

# BOPLASS LTD

Councils Partnering for Value and Service



## Challenging the Past – Releasing the Future

(Harnessing the power of the local government community)

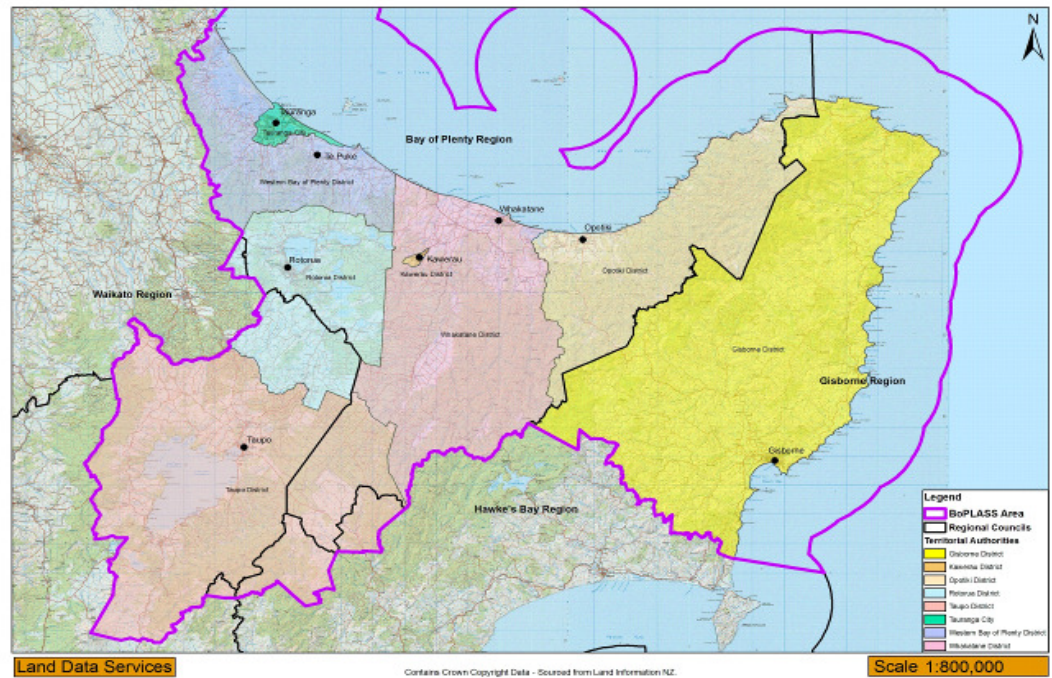
The Local Government community is potentially one of the strongest influences in our nation, but sadly has been hampered in this role by limited vision and competitive attitudes when in reality there is no need.

BOPLASS (Bay of Plenty Local Authority Shared Services) is an approach to this problem by the eight councils in the Bay of Plenty together with Gisborne District Council.

In Feb 2008 it started with the CEO forum and a group of CEOs who respected each other and wanted to work together; this desire for collaboration is fundamental to any success we have had.

To date we have saved over \$3m and added other significant advantages.

# Bay of Plenty Local Authority Shared Services



The Bay of Plenty and Gisborne regions represent 10% of the land area in NZ and approximately 8% of the population.

# Our Community

- Nine Councils in the Eastern part of the North island of NZ
- Approx 340,000 people
- Largest Council 105,000 – smallest 7,000
- Economic drivers – Horticulture, Manufacturing, Tourism, Forestry, Dairy, Sheep & Beef farming
- NZ Councils traditionally concerned with Land, Buildings and basic services – water, sewage, rubbish, recreation etc
- Minimal involvement with social services



Communities vary from lower decile to upper decile but costs are always a challenge.

# BOPLASS Ltd

(Bay of Plenty Local Authority Shared Services)

- Limited Liability Company
- Each council owns one share
- Current staff 2.5 FTE
- Operates through Activity/project groups comprising representatives of participating councils
- Funded by council levies and from savings achieved
- Initially focused on “back office”



Nine Councils, each own \$1000 share and have the right to appoint a Director to the board who must be the council CEO.

Representatives on activity groups are to act on behalf of council, and to champion the activity back in their own council.

