



Report 10.30
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Committee Finance, Audit and Risk Committee
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Shared Services

1. Purpose

To update the Committee on the shared services project being undertaken in the region.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

In August 2009 the Committee received a report (report 09.461) outlining the shared services projects being undertaken in the region. The projects involved all nine councils collaborating on a number of projects with a view to share common services, reduce costs and improve services. There are a number of ongoing projects being undertaken which have expanded from the original list given to the Committee in August.

The current projects are:

- Waste management
- Emergency Management and Rural Fire
- Building consents
- Procurement
- Rates and billing
- Archives
- Animal control
- Information technology.

A further detail on the status of each of the projects is noted below under section 6.

4. Governance

Each of the projects noted below have a project team assigned to them along with a project leader.

The Champions Group, which oversees all the project teams, is responsible for managing the programmes, identifying opportunities and promoting the concepts of shared services generally. It reviews all reports which go to the Chief Executives' Forum (CEF).

The CEF has the ultimate responsibility for delivery of the shared services programme. They approve resourcing, business cases, facilitate cooperation and deliver the shared services outcomes.

5. Greater Wellington's involvement

Greater Wellington is a member of the Champions Group and the project teams for emergency management, rates and billing, procurement, archives and information technology. It is also the project leader on rates and billing, archives and information technology.

6. Status of shared services projects

6.1 Waste management

A project brief and statement of work have been completed. Negotiations with the consultant to undertake a regional waste assessment are in progress.

The benefits from this programme include both financial (economies of scale) and having a single collaborative approach to waste management across the region.

6.2 Emergency Management and Rural Fire

The principles, statement of work, appointment of the consultant and cost sharing have been approved.

The consultant, whose report is due in early February, was asked to consider three options:

- Full amalgamation
- Partial amalgamation into regional groups
- Status quo with improved efficiencies.

It is expected that a business case will go to the CEF in April of this year.

Financial benefits may arise from rationalisation of infrastructure and reduced training costs. Non financial benefits would include having standard operating procedures and sharing of resources across the region.

6.3 Building consents

The consultant has completed the feasibility studies and provided the project team with a draft report which is currently under discussion.

The Department of Building and Housing has announced that there will be changes to the Building Act 2004. This may have some impact on the approach undertaken by the project team and it will become clearer when the Government announces these changes in February.

The benefits from a shared building consents service would involve cost savings, consistency across the region, better customer service and better utilisation of resources.

6.4 Procurement

There are a number of procurement contracts being undertaken/completed, in particular:

- Stationery – contract awarded to Office Max, effective from 1 December. The savings from this new contract are expected to be in the order of 20%.
- Mail and courier service – a tender is about to be released to the market. The savings from a new contract are likely to be in the order of 20%.

In addition, work is being undertaken on the potential for a new fuel contract across the region, although some councils still have a couple of years until their current fuel contracts expire. Work has also been done on electricity contracts, although the lengths of some of the existing contracts are a problem.

6.5 Rates and billing

The objective is to have one entity providing the rates and billing for the region. PricewaterhouseCoopers have completed a draft report on the current costs for rates and billing for each council in the region. This is currently being discussed with the project team. Following finalisation of the PricewaterhouseCoopers' report a business case may be prepared for the Champions Group and the CEF.

The benefits from a single entity providing rates and billings services are both financial (cost savings) and providing a consistent service to ratepayers across the region.

It should be noted that Greater Wellington currently operates a shared services approach to rates and billing by contracting the individual councils in the region to collect its rates.

6.6 Archives

The major benefit from the archives project would be consistent standards and guidelines for digitisation of councils' paper records. As a result Archives New Zealand is keen to work with the councils in the region, which may assist in achieving national standards.

A strategy is being produced on how to proceed with these initiatives.

6.7 Animal control

The scope of any rationalisation of animal control services is still to be established.

6.8 Information technology (IT)

It is likely that a number of the shared service projects noted above will have an impact on the councils' IT systems. For example, systems for building consents, rates and billing are built around property data. A single entity providing each of those services has the potential to have a significant effect on IT and the provision of services.

However, until a preferred option for any of the projects is agreed the potential impact on IT systems is uncertain.

7. Geographical Information Systems (GIS)

Greater Wellington is undertaking a flyover (which takes pictures of the region) this summer to update the current GIS records, which have come to the end of their useful life.

As there are benefits to all councils in the region, Greater Wellington has formed a consortium with a number of councils to share the benefits and costs from the flyover.

8. Communication

No communications are necessary at this time.

9. Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

Report prepared by:

Report approved by

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