform
  - Consistent layers and data standards
  - Integrated with planning and building
  - Integrated with Asset Management
  - Integrated with CRM

## Design

- Assess existing GIS capability and performance
- Determine shared target capability and performance
- Assess the gaps
  - Mapping layers
  - Mapping standards and consistency
  - Data access and quality
  - Skills and competencies
- Plan migration to a shared GIS platform
- Create project team
  - Roles, responsibilities and accountabilities
  - Specialist roles: data sourcing, mapping, analytics and BI
  - Skills and competency requirements vs actual
  - Training and development needs; immediate and ongoing
  - Accommodation, communication and normal mode of working

## System Procurement and Implementation

- Specify system requirement
  - Review open source vs market leaders (ESRI and MapInfo)
  - Whole of life costs and access to skills
- Procurement
  - Tender (if required)
  - Evaluate application
  - Contract
- Implementation
  - Plan
  - System Implementation
  - Data Extract Transform and Load
  - GIS Integration
  - ERP (Finance and Accounts) Integration
  - Change Management and Training
- Deployment
  - Review and refine
- Decommission legacy systems

	Option 1: Existing service arrangements						Option 2: Recommended new service arrangements					
	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	Ongoing	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	Ongoing
<b>Analysis period (years)</b>	<b>5 years</b>						<b>5 years</b>					
<b>Capital costs (\$m)</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Operational costs (\$m)</b>	40.5	41.5	42.5	43.5	44.6	44.6	40.5	41.5	42.5	40.3	41.3	41.3
<b>Cost benefit analysis (of monetised costs and benefits)</b>												
<b>Discount factor</b>	2.5%	2.5%	2.5%	2.5%	2.5%	N/A	2.5%	2.5%	2.5%	2.5%	2.5%	N/A
<b>Present value of benefits (\$m)</b>	0.0	0.0	0.0	0.0	0.0	N/A	0.0	0.0	0.0	2.9	3.0	N/A
<b>Present value of costs (\$m)</b>	0.0	0.0	0.0	0.0	0.0	N/A	2.3	2.5	0.0	0.0	0.0	N/A
<b>Net Present Value (\$m)</b>	0.0	0.0	0.0	0.0	0.0	N/A	(2.3)	(2.5)	(0.0)	2.9	3.0	N/A
<b>Other important considerations</b>												
<b>Scenario analysis (in NPV)</b>												
Pessimistic scenario (\$m)	0.0	0.0	0.0	0.0	0.0	N/A	(2.3)	(2.5)	(0.0)	2.5	2.5	N/A
Optimistic scenario (\$m)	0.0	0.0	0.0	0.0	0.0	N/A	(2.3)	(2.5)	(0.0)	5.9	5.9	N/A
Non-monetised disbenefits/benefits (e.g. small, med, large)						N/A						N/A
Impacts (e.g. small, med, large)						N/A						N/A
<b>Preferred option</b>												
<b>Justification of preferred option summary</b>	The business as usual option has operating expenditure over the 5 year period of \$213 million or PV of \$197million.						The recommended option has operating expenditure over the 5 year period of \$206 million or PV of \$191 million. The recommended option provides savings of \$6.6 million or PV of \$5.9 million compared to the RCTP investment of \$5.0 million or PV of \$4.8 million. This provides an NPV benefit of \$1.1 million over the 5 year period. By comparison, the optimistic scenario provides an NPV benefit of \$6.9 million and the pessimistic scenario provides an NPV benefit of \$0.3 million					

## Appendix H – Surveys of existing Information & Communications Technology systems

### Northern Grampians

Current staffing working in ICT		
Roles	Responsibilities	EFT
Manager Business Transformation	ICT, BT, GIS	1
Team Leader ICT	Hosted contract	1
ICT Facilitation Officer	System administration, system	1
Business & Data Analyst	Process mapping, process	1
ICT Officer	Internal helpdesk, printers,	1
GIS Officer	GIS	1

Client hardware			
No. of Laptops	No. of Desktops	Operating Systems	Age of client hardware
Laptops - 17	Desktops - 15	Laptops - Windows 7 and 10	Laptops - 5 years
Chromebooks - 64	Chromeboxes - 73	Chromebook - Chrome OS	Chromebooks - 4 eyars
MacBook Air - 3	Raspberry Pi - 15	Raspberry Pi - Linux	Macbook Air - 5 years
	Chromebits - 11	Chromebit - Chrome oS	Chromebits - 3 years
	Chromebases - 2	Chromebase - Chrome oS	Chromebases - 2 years

Mobile Devices				
No. of Phone	No. of Tablets	No. of Dumb Phones	Operating Systems	Mobile Managemnt Systems
Apple iPhones - 24	iPads - 61	Dumb phones - 3	Apple mobile devices - iOS	Airwatch
Android phones - 22	Android tablets - 3		Android - Android Pie, KitKat,	Airwatch

Connectivity		
Do you have Fiber	Is it uncontended	What are the upload download speeds
Yes	Yes	Bandwidth is split in 2 x 50Mb