# Inspiration

Our vision

***“Councils partnering for value and service”***

- Innovation
- Dedication
- Use of new technology
- Commitment
- Concern for staff
- Optimisation



Innovation is about taking advantage of new ways of doing things, being willing to think differently, not breaking the model for the sake of it, but to be efficient and effective.

Dedication is the recognition that change only comes with effort and by prioritising the outcomes that are needed.

Use of new technology is not an objective but a tool and being willing to adapt to the opportunities that new technology offers, e.g. Web technology offers tremendous opportunities for local government – access to information, consultation, community involvement. It gives the customer what they want. Self service keeps them out of the building. Every time they walk in the door it costs you money.

Commitment - seeing it through.

Concern for staff - protecting their future - without savings through business efficiencies, staff numbers would have to be reduced!

Optimisation - getting the best solution and result.

# The challenge!

“Almost all council back office services have divergent solutions that stem not from the uniqueness of council outputs but from the legacy of past individual investment and business practice....”

It is not therefore possible to create shared services for these functions instantly, significant convergence is required

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The “way we do it” barrier.

The legacy of past decisions

We cannot change the past but we cannot allow ourselves to be bound by it.

There is a danger in activity based strategies that are not founded in the organisational needs.

We need to establish convergence within the organisation as well as with other potential Shared Service partners: Common data bases. Common terminology.

Establish the right infrastructure, e.g. fibre network linking all councils.

Have developed an Information Services Strategic Plan.

# The Barriers

- Sovereignty/Autonomy
- Uniqueness
- Resources
- Inertia



Four barriers that we will briefly consider.

These are not exclusive - there may well be more.

1. We are autonomous and have the right to make our own decisions.
2. We are a special community with special needs and wants that need to be recognised.
3. Our resources are all committed and we have wonderful staff and we are loyal to them.
4. Its too much effort!

# Sovereignty

Councils are a collection of fiefdoms built on the expert knowledge of individuals:

- Having speaking rights at council
- Process focused
- Committed to their activity
- Validated by what they know and do



**For them sovereignty is about their right to decide**



Autonomy is a corporate issue and is not an asset but a tool to be used wisely. It is sometimes referred to as “patch protection”.

Speaking rights - Some of our third tier managers are more highly recognised at Council than group managers. They speak more frequently and have technical expertise and qualifications in their specialty. As a result they can have undue influence on strategy.

Process focused - Look at the detail and the way things have always been done. E.g. Try and fit the software or solution to the process and not the other way round.

Passionate about their activity and may make subjective decisions.

Validated - reputation is important and their self-worth is built on what they currently do.

Right to decide is too often at the lowest level. Some people confuse council’s sovereignty with their right to do things their own way.

# Democracy

- Community's right to decide
- Based on outputs and outcomes.
- Shared Services recognise the communities right to decide while allowing for innovation and efficiency

Shared Services not about what or why but how



It is the Community that has ultimate right to decide what it wants and why.

Our responsibility is the how.

Our objective is to build functional communities with the best use of resources.

Communities will have a variety of different reasons for doing things: Community need, Environment, Legislation.

That is their choice.

The delivery is our problem.

# Uniqueness

- Many things that make a community unique
- Geography
- Culture,
- Economy

Unique outputs may be justified, but unique processes to achieve the same outputs are not.



The individuality of a community is important.

There are many factors. Three examples:

Geography - coastal, thermal, remote, urban, etc

Culture - ethnic, academic, metro, provincial

Economy - agricultural, tourist, industrial

“The way we do things” is not one of them when it comes to shared services.

# Resources

## Financial and Human resources

- Councils are challenged by rising costs and expectations

## Shared Services must add value

- Better use of available resources
- Same service for less or better service for same cost.



All of our councils are challenged by rising costs and expectations.

Both areas have to be managed.

Joint procurement reduces costs and increases availability and it may increase quality:

E.g. Appointing a new Insurance Broker insurance reduced costs and gave us better coverage.

Appointing a new After hours telephone services provider increased costs, but provided a huge increase in service levels, with over 80% of calls dealt with a first point of contact. This is a higher rate than some council's business hours service.

