Deloitte.

VICTORIA State Government | Jobs, Precincts and Regions

RCTP2 IT Implementation Strategy for Shared Services

December 2022

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Executive Summary

Technology shared services are increasingly seen as critical by rural councils and the Victorian Government to meet evolving community needs, manage costs and modernise the technology landscape of the local government sector.

The Victorian Government established the Rural Council Transformation Program to facilitate increased adoption of technology shared services. Under this program, the RCTP2 IT Implementation Strategy for Shared Services has been developed by Deloitte for Local Government Victoria to support the 25 RCTP Round 2 (RCTP2) funded councils on their journey to implement technology shared services. Its development follows engagement with the RCTP2 councils, and it aims to address common questions and challenges they are facing.

While the RCTP2 IT Implementation Strategy for Shared Services has been developed specifically to support the 25 RCTP2 councils, the guidance in this document may be applied by all councils interested in implementing a technology shared service.

The guidance provided in RCTP2 IT Implementation Strategy for Shared Services covers the six strategic dimensions for an IT implementation project

Community and Council Need

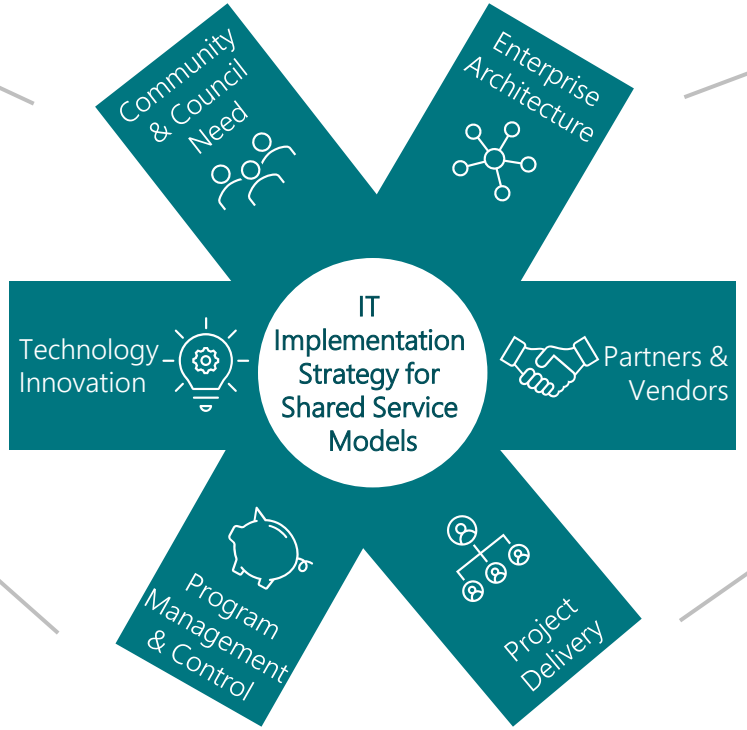
- A summary of the need to invest in technology shared services
- Shared service design principles and practical implications
- Framing the business case for shared service investment

Technology Innovation

- Continuous improvement in a shared service model

Project Management & Governance

- An appropriate governance structure for implementation
- Supporting governance forums
- Costs and benefits management approach
- Typical measures of success for a program



Enterprise Architecture

- Reference business capability model
- Conceptual architecture for councils
- Cloud adoption guidance
- Benefits of common data structures
- Integration solution options overview
- Customer experience design guidance
- Security design considerations

Partners & Vendors

- Sourcing spend management strategies
- Joint vendor management function design

Project Delivery

- A program delivery lifecycle and stage gates
- Typical roles and talent acquisition guidance
- Considerations for business process redesign
- Approach to change management

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Background

The Victorian Government is supporting rural councils to improve community outcomes through the Rural Council Transformation Program, which is funding projects to implement technology shared services.

Local government in Victoria is increasingly looking to shared service solutions to improve community outcomes.

- Digital Victoria, Service Victoria and the Department of Environment, Land, Water and Planning have set aspirations that encourage adoption of shared services across rural councils.
- Per the aims of the RCTP program, shared services are expected to demonstrate efficiencies and facilitate benefits for rural communities.

While there are exceptions, individual councils are responsible for mobilising resources to implement shared services themselves, which is inefficient and creates a barrier to change.

- This approach creates duplication of efforts across council groupings, despite there being significant commonality of implementation journeys
- Rural councils have expressed difficulty finding dedicated resources and capabilities to execute on digital uplift.

Round 2 of the Rural Councils Transformation Program (RCTP) is designed to help 25 rural councils meet this challenge through supporting initiatives that enable technology shared services.

- The Victorian Government has identified an opportunity to support councils by utilising Digital Victoria Strategy guidelines for State Departments and agencies, providing funding for dedicated resources and connecting councils with similar ambitions.