ICT Governance			
List ICT policies	Do have an ICT Strategy	What are your backup Processes	What disaster Recovery Planning is in place
<a href="#">ICT Acceptable Use Policy</a> <a href="#">Printing and Photocopying</a>	<a href="#">Yes, click here to view.</a>	Snapshots of all servers are	DR centre is cloud hosted, It's

Current network and setup				
No. of physical servers	No of virtual servers	Servers age	Server operating system version	Storage
5, 2 to be retired soon		24 4 years	Windows 2012 R2 Windows 2008 R2 Windows 2003, 1 only for	3 SAN's, 2 to be retired, 2

Site Networking		
How many sites do employees work from	What type of communications is used between sites	Wifi hardware
	10 Radio, between 100Mb and	Netgear WNDAP360 access

# Rural Councils Transformation Program

Software			
Name	Name of Supplier	Purpose	Annual Cost
Asset Cloud and MyPredictor	Assetic Pty Ltd	Asset management and predictive modelling	65,000
Authority	Civica	ERP	62,800
InfoXpert	MagiQ Software Pty Ltd	Electronic records management software	50,000
OpenCities CMS Website	Seamless	Website hosting and service	29,000
GSuite	Google	Productivity suite and email	28,000
Mapinfo Access	Pitney Bowes	GIS	23,760
LG PRO LMS	NET Dimensions	Online Learning and Performance	22,750
Microstation/Inroads	Bentley Systems	Engineering	17,650
Carelink Plus	Civica	HACC Software	17,360
Element Series	Adroit Creations	Online payroll and forms and workflows	16,680
ProMapp	Nintex	Process mapping	16,560
Sophos	Fourier	Virus protection	13,300
Merit CRM	Merit Pty Ltd	CRM	12,380
Links	Links Modular Solutions Pty Ltd	Leisure Management Services	10,900
Ezi-tracker	Crest Solutions	HACC Software	10,800
DocuSign	DocuSign	Electronic document signing software	10,000
Powerbudget	MagiQ Software Pty Ltd	Budgeting	8,760
Backupify	Geeks on Tap	Archive terminated employees per user	8,600
Promaster	Inlogik Pty Ltd	Corporate credit card management	8,400
Bettercloud Enterprise	Geeks on tap	Admin console for Google Management	8,000
Remplan	Compelling Economics	Tourism	8,000
VM Ware support	Fourier		6,480
CDIS	MAV	MCH Software	6,300
HR Onboard	Elmo	HR Onboarding	6,180
Crisis Works	Datalink Internet Systems		5,890
Doc Assembler	Harbour Software	Electronic agenda and minutes software	5,590
Airwatch	Datacom Systems	Mobile device management	4,500
SAI Global	MAV	Online regulations	4,030
G-Suite helpdesk support	Geeks on tap		3,720
Docs on Tap	Harbour Software	Electronic document distribution software	3,610
EasyRev	Harbour Software Pty Ltd	Rate Modelling	3,440
Hubworks	Hubworks	Childcare	3,440
Elumina	Elumina	OHS management system	3,080
Smartsheets	Smartsheets	Project management	3,000
DigSafePro	PelicanCorp (AU) Pty Ltd	Digsafe process automation	2,740
Konect Mobile	GBM Mobile	GIS collection	2,500
FME	Pitney Bowes	Data translation tool	2,300
Wondersign	Wondersign	Public screen management software	1,620
POZI	Groundtruth	Mapping	1,200
Sejda licences	Sedja	Online PDF Modifier	1,000
Connecting care	Direct Health Pty Ltd	HACC	930
Desktop Manager	Bellridge Pty Ltd	Network manager for Microsoft	860
Adobe Indesign	Adobe	Design software	800
SSL Certificate	Fourier	Annual updates	750
WeVideo	WeVideo	Online video editing	500
Self Service Portal	Bellridge Pty Ltd	Domain self service	330
ScreenCastify	ScreenCastify	Screen capture software	140



# Rural Councils Transformation Program

## Ararat

Current staffing working in ICT		
Roles	Responsibilities	EFT
ICT Officer	- ICT Triage	1
ICT Officer	- ICT Triage	1
GIS Coordinator	- GIS System	1
Chief Information Officer	- ICT Strategy	1

Client hardware			
No. of Laptops	No. of Desktops	Operating Systems	Age of client hardware
7 Mostly Lenovo		W10	~3 Years
10 Samsung		W10	~2 Years
	95 HP (Desktop	W10	~1 Year

Mobile Devices				
No. of Phone	No. of Tablets	No. of Dumb Phones	Operating Systems	Mobile Managemnt Systems
		16 (used by		
		18	iOS	Airwatch (not
65			iOS	Airwatch (not

Connectivity		
Do you have Fiber	Is it uncontended	What are the upload download speeds
Yes	No	100 - 100

ICT Governance			
List ICT policies	Do have an ICT Strategy	What are your backup Processes	What disaster Recovery Planning is in place
- Mobile Devices	We have a	Full taken	BCP is in place