# Not forgetting the customer!

Shared service operations are to ensure a 'centre of excellence' takes responsibility for providing service to someone else as if they were doing it for their own council, but delivered to meet the culture and requirements of the receiving council

“your service is my problem -your values are mine when I serve you”.



Shared Service is ultimately about ratepayer benefit. We talk about Centres of Excellence in the provision of service.

A Centre of Excellence is a way of describing the basing of a shared service for all councils within a particular council.

Effectively, an outsourced Service which is in-sourced.

It is not about a council doing it their way, but provision of a contracted service with a service level agreement monitored and paid for by BOPLASS Ltd and charged back to councils.

Governed by a advisory group with representation from all participating councils.

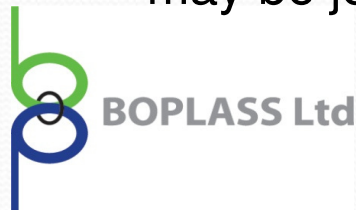
# BOPLASS Definitions

## **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.



There is a significant difference between Joint Procurement and Shared Services.

Joint Procurement generally does not need organisational change but Shared Services do.

These differences are explored in the next two slides:

<b>Perspective</b>	<b>Joint Procurement</b>	<b>Shared Services</b>
Strategic	Generally operational or nominal strategic impact	Significant strategic impact
Timeliness	Generally short term 1-3 yrs	Longer term generally 3-10 years
Council autonomy	No change	Councils will normally have to give up some autonomy in relation to the service
Resources	Tends to be self resourcing for smaller projects but some assistance may be required for larger projects such as Aerial Photography.	Will be more likely to require specific resources and or consultancy to achieve the required changes. May require independent advice
Costs	Lower or negligible upfront costs	Significant upfront costs possible through consultancy and adaption of processes or technology
Benefit	Immediate benefit from reduced cost, improved service quality or both	Delayed benefit as changes take time to achieve and cost reduction may not occur until later

<b>Perspective</b>	<b>Joint Procurement</b>	<b>Shared Services</b>
Funding	Self funding- Cost reductions should pay for any implementation costs within a short period of time	Up front funding likely to be required to meet development or adaption costs
Service Impact	May be little change in quality/delivery of service	Significant change in service delivery
Staffing	Little or no impact	Possible changes in staffing requirements either by number or skills
Political	Little or no impact	May attract political attention
Reactive/Proactive	Frequently reactive, based on initiatives by one or more councils. Can be proactive.	Generally proactive – Initiated by the Board and requiring on going input and direction.
Requires CCO or similar entity (BOPLASS)	May require an entity as described in the LGA	Will always require an entity as described in the LGA



# 7 steps

## 7 Generic steps

- Team working
- Standardisation
- Joint procurement
- Shared resources
- Shared information
- Shared Service
- Monitor and review



1. **Team working:** Work together in teams to scope requirements, provide resources and share expertise to develop shared services collaboratively.
2. **Standardisation:** Select common platforms to eliminate barriers to collaboration by converging practice and solutions.
3. **Joint procurement:** Source joint solutions to bring economies of scale to procurement for reduced costs through greater buying power.
4. **Shared resources:** Establish joint resources and platforms for more powerful collaboration, but without hard performance measures or loss of autonomy.
5. **Shared information:** Provide shared information as a service to use one consistent version of common data and common processes.
6. **Shared services:** Provide formal back office shared services to improve the value of services to councils and communities within the Bay of Plenty.
7. **Monitor and review:** Did we get what we wanted??

# Moving with the Movers

The pace of change is not the same for all, but you cannot afford to wait for the slowest.

- Create the opportunity
- Clarify the issues
- Demonstrate the benefits
- Provide a decision point



Move on!!



We need to maintain impetus in our projects. Moving on does not mean shutting people out, but they lose options to influence the outcomes and have to join on terms already agreed to.

# The last words of

## Organisation

- “We never did it that way before”

## Departing staff

- “I did it my way”



We Grow or Die. Change is inevitable and organisations that do not take the opportunity created by change are bound to fail.

Staff who unreasonably resist change will often face consequences.