In Round 2 of the RCTP, the Victorian Government is providing…

$6.9M
Funding from LGV

to **25**
Councils across 10 project groups

by **June 2024**
Deadline to deliver projects

How to Use the RCTP2 IT Implementation Strategy for Shared Services

This document provides guidance relevant to Victorian rural councils seeking to implement a technology shared services solution. Councils are encouraged to use their discretion about when it is appropriate to apply this guidance and when to deviate.

The RCTP2 IT Implementation Strategy for Shared Services will…

Present a common framework

…for rural councils to select and implement new technology that supports shared services.

Provide a reference architecture

… that can be leveraged to meet funding agreement obligations and serve as guidance that can be used throughout their shared services implementation project now and in the future

….supporting IT implementation decisions that lead to better, fairer, more accessible services and a digital-ready public sector.

Support the aims of the RCTP

Improve the financial sustainability of rural councils by achieving economies of scale, e.g. regional service delivery or collaborative procurement

Promote more efficient and improved service delivery through collaboration and innovation

Prioritise benefits for rural communities, and demonstrate potential efficiencies to be gained through regional service delivery.

The **RCTP2 IT Implementation Strategy for Shared Services** takes inspiration from State and Local Government sector strategies, and provides guidance and reference materials for rural councils to consider as they embark on a shared service implementation journey…

Victorian Government
aspirations and direction

Rural Councils'
lessons learned

RCTP2 IT Implementation Strategy for Shared Services

This document provides an **approach to shared services implementation** that draws from Victorian Government aspirations and direction, as well as lessons learned from local councils.

While it has been designed with RCTP2 councils in mind, the reference materials and guidance described in this document can be leveraged by all councils that have decided to pursue technology shared services, **at their discretion**.

Note, the RCTP2 IT Implementation Strategy for Shared Services is designed to cater for a range of shared service implementations, from small and simple through to large and complex.

In some cases, the guidance provided is more relevant to large, complex implementations. Where this is the case, the content has been coloured yellow as shown here.

Case studies that demonstrate successful or noteworthy shared services implementations in the sector and globally have also been provided to offer more tangible experience and lessons learned for council consideration.