Current network and setup				
No. of physical servers	No of virtual servers	Servers age	Server operating system version	Storage
6 Servers		24 ~ 1.5 Years	- Citrix	SAN - IBM



# Rural Councils Transformation Program

## Site Networking

How many sites do employees work from	What type of communications is used between sites	Wifi hardware
6	Microwave	Infanet

## Software

Name	Name of Supplier	Purpose	Annual Cost
Confirm	Pitney Bowes	Asset	7,000
Contract	Open Windows	Contract	13,000
Microsoft Office	Microsoft		53,500
Microsoft Windows	Microsoft		10,000
Point of Sales	Vectron		10,000
Risk Wizard	Risk Wizard	Risk	8,600
Unified	Mitel	VOIP Software	3000
Novell	Novell	Identity Management, File Security, File System	17,163
Creative Cloud	Adobe		2700
Docs On Tap	Harbour Software	Council Chamber Minutes	3,577
Community	Open Office	Cashlink Collect Payroll Community Procure Finesse Property.gov	85,000
Deep Freeze	Deep Freeze	Library - Public Use Security.	200
SEP	SEPSesam	Backup Software	17,701
Confluence	Atlassian	Intranet	8,000
Carelink	Carelink	Carelink Plus IMPS IRIS CDIS (Child Development Information System) HOBO (Temperature Management)	10,500
Event Pro	Event Pro	Event Scheduling	3,877
MapInfo	Pitney Bowes	GIS	17550

# Rural Councils Transformation Program

Powerbudget	MagiciQ	Budgeting \ Forecasting	8000
Crisisworks	Crisisworks	Emergency Management	9000
Citrix	Citrix	VDI	5000
AutoCAD	AutoDesk		4,500
Symantec.Cloud	Symantec	Email Cloud Scanning	12,000
Trend Micro	Trend	Desktop Antivirus	4,100
Microsoft Server CALS	Microsoft		6,000
Lotus Notes	IBM Domino	Email	10,000
Planning, Health, Building, Doc Manager, CRMS	Open Office	CRMS Health Manager Planning Building Waste Water Asset Animals Local Laws Infringe Disable Parking Permits SAP Crystal Reports	25,000

# Rural Councils Transformation Program

## Southern Grampians

Current staffing working in ICT		
Roles	Responsibilities	EFT
Manager Business Systems	ICT, Records	1
Senior Network Admin	Network, Infrastructure,	1
Junior Network Admin	Network, Servers, Service	1
Service Desk Tech	Service Desk	1
Systems Analyst - Records	Records Management,	1
Systems Analyst -	Application Management,	1
GIS Administrator	GIS, Assets	1

Client hardware			
No. of Laptops	No. of Desktops	Operating Systems	Age of client hardware
125		Windows 7/10	Up to 4 years
39 Tablets		Windows 7/10	Up to 3-4 years
	110 Desktops	Windows 7/10	Up to 4 years
	14 Intel Compute	Windows 10	<2 years

Mobile Devices				
No. of Phone	No. of Tablets	No. of Dumb Phones	Operating Systems	Mobile Managemnt Systems
70 Android (Various)			5 Android	Nothing* (Airwatch
60 iPhone (5s -> 7)			iOS	Nothing* (Airwatch

Connectivity		
Do you have Fiber	Is it uncontended	What are the upload download speeds
Yes	Yes	1 x 50/50 link

ICT Governance			
List ICT policies	Do have an ICT Strategy	What are your backup Processes	What disaster Recovery Planning is in place
IT Acceptable Use	SGSC and Glenelg	Local nightly backup	DR Plan in place
IT Access Control	SGSC Smart	Scheduled local and	
CCTV Policy			
Public Use IT Policy			

Current network and setup				
No. of physical servers	No of virtual servers	Servers age	Server operating system version	Storage
8	80	2-4 years	Physical Servers -	vSAN / Local Storage

# Rural Councils Transformation Program

## Site Networking

How many sites do employees work from	What type of communications is used between sites	Wifi hardware
19	Private Fiber	Unifi
	Wireless Point to Microwave (Wave1)	Phasing out old HP
	4G	
	NBN (Wireless and	

## Software

Name	Name of Supplier	Purpose	Annual Cost
Adobe Software	Various	Document and design	\$2,500
Arborsoft		Parks and Gardens	
AutoCAD - Civil 3D	AutoDesk	CAD software	15000
AutoTurn Pro		CAD - Road design	4000
Auvik	Bekkers	Network mapping and	3000
Authority	Civica	Core corporate	95000
Conquest		Asset Management	16500
CrisisWorks		Crisis Management	
Daminion	Daminion	Image Library Management	3,000
Datto	Multicomm	DR / Backup solution	42,000
DNS Hosting	EntityData	External DNS Management	
Envisionware: LPT One	Envisionware	Library Print Management	2,000
EzeScan	Outback Imaging	Electronic Document Processing	4000
EzyTracker		Community Support Worker System	
FME		Data processing and manipulation	2500
GBM		Fire Notices Management	
Grafana		Data visualisation tool	0
XAMPP	XAMPP	Web hosting	0
HP Content Manager	FYB	Document Management System	28000
Interplan	CAMMS	High Level Project Management / Planning	15000
IntraMaps	Tech One	GIS Mapping	17000
ITGlue	ITGlue	IT Documentation System	5000

