



Local  
Government  
Victoria (LGV)

## Rural and Regional Council IT Strategic Framework for Shared Services

November 2023

# Contents

Executive summary	2
Our approach	10
Key insights	14
The vision	19
Achieving the vision	21
Next steps	27
Appendix 1: Case studies	29
Appendix 2: Technology capabilities	34
Appendix 2: Detailed forum insights	36

# Executive summary | Context and engagement process

To develop an IT shared services vision for Victorian rural and regional councils, Deloitte engaged 46 of the 48 rural and regional councils through 12 CEO forums, four CEO interviews and two report-back sessions

## Rural Councils Transformation Program (RCTP) context

### Previous RCTP Phase

- Deloitte worked with Local Government Victoria (LGV) and 25 rural councils across 10 working groups through RCTP in September 2022
- We supported these councils as they sought to implement a variety of IT shared services solutions
- We heard strong support across councils for common IT shared services to improve customer service, community outcomes, manage cyber risks and reduce IT expense growth

### Current RCTP Phase

- Deloitte engaged rural and regional council CEOs through a series of 12 forums and four interviews to find areas of common interest and need for shared IT capabilities
- Findings from this engagement have been used to support an approach to realise the benefits of shared services in a way that is workable across the diversity of Victorian rural and regional councils

### 12 Forums\*

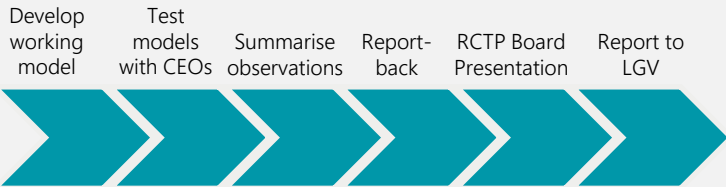
- |    |   |
|----|---|
| 1  | East Gippsland SC, Wellington SC  |
| 2  | City of Greater Geelong, Golden Plains SC, Moorabool SC, Borough of Queenscliffe              |
| 3  | Greater Shepparton CC, Wodonga CC, Wangaratta RCC   |
| 4  | Alpine SC, Benalla RCC, Mansfield SC, Mitchell SC, Murrindindi SC                             |
| 5  | Hindmarsh SC, Buloke SC, Horsham RCC, Northern Grampians SC, West Wimmera SC, Yarriambiack SC |
| 6  | Glenelg SC, Moyne SC, Warrnambool SC  |
| 7  | Indigo SC, Mildura RCC, Swan Hill RCC, Gannawarra SC  |
| 8  | Hepburn SC, Pyrenees SC   |
| 9  | Ararat RCC, Colac Otway SC, Corangamite SC, Surf Coast SC, Towong SC                          |
| 10 | Greater Bendigo CC, Central Goldfields SC, Macedon Ranges SC, Mount Alexander SC              |
| 11 | South Gippsland SC, Latrobe CC  |
| 12 | Campaspe SC, Loddon SC  |

\* Individual interviews were held with Baw Baw SC, City of Ballarat, Strathbogie SC and Southern Grampians SC, who were unable to attend their planned forums

### Additional engagements

- Deloitte utilised established forums – Regional Cities Victoria and Rural Councils Victoria – to report-back and validate CEO forum findings
- We utilised public sector networks to identify case studies of successful public sector common IT shared services to support the design of a high-level implementation roadmap

### Engagement approach







# Executive summary | What we have heard from rural and regional CEOs

Rural and regional council CEOs believe that common IT shared services would help address growing pressures around fiscal sustainability, service delivery risks and community expectations, and recommended several opportunities for acceleration

## What is important to councils?

-  Better customer experience
-  Enhanced community expectations
-  Efficient resource use
-  Greater resilience
-  Staff capability
-  Low risk implementation
-  Protection against cyber incidents
-  Preservation of council autonomy

## Where do councils want the sector to move?

### Councils desire IT shared services tailored to their needs

All councils believe IT shared services is the appropriate direction for rural and regional councils. The key to success is seen as ensuring the delivery model accounts for the individual needs of each council. Whatever model is chosen, councils would prefer to retain some IT capability.

### There are IT capabilities that councils would prefer to share

There are consistent messages regarding the types of IT capabilities councils viewed immediately amenable for IT shared services, with strong support for cyber, cloud and emerging technology. Several councils also identified a desire to work towards shared services for specific, constrained use cases including corporate and operational platforms of email, document management and payroll.

### Opinions are mixed on the appropriate provider of IT shared services for rural and regional councils

Views on the preferred provider of IT shared services ranged from council collectives, the State, and third parties. Preferences often depended on the specific IT capability and individual council needs.

## What is perceived to be preventing progress?

### Uncertainty of costs and benefits

While some councils acknowledged there may be efficiency gains in moving towards greater centralisation of IT shared services, the quantum of these gains relative to the costs (including transition costs and job impacts) were unclear, as were any practical and successful examples of IT shared services transformations.

### Limited resources and funding constraints

Rural and regional councils felt that individually, each council does not have the resource capacity, capability or funds to invest in significant IT transformations. They expressed that these changes usually occur through BAU processes and funding and therefore take several years.

### Information and trust barriers

Councils identified that information sharing across councils is politically difficult, feared losing their autonomy, and believed building binding professional relationships with other councils was often too complex and bureaucratic to justify the potential benefits. Councils were also unclear as to the vision and direction of the State Government in supporting IT shared services.

### Diversity of councils

Each council differs in its capabilities, capacity, IT maturity, local circumstances, IT investment commitments (sunk costs), platform preference, established relationships, leadership experience and risk appetite, making collaboration difficult.

# Executive summary | The vision

In the future, councils will leverage both centre-led and council-led IT shared services whilst retaining internal IT capabilities to deliver efficient services with modern, consistent customer experiences to their communities

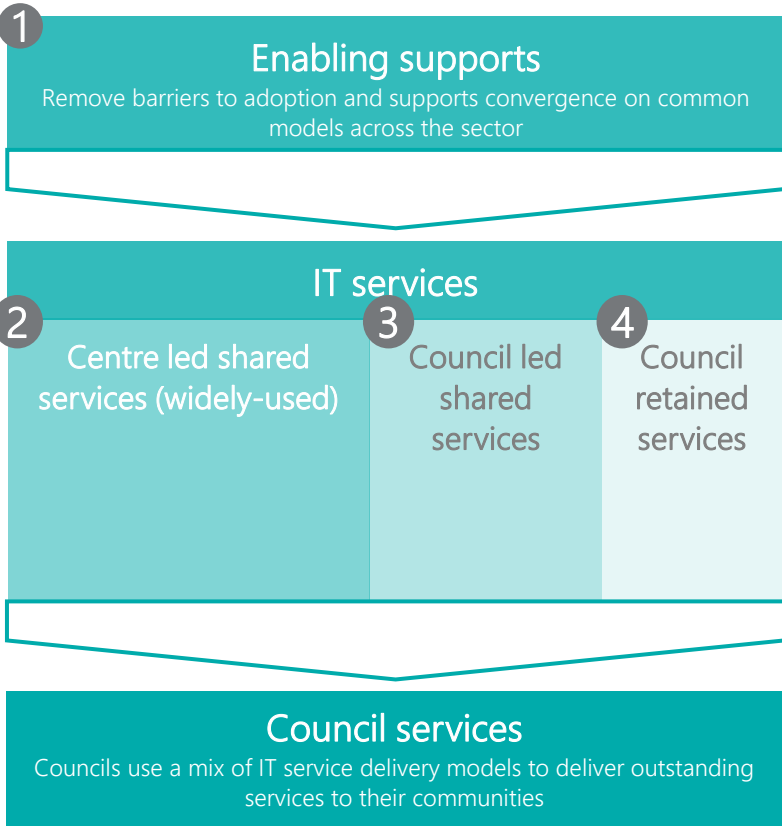
## What is the vision?

Rural and regional councils provide a modern and consistent customer experience for Victorian community members and businesses. They operate efficiently, allowing them to be financially sustainable while also maximising investment on services that matter to their local communities. Their systems are modern, cloud-based and secure; building resilience. Staff digital capabilities are higher, and resource sharing across councils is easy and effective. Services are increasingly standardised, but still reflect local community need.

*Councils generally believe the future shared services model is one of business processes, policies and architecture convergence across councils. Councils can opt-into central (and tiered) IT capabilities, which provide the majority of council IT services or council led shared services, whilst retaining some "boots-on-ground" capabilities.*

## How will Councils access technology in the future?

- 1 Enabling supports**  
Councils have a common direction and reference model. They utilise low cost information support to quickly advance their industry knowledge on technical SMEs, processes, programs, systems and training.
- 2 Centre led IT shared services**  
Central led IT capabilities are provided for the majority of council IT services. These are widely utilised, particularly for high-transactional, high-risk services, and deliver consistent, efficient and low risk user experiences. Services are opt-in, tiered and trusted by councils.
- 3 Council led IT shared services**  
Councils will have established, trusted localised partnerships and networks to deliver shared services that may be too complex to be centre led. These shared services are council led and supported by LGV.
- 4 Council retained IT services**  
The majority of councils will retain some IT capabilities to deliver services that are tailored to local need and ensure there are "boots-on-ground" to mitigate system risks.



# Executive summary | Potential roles for the State Government

Rural and regional council CEOs agree that the State Government could support them by removing IT shared services implementation barriers and providing a clear direction for the sector

## How could the State support progress?

### Be the custodian of the vision and IT shared service roadmap

The State Government could develop an IT shared services strategy and roadmap that provides long-term guidance to councils, government agencies, and the private sector as to the State’s intended direction. This would allow these parties to plan and make investment decisions with confidence.

### De-risk implementation

There is a desire for any significant investment into IT shared services to include pilot studies and a business case that accounts for the full costs (incl. transition costs) and benefits to councils. This would reduce the implementation risks for councils through providing greater levels of financial certainty.

### Funding and/or resource support

To achieve material benefits across the sector within the short to medium term, councils believe additional financial investment would be required. This could range from providing IT or change management resource support at a local level to building the IT capabilities centrally (for example within cybersecurity) that could then be utilised by local councils.

### Work towards a differentiated approach

For a local council IT shared services model to work effectively for all stakeholders, it would likely require a blend of centralised and decentralised provisions. This would be respectful of local circumstances and established relationships whilst also delivering common solutions for shared IT challenges.

## IT shared services design principles

We heard from CEOs that the future IT shared services model must be:

- 1 **Scalable:** Systems design allows for growth over time in participants and technologies, as one size does not fit all
- 2 **Optional:** Participants can opt-in to the services over time
- 3 **Sustainable:** System is designed with consideration of the long-term sustainability of investment and ongoing operating funding and resourcing
- 4 **Trusted:** Starting small and gradually proving benefits prior to moving to the next phase to build trust in each other and the system
- 5 **Low risk:** Transition to new shared services must have acceptable level of implementation risks

# Executive summary | State Government benefits

There are multiple benefits the State Government can expect to capture through active support for the vision expressed by rural and regional CEOs

## Potential benefits for the State



### A consistent Victorian Government user experience

Centre-led IT shared services, particularly of the customer experience layer of councils' technology architecture, will drive convergence of customer experiences for council service users across the State. Though the Department of Government Services' strategy and priorities are yet to be finalised, this would appear to be highly consistent with the direction being set.

Moreover, there is a notable opportunity to leverage the investment in Service Victoria in the pursuit of this vision.



### State-wide efficiencies

Deloitte estimates Victoria's 79 councils spend approximately \$300m\* per annum on IT services that are suitable for transition to a shared service model. While the majority of this spend is with metropolitan councils, there remains a material efficiency dividend to be captured through investment in rural and regional council IT shared services based.

State Government can expect to at least partially capture this dividend through a reduction in planned support for the sector, and the avoidance of unplanned funding requirements.



### De-risk council operations

To avoid the expense and inconvenience of resolving council failures, the State Government has a vested interest in minimising various forms of risk within local government. IT shared services is expected to support this objective by reducing three risks of primary concern to CEOs:

1. Cybersecurity risk
2. Financial sustainability risk
3. Resourcing risk – *through increased transferability of skills between councils*



### New revenue potential

In the scenario where the State Government invests in and owns centre led shared services, for instance through Service Victoria or a similar entity, the State may seek monetise that investment through commercialisation. This represents a considerable new revenue opportunity for the State.

There is also the potential for the Victorian Government to seek increases to Commonwealth funding in response to a reduced need for financial assistance to councils from the Commonwealth. Specifically, councils can be expected to divert IT savings into infrastructure and other services currently supported through Commonwealth grants.