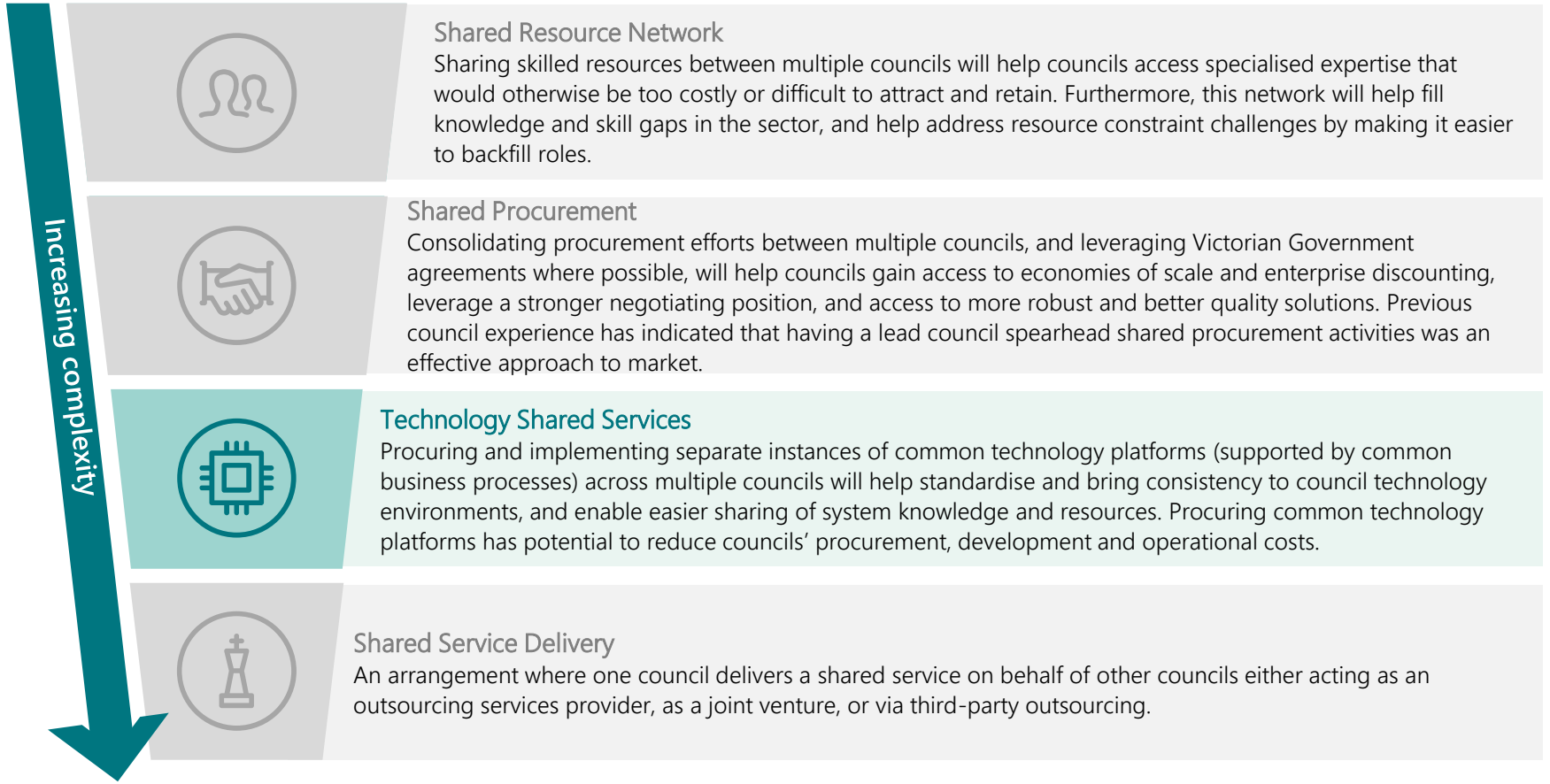
Defining Technology Shared Services

The document is oriented towards technology shared services, which is just one of four types of shared services that can benefit rural councils.

In the context of this document, shared services are considered any **structured collaboration on key business activities that enables participating councils to gain a benefit** that it would otherwise be unable to achieve on its own. That collaboration may be on something as simple as the sharing of resourcing (*top row*) or the creation of a joint venture between multiple councils to deliver contact centre services (*bottom row*).

This document is focussed on providing guidance to councils seeking to establish common technology services

Consultation with council stakeholders indicated that the following four types of shared services would be most relevant in the rural council setting:



Source: Deloitte analysis; Gartner

IT Strategic Dimensions

The reference material has been divided into the six strategic dimensions of an IT implementation project, each of which are critical for rural councils delivering a shared service model.

Note, the main body of this document is divided into these strategic dimensions and can be **navigated using the breadcrumbs in the top right corner**.

Community and Council Need

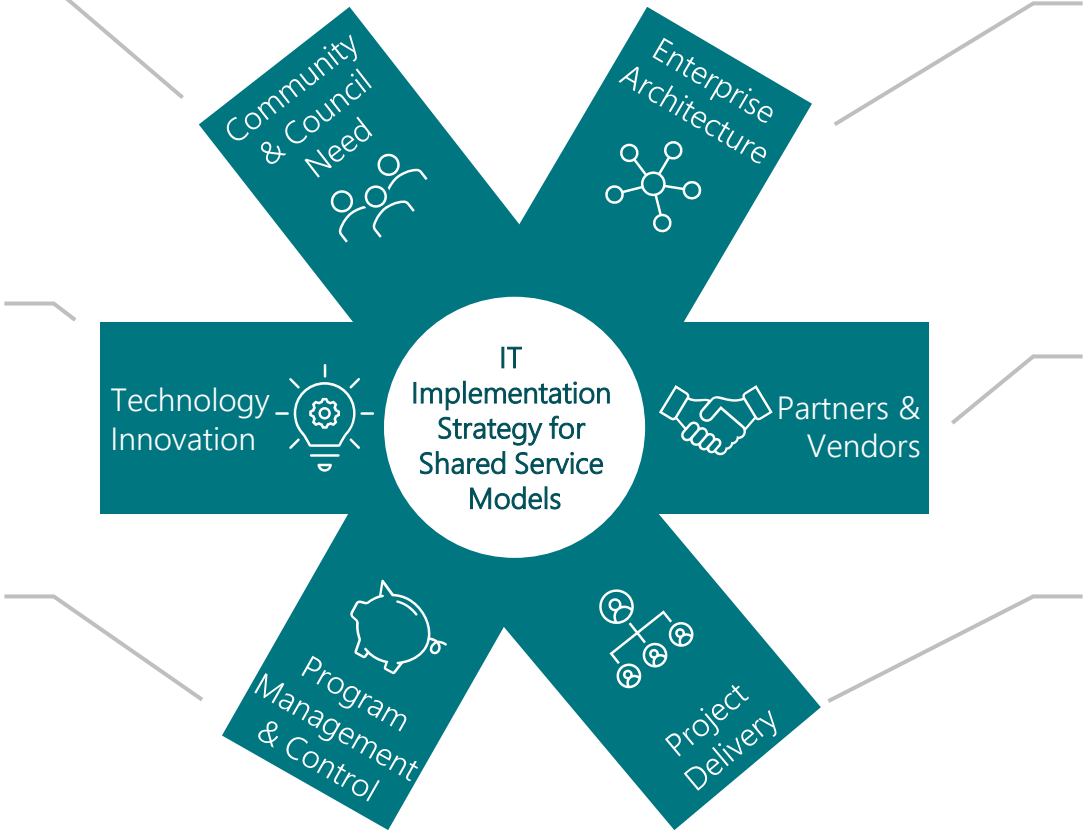
Identifies council aspirations that align with the responsibility they have to make business decisions for their community. It defines the IT mission, values, goals and strategic IT direction, and how shared services can help. Articulation of the business case, relating to the implementation of shared services.