# Rural Councils Transformation Program

AutoTask	AutoTask	IT Ticketing System	11000
Lifesize	Connecttel	Video Conference Management	12000
Links	Links Modular Solutions	Leisure Centre Management	
Microsoft (Server / Exchange / RDS / CALs)	Data #3	Server OS and Email System	33000
Microsoft Office	Data #3	Office Productivity	28000
Microsoft Project	Data #3	Office Productivity	1800
Microsoft Visio	Data #3	Office Productivity	2000
Mitel	Connecttel	Phone Management / Unified Communications	18000
Moodle	Moodle	Web-based training system	0
NGINX	NGINX	Reverse Proxy	0
NodeRED	NodeRED	Data processing and manipulation	0
Sharepoint Online	Microsoft	Online document system	500
OpenDataSoft	OpenDataSoft	Data Portal	8000
OpenOffice		Health Management System	
OpenProject	OpenProject	Web-based project management	0
PC Reservation	Envisionware	Library PC booking	
Microsoft SQL Server	Data #3	SQL Databases	7500
Unifi (video)	Unifi	Video NVR Server	0
Unifi (network)	Unifi	Network device management	0
VMWare vCenter/vSphere/ESX	MAV	Physical Server Hypervisor	25000
Veeam	BIOS IT	Backup/Replication	
VMWare Horizon	MAV	VDI Solution	
Workflows		Library Management Software	
Xibo	Xibo	Digital Signage Management	0
Xpedite			
Power BI	Microsoft	Data Visualisation	120
Microsoft Teams	Microsoft	Internal Communication	300
Deep Freeze	Deep Freeze	Library PC Management	1000
GoFax	GoFax	Hosting Fax service	180
N-Able	Multicomm	Remote Monitoring and Management	3000
Konect	GBM	Asset data collection in field	2500
Watchguard Firewall	Various	Firewall Appliance Software	3000
Webroot		End point protection - Antivirus	4000
SSL Certificates	Various	SSL Certificates	200
SAI Global	SAI Global	Standards database	
Elumina	Elumina	OHS Management	

# Rural Councils Transformation Program

## Glenelg

Current staffing working in ICT		
Roles	Responsibilities	EFT
Team Leader IT	IT / GIS	0.6
Network	Projects /	1
IT Administrator	Applications /	1
IT Officer	Helpdesk /	1

Client hardware			
No. of Laptops	No. of Desktops	Operating Systems	Age of client hardware
24 Laptops, 16	190 HP	Windows 7-10	5 years

Mobile Devices				
No. of Phone	No. of Tablets	No. of Dumb Phones	Operating Systems	Mobile Managemnt Systems
108 Android	23 Android	8 Nokia	Android 5-8.1,	Airwatch and
36 iPhone (4S-X)	31 iPad	3 Iridium Sat		

Connectivity		
Do you have Fiber	Is it uncontented	What are the upload download speeds
No Fibre.	Yes	Synchronous

ICT Governance			
List ICT policies	Do have an ICT Strategy	What are your backup Processes	What disaster Recovery Planning is in place
Acceptable	Strategic	Tape with offsite	Extensive DR

Current network and setup				
No. of physical servers	No of virtual servers	Servers age	Server operating system version	Storage
5 servers and 5	22	4-5 years	Windows 2008r2	2 SAN, 3 NAS

# Rural Councils Transformation Program

## Site Networking

How many sites do employees work from	What type of communications is used between sites	Wifi hardware
24	Mostly wireless,	Cisco WLC and

## Software

Name	Name of Supplier	Purpose	Annual Cost
.id Demographics		Forecasting and	\$12,900.00
Abode Standard/Pro		PDF editing / forms	\$900.00
Adobe Illustrator		Graphics	\$480.00
Advent Manager - Compliance		Legislative /	\$9,485.00
Advent Manager - Delegations		Delegations	\$3,950.00
Airwatch		Mobile device	\$1,630.00
AutoCAD Civil 3D		CAD Civil designs	\$2,658.00
AutoCAD Civil Site Design		CAD Civil site designs	\$1,000.00
AutoCAD LT		CAD drawings	\$1,400.00
AutoTurn		CAD design aid for roads	\$600.00
Aviaiton ID Security		Issue security Visitor Identity Cards	\$800.00
Backup Exec		Backup of data to tape	\$1,500.00
Bang The Table		Yoursay community consultation website	\$15,000.00
Camtasia		Screen Recording and video editing	\$264.00
CDIS / MACHS		Maternal Heath	\$7,803.00
Certificate for Emailserver		Securing email server internal and external	\$225.00
Certificate for External domain		Securing glenelg.vic.gov.au	\$459.00
Certificate for Internal domain		Securing gsc.glenelg.vic.gov.au	\$450.00
Certificates for PDF signing		Signing of Plans	\$140.00
ChemWatch		Chemical Management	\$3,000.00
Cisco Unified Communication Manager		Phone software	\$4,869.00
Cityline		Parking Ticket Machines	\$5,544.00
Compact Online		Credit payments for fuel at Airport	\$1,080.00
Confluence		Intranet pages and wiki	\$-
Connect Glenelg		Community Noticeboard & Contact	\$100.00
Conquest		Asset, action management & forecasting	\$8,810.00
CrisisWorks		Emergency Mangement	\$5,720.00
Datalink		Glenelg Services truck locations and status	\$11,289.00
DB Textworks		Cultural Collection	\$1,130.00