# Executive summary | High level road map

The roadmap to delivering on the vision includes a small scale, phased approach to implementing common IT shared services across rural and regional councils

	Horizon 1 12-24 months	Horizon 2 Year 2 – Year 5	Horizon 3 Year 5 – Year 10
	Prove value and connect sector	Reduce risks and increase efficiencies	Consistent customer experience
Description	<i>Deliver small scale initiatives across the three vision features to understand value, reduce sector risks and begin embedding sector-wide change.</i>	<i>Wider rollout of centralised capabilities in cybersecurity across the sector and expand centre led capabilities to include corporate IT functions.</i>	<i>The maturity of the sector has significantly increased and customer experience has notably shifted across the sector</i>
Key milestones	<ul style="list-style-type: none"> <li>Centre led foundational IT services, such as cybersecurity, beginning with pilots before expanding Service Victoria's local council shared services</li> <li>Council led shared services (incl. RCTP participants) are expanding and sharing learnings with the sector</li> <li>Publish an IT shared services strategy including common principles and standards, and deliver centralised small scale knowledge hub and community of practice</li> </ul>	<ul style="list-style-type: none"> <li>Wider rollout of foundational IT capabilities, reducing sector-wide cyber risks, and deliver small scale centre led corporate IT capabilities.</li> <li>Rural and regional councils are expanding their council led IT shared services capabilities for corporate IT capabilities.</li> <li>Wider rollout of knowledge hub across the sector, with councils realising efficiency gains from reduced information barriers.</li> </ul>	<ul style="list-style-type: none"> <li>Centre led corporate IT capabilities are widely available and utilised across the sector at minimal expense to the State</li> <li>Council led foundational and corporate IT shared services are mature and exploring broader opportunities outside of Victorian councils</li> <li>Revised strategy for IT shared services</li> </ul>
Outcomes	<ul style="list-style-type: none"> <li>Identified value and opportunities for broader rollout of foundational IT technologies.</li> <li>Localised uplift in regional IT shared services capabilities and centrally captured knowledge.</li> <li>Clear sector IT shared services direction and identified highest value knowledge sharing services for local councils.</li> </ul>	<ul style="list-style-type: none"> <li>Sector-wide reduction in cybersecurity risks and greater trust in central platform.</li> <li>Wide-scale uplift in regional IT shared services capabilities and centrally leveraged knowledge.</li> <li>Efficiencies being derived from reduced information barriers and greater trust.</li> </ul>	<ul style="list-style-type: none"> <li>Sector-wide efficiencies and uplifts in customer experience realised.</li> <li>Sector reaches digital maturity in its capabilities to efficiently deliver foundational &amp; corporate IT services.</li> <li>Sector is working together towards realising economies of scale benefits, common platforms, and sharing resources beyond IT.</li> </ul>



# Executive Summary | Where to next

There are a series of tactical next steps that should be taken to provide immediate support to councils, while long-term planning should be undertaken concurrently to prepare for accelerated investment in centralised technology services.

## Tactical next steps

---

The recommendations below serve two purposes.

1. To build on the momentum that has been generated through the RCTP by providing many of the enabling supports that councils have been asking for. This will help councils accelerate their own adoption of IT shared services
2. To facilitate long-term convergence of technology solutions across the sector

Each recommendation is in relative terms, low cost to implement, delivers high impact, and responds to universal demand expressed through the CEO forums.

### **Recommendation 1: Establish a Knowledge Hub**

Develop a centralised, curated “knowledge hub” for councils, containing best practice examples of policy, service catalogue and business process that together form a reference model for local government

### **Recommendation 2 Establish a Community of Practice**

Support the establishment of Community of Practice forums through the knowledge hub

### **Recommendation 3: Facilitate Knowledge Sharing**

Capture and share a view of all current and planned technology capabilities and delivery models of rural and regional councils through the knowledge hub

### **Recommendation 4: Pilot Targeted Services**

Seek opportunities to pilot shared service approaches with selected rural and regional councils, building on State service efficiency initiatives.

## Long-term planning

---

While the vision is clear, there are still important, practical questions about how the vision is realised that need to be explored. These include, for instance:

- Which services should be prioritised for centralisation
- Which councils to work with on service pilots
- The different tiers of service capability that need to be available to meet the needs of councils of different scale; and
- How to price services appropriately through a centralised model, and more.

In addition, further work is required to clarify the role of the State in supporting the vision, and what the impacts are for the State, in terms of financial commitment and risk adoption.

### **Recommendation 5: Develop a roadmap and business case**

- Assess the long-term cost and benefit impacts at a sector level for centre led and council led shared services under multiple scenarios to identify a preferred model to progress towards
- Develop a 10-year roadmap building on the three horizons proposed in this report for realisation of the preferred model
- Develop a detailed business case for investment in the first horizon of the proposed roadmap

# Contents

Executive summary	2
Our approach	10
Key insights	14
The vision	19
Achieving the vision	21
Next steps	27
Appendix 1: Case studies	29
Appendix 2: Technology capabilities	34
Appendix 2: Detailed forum insights	36

# Our approach | RCTP context

The Victorian government is supporting local councils to realise the value of shared services, including increased efficiencies, reduce risks and more consistent customer experiences

## Local government IT shared services momentum

There is a growing imperative for Victorian Government to invest in technology capabilities in local government to deliver enhanced community outcomes and meet business challenges. These challenges were analysed in detail in the 2014 Victorian Auditor General *Shared Services in Local Government* Report.

This imperative to generate efficiencies to combat fiscal pressures has only increased since this Report, with the introduction of rate-capping and rising customer expectations of digital community services.

The above factors are driving the Victorian Government to identify opportunities for councils to align digital capabilities through IT shared services as a necessity for rural and regional councils' financial sustainability.

IT shared services can help respond to these pressures by lowering IT operating costs, improving quality of CX, improving responsiveness to community, enabling smart city solutions tailored to the needs of council, thereby allowing councils to focus resources towards combatting future threats.

The Victorian Government and local councils share a common ambition to best serve their communities, and a shared commitment to supporting rural and regional councils transition to IT shared services.

There is now significant momentum around local government IT shared services, including State Government investment and support through Digital Victoria and Service Victoria. The RCTP has been a key step towards taking rural and regional councils towards a shared vision.

## RCTP context

The Victorian Government's 2017 *Rural and Regional Councils Sustainability Reform Program* Report found that rural and regional councils face greater financial and operational sustainability challenges than metropolitan councils. Following this Report, the Victorian Government committed \$20 million in the 2018-19 Victorian State Budget to the Rural Councils Transformation Program (RCTP) to improve rural and regional councils' financial sustainability.

### Phase 1

Phase 1 supported the collaboration of several rural and regional councils to work together towards common goals. Some of these collaborations have transitioned into implementation to realise efficiencies and improve community outcomes.

### Phase 2

As part of RCTP Phase 2, Local Government Victoria engaged Deloitte to lead on developing guidance on IT implementation and a reference IT architecture for shared services. Co-developed with the 25 councils receiving RCTP round 2 funding, the *RCTP2 IT Implementation Strategy for Shared Services* is guidance primarily to these 25 councils on implementing IT shared services solutions. Released in December 2022, it aims to support councils in delivering their RCTP2 ambitions with an end-to-end strategy for IT shared services, that:

- Presents a common framework for shared service implementation
- Provides a reference architecture supporting ICT decision making
- Supports the aims of the RCTP

# Our approach | Engagement purpose and process

The purpose of the engagement process was to determine a united vision for local council shared services and identify the immediate acceleration opportunities and mitigation strategies for overcoming key risks

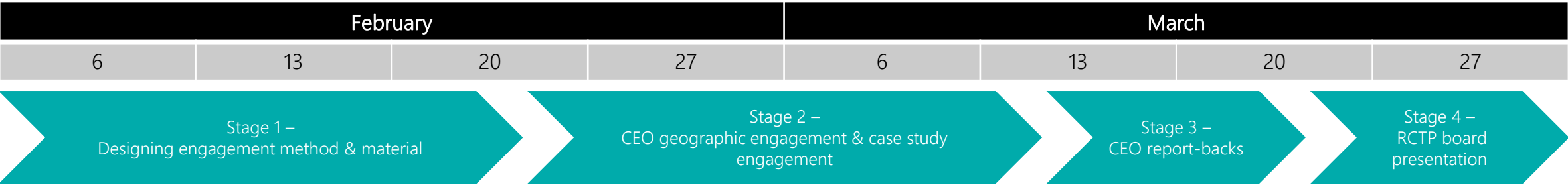
## Purpose

- This phase of work expanded the guidance provided in RCTP2, to benefit all Victorian rural and regional councils by working with them to develop a collective shared services vision for local councils, and identify acceleration opportunities
- Leveraging the momentum around IT shared services, Deloitte have conducted a series of rural and regional CEO forums to find areas of common interest and need around shared IT capabilities
- Findings from this engagement will support an approach to realise the benefits of shared services in a way that is workable across the diversity of Victorian rural and regional councils

## Milestones

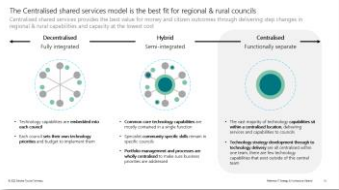
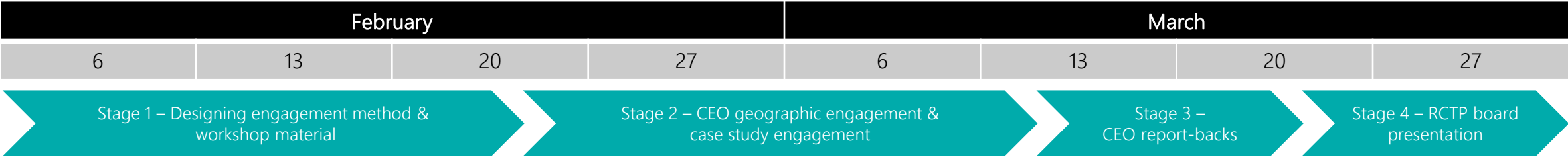
- 1 Articulated a rural and regional council vision for shared services that is endorsed by council CEOs
- 2 Completed analysis on the key barriers to achieving the vision and the appropriate mitigation strategies
- 3 Identified the immediate opportunities to accelerate councils towards the vision
- 4 Held report-back sessions with the RCTP board on the vision and findings from the engagement

## Engagement workstream timeline



# Our approach | Project plan and deliverables

Over the course of eight weeks, we mapped a future state hypothesis, engaging rural and regional CEOs across Victoria in this vision. We have strengthened our strategic view and provide a clear view of next steps for RCTP in this report



Engagement Phase	Region	Meeting Location	Status	Attendees
1	Rural North West	North West	To be confirmed	
2	Rural North Central	North Central	To be confirmed	
3	Rural North East	North East	To be confirmed	
4	Rural South East	South East	To be confirmed	
5	Rural South West	South West	To be confirmed	



- Developed a stakeholder engagement plan to engage rural and regional CEOs across Victoria, in addition to identified sector bodies & government agencies, and the RCTP board
- Sent email communications to CEOs to advise them of the engagement program
- Arranged CEO forums, and sector body & government agency meetings in calendars
- Created and refined the future state hypothesis and evolved the Implementation Framework
- Developed draft CEO engagement slides
- Conducted 12 CEO regional (hybrid) forums per the engagement plan to gain support for the Implementation Framework and identify opportunities for acceleration, as well as additional interviews where required
- Engaged with other sector bodies and government agencies per the engagement plan (Regional Cities Victoria and Rural Councils Victoria) to seek feedback on the Implementation Framework
- Developed 4 case studies to demonstrate success of common technology transitions, and implementation considerations
- Refined and finalised the future state and Implementation Framework
- Conducted meetings and workshops with Rural Councils Victoria and Regional Cities Victoria to provide report-back on workshop outcomes
- Prepared for the RCTP Board presentation
- Finalised the future state vision and Implementation Framework
- Delivered a high level plan for implementation
- Presented findings to RCTP board
- Prepared next steps for LGV



# Contents

Executive summary	2
Our approach	10
Key insights	14
The vision	19
Achieving the vision	21
Next steps	27
Appendix 1: Case studies	29
Appendix 2: Technology capabilities	34
Appendix 2: Detailed forum insights	36

# Key insights | Forum themes

From the 12 bespoke forums, and individual CEO interviews, 6 key themes emerged which build on findings from the last phase of work and highlighted areas for LGV investment

## 1 Councils want a sector vision

Council CEOs\* have asked for a clear long-term vision and roadmap. Forum participants felt that past shared services initiatives were ad-hoc and uncoordinated due to a lack of collective vision for the future of IT shared services.

