



"COUNCILS PARTNERING FOR VALUE AND SERVICE"



BOPLASS Ltd Strategy and Action Plan

1. Executive Summary

The councils that operate within the Bay of Plenty and Gisborne Regions have formed a CCO to investigate, develop and deliver shared services, joint procurement and communications where and when that can be done more effectively for any combinations of some or all of the councils.

The expected benefits that can be achieved through shared services are:

- improved levels and quality of service
- a co-ordinated and consistent approach to the provision of services
- reductions in the cost of support and administrative services
- opportunities to develop new initiatives
- economies of scale resulting from a single entity representing many councils in procurement.

These benefits and opportunities can apply to all councils irrespective of location or size.

2. Mission and Vision

"COUNCILS PARTNERING FOR VALUE AND SERVICE"

Working together with the full support and involvement of staff, we will provide benefit to shareholding Councils and their staff through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

Joint Procurement

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating Councils.

Shared Services

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

3. Definition and Scope

The company's statement of intent provides a policy framework and outlines the intended activities for each year. It will be updated annually.

Scope of strategy

The principle nature and scope of the activities of BoP LASS Ltd is to:

- *Use Joint Procurement to add value to goods and services sourced for its constituent Councils.*
- *Facilitate Shared Services that benefit Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.*
- *Pursue best practice in the management of all activities to obtain best value and minimise risk.*
- *Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.*
- *Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.*
- *After consultation, represent the collective views of its shareholders in matters with which it is associated.*

4. Drivers

Business Drivers

- Councils willingness and need to work together
- Customer expectation for quick, accurate and consistent service regardless of which council they are dealing with
- Cost reduction through collaboration
- Introduction of “best Practice’ through sharing of knowledge and resources
- Consistency of service between councils
- Risk reduction
- Maximisation of opportunities provided by new technology

Business inhibitors

- Variance in community needs and expectations
- Council sizing and resources vary
- Differing Council culture and priorities
- Current workloads of staff
- Differing business applications
- Different interpretations of legislative requirements
- Patch protection
- Little agreement on best practice
- Poor cross and intra council communication

5. Outcomes

Strategy 1: *Use Joint Procurement to add value to goods and services sourced for its constituent Councils.*

Outcome	Action	Measures
Procurement of goods and services is from sources offering best value	1 Goods and services, reviewed to identify those having strategic value, supply risk, and/or volume based pricing	<ul style="list-style-type: none"> • Ongoing identification of and implementation of procurement options. • Available suppliers identified and assessed
	2 Analysis of current and potential sources of supply undertaken. Alternative supply options addressed in business case and risk assessment	
	3 Supply of goods or services monitored for quality and added value	

Strategy 2: *Facilitate Shared Services that benefit Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.*

Outcome	Action	Measures
Those Council services offering benefit through collaboration identified and investigated for implementation	4 Potential shared services prioritised and advisory groups established representing potential participant councils	<ul style="list-style-type: none"> • Investigate 3 shared services per year, and have at least 2 implemented. • Stakeholder benefit from shared services reported to participating councils.
	5 Cost benefit analysis undertaken where appropriate to identify potential savings/efficiencies for participating councils	
	6 A service delivery model developed with associated business case, agreed by councils, and implemented.	

Strategy 3: *Pursue best practice in the management of all activities to obtain best value and minimise risk*

Outcome	Action	Measures
Shared services implemented demonstrate best practice and added value to participating councils and stakeholders	7 Advisory groups established to capture and utilise expert knowledge	<ul style="list-style-type: none"> • Implemented shared services demonstrate improved service and value to councils and stakeholders. • Implemented Shared Services are recognised as best practice within Local Government.
	8 Current and potential business processes reviewed to identify relevant Service Standards for implementation	
	9 Shared services monitored and benchmarked	

Strategy 4: *Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.*

Outcome	Action	Measures
Activity and administration costs are budgeted for and have identified sources of revenue	10 Annual Budgets prepared, approved and implemented.	<ul style="list-style-type: none"> • Annual Budget approved and implemented. • Financial reports demonstrate good fiduciary management.
	11 All Activities assessed for funding potential and where appropriate levied to recover costs and /or provide additional revenue.	
	12 Potential government or other funding sources for specific shared services identified and accessed where available	
Annual funding provides for fixed Council contributions with no increase in rate	13 Council operational contributions reviewed annually or as otherwise required to ensure use of funds is managed within annual limits.	<ul style="list-style-type: none"> • Use of council contributions managed within allowance

Strategy 5: *Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly*

Outcome	Action	Measures
Collaboration with other Councils and /or organisations adds value to the company, constituent councils and stakeholders.	<p>14 Shared services having potential value to non shareholding Councils/organisations identified</p> <p>15 Implementation of approved service delivery model</p>	<ul style="list-style-type: none"> • Successfully implemented shared services accessed by non shareholding Councils/organisations