# Rural Councils Transformation Program

DBLink		Valuations	\$2,485.00
Deep Freeze		Computer maintenance	\$3,570.00
Domain Hosting		Internet address hosting	\$300.00
ECM		Document Mangement	\$28,702.84
Elumina		Risk Assessment	\$5,200.00
EnvisionWare		Public PC's & Print Mangement	\$2,900.00
Evolution		Office Door Security	\$-
Exchange Server		Email Server	\$-
EziTracker Annual License		HACC Timeclock	\$15,961.00
EziTracker User Fee		HACC Timeclock	\$12,181.00
Faronics Antivirus		Antivirus for DeepFreeze computers	\$545.00
Helpbox		Helpdesk - IT Service Requests	\$1,490.00
IMPs		Immunisations (Part of MAV subscription)	\$-
IPFX		Telephone Queue System	\$22,623.00
IRIS		Maternal Heath	\$-
LiveStock Exchange		Saleyards	\$4,616.00
Magnet Office		Civil CAD design	\$1,963.50
Mandalay		Landfill weighbridge software	\$6,800.00
Mapinfo - Exponare Enquiry		Online Public GIS Mapping	\$26,350.00
Mapinfo - PatchMap		Mobile Data Collection	
Metro Count		Traffic Count	\$100.00
Microsoft Office Suite		Word / Excel / Powerpoint etc	\$35,616.00
Microsoft Visio		Diagrams Organisational charts / Network	\$205.00
Mimecast		Email Security	\$6,618.00
MoveAlongProgram		Contractor Online Induction	\$1,200.00
MS SQL server		Database Server	\$-
One Drive		Councillor Cloud Storage / File transfer	\$592.00
Open Office - Animals		Animal Registrations	\$106,218.00
Open Office - Assets		Asset Management	
Open Office - Assets Protection		Assets Protection Permits	
Open Office - Building		Building Management / Permits	
Open Office - Cashlink		Cash receipting	
Open Office - Collect		Accounts Receivable	
Open Office - Elect / Voters		Elections / Voters	
Open Office - ePlanning Portal		Planning and payment portal	
Open Office - Finesse		Financials	
Open Office - Hazid		Fire Hazards	
Open Office - Health		Health Management / Permits	
Open Office - Infringe		Infringements	
Open Office - Local Laws		Local Laws Management / Permits	
Open Office - NAR		Central Name & Address Register	
Open Office - Payment		Accounts Payable	
Open Office - Payroll		Payroll	
Open Office - Planning		Planning Management / Permits	
Open Office - Procure		Ordering	
Open Office - Property.gov		Rates	
Open Office - Scheme		Private Street Schemes	
Open Office - Waste Water		Waste Water Management	



# Rural Councils Transformation Program

PDF995		PDF printing and editing	\$-
Peoplestreme - Articulate Storyline		Training creation	\$1,928.00
Peoplestreme - CentralVue			\$-
Peoplestreme - Employee Self Service			\$-
Peoplestreme - eRecruitment		Recruitment	\$6,750.00
Peoplestreme - Learning Management		Training management	\$6,750.00
Peoplestreme - Performance Management		Performance reviews	\$12,720.00
Peoplestreme - Talent Management		Module for Performance	\$-
Peoplestreme - Welcomestreme		Onboarding	\$500.00
Port Management		Marina Genius	\$1,315.00
Powerbudget		Accounting/Budgets	\$5,902.85
PowerExcel		Accounting/Budgets	\$1,942.15
Quickbooks		Accounting	\$-
RAZZ		Risk Assessment	\$-
RFid Self Check		RFID book check in and check out	\$2,900.00
Reserve Manager		Managing club buildings and grounds	\$6,000.00
Sabo (ticketing)		Art Centre Ticketing - Seat Advisor	\$2,400.00
SirsiDynix		Library Catalogue and Borrowing	\$32,246.00
Skype for Business		Video Conferences	\$420.00
Smart Link		Irrigation Sprinklers	\$2,810.00
Smarty Grants		Grant Applications	\$11,365.00
Spear		Planning - Subdivisions	\$115.00
Symantec MPKI		Certificates for mobile devices	\$610.00
Synology Photo Station		Photo Management	\$-
Tenderlink		Tender and Quote system	\$6,000.00
Treepad		Secure Password storage	\$-
Treesize Pro		File management	\$-
VARF		IBIS - Rate Forecasting	\$5,200.00
Vipre Antivirus		End point antivirus	\$4,342.00
VM2020		Valuations	\$8,760.00
Vmware vCenter		Server virtualisation	\$11,858.00
Webcomm		Website	\$6,664.00
Windows CALs		Windows Clients	\$2,587.00
Windows External Connector		Allows public logins on GIS website	\$476.00
Windows Professional		Windows Operating System	\$-
Windows Server		Windows Servers	\$2,704.00
Windows Terminal Server CALs		Allow use of terminal server sessions	\$1,585.00
Xpedite		Aged Care	\$9,665.00
Xpedite - MDS Sync		Ipad Sync	0