Recognition of the drivers of success to date across rural and regional councils, whilst reimagining a collective future that is clear and actionable for CEOs to rally around will be essential to build buy-in within councils.

Develop a long-term vision and roadmap for implementation that builds off efforts to date.

## 2 Building confidence & trust is critical for success

Many of the council CEOs\* have been through several attempts at transitioning to common IT shared services with mixed results. The greatest successes in council led shared services have generally occurred from a small number of trusted allies with aligned priorities working collaboratively to solve a common problem.

Some councils felt that larger scale shared services endeavours should begin with small scale ventures and pilots as well as business cases that show the true cost of transition.

Demonstrate a business case and tangible value of common IT shared services to encourage buy-in.

## 3 Differentiation is essential

The right level of authority for State government to drive outcomes needs to be balanced with genuine collaboration with councils to gain buy-in and empower those who are effected by decision making to be part of the process.

Some CEOs of smaller rural councils, noted that advanced, costly solutions are counter-intuitive and unnecessary for their size and scale. They suggested simple, cost-effective IT products would be most beneficial to them.

If procuring common technology solutions, simplicity, cost and ease of implementation are essential.

## 4 There are several 'no-brainer' opportunities

Councils believed IT services that were highly transactional, high-risk and common across councils naturally lend themselves to being delivered centrally. They also commonly identified a 'no-brainer' role for the State to play in connecting councils through a knowledge hub, amplifying regional activity already happening across Victoria and procuring cyber security products and services for rural and regional councils.

Action the 'no brainers', including next steps for setting up a knowledge hub and cyber services.

## 5 A long-term, 'opt-in' approach

CEOs\* highlighted their varying technology maturity levels, contract end dates, and internal capabilities as key barriers to moving to a common IT shared service in the next 1-2 years. They were also concerned about a loss of council control and ability to remain agile. As a result, an opt-in approach that allows councils to leverage common platforms at the appropriate time in their digital transformation journey is essential.

Provide councils with the ability to 'opt-in' when they are ready.

## 6 Shared services is the right direction

Rural and regional councils believe that common IT shared services is the right direction to address increasing pressures around fiscal sustainability, risk and community expectations. This is a significant shift from the current decentralised model to a more centralised model. They also recognise that achieving this shift is complex, and in reality will take time, commitment and collaboration across the sector.

Support councils to progress their common vision.

# Key insights | The desired direction of IT shared services

Rural and regional council CEOs believe that common IT shared services is the right direction to address increasing pressures around fiscal sustainability, risk and community expectations, and have recommended several opportunities for acceleration

## What is important to local councils?

-  Better customer experience
-  Enhanced community expectations
-  Efficient resource use
-  Greater resilience
-  Staff capability
-  Low risk implementation
-  Preservation of council autonomy

## Where would councils like the sector to move?

### Councils desire IT shared services tailored to their needs

Rural and regional councils believe IT shared services is the appropriate direction. The key to success is seen as ensuring the delivery model accounts for the individual needs of each council. Whatever model is chosen, councils would prefer to retain some IT capability.

### There are IT capabilities that councils would prefer to share

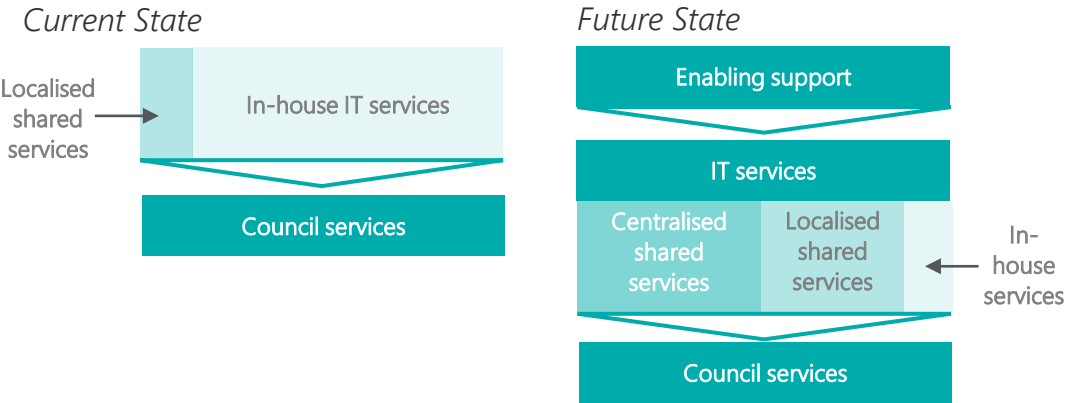
There are consistent messages regarding the types of IT capabilities councils viewed immediately amenable for IT shared services, with strong support for cyber, cloud and emerging technology. Several councils also identified a desire to work towards shared services for specific, constrained use cases including corporate and operational platforms of email, document management and payroll.

### Opinions are mixed on the appropriate provider of IT shared services for rural and regional councils

Views on the preferred provider of IT shared services ranged from council collectives, the State, and third parties. Preferences often depended on the specific IT capability and individual council needs.

### Councils believed the future direction will include more optionality and choice around IT service capabilities

Councils generally believe the future shared services model is one of business processes, policies and architecture convergence across councils. Councils could opt-into central (and tiered) IT capabilities, which provide the majority of council IT services or council led shared services, whilst retaining some “boots-on-ground” capabilities.



# Key insights | Barriers preventing progress

Rural and regional council CEOs identified four common barriers preventing progress towards the desired state, and impacting their willingness and preparedness to move to common IT shared services

## What is preventing progress towards this direction?

### Uncertainty of costs and benefits

While some councils acknowledged there may be efficiency gains in moving towards greater centralisation of IT shared services, the quantum of these gains relative to the costs (including transition costs and job impacts) were unclear, as were any practical and successful examples of IT shared services transformations.

### Limited resources and funding constraints

Rural and regional councils felt that individually, each council does not have the resource capacity, capability or funds to invest in significant IT transformations. They expressed that these changes usually occur through BAU processes and funding and therefore take several years.

### Information and trust barriers

Councils identified that information sharing across councils is politically difficult, feared losing their autonomy, and believed building binding professional relationships with other councils was often too complex and bureaucratic to justify the potential benefits. Councils were also unclear as to the vision and direction of the State Government in supporting IT shared services.

### Diversity of councils

Each council differs in its capabilities, capacity, IT maturity, local circumstances, IT investment commitments (sunk costs), platform preference, established relationships, leadership experience and risk appetite, making collaboration difficult.

## Councils' experience with shared services

The majority of council CEOs had lived experience with shared services projects. The common message was that common IT shared services are great in theory but that the reality is much more complex. They regularly described situations where they begun a shared service project with other councils with high expectations, and were let down when other councils withdrew from the project or were unable to agree on key elements of the shared services design.

Despite this, and partly out of necessity to mitigate current challenges, stakeholders were highly engaged throughout our engagement, as evidenced by 46 of the 48 rural and regional council CEOs or delegates participating in the process. They also remained enthusiastic about the possibilities of what IT shared services could deliver for their council and communities, if executed effectively.

To be executed well, councils felt that addressing the barriers that have prevented progress in the past was essential. This included respecting the diversity of contexts that each council operates in, understanding that rural and regional councils have limited capacity and capability to undertake large scale change processes, taking small steps that lock in benefits along the way rather than going for a 'big bang' approach, and leveraging existing networks and established relationships to integrate shared services.



# Key insights | Council short-term readiness for shared services acceleration

All 46 councils engaged indicated they would value enabling supports, and 41 expressed a desire to extend their involvement in shared services opportunities over the next 1-2 years

## Definition of council readiness

Throughout our conversations with council CEOs we asked questions around readiness to accelerate adoption of shared services within the next 1-2 years. The map to the right summarises the position of the councils we spoke to.

### Enabling supports

- All councils we spoke to indicated they would value a range of centrally offered support to further their IT shared services ambitions. The types of support sought included governance training, policy and process standards for local government, and access to technical SMEs.

### Centre led common platforms

- These councils expressed a desire and readiness for centre led support within the next 1-2 years. The opportunity most commonly referred to by these councils to be trialled as a pilot was cybersecurity capabilities given a perceived high level of cyber risk.

### Council led shared services

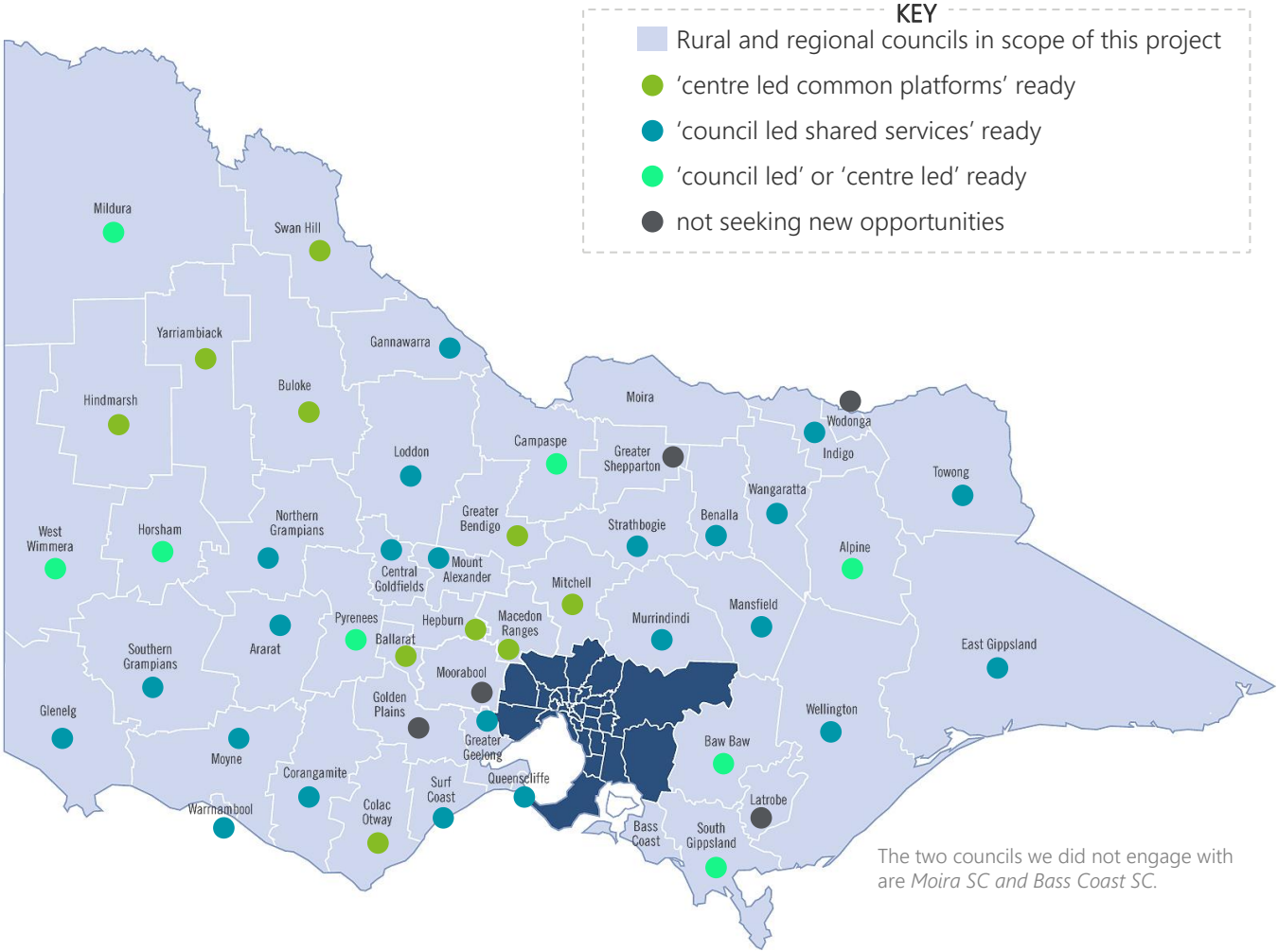
- These councils have a preference to partner with other councils on the design, development and operationalisation of localised IT shared services. An example is Wellington and East Gippsland councils, which have developed shared services platforms for core corporate functions. Additional support would enable them to expand their shared services offerings and extend it to additional councils.