Strategy 6: *Represent the collective views of its shareholders in matters with which it is associated.*

Outcome	Action	Measures
BOPLASS is a credible commentator on matters affecting its activities.	<p>16 Councils views on BOPLASS activities are canvassed through CEO's, Advisory Groups and other channels</p> <p>17 Submissions are made on topics affecting BOPLASS viability and or opportunities for adding value to council activities.</p>	<ul style="list-style-type: none"> • Critical issues identified and comment provided

6. Assessment of the Current Environment

BOPLASS Ltd SWOT Analysis Jan 2010	
Attribute	Comment
Strengths	
Commitment of councils	<i>Council commitment has strengthened with success of Insurance and other projects.</i> <i>Auckland amalgamation has also had an effect with councils looking at amalgamation and/or perceived alternatives such as BOPLASS.</i>
Good business structures	<i>The CCO concept has proved itself offering legal support to projects and defined financial commitment.</i> <i>Advisory groups offer participation, accountability and access to expert knowledge</i>
Unity of Directors	<i>Directors have maintained a unity of purpose while recognizing individual perspectives</i>
Technological adaptability of most councils.	<i>Most councils are using up-to-date technology and are willing to share with other councils to ensure all have access.</i>
Regional basis for action	<i>Aligns with Government expectations of L.G.</i>
High degree of acceptance for concept	<i>Acceptance not just from CEOs and Councillors but also from a variety of staff who come forward with ideas</i>
Commitment to collaboration and change by councils	<i>The need and willingness for collaboration recognised by CEOs and councils</i>
Commitment to collaboration and change by Directors	<i>Directors recognise the need and willingness for collaboration shown by shareholding councils</i>
Substantially the same legislative requirements	<i>Councils all have substantially the same functions and operate under the same legislation with some variation for Regional and Unitary authorities.</i>
Majority use of single enterprise system	<i>Has provided some strength but not generally been an issue</i>
Finance	<i>The company is financially sound with prospects of future income.</i>

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Attribute	Comment
<u>Weaknesses</u>	
Significant work pressures on council staff	<i>Projects place additional unplanned demands on staff within councils</i>
Physical separation.	<i>Distance is an issue for meetings, adding cost and loss of convenience</i>
Lack of consistency in approach	<i>Councils traditionally have different ways of doing the same thing and there are no imperatives to change this</i>
Patch protection	<i>The nature of councils business with a significant number of activities encourages the development of "resident experts" who often have the ear of council and are reluctant to change their way of doing things</i>
Lack of individual commitment	<i>The incentives for individuals to change varies within councils as many shared initiatives do not appear in performance management systems</i>
<i>Unity of Directors</i>	<i>Don't have unity on matters such as speed and pro-activity of the company</i>
Variation in available resources	<i>All councils have fully committed staff and those who are the high achievers are most often the most committed.</i> <i>Small councils have staff doing a number of activities and they are not necessarily available for BOPLASS projects.</i>
Finance	<i>Immediate financial needs are met but in the long term financial viability will require activities/shared services providing a continuing income stream.</i>
Administration	<i>Current situation means routine actions hugely time consuming for E.O. e.g. meeting organisation, agendas, minutes monitoring and follow-up etc.</i> <i>Decentralized operations, recordkeeping etc</i>
Technology	<i>Still significant variations in the way councils operate which may hinder progress</i>

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Attribute	Comment
<u>Opportunities</u>	
Shared best practice	<i>Projects initiated by BOPLASS should be based on current best practice thus providing an opportunities for all participating councils to reach the highest standard</i>
Co-ordinated use of resources	<i>Co-ordination of resources enables maximum value to be obtained for any investment</i>
Significant cost savings in procurement	<i>Bulk and linked purchasing offer substantial cost savings</i>
Shared learning	<i>Learning is often repeated council by council, collaboration offers the opportunity to share the learning and avoid repetition of mistakes</i>
Significant savings from reductions in duplication	<i>Software development and significant assets can be shared reducing cost of development and ownership</i>
Increased service quality	<i>Shared processes and documentation combined with best practice, a shared vision and agreed mutually monitored quality standards can lead to better service quality</i>
Maximised use of combined resources	<i>See above</i>
Technology	<p><i>Ability to share technology increasing leading to possible virtual or physical centralization with cost reductions.</i></p> <p><i>Remote access and virtualization and increased connectivity allow combined approach to software hosting/ support for common programs</i></p>