## Appendix I - Demonstrated success elsewhere

### Strategic Asset Management at a regional level

#### *Case Study: Local Government Common Services Joint Venture (Tasmania and NT councils)*

A Local Government Common Services Joint Venture has been operating for around three years among 12 regional Tasmanian councils and several NT councils. Planning, finance and asset management services are exchanged each month between the councils, equating to approximately nine full-time equivalent staff members (Local Government Focus, 2014). An estimated 15,000 hours were expected to be exchanged in 2015-16, providing \$1.2 million in savings to the group.

The independent chairman of the Local Government Common Services Joint Venture, Peter Murfett, recognised the value of the arrangement in terms of increased efficiency, improved learning and the expansion of previous ad hoc shared knowledge and skills arrangements (Local Government Focus, 2014).

#### *Case study: Regional Strategic Alliance (RSA) for Regional Asset management*

In March 2018, Blue Mountains City Council, Hawkesbury City Council and Penrith City Council developed a business case on options for developing an alliance to deliver several shared services, including:

Regional 'asset' strategic planning

- Common asset data collection
- Shared strategic asset management expertise
- Local asset management systems, and
- Contract management and tendering.

In the 2017 business case, Morrison Low estimated that the potential savings from the three opportunities over ten years at 2% of whole of life costs for each council were likely to be:

- Blue Mountains \$18.5 million
- Hawkesbury \$7.3 million
- Penrith \$10.9 million.

Total whole of life cost savings of 2% over a ten year period at an NPV of 7% would generate \$20.6 million (Morrison Low, 2017, and Blue Mountains City Council, 2018).

The financial benefits would arise from:

- **Regional facilities strategy:** through closing duplicated regional facilities, avoided costs in not building facilities that duplicate others or lower individual costs by sharing the capital cost and/or saving in capital, renewal and maintenance costs. The initiative will also lead to greater efficiency as a result of a move to planned rather than reactive maintenance.
- **Joint data collection:** procurement savings for larger data collection and analysis contracts that offer increased surety for a contractor once an agreed regional asset data collection strategy has been adopted.
- **Staff collaboration:** staff working collaboratively ensures that consistent and appropriate systems and procedures in place across the region that ensure best value for each organisation and its communities.

Other financial benefits include increased asset management maturity, improved systems and processes, better information and ultimately better decision making, improvement of asset life and lifecycle management (Morrison Low, 2017 and Blue Mountains City Council, 2018).

The councils also listed a number of non-financial benefits, including

- **Improved knowledge and innovation opportunities:** collaborations between council staff on asset management planning will improve individual and collective knowledge, effectiveness and enable innovation and innovative practices in asset management particularly for individual councils.

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- **Ownership of knowledge:** The collaborative approach to asset management retains the ownership of critical responsibilities by the individual councils and alleviates concerns over risks of devolution of ownership of core functions.
- **Common processes:** all three councils will be able to develop a single set of common processes (including audit) that each will benefit from.
- **Improved staff capability and capacity:** the development of a skills matrix for each council's asset management staff will enable the councils to share skills and expertise. The initiative will also assist in resourcing across the Councils when staff positions are vacant.
- **Increased satisfaction of council customers:** through better asset condition, more transparent maintenance programs and better asset outcomes.
- **Increased satisfaction of management and operations staff:** through opportunity to work across organizational groups and work with better maintained assets.
- **Risk management:** sharing risk between councils and collaborative approaches improving risk management processes (Morrison Low, 2017 and Blue Mountains City Council, 2018).

## ***Case Study: WBC Strategic Alliance (also includes regional procurement)***

The WBS Strategic Alliance was developed in 2003 as a voluntary partnership between three rural councils in New Zealand - Wellington Council, Blayney Shire Council and Cabonne Shire Council. Central Tablelands Water subsequently joined the Alliance in 2005.

Two of the goals of the WBC Alliance include to reduce costs to member councils by aggregating the demand for goods and services by joint procurement, and to reduce the cost to member councils by sharing knowledge, skills and methods (KPMG, 2015).