### Centre led and/or council led

- These councils expressed an openness to both centre led common platforms and council led shared services in the next 1-2 years.

### Not seeking new IT shared service opportunities

- These councils, for variety of reasons, are not looking for opportunities to collaborate on new or additional IT shared services investments over the next 1-2 years.





# Contents

Executive summary	2
Our approach	10
Key insights	14
The vision	19
Achieving the vision	21
Next steps	27
Appendix 1: Case studies	29
Appendix 2: Technology capabilities	34
Appendix 2: Detailed forum insights	36

# The vision | Vision and principles

Rural and regional councils have a common vision of providing a modern and consistent customer experience for Victorian community members and businesses

## What is the vision?

Discussion with 46 of the 48 rural and regional Victorian councils revealed a common desired future where:

*Rural and regional councils to provide a modern and consistent customer experience for Victorian community members and businesses. They operate efficiently, allowing them to be financially sustainable while also maximising investment on services that matter to their local communities. Their systems are modern, cloud-based and secure; building resilience. Staff digital capabilities are higher, and resource sharing across councils is easy and effective. Services are increasingly standardised, but still reflect local community need.*

Councils generally believe the future shared services model is one of business processes, policies and architecture convergence across councils. Councils can opt-into central (and tiered) IT capabilities, which provide the majority of council IT services or council led shared services, whilst retaining some “boots-on-ground” capabilities.

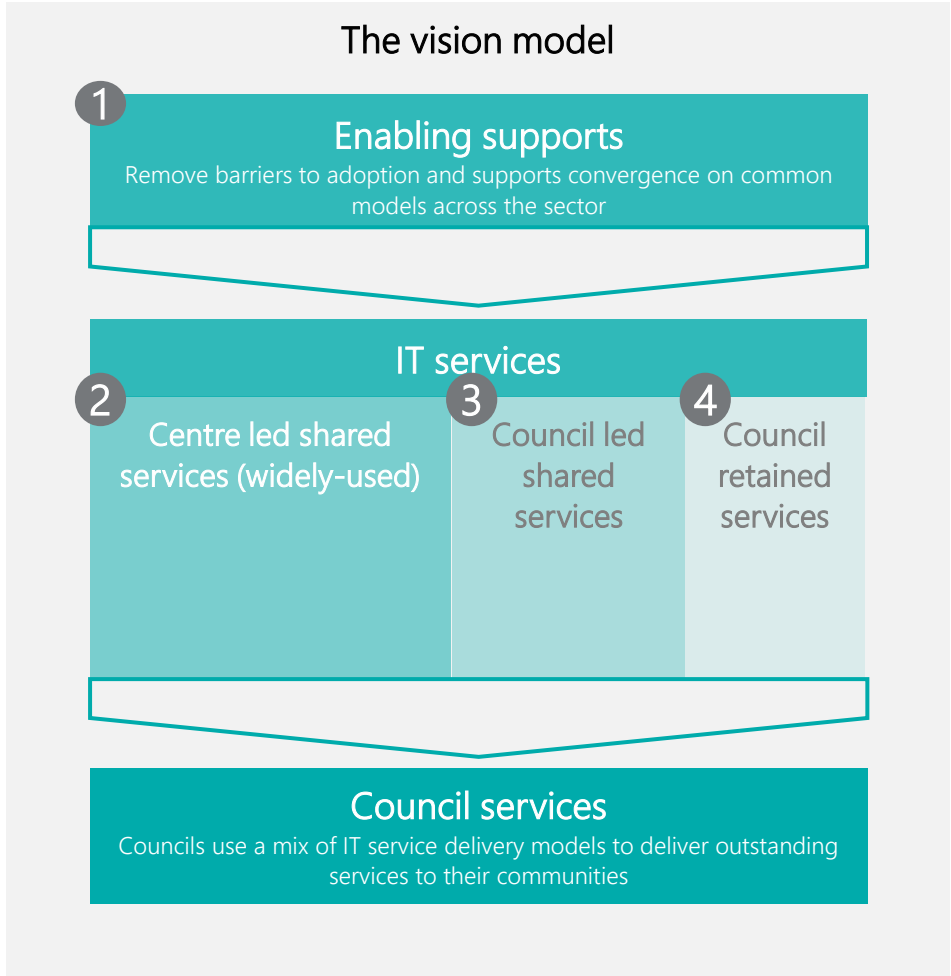
## What are the design principles for this vision?

The following design principles were defined through the CEO forum and interviews, and supported the identification of the preferred model.

- 1 Scalable**  
Systems design allows for growth over time in participants and technologies, as one size does not fit all
- 2 Optional**  
Participants can opt-in to the services over time
- 3 Sustainable**  
There is demonstrated long-term commitment to the delivery of IT shared services in the sector with consideration for investment and ongoing operating funding and resourcing
- 4 Trusted**  
Starting small and gradually proving benefits prior to moving to the next phase to build trust in each other and the system
- 5 Low risk**  
Transition to a new shared service must have acceptable level of implementation risks, this includes being easy to configure and deploy, best practice, and tried and tested technologies

# The vision | The vision model

The preferred IT shared services model is for coordination and knowledge sharing across councils while technology capabilities are available both in-house and through local or centralised shared services



- 1 Enabling supports**  
Councils have a common direction and reference model. They utilise low cost information support to quickly advance their industry knowledge on technical SMEs, processes, programs, systems and training.
- 2 Centre led IT shared services**  
Central led IT capabilities are provided for the majority of council IT services. These are widely utilised, particularly for high-transactional, high-risk services, and deliver consistent, efficient and low risk user experiences. Services are opt-in, tiered and trusted by councils.
- 3 Council led IT shared services**  
Councils will have established, trusted localised partnerships and networks to deliver shared services that may be too complex to be centre led. These shared services are council led and supported by LGV.
- 4 Council retained IT services**  
The majority of councils will retain some IT capabilities to deliver services that are tailored to local need and ensure there are “boots-on-ground” to mitigate system risks.

# Contents

Executive summary	2
Our approach	10
Key insights	14
The vision	19
Achieving the vision	21
Next steps	27
Appendix 1: Case studies	29
Appendix 2: Technology capabilities	34
Appendix 2: Detailed forum insights	36



# Achieving the vision | The role of the State

The State is uniquely positioned within the sector to support accelerated adoption of IT shared services. Without this support, the community and sector benefits associated with IT shared services are likely to remain largely unfulfilled

## How could the State support progress?

### Be the custodian of the vision and IT shared service roadmap

The State Government could develop an IT shared services strategy and roadmap that provides long-term guidance to councils, government agencies, and the private sector as to the State's intended direction. This would allow these parties to plan and make investment decisions with confidence.

### De-risk implementation

There is a desire for any significant investment into IT shared services to include pilot studies and a business case that accounts for the full costs (incl. transition costs) and benefits to councils. This would reduce the implementation risks for councils through providing greater levels of financial certainty.

### Funding and/or resource support

To achieve material benefits across the sector within the short to medium term, councils believe additional financial investment would be required. This could range from providing IT or change management resource support at a local level to building the IT capabilities centrally (for example within cybersecurity) that could then be utilised by local councils.

### Work towards a differentiated approach

For a local council IT shared services model to work effectively for all stakeholders, it would likely require a blend of centralised and decentralised provisions. This would be respectful of local circumstances and established relationships whilst also delivering common solutions for shared IT challenges.

## The importance of State support

During the engagement phase, rural and regional council CEOs emphasised that it has been known for decades by leaders within the sector that there are benefits to be gained by councils from cooperating on IT shared services. Despite this, CEOs broadly acknowledged that the level of maturity and breadth of adoption of IT shared services across the sector was low, and cooperation on shared services was opportunistic rather than systematic.

The failure of the sector to independently and systematically drive adoption over an extended timeframe is suggestive of structural impediments that cannot be overcome without State intervention. One of the impediments to systematic adoption is the need for a leader within the sector to set the vision and ease adoption barriers for the benefit of all councils. Councils have demonstrably found it challenging to take on that role.

In contrast to councils, this is a natural role for the State. The recommended State supports to the left all reflect interventions that the State is more suited to deliver than any individual council on its own.

**Without State support, it can be expected that the ambition for and associated benefits of IT shared services seen within the sector for the last one to two decades will remain largely unfulfilled.**



# Achieving the vision | State Government benefits

There are multiple benefits the State Government can expect to capture through active support for the vision expressed by rural and regional CEOs

## Potential benefits for the State



### A consistent Victorian Government user experience

Centre-led IT shared services, particularly of the customer experience layer of councils' technology architecture, will drive convergence of customer experiences for council service users across the State. Though the Department of Government Services' strategy and priorities are yet to be finalised, this would appear to be highly consistent with the direction being set.

Moreover, there is a notable opportunity to leverage the investment in Service Victoria in the pursuit of this vision.



### State-wide efficiencies

Deloitte estimates Victoria's 79 councils spend approximately \$300m\* per annum on IT services that are suitable for transition to a shared service model. While the majority of this spend is with metropolitan councils, there remains a material efficiency dividend to be captured through investment in rural and regional council IT shared services based.

State Government can expect to at least partially capture this dividend through a reduction in planned support for the sector, and the avoidance of unplanned funding requirements.



### De-risk council operations

To avoid the expense and inconvenience of resolving council failures, the State Government has a vested interest in minimising various forms of risk within local government. IT shared services is expected to support this objective by reducing three risks of primary concern to CEOs:

1. Cybersecurity risk
2. Financial sustainability risk
3. Resourcing risk – *through increased transferability of skills between councils*



### New revenue potential

In the scenario where the State Government invests in and owns centre led shared services, for instance through Service Victoria or a similar entity, the State may seek monetise that investment through commercialisation. This represents a considerable new revenue opportunity for the State.

There is also the potential for the Victorian Government to seek increases to Commonwealth funding in response to a reduced need for financial assistance to councils from the Commonwealth. Specifically, councils can be expected to divert IT savings into infrastructure and other services currently supported through Commonwealth grants.

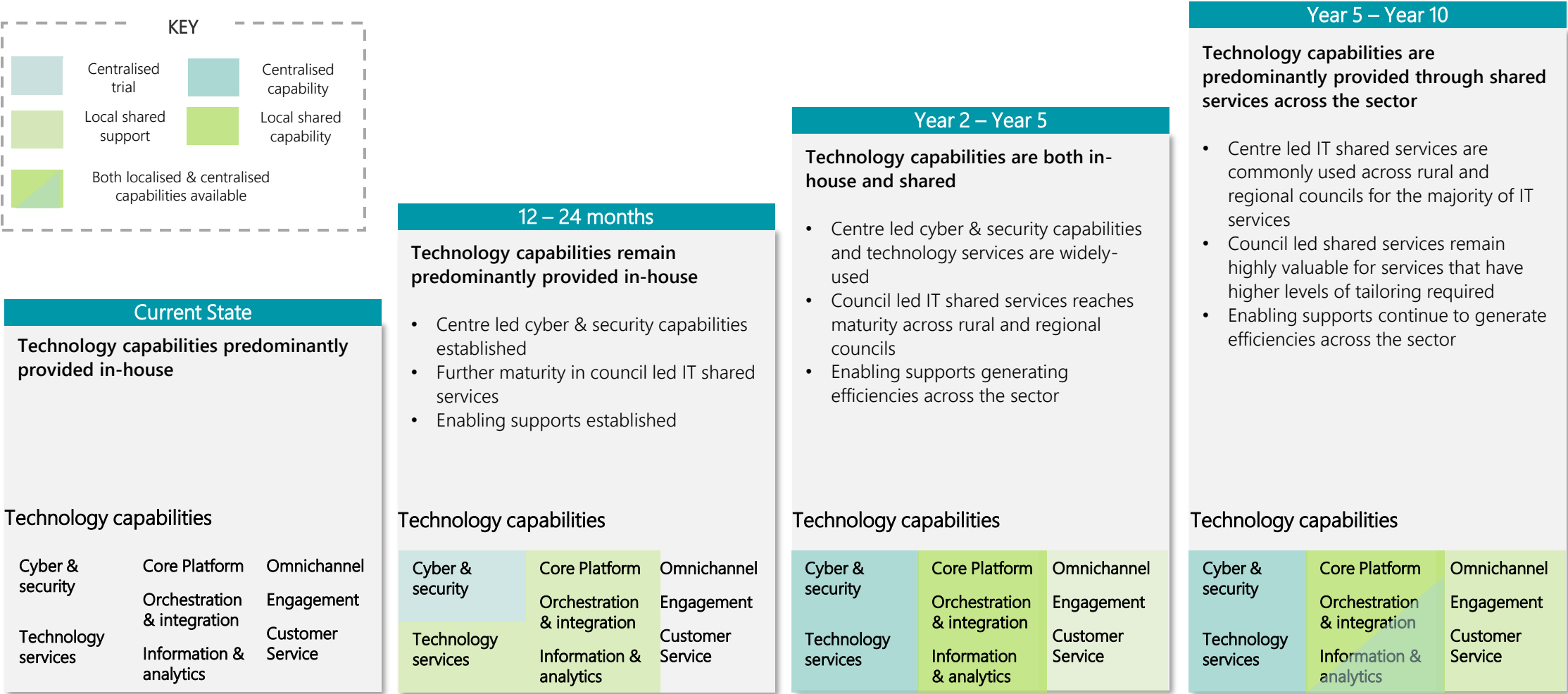
# Achieving the vision I High level road map