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Attribute	Comment
<u>Threats</u>	
Lack of Councillor support	<i>Not all Councillors perceive the value of BOPLASS and there is a risk that some may pressure CEOs to withdraw in the future.</i> <i>Elections may result in change of council attitudes</i>
Staff indifference	<i>Unless staff have the right incentives for involvement they may opt out in favour of more comfortable or rewarding behaviour</i>
Fragmentation of Directors Group	<i>Present group is harmonious but if individual Directors allow them selves to be distracted from the main purpose or substitute local imperatives for collaborative effort then BOPLASS will fail.</i>
Continuity and commitment of CEOs	<i>CEOs in the current group of directors will be reaching the end of their present contracts within the next two/three years and may not be re-appointed. Councils should be encouraged to make BOPLASS a part of any future CEO's responsibilities</i>
Lack of support involvement by 2 nd tier managers	<i>Some 2nd Tier Managers may not be directly involved in service delivery or procurement and be bypassed in the information flow.</i> <i>2nd Tier managers may feel threatened by actions of staff involved in advisory groups and /or CEOs</i>
Failure to provide adequate resources (availability of staff)	<i>Unless Councils ensure that staff have the time to participate in BOPLASS activities initiatives will fail</i> <i>BOPLASS has also to be sufficiently resourced to respond to legitimate council expectations</i>
Unrealistic expectations by staff.	<i>Staff develop high expectations and/or have creative ideas which are unable to be responded to resulting in perceptions of poor service/lack of interest.</i>
Finance	<i>Councils/and or budget officers resist BOPLASS levies and fees through a failure to understand the user pays principle or a desire to retain all savings for own use.</i>

BOPLASS Stakeholders

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Stakeholder	Stakeholder Interest Positive and Negative
<u>Joint Procurement</u>	
Community	<p>P. Members of the community are potential; and actual stakeholders depending on whether or not they fulfil one of the roles below. If they do not fulfil one of these roles they are arguably not a stakeholder in Joint Procurement.</p> <p>N. Potential loss of business in small communities</p>
Rate payers	<p>P. Better value for money Reduced threat of service disruption through non supply</p> <p>N.</p>
Councillors	<p>P. Reduced cost of supply Reduced threat of service disruption through non supply Improved public perceptions of prudence and financial accountability</p> <p>N. Perception of loss of local independence.</p>
Chief Executives	<p>P. Better managed supply chain. Reduced threat of service disruption through non supply Better value for money Direct Cost savings Better quality in supply Improved public perceptions of prudence and financial accountability Resilience and risk reduction</p> <p>N. Loss of local choice and independence</p>
Activity Managers	<p>P. Better value for money Direct Cost savings Better quality in supply Assured availability Better supplier purchaser relationships Shared knowledge of existing/ potential suppliers</p> <p>N. Loss of local choice and independence</p>
Staff	<p>P. Better quality in supply</p>

Stakeholder	Stakeholder Interest Positive and Negative
	Better supplier purchaser relationships Less disruption through supply interruption Shared knowledge of existing/ potential suppliers N. Loss of local choice and independence
Suppliers	P. More consistent procurement standards Better supply contracts with assurance of purchase. Better supplier purchaser relationships N. Potential to be excluded from long term supply agreements/loss of contract
Other councils	P. Benefit from supply agreements Contribute to bulk purchase Shared knowledge of existing/ potential suppliers
Private Sector consumers	P. Joint procurement with private sector consumers could offer future cost reductions. N. Potential for subsidisation or unfair competition
Government Sector	Local government has traditionally partnered with central government for joint procurement but this may not continue under the government's new procurement strategy with excludes Local Government.
<u>Shared Services</u>	
Community	P. Increased access to council services Better service quality Note: the whole community benefits from a well functioning council. N. Perception of loss of local independence
Rate payers	P. Increased access to council services Better service quality Better value N. May not feel like a local service
Councillors	P. Improved public perceptions of service quality and value N. Perception of loss of local independence
Chief Executives	P. Better service quality Better value Improved public and councillor perceptions of service quality and value. More efficient use of resources Resilience and risk reduction N. Perception of loss of local independence Up front costs

Stakeholder	Stakeholder Interest Positive and Negative
Activity Managers	<p>P. Better service quality Better value Improved public and councillor perceptions of service quality and value. More efficient use of resources</p> <p>N. Perception of loss of local independence Up front costs</p>
Staff	<p>P. Increased job satisfaction Increased learning and access to best practice Increased Job Opportunities Broader peer support and networking</p> <p>N. Potentially disadvantaged by service delivery changes Possible changes in staff numbers or deployment</p>
Consumers	<p>P. Increased access to council services Better service quality Better value More consistency between councils</p> <p>N. risk of losing local flavour and responses</p>
Other Councils	<p>P. Better service quality Better value Improved public and councillor perceptions of service quality and value. More efficient use of resources More consistency between councils</p>
Private sector	<p>P. The private sector has a continuing interest in the information resources developed by councils and could possibly partner in the development of specific data bases e.g. GIS. Public/Private partnerships already exist in local government.</p> <p>N. perceptions of subsidisation etc</p>
Government	<p>P. There is a strong link between Central and Local Government information resources There are existing shared service arrangements in areas such as roading.</p> <p>N. Risk of undue government influence</p>