Activities and projects initiated by the alliance include both front line services and corporate functions of the member organisations, namely;

- IT systems and record keeping
- Fleet management and asset management
- Human resources, workforce planning and training
- Internal audit and business process improvement
- Integrate planning and reporting
- Global information systems
- Issue based regional strategies (such as climate change)
- Procurement of goods and services
- General resource sharing (ad hoc basis).

Literature and reviews of the WBC Strategic Alliance point to three principal benefits to members and their communities:

- Improve communication and sharing of experience and knowledge
- Access to more specialised or higher skilled staff
- Efficiency savings through process improvement and joint purchasing.

Examples of project benefits generated by this alliance include a road resealing project with an estimated savings of \$440,000 over two financial years across 2013 and 2014, and an IT implementation project with estimated savings of \$440,000 in 2010 (KPMG, 2015).

For the year 2013/2014, the reported annual savings of the alliance were \$520,000. Based on KPMG's analysis of the alliance's annual reports since 2003, the reported aggregate savings generated from the alliance led initiatives exceeded \$5.71 million to 2015 (not adjusted for inflation) (KPMG, 2015). Between 2010-11 and 2013- 14, \$2.55 million in savings were reported, with the nature of savings being from initiatives within:

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- Resource sharing 14% (~ \$360,000)
- Knowledge sharing 19% (~ \$480,000)
- Joint procurement 28% (~ \$710,000)
- It and records management 26% (~ \$660,000)
- Grant funding 10% (~ 250,000)
- Governance and admin 3%. (~80,000) (KPMG, 2015).

## Regional Procurement

In the Victorian Auditor General's report on Shared Services in Local Government, Auditor General John Doyle notes that there is "likely to be continued growth" in shared procurement between local governments in Victoria as it "provides a significant opportunity for the sector to realise cost savings and other benefits" (Victorian Auditor General's Office, 2014).

Ninety-one per cent of the 58 surveyed councils by the Auditor General are currently involved in shared service initiatives, with over 25 per cent of current initiatives relating to shared procurement. Around one fifth of surveyed councils reported cost savings ranging from \$6,000 to \$1.3 million in relation to shared service activity. Most of these savings arose from shared procurement arrangements, while others were from external service delivery, including regional library corporations, waste management and immunisation services (Victorian Auditor General's Office, 2014).

The *Local Government Procurement Strategy* undertaken by EY on behalf of the Minister for Local Government in 2008 concluded that adoption of better procurement practices across Victorian local governments has the potential to yield annual savings in the vicinity of \$180-350 million (EY, 2008). The Minister commented that cost savings of this scale "would have a significant impact across the sector, and ultimately deliver savings to local communities" (EY, 2008). This figure is broken down into service categories in the table below.

Category	Estimated Victorian sector spending	Estimated savings potential	Key enablers
Roads and streets	\$630-690m pa	7.5-15%, \$50-100m	<ul style="list-style-type: none"> <li>Common tendering &amp; contract management processes</li> <li>Common planning cycles across councils in each cluster</li> <li>Good relationships with major suppliers</li> <li>Bundling of upgrades or maintenance into a program of work</li> </ul>
Facilities maintenance	\$125-140m pa	7.5-15%, \$10-20m	<ul style="list-style-type: none"> <li>Establishment of cluster possibly aligned with expiry of existing contracts</li> <li>Presence of cleaning / maintenance companies across geographies</li> <li>Ability / flexibility of suppliers to service different types of facilities e.g. office versus town hall</li> </ul>
Waste collection	\$120-130m pa	7.5-15%, \$10-19m	<ul style="list-style-type: none"> <li>Standardisation of planning cycles and specifications across councils in cluster</li> <li>Establishment of clusters may be aligned with expiry of existing contracts with suppliers</li> <li>Continuing competition among the big waste management companies; state wide review to identify potential monopolies forming</li> </ul>

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			Capability of waste collection companies to service the wide geography
Professional services- legal	\$38-42m pa	7.5-15%, \$3-6m	<p>Improved controls for legal spend for councils going forward</p> <p>Strong internal legal capabilities, reducing requirement to outsource legal services</p> <p>Internal legal resources, potentially shared across multiple councils</p> <p>Continuing competition amongst top tier legal firms</p>
Professional services- engineering	\$19-21m pa	7.5-15%, \$2-4m	<p>Standardisation of requirements</p> <p>Similar planning cycles</p> <p>Continuing competition amongst top engineering services firms</p> <p>Ability of construction companies to effectively implement plans of engineering companies</p>
Plant and equipment	\$100-105m	7.5-15%, \$10-20m	<p>Standardisation of specifications</p> <p>Common planning cycles across councils with similar needs</p> <p>Common tendering &amp; contract management processes</p> <p>Direct negotiations and good relationships with manufacturers</p> <p>Bundling of upgrades/maintenance into a program of work</p>
Vehicles	\$68-70m pa	7.5-15%, \$5-10m	<p>Standardisation of vehicles</p> <p>Approved list of car manufacturers and partnership with these manufacturers</p> <p>Personal preference of staff</p> <p>Fuel efficiency/Carbon</p> <p>Safety</p> <p>Potential re-sale value</p> <p>Local businesses</p>
Utilities	\$78-82m pa	Cost Containment	Long term contracts with energy providers
Computers & Equipment - Software	\$30-34m pa	7.5-15%, \$2-5m	<p>Improve specification to ensure that software requirements are fully specified and are fit for purpose</p> <p>Use of remote system maintenance with software suppliers to lower maintenance costs</p> <p>Complete detailed business case before initiating additional systems development</p>
Computers & Equipment - Hardware	\$13-15m pa	5-10%, \$1-1.5m	n/a