The roadmap to delivering on the vision includes a small scale, phased approach to implementing common IT shared services across rural and regional councils

	Horizon 1 12-24 months	Horizon 2 Year 2 – Year 5	Horizon 3 Year 5 – Year 10
	Prove value and connect sector	Reduce risks and increase efficiencies	Consistent customer experience
Description	<i>Deliver small scale initiatives across the three vision features to understand value, reduce sector risks and begin embedding sector-wide change.</i>	<i>Wider rollout of centralised capabilities in cybersecurity across the sector and expand centre led capabilities to include corporate IT functions.</i>	<i>The maturity of the sector has significantly increased and customer experience has notably shifted across the sector</i>
Key milestones	<ul style="list-style-type: none"> <li>Centre led foundational IT services, such as cybersecurity, beginning with pilots before expanding Service Victoria's local council shared services</li> <li>Council led shared services (incl. RCTP participants) are expanding and sharing learnings with the sector</li> <li>Publish an IT shared services strategy including common principles and standards, and deliver centralised small scale knowledge hub and community of practice</li> </ul>	<ul style="list-style-type: none"> <li>Wider rollout of foundational IT capabilities, reducing sector-wide cyber risks, and deliver small scale centre led corporate IT capabilities.</li> <li>Rural and regional councils are expanding their council led IT shared services capabilities for corporate IT capabilities.</li> <li>Wider rollout of knowledge hub across the sector, with councils realising efficiency gains from reduced information barriers.</li> </ul>	<ul style="list-style-type: none"> <li>Centre led corporate IT capabilities are widely available and utilised across the sector at minimal expense to the State</li> <li>Council led foundational and corporate IT shared services are mature and exploring broader opportunities outside of Victorian councils</li> <li>Revised strategy for IT shared services</li> </ul>
Outcomes	<ul style="list-style-type: none"> <li>Identified value and opportunities for broader rollout of foundational IT technologies.</li> <li>Localised uplift in regional IT shared services capabilities and centrally captured knowledge.</li> <li>Clear sector IT shared services direction and identified highest value knowledge sharing services for local councils.</li> </ul>	<ul style="list-style-type: none"> <li>Sector-wide reduction in cybersecurity risks and greater trust in central platform.</li> <li>Wide-scale uplift in regional IT shared services capabilities and centrally leveraged knowledge.</li> <li>Efficiencies being derived from reduced information barriers and greater trust.</li> </ul>	<ul style="list-style-type: none"> <li>Sector-wide efficiencies and uplifts in customer experience realised.</li> <li>Sector reaches digital maturity in its capabilities to efficiently deliver foundational &amp; corporate IT services.</li> <li>Sector is working together towards realising economies of scale benefits, common platforms, and sharing resources beyond IT.</li> </ul>

# Achieving the vision I Road map - Technology view

As trust is build across the system and value is demonstrated, both centre and council led shared services will increase in prevalence throughout the sector (see Appendix 2 for definitions of the technology layers)



A low-angle photograph of children playing with balloons against a clear blue sky. The children's arms and hands are visible, reaching up to hold the strings of yellow and light green balloons. The scene is bright and cheerful, with the sun creating a soft glow in the background.

# Contents

Executive summary	2
Our approach	10
Key insights	14
The vision	19
Achieving the vision	21
Next steps	27
Appendix 1: Case studies	29
Appendix 2: Technology capabilities	34
Appendix 2: Detailed forum insights	36

# Next steps | Where to next

There are a series of tactical next steps that should be taken to provide immediate support to councils, while long-term planning should be undertaken concurrently to prepare for accelerated investment in centralised technology services.

## Tactical next steps

---

The recommendations below serve two purposes.

1. To build on the momentum that has been generated through the RCTP by providing many of the enabling supports that councils have been asking for. This will help councils accelerate their own adoption of IT shared services
2. To facilitate long-term convergence of technology solutions across the sector

Each recommendation is in relative terms, low cost to implement, delivers high impact, and responds to universal demand expressed through the CEO forums.

### **Recommendation 1: Establish a Knowledge Hub**

Develop a centralised, curated “knowledge hub” for councils, containing best practice examples of policy, service catalogue and business process that together form a reference model for local government

### **Recommendation 2 Establish a Community of Practice**

Support the establishment of Community of Practice forums through the knowledge hub

### **Recommendation 3: Facilitate Knowledge Sharing**

Capture and share a view of all current and planned technology capabilities and delivery models of rural and regional councils through the knowledge hub

### **Recommendation 4: Pilot Targeted Services**

Seek opportunities to pilot shared service approaches with selected rural and regional councils, building on State service efficiency initiatives.

## Long-term planning

---

While the vision is clear, there are still important, practical questions about how the vision is realised that need to be explored. These include, for instance:

- Which services should be prioritised for centralisation
- Which councils to work with on service pilots
- The different tiers of service capability that need to be available to meet the needs of councils of different scale; and
- How to price services appropriately through a centralised model, and more.

In addition, further work is required to clarify the role of the State in supporting the vision, and what the impacts are for the State, in terms of financial commitment and risk adoption.

### **Recommendation 5: Develop a roadmap and business case**

- Assess the long-term cost and benefit impacts at a sector level for centre led and council led shared services under multiple scenarios to identify a preferred model to progress towards
- Develop a 10-year roadmap building on the three horizons proposed in this report for realisation of the preferred model
- Develop a detailed business case for investment in the first horizon of the proposed roadmap



# Contents

Executive summary	2
Our approach	10
Key insights	14
The vision	19
Achieving the vision	21
Next steps	27
Appendix 1: Case studies	29
Appendix 2: Technology capabilities	34
Appendix 2: Detailed forum insights	36

# Appendix 1 | Planning reforms



## Planning, Department of Transport and Planning (DTP)

### Problem

Following recommendations made by the Commissioner for Better Regulation and Building Victoria's Recovery Taskforce to reform the planning system, Planning Victoria acknowledged the need to make the planning system clearer, fairer and faster to encourage investment, drive development and create jobs.

### Solution

As part of digital planning reforms, Planning Victoria has delivered common platforms across local councils, accessible via the Planning Portal. This includes the following:

1. Planning Schemes Online – providing online access and a consistent experience to search and navigate all Victorian planning schemes
2. Amendment Tracking System – consolidated planning instruments (ordinance and maps) into central system providing a single source of truth, improve data quality and efficiency for creating and managing planning scheme amendments
3. Planning permit activity reporting

Each of the above systems are used by all 79 councils and undergoing ongoing transformation through current reforms with a heightened focus on improving the user and customer experience to make planning easier for Victorians.

### Impact

The councils have utilised economies of scale to standardise, simplify, and innovate. They have consolidated processes systems and resources, require fewer vendors and contracts. Their analysis suggests this has made material annual reductions to their operating expenses and reduced risk.





# Appendix 1 | IT shared services between local councils

## Victorian Rural Councils

### Problem

Two larger shire councils in close geographic proximity identified common challenges of fiscal sustainability pressures (i.e. costs growing quicker than self generated income), legacy IT systems and regional challenges in recruiting experienced staff for key roles, that were creating increased business and financial risks. Shared services was identified as an opportunity to mitigate some of these challenges as well as improve community service outcomes.

### Solution

The councils established a shared services collaborative agreement that was supported by leadership and endorsed at Councillor level. This agreement included implementing shared corporate functions, systems and people. To date this has led to IT shared foundational services including shared resources, consolidating (shared) data centres and implementing new and upgrading ERP systems that will cater for rates, CRM, names and addresses, planning and finance etc) with separate instances for each council. The next stage is implementing IT shared services for point solution systems such as performance management, training, project management, governance, and risk management.

### Impact

The councils have utilised economies of scale to standardise, simplify, and innovate. They have consolidated processes systems and resources as needed, with fewer vendors and contracts to manage. Their analysis suggests this has made material annual reductions to their operating expenses and reduced risk.



# Appendix 1 | Cyber security for the health sector



## Department of Health

### Problem

Following a series of cyber security incidents with clinical implications within the Victorian health system, key leaders within the Victorian public healthcare network committed to increasing their preparedness and resilience to cybersecurity threats. It was identified that in isolation, network healthcare providers would not have the funding capacity, resourcing or capability to deliver modern, contemporary security solutions, including a Security Operations Centre (SOC) to the increased threat of cyber incident. It was therefore proposed to approach of a whole-of health network solution in partnership with the Department of Health (DH).

### Solution

DH and the healthcare networks implemented three key initiatives to reduce cyber risk and manage cyber responses for health care providers:

- **Shared licensing and purchasing arrangements for security products.** DH sourced security technology on behalf of Victorian hospitals, including firewalls, anti-virus software, security monitoring and email protection.
- **Whole-of health care cyber operating service.** A cyber SOC was established by DH and run by a private entity to ensure 24/7 security monitoring and reduce the likelihood of cyber attacks. DH procured the cyber monitoring services on behalf of all hospitals and Victorian health networks.
- **Virtual CISO service.** A central CISO was created to service the entire network. In the event of a cyber incident this service would respond to manage the hospital response. This includes sending in a team of experts to conduct the immediate triage and assist the health service to maintain operations and deliver with minimal disruption or lasting negative impacts to reputation or clinical care to patients.

### Impact

Victorian public health services are more prepared and resilient to cyber threats. Services can access a SOC and security products and capabilities and are maintain strong cyber security standards at a price-point that is financially sustainable.





# Appendix 1 | Road maintenance contracts for rural councils

Department  
of Transport

## Department of Transport

### Problem

Following the 2019/20 bushfires in the Gippsland region, significant disaster recovery and road maintenance was urgently required for 1,000 kilometres of bushfire affected arterial roads across East Gippsland. Covering multiple Gippsland council shires, works were required to support communities and townships across the state's east and eastern coastal areas including the city of Latrobe; the shires of Bass Coast, Baw, East Gippsland, South Gippsland and Wellington.

### Solution

The Victorian Department of Transport (DoT) developed an Memorandum of Understanding (MAU) with three shires in Gippsland, creating an alliance arrangement that allowed those local councils to access pre-vetted State government contractors. Given the urgent demand for road maintenance in Gippsland, the alliance arrangement was introduced to enable fast procurement for local councils and access to top tier contractors to ensure vital safety and maintenance improvements were completed rapidly and to a high standard. The contracts also allowed councils to maintain autonomy and control over their road networks with contracts tailored to meeting the unique needs of each council's size, standards, natural geography, whilst reducing the administrative burden of contracting and procurement for each council.

### Impact

Access to contractors through the MAU with the DoT has been essential to assist local councils in upgrading key roads across Gippsland as part of the road maintenance blitz. On 12 August 2020 the East Gippsland Shire Council presented a summary of progress towards completion of road repairs. By July 2020, works had been completed on more than half of the affected road segments and all roads had reopened, albeit many with restrictions and reduced speed limits, facilitated by the alliance arrangement with Department of Transport. The shared contracting and procurement collaboration between councils and DoT has presented an opportunity for similar arrangements to occur for BAU council road maintenance.



A low-angle photograph of children's hands and arms reaching up to hold several large, light-colored balloons against a clear blue sky. The balloons are tied with long, thin white strings. The children are wearing bright green and yellow shirts. The overall mood is joyful and hopeful.