Source: EY 2008

# Rural Councils Transformation Program

## ***Case Study: Shared Procurement for GIS Service in Gippsland***

Latrobe City Council and East Gippsland Shire entered into a shared procurement arrangement for a GIS service called Intramaps. The collaboration achieved a five per cent cost saving (approximately \$8,000 total) compared to what the councils would have paid if they upgraded to a superior product on their own (Victorian Auditor General's Office, 2014).

## ***Case Study: Shared Procurement for all South Australian Councils***

LGA Procurement was established to provide South Australian councils purchasing and procurement services and advice for a number of contract types, including professional services, IT, corporate, outdoor and plant supplies and equipment, utilities, vehicles, and state government contracts. LGA Procurement is a commercial entity, solely owned by the Local Government Association of South Australia.

The benefits for South Australian Councils of LGA Procurement managing contracts on their behalf are cost savings arising from economies of scale, and being able to access advice that considers wider metropolitan or regional perspectives. The main benefit for suppliers in partnering with LGA procurement is the reduction in tender writing, coordination and administrative costs due to only needing to respond to one tenderer in a consistent format. Contractors also enjoy a reduction in risk by having ensured compliance with the Local Government Act (SA) and consistent levels of advice and technical support (Local Government Association of South Australia, 2015).

## ***Case Study: Shared Procurement for Cradle Coast Councils***

Third Horizon was engaged to provide an objective and independent point of view on whether any benefits existed for further sharing arrangements across the nine Cradle Coast Councils in Tasmania.

Third Horizon concluded that an increase in sharing arrangements across the Cradle Coast Councils could provide significant qualitative and quantitative gains. Specifically, they suggested that shared arrangements for regional procurement would amount to the following benefits:

- Standardising processes would increase efficiencies and reduce procurement cycle times
- Increased sharing would also provide a capability uplift
- Third Horizon estimated that the potential quantitative benefits of shared procurement could be worth more than \$2.5 million in savings per year (Third Horizon, 2016).

## ***Case study: Shared Services in the ACT Government***

The ACT Government Shared Services (Shared Services) became operational on 1 February 2007. It included the existing ACT Government Information, Communications and Technology (ICT) provider, InTACT, as well as Procurement Solutions, records and publishing services and tactical and transactional finance and human resources services for all ACT Government departments and agencies.

The initiative achieved its target of saving the ACT Government \$20 million per year.

It was observed by the staff involved that the quality of corporate services had improved as a result of the initiatives, but that it had done so gradually over time and that some functions work better than others in a shared arrangement. Some staff noted also that they thought the expectations of receivers of services are now much higher than they were when the services were provided within the separate agencies (Australian Institute of Management, 2012).

## ***Case Study- Hunter Councils Inc***

Hunter Councils Inc represents the twelve local government areas of the Hunter Valley. The shared service entity, Hunter Councils Inc and its trading arm, Hunter Councils Ltd, generates a turnover of \$4 million per annum and delivers cost savings and efficiencies to its member councils at no direct cost whilst delivering an annual reduction in membership fees (NSW Department of Local Government, 2007).



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Through this entity, the councils have the ability to share a range of resources including professional staff and plans between councils, and undertake a range of projects including running a regional airport and a waste recycling facility.

The organisation comprises:

- An environment division
- Learning and development
- Regional procurement (providing an average saving of 10% - \$1 million annually)
- Records storage
- Professional groups (NSW Department of Local Government, 2007).

### ***Case study: The Waikato Road Asset Technical Accord (RATA)***

The Waikato Road Asset Technical Accord (RATA) is a collaboration that was established to improve the management of the participating Waikato Council's road assets (The Road Efficiency Group, 2015).

RATA comprises of the New Zealand district Councils of Hauraki, Matamata-Piako, Otorohanga, South Waikato, Thames- Coromandel, Waikato, Waipa, Waitomo, and Hamilton City Council, and is supported by the NZ Transport Agency. The collaboration is led by the Waikato Mayoral Forum and the Road Advisory Group. The Waikato Mayoral Forum was created in 2011 in order to explore efficiency opportunities within local government (The Road Efficiency Group, 2015).

In its first twelve months of implementation, RATA achieved financial savings for the participating councils of an estimated \$170,000 combined. The benefits of the collaboration included procurement savings, improved data collection and analysis, deferral of renewals work (where appropriate), skills and knowledge development and the sharing of innovation and expertise (The Road Efficiency Group, 2015).