# Contents

Executive summary	2
Our approach	10
Key insights	14
The vision	19
Achieving the vision	21
Next steps	27
Appendix 1: Case studies	29
Appendix 2: Technology capabilities	34
Appendix 2: Detailed forum insights	36

# Appendix 2 | Technology capabilities

Of the eight IT layers common to local government, some are seen as appropriate for sector-wide centralisation, others should remain in-house capabilities, and the remaining should be shared either through localised or centralised services

## Foundational IT capabilities

Are fundamental for councils and can increase business risk if capabilities are low, they lend themselves to centre led services

Tier	Description	Examples
Cyber & security	Security management, monitoring, compliance and response	Security governance and compliance, Identity and access management, Logging monitoring and alerting, Network device cloud data and cloud security.
Technology services	Core foundational technology platform for local council utilisation	IT Service Management & Delivery, Strategy and architecture, IT Configuration, IT Governance monitoring and reporting, Device and IT management, Digital workforce, Network and Telecommunications, Cloud, Data Centre Infrastructure, Innovations e.g. AI, Robotics, Emerging Tech,

## Customer facing IT capabilities: In-house

Support the brand, image of the council and directly influence the customer experience, requires tailoring and is more complex to transition to a shared service

Tier	Description	Examples
Omnichannel	Channels for customer communications	In person, Voice and IVR, Physical correspondence, SMS, Chatbots, Customer portal, Email, Web, Customer payment protocols
Engagement	Contact centre and web management	Web content management, Personalisation, Contact centre management, Automating marketing and comms, E-forms, Social media management, Data assist
Customer Service	Customer communications and messaging	Customer relationship management, Audience segmentation and list management, Customer communication management, Campaign management, Payment

## Corporate IT capabilities

Support the corporate and operational running of the business, are commonly across councils with minor variations, lend themselves to council and centre led shared services

Tier	Description	Examples
Core Platform	Corporate and operational platforms and management	Finance, HR, Payroll, Legal, Asset management, Knowledge management, Procurement, Workforce management, Transformation program management, Permit management, Pet registrations, Document and records management, Bookings and infringements management, Property and rates management, Parks management, Waste
Orchestration & integration	Business information process management and rules	Business process management, Business rules engine, Business activity monitoring, API gateway and management, Managed file transfer, Extract transform and load
Information & analytics	Local council data storage and information management	Reporting, Processing, Enterprise data warehouse, Data lake, Data and information management, Visualisation, Business intelligence



A low-angle, upward-looking photograph of several children's hands and arms reaching towards a clear blue sky. They are holding strings of various balloons, including large yellow ones and smaller green ones. The scene is bright and cheerful, suggesting a festive or celebratory occasion.

# Contents

Executive summary	2
Our approach	10
Key insights	14
The vision	19
Achieving the vision	21
Next steps	27
Appendix 1: Case studies	29
Appendix 2: Technology capabilities	34
Appendix 2: Detailed forum insights	36

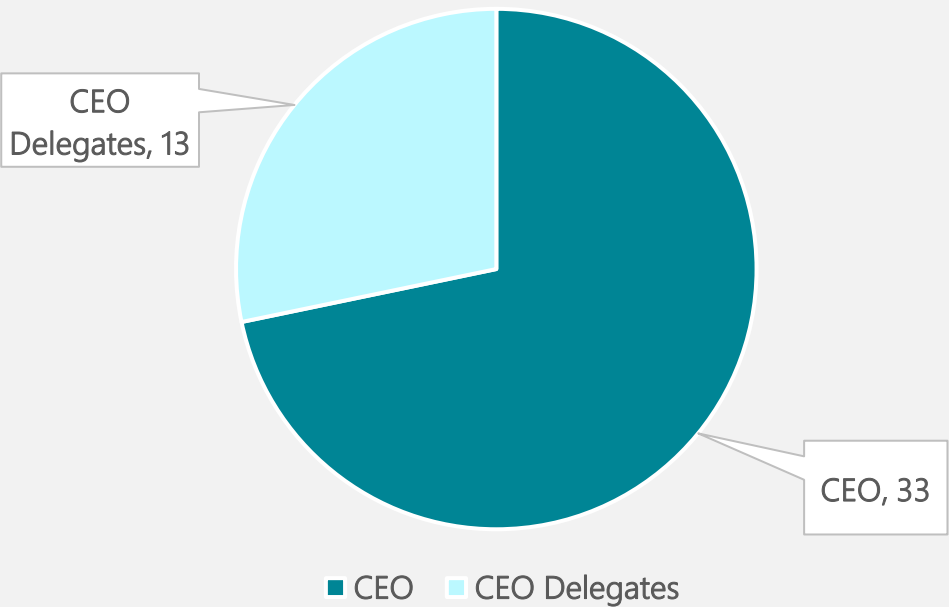


# Appendix 3 | Overview of forum and interview participants

We conducted 12 bespoke forums and four interviews across rural and regional Victoria, with a mix of CEOs and CEO delegates

## Forum and interview participants by category

33 CEOs attended either a group forum, or individual interview, and 13 councils sent a delegate, often a CIO or similar role. Both Moira SC and Bass Coast chose not to be involved in this round of engagement.



CEOs		CEO Delegates
Alpine SC	Loddon SC	Ballarat CC
Ararat RCC	Macedon Ranges SC	East Gippsland SC
Baw SC	Mansfield SC	East Gippsland SC
Benalla RCC	Mitchell SC	Geelong SC
Greater Bendigo CC	Mount Alexander SC	Golden Plains SC
Buloke SC	Murrindindi SC	Greater Shepparton CC
Central Goldfields SC	Pyrenees SC	Mildura RCC
Colac Otway SC	South Gippsland SC	Moorabool SC
Corangamite SC	Southern Grampians SC	Moyne SC
Gannawarra SC	Strathbogie SC	Northern Grampians SC
Glenelg SC	Swan Hill RSC	Borough of Queenscliffe
Hepburn SC	Towong SC	Surf Coast SC
Hindmarsh SC	Wangaratta RCC	Wellington SC
Horsham RCC	Warrnambool CC	Yarriambiack SC
Indigo SC	West Wimmera SC	
Latrobe CC	Wodonga CC	

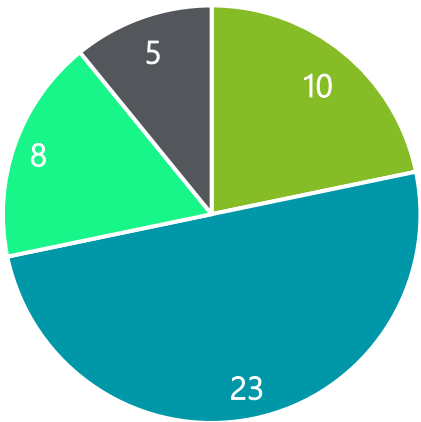
# Appendix 3 | Short-term readiness for shared services acceleration

All 46 councils engaged indicated they would value enabling supports, and 38 indicated they would consider extending their involvement in shared services opportunities over the next 1-2 years.

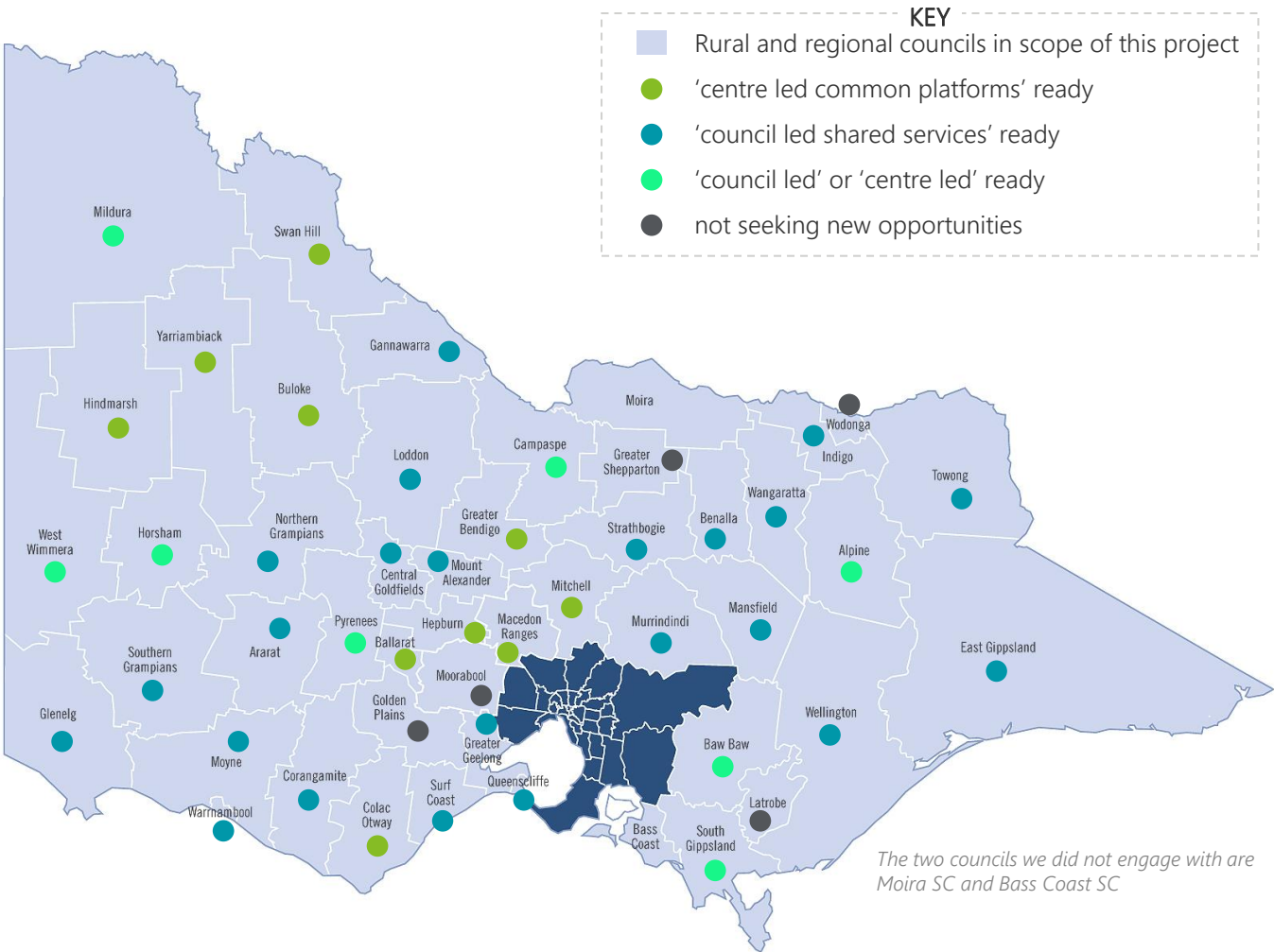
## Council short-term readiness for shared services acceleration

Councils were generally interested in pursuing shared services opportunities within the next 12-24 months. The most commonly expressed desire was to pursue a council led approach, partnering with other councils on the design, development and operationalisation of localised IT shared services.

Many were open to either council led or centre led strategies, often citing areas of cyber security as a key opportunity. .



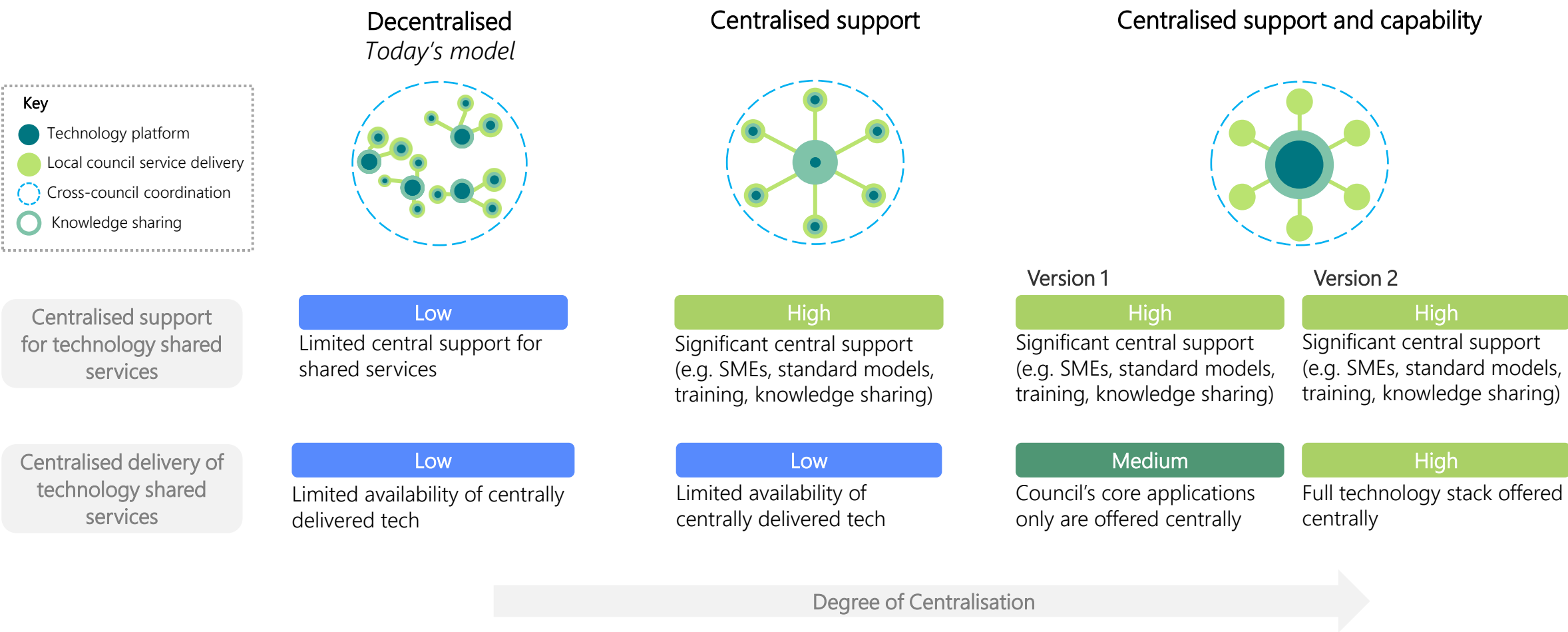
- Centre led
- Council led
- Council led or centre led
- Not seeking new opportunities



# Appendix 3 | Vision models for discussion

We presented the following models in the forums and interviews for feedback on the appropriate model for the sector to be working towards. As a result, the models below are referenced throughout the upcoming forum summary slides

## Vision models presented at the forums



# Appendix 3 | Forum summary

Forum 1 believe the timing is right for investment as COVID has removed virtual barriers, and are advanced on a two council shared services programs

## Forum 1 (Wellington and East Gippsland)



Arthur Skipitaris (GM of Corporate Service) – Wellington  
Peter Cannizzaro (GM of Business Excellence) – East Gippsland

### RCPT feedback

Both were heavily involved in RCTP to date, expressing concern of losing 2.5 years in technology progress due to waiting for other councils to commit, before they eventually pulled out.

Key program challenges identified included:

- CEO inexperience with transformation change resulting in risk aversion
- CEO turnover resulting in shifting priorities
- Council CEOs wanting to control the process and direction
- Staff aversion to change, and councillors concerns around job losses

### Problem definition

- Arthur and Peter agreed with our problem definition
- The key point they would further emphasis was that this type of **change takes a lot of time**, even once several political and cultural issues are resolved, as rural councils simply don't have the capacity to do this quickly as they are juggling BAU delivery or change management capability at the same time
- Have done a business case suggesting they are **delivering 1.5-2% annual savings** on operating budget

### Key Findings

- Both were aligned with **centralised support vision**, seeing that for most councils IT is not their core service delivery or expertise and so should be seeking to "offload it." Suggested all councils do the same things in different ways and **90% could be the same for all councils, and 10% customised**.
- **Neither had a strong view of who the central provider is** but felt this was a big opportunity and this is what they are working towards.
- Both were **working towards an interim vision of a two council shared service system that others could buy-into**. They would then on sell this to a third party to manage. So far they have shared systems for rates, electronic records, and CRM and document management, planning and finance are next. They have a consolidated data centres between their councils to one location.
- Requires **trust and commitment to succeed**. Aligning data and processes is a complex and time consuming process and councils must trust each other enough to make joint decisions and heed control. Commitment is essential as their actions will impact others and delays in committing money and resources are costly to everyone. Mentioned COVID has removed virtual barriers that previously existed.
- **Time as a result of lack of resources/funding is their largest perceived barrier**. Have legacy systems that will need replacing but everyone has different contract lengths and investment/training commitments to certain providers. They don't have change management expertise to do this level of change quickly (e.g. training/upskilling). Suggested this should be sold as a way to reduce grants operating expense.
- **Offered to be "guineapigs"** for the next phase of the RCTP. This is because they have a 2 council shared vision, CEO commitment, are on a path to sharing broader than IT e.g. HR resources, data warehouse. In reality they are after funding/resource support to fast track their joint vision (which is in alignment with ours).



# Appendix 3 | Forum summary

Forum 2 highlighted the need for vision clarity, council autonomy and ongoing commitment to common IT shared services

## Forum 2 (Queenscliffe, Geelong, Moorabool and Golden Plains)



Gihan Kohobange (Manager Finance & Corporate Services) – Queenscliffe  
Anthony Brittain (Chief Information Officer) – Geelong  
Anthony Downie (ICT Manager) and Lynne Gray (Director of Corporate Services) – Golden Plains  
David Jackson (Chief Information Officer) – Moorabool

### RCPT feedback

Gihan was involved in the two RCTP2 projects, citing that the opportunity was fundamental to receiving the capability required to get the ICT project off the ground.

### Problem definition

- All agreed with the problem definition
- Many noted the major concern is regarding **how** the problem would be solved, including funding and the associated model for transitioning to common shared services

### Key Findings

- Many supported the **centralised support model as a long-term aspirational vision**, as long as it is reflective of the fact that councils are at different stages in their ICT transformation and maturity. There was acknowledgement that councils are doing the same work in some instances, however flexibility in the model is essential.
- Some had a strong view that the **councils should be the one to drive the initiative**, as they are best placed to define the differences in the processes that result in varying technology outcomes. Regional based collaboration for common IT shared services was preferred.
- There was some support for a **evidence of a successful model of common IT shared services and strong vision from the State Government** to highlight the benefits to the community and show commitment for long-term change.
- Requires **commitment from councils and State Government to succeed**. It was identified that it is integral to get support from CEOs and senior leaders to ensure buy-in. It was raised that evidence of the customer benefits would assist with building buy-in from councils.
- **A need for vision clarity**. Some councils felt that lack of clarity on the future state vision was a barrier to the commitment required to reach implementation phase, especially in the context of CEO turnover. Regional based, location based collaboration was common and preferred.
- **Funding and resources** required to transition to common IT shared services is a major barrier for councils. Even in larger regional cities, there was an identification that there needs to be strong evidence of benefits to prioritise funding for common IT shared services.

# Appendix 3 | Forum summary

Forum 3 aligned most closely with the centralised support and capability model, but with a “hybrid” mix of local and central IT capability being the most realistic ambition

## Forum 3 (Shepparton, Wodonga and Wangaratta)



Nicole Pretty (ICT Manager) – Shepparton  
Mr Matt Hyde (CEO) – Wodonga  
Mr Brendan McGrath (CEO) – Wangaratta

### RCPT feedback

N/A

### Problem definition

- All agreed with problem definition.
- Matt said “financial sustainability issues are real” however was sceptical of the financial benefits of shared services given his past experiences.

### Key Findings

- **The centralised support and capability model was seen as the appropriate vision.** The centralisation version was seen as the clear long-term vision given several attractive benefits, including efficiency gains, capability uplifts, and better potential community outcomes. The proviso was that it should be a well-managed effort.
- **There was a preference for version 1 given the complexities involved in reaching this vision.** Version 1 (or hybrid as it was referred to) was seen as optimal given a desire to retain some capabilities in-house, to provide peace of mind if things go wrong.
- **There was a preference for the central body to be the private sector.** There was a strong feeling that the State was not best placed to manage the centre and they also don’t want to have to deal with a new entity, so private provider is probably the best.
- **The largest barriers are seen to be trust, control, timing, resourcing and finance.** When it comes closer to becoming a reality people want to control the outcomes and trust issues come to bear. Resourcing is the biggest barrier as all councils are struggling to attract talent. Shepparton was eager for a 10-year vision, as they in the middle of their transition.
- They would like to see next steps including a **business case, pilot and taking advantage of the “no brainers.”** They would want to see a clearly articulated benefit, encouraged the State to start small and demonstrate value to councils and communities. There was large support for a business case, and to find quick wins, show success and then expand.
- **Key technology “no brainers” included emerging tech and cyber.** A centralised secure facility for cyber would be a short-term opportunity as well as data management, chatbots, emerging tech, and transactional processing.

# Appendix 3 | Forum summary

Forum 4 believed that common platforms can be implemented in smaller groupings, and preferred this option over a one-size-fits-all approach

## Forum 4 (Mansfield, Mitchell, Murrindindi, Alpine and Benalla)



Kirsten Alexander (CEO) – Mansfield  
Brett Luxford (CEO) – Mitchell  
Livia Bonazzi (CEO) – Murrindindi  
Will Jeremy (CEO) – Alpine  
Dominic Testoni (CEO) – Benalla

### RCPT feedback

- Dominic indicated that his council is focused on successfully implementing the RCTP2 project over the next 12-24 months, and are eager to see wins in this space.
- Will noted that Alpine is delivering projects with Towong and Indigo, which has been hard work, as councils were at different starting points with different priorities. Will stated the projects have consistently fallen short of the promises, due to access to the right resources, buy-in to make this a priority, and differing priorities between councils.

### Problem definition

- All agreed with the problem definition, but emphasised that while common IT shared services process could be one solution, it will be slow and expensive, so evidence of value add is essential.

### Key Findings

- **The centralised support and capability model was seen as the long-term aspiration**, however councils were concerned about being dictated to with a single, state-wide solution, emphasising their need for choice and ability to customise to local setting.
- A barrier acknowledged by councils was **different maturity levels of councils on different applications**, making collaboration towards common IT shared services challenging.
- Many agreed that this did not just require IT capability, but **capability of the whole organisation, which is challenging for smaller councils who are already stretched and unable to free up resources** to work on transformation projects.
- Evidence of **IT shared services adding value to councils and increasing customer satisfaction** would assist with buy-in from councils.
- There was consensus that a **common commitment from councils is essential to success** of common shalT shared services projects, and building strong, lasting relationships. They highlighted that while existing trust was within regional areas, they were not opposed to work with councils across Victoria in similar stages of their IT journey.
- Most councils agreed that **implementation would only be successful in smaller groupings**, rather than a one-size-fits-all solution.

# Appendix 3 | Forum summary

Evidence of successful common IT shared services and investment in ‘low hanging fruit’ were a priority for forum 5

## Forum 5 (Buloke, Horsham, Hindmarsh, West Wimmera, Northern Grampians and Yarriambiack)



Sunil Bhalla (CEO) - Horsham  
Greg Wood (CEO) – Hindmarsh  
Vaughan Williams (Director of Corporate and Community Services) – Northern Grampians  
David Bezuidenhout (CEO) - West Wimmera  
Tony Caccaviello (Director Business Strategy and Performance) – Yarriambiack  
Wayne O'Toole (CEO) – Buloke

### RCPT feedback

- Some councils expressed they have been on the RCTP journey since 20z18, and have faced setbacks as a result of councils dropping out.
- They highlighted the need for strong council buy-in and belief in the benefits of common IT shared services.

### Problem definition

- All agreed with the problem definition, but emphasised that common IT shared services and the associated change management is costly and can diminish the overall benefit for councils.

### Key Findings

- Councils were onboard with a **central support model**, as long as implementation was in smaller groupings of a maximum of six councils, with councils of the same size and capability.
- Barriers identified included **availability of funding, capability and resources** to implement changes, and **lack of leadership from State government and local government CEOs** to drive the move towards common IT shared services across rural and regional councils.
- The councils also identified the significant change management work required to transition shared services, which can **diminish the end value for the council**.
- Given the financial benefits are not clear, the benefit to the **customer should be clear**, to promote buy-in from councils, as well as **a demonstration of a common platform working** successfully in other areas.
- Councils agreed that ‘low hanging fruit’ opportunities should be prioritised, such as **investment in common cyber security** to demonstrate value to rural and regional councils.

# Appendix 3 | Forum summary

Forum 6 felt that further investment should be made in rural and regional council groupings already moving to common shared services

## Forum 6 (Moyne, Glenelg, Southern Grampians and Warrnambool)



David Rae (Director of Community and Corporate Services) – Moyne  
Andrew Mason (CEO) – Warrnambool  
Paul Phelan (CEO) – Glenelg

### RCPT feedback

- David noted their work under RCTP1 with Corangamite, who they stated is a natural fit with Moyne.
- Some found the process to access funding under RCTP1 to be too cumbersome, especially for smaller councils.
- They noted that while LGV are an important funding provider, it is important not to bureaucratise and red tape the funding to the degree that it becomes a barrier to access funding.

### Problem definition

- Agreed that many councils are facing the same challenges, especially meeting escalating demand of digital services from their communities.

### Key Findings

- While there was support for a **central support model**, many councils expressed concerns over a mandated, one-size-fits-all approach to shared services.
- There was strong view that **regional councils are already working towards common shared services**, and this should be the priority for further investment.
- Some councils expressed concerns regarding **risks to councils of using IT shared services mandated by the State** due to their previous experience.
- The preference was for a rural led approach as it allows councils to **leverage pre-existing relationships** to encourage buy-in from councillors, **maintains autonomy** from State government, encourages **local innovation**, and reflects the **varying maturity of councils**.
- Councils identified **the successful implementation of RCTP projects as an acceleration opportunity**, to show pilots and then scale to other rural and regional councils.
- They viewed **pilots as essential**, given many councils do not yet see the benefit associated with common IT shared services, given the cost and resourcing required to transition to new systems.



# Appendix 3 | Forum summary

Forum 7 shared the view that uneven power dynamics amongst councils have made previous efforts to move to common shared services challenging

## Forum 7 (Swan Hill, Mildura, Indigo and Gannawarra)



Scott Barber (CEO) – Swan Hill  
Ryan Ellis (Manager, Information Services) – Mildura  
Trevor Ierino (CEO) – Indigo  
Geoff Rollinson (CEO) – Gannawarra

### RCPT feedback

- N/A

### Problem definition

- Agreed with the challenges identified, especially increased regulatory and corporate expectations and cyber risk.

### Key Findings

- There was positivity towards the **central support and capability model for common shared services**, but acknowledging that the transition should be overtime and phased, and acknowledge that many councils can't afford advanced systems.
- A major issue progressing common shared services with other councils is the varying size and scale of councils, leading to in **uneven power dynamics**.
- Some councillors are worried about **job loss** as a result of common shared services.
- Councils noted there is a **distrust of State government** due to perceived 'failures' in the shared services space.
- They highlighted the need to get **runs on the board to gain trust** from rural and regional councils, starting with smaller initiatives to prove success before expanding into a larger scale project.

# Appendix 3 | Forum summary

Forum 8 shared a high appetite and support for the transition to common shared services

## Forum 8 (Hepburn and Pyrenees)



Jim Nolan (CEO) – Pyrenees  
Bradley Thomas (CEO) – Hepburn

### RCPT feedback

- Bradley and Jim noted that the largest challenge in RCTP1 was having too many councils to gain consensus and fast track implementation.
- Jim also noted that compromise by councils within the grouping was essential to moving forward.

### Problem definition

- Agreed with the challenges listed, but noted that as a small council the largest concern is financial sustainability.

### Key Findings

- Councils were onboard with the **central support and capability model**, but did not want to go too extreme, **preferring the option for councils tap into and use** centrally provided programs where needed.
- They noted that maintaining opportunities for smaller councils to collaborate around systems that work for specific activities, at a smaller level, is still important.
- From a central support perspective, they acknowledged advantages to having a **pool of resources at a regional level** that can service councils within that region, such as technology expertise and staff.
- Both councils supported opportunities to get efficiencies using technology, but were mindful that some of the systems and technology introduced can require a lot of **effort, training, change management that consumes resources**, for not a lot of clear benefit.
- They noted that **cost-effective solutions, without the ‘bells and whistles’** was most important to ensure high volume of work is done more efficiency.
- There was a shared excitement for **centralised opportunities** through Service Vic and State driven technology.

# Appendix 3 | Forum summary

Forum 9 had a moderate appetite for common shared services, but would prefer to work in smaller groupings of like-minded councils.

## Forum 9 (Colac, Corangamite, Ararat, Surf Coast and Towong)



Damian Waight  
(Acting GM Strategy & Effectiveness) – Surf Coast  
Michael Tudball (CEO) – Corangamite  
Tim Harrison (CEO) – Ararat  
Anne Howard (CEO) – Colac Otway Shire

### RCPT feedback

- Colac Otway noted that they do not want to work with larger councils, but would prefer to work with smaller councils facing similar challenges.
- Ararat noted that ‘organic’ opportunities with like-minded councils was important, and felt this was missing the RCTP1 project with Ballarat.

### Problem definition

- Councils agreed with the problem definition.

### Key Findings

- While there was support for a **central support model**, there was also a belief that some elements of shared services should remain **decentralised**.
- Lack of expertise, resources and funding were acknowledged as **key barriers to implementing changes to shared services**.
- There was support for centralised provision in the **cyber risk and security space**.
- Most councils are already working with other councils to advance common IT shared services, and would **prefer to continue working with a small group of councils**.
- While some councils noted they generally work with councils in their region, there was **support for working alongside councils in different regions**, on a similar transformation journey or facing the same challenges.
- A clearer perspective on the **benefit to the end customer and community** would help increase buy-in from councils, helping CEOs to show more hesitant councillors the benefit of common IT shared services.

# Appendix 3 | Forum summary

Forum 10 believed a mixed model was most achievable within the next ten years, that this should be achieved through leveraging small scale established relationships to fast track progress and complement with a cyber capability rollout

## Forum 10 (Bendigo, Central Goldfields, Macedon Ranges, Mount Alexander)



Lucy Roffey (CEO) – Central Goldfields  
Bernie O'Sullivan (CEO) – Macedon Ranges  
Darren Fuzzard (CEO) – Mount Alexander  
Mr Craig Niemann (CEO) – Bendigo

### RCPT feedback

- Some councils like often too much was bitten off.
- There were either too many councils doing the shared service or it was too difficult as technology and transition costs are not included.

### Problem definition

- Agree with problem definition and wanted to highlight that the lack of capability isn't simply with IT staff it is also general staff with using tech, therefore training and learning capability is a significant challenge. Also yes the community expects to be able to access and make payments to rego rates and make bookings 24/7 however they also want to retain face to face and letter communications.

### Key Findings

- **Agreed with the vision.** They agreed that the far right state would be the ideal model but this is well into the future (i.e. beyond ten years). Indicated a preference for mixed model but all agreed that we should be working towards the right but that it wont suit everyone to do all services.
- **Information.** They indicated they don't have the time to invest in identifying what they should be doing and what is best practice so greater information sharing would be ideal, this includes what other councils are doing in IT shared services and sharing success stories of how this was achieved and financial and community benefits.
- **MyGov.** They indicated that ideally there would be a platform that is accessible to the community like MyGov, which had different services on it, was accessible 24/7, and could look up which bin was being collected, when pet rego was due, when they could book a public space for example. This would reduce customer frustration with local councils but they are a long way off.
- **Trust.** They emphasised the key thing is that they don't trust that inroads can be made to the end model very quickly so focus on incremental steps, consolidating and demonstrating value, and supporting small scale local momentum. Trust is both in other councils withdrawing commitment and in the financial benefits of results.
- **Finance.** Discussed that IT has moved from capital assets to operating expenses with licencing being a big challenge so the shared services model would need to provide lower sustainable operating costs. Resources who manage these transformations are doing so with BAU and therefore resourcing support is required to do change quickly.
- **Cyber.** All were supportive of cyber support, and quickly. They suggested they were uncomfortably exposed and actively seeking to increase cyber resilience but can only get so far without additional support and all (but one that had deep cyber capability) would appreciate a central party take on this risk for them.



# Appendix 3 | Forum summary

Forum 11 felt that a clearer sense of the benefits of common IT shared services is essential to ongoing CEO buy-in required for effective common IT shared services initiatives

## Forum 11 (Latrobe and South Gippsland)



Kerryn Ellis (CEO) – South Gippsland  
Steven Piasente (CEO) – Latrobe  
Nathan Kearsley (CM of Organisational Performance)  
– Latrobe

### RCPT feedback

- Latrobe was not involved in previous funding rounds of RCTP.
- South Gippsland was involved in Round 1 Gippsland Shared Services Program that was discontinued.

### Problem definition

- Agreed with the problem definition and noted challenges gaining momentum and buy-in from councillors.

### Key Findings

- Both councils showed support for **State Government and were supportive of a central support and capability model**, so long as their was input from rural and regional councils and is over a long-term period.
- They noted that barriers to accelerating common IT shared services included **CEO turnover, a lack of clear vision and roadmap** and a **lack of clarity on the benefits and value of** transitioning IT.
- While it was mentioned that many of the services councils do (from an IT perspective) is similar, they emphasised that councils are on **different stages of their IT journeys**.
- Latrobe would prefer to see **return on investment** they have already made, therefore would require an **‘opt-in’ and long-term timeline** to transitioning to common IT shared services.
- They both supported **cyber security** as an opportunity to provide centrally, and a way to show **how councils can get better outcomes** through this support.

# Appendix 3 | Forum summary

Forum 12 showed strong support for a knowledge hub to promote greater sharing between councils and were eager to reduce duplication of effort

## Forum 12 (Campaspe and Loddon)



Lincoln Fitzgerald (CEO) – Loddon  
Matthew McPherson (CIO) – Campaspe

### RCPT feedback

- Loddon was involved in Round 1 of RCTP, whereas Campaspe was involved in Round 2.

### Problem definition

- Agreed with the problem definition, and noted that cyber security is a significant issue for both councils.

### Key Findings

- There was support for a phased approach to centralisation, **first implementing a centralised support model to see success**, before moving to a fully central model.
- They agreed that there should be **increased sharing amongst councils**, especially for standard reports, policies and procures.
- They were highly supportive of a **knowledge hub** to promote sharing and build relationships with other councils.
- They noted that councils could share many services, including email, websites, cyber security, DocuSign, Genesis Cloud, asset management, however **acknowledge the risk and cost of changing platforms** can be significant.
- Would be **eager to understand the efficiencies of scale and benefits** that could be gained by moving to common IT shared services.

# Appendix 3 | Forum summary

While Southern Grampians was hesitant about large investments in common IT shared services, Strathbogie was highly supportive of the transition

## Individual CEO interviews



Tony Doyle (CEO) – Southern Grampians

### Key Findings

- Felt that IT shared services were the least of their problems, with rate-capping pressures and skills shortages within the region being their key challenges.
- There was hesitancy to make a large investment in transitioning to common IT shared services, as Tony did not view it as a way to solve the challenges.
- Tony did agree that **cyber security** was a key challenge for their council.
- Currently working with Northern Grampians and Borough of Queenscliffe, but argued that this approach should be used on a larger scale to get better efficiencies through involving 5-7 councils in total.
- Tony supported **version 1 of the central support and capability model**, over the next 5 years, but would like to see the State build trust with rural and regional councils overtime.



Julie Salomon (CEO) - Strathbogie

### Key Findings

- Strathbogie had a high appetite for common IT shared services, acknowledging that as a small rural council, a full **central support and capability model** would be best for them given their size.
- Julie is already working with Mansfield and Benalla, but noted that **CEO turnover and commitment** stalled progress, and was a key barrier to implementation.
- There was a strong belief that **rigorous governance models** could be provided by a central body, to help with successful implementation of rural and regional based initiatives.
- For the next 12-24 months, Strathbogie would like to see support in providing **frameworks for councils**, to help strengthen **pre-existing projects**.

# Appendix 3 | Forum summary

Baw Baw noted opportunities for a shared SOC, and Ballarat was interested in being involved in a proof of concept or pilot study in the next 1-2 years

## Individual CEO interviews



Martin Hopley (Director Governance and Information Services) – Baw Baw

### Key Findings

- Martin acknowledged that common IT shared services are a **good opportunity to pursue in theory**, but believed there will be significant challenges and pain along the way.
- He supported **version 1 of centralised support and capability model** but believes this will require a large push in the sector.
- Martin believes that **there is a lack of trust inState Government**, and that this political overlay needs to be considered when determining the future vision.
- Baw Baw also noted that there are opportunities to have a **common SOC** to support all rural and regional councils in reducing cyber risk.



Evan King (CEO) – Ballarat

### Key Findings

- Evan agreed with the problem statement, noting that Ballarat is experiencing significant **issues in attraction and retention of staff and capability**.
- He believes this highlights how important common IT shared services are, and as a result he is **excited by this opportunity**.
- Evan noted the implementation must be done well, and the **transition plan should be gradual** given the conservative nature of local government.
- While he knows there will be economies of scale in the long-term from common IT shared services, in the short-term he highlighted the need for ‘early adopters’ for a **proof of concept, to demonstrate benefits to the industry**.
- Ballarat noted they have an ‘immature IT infrastructure’ and would be very **interested in being involved in a pilot study**.