Technology Innovation

Retention of competitive edge, high citizen sentiment and council reputation is a consequence of innovation across councils. This dimension identifies how shared services can bring continuous improvement of technology across a network to meet a shared vision.

Project Management & Governance

The dimension is a guidance towards the management of governance, benefits, costs and measures of success between and within councils when implementing shared services.



Enterprise Architecture

The structure and integration of IT technology components in support of the council, for both shared and non-shared services, based on a standard level of maturity gauged from council engagement. This considers multiple layered representations: business capability, architecture, integration, information & analytics, technical infrastructure, customer experience and security.

Partners & Vendors

Exploring how council IT can leverage its relationships with partners and vendors to deliver the IT vision(s) in addition to ongoing vendor management.

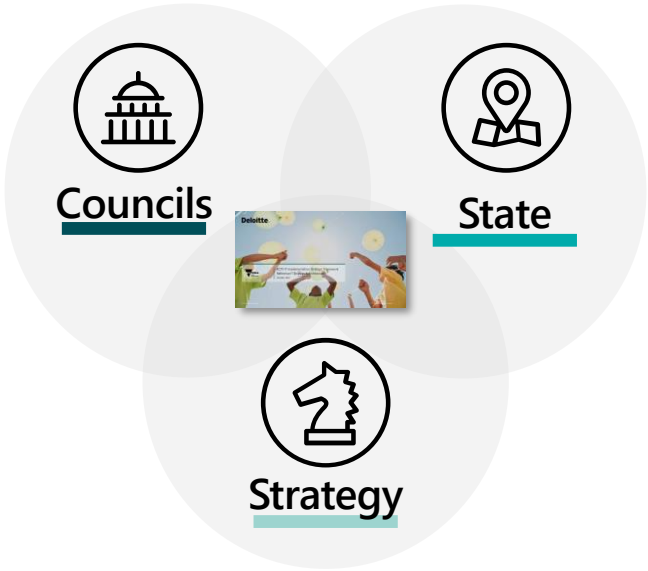
Project Delivery

This section aims to set up councils, structurally and process-wise, to deliver shared services. This includes the lifecycle and implementation of shared service initiatives, examining what people are required to deliver on the vision and assisting them to do so through processes and change management.

Source: Deloitte analysis

Sources of Insight

Guidance is based on the Victorian Digital Strategy 2021-2026, and is informed by engagement with the 25 councils receiving RCTP2 funding as well as the Victorian Government departments working closely with councils.



Strategy

The Digital Victoria Strategy is referenced throughout the document, as depicted on the left-hand side of each section.

The strategy has been referenced as a foundation for further application to a local government context.

State

Three government departments were engaged to understand their broader plans for the local government sector. These departments were:

- **Digital Victoria** – Enterprise Architecture (delivering Vic Gov solutions)
- **Service Victoria** – Licensing & Permits (current focus on business CX)
- **DELWP** – Planning (information portal under development)

Digital Vic

SERVICE State Government

VICTORIA State Government | Environment, Land, Water and Planning

Councils

25 councils were engaged on the basis of their participation in RCTP2 in exploration and finalisation workshops to:

- **Review current state** landscape (architecture, processes, business context, etc)
- Identify **improvement opportunities**
- **Co-design** reference strategy and architecture

Contents

Case for Technology Investment

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [x] **Service Victoria**

DIRECTION

Increasing costs to serve, increasing customer expectations of digital services and geographic-influenced access to resources are factors driving the Victorian Government to identify opportunities for councils to align digital capabilities through shared services.

The Digital Victoria Strategy indicates that the Victorian Government and local councils share a common ambition to best serve their communities.

Consistent with the Digital Victoria Strategy, Service Victoria is implementing a form of centralised shared service available to Victorian councils. Designed as an opt-in model, Service Victoria is seeking to create an attractive digital front-end for business transactions. Customer transactions are also being considered for its roadmap.

There is a growing imperative for investment in technology capabilities in local government in order to deliver enhanced community outcomes and meet business challenges

There are four primary drivers for council investment in technology shared services, and more generally technology capabilities at councils.

FINANCIAL PRESSURES IN TECHNOLOGY

- Rate-capping impact on revenue
- Challenging to make the case for investment in technology
- High cost of legacy platforms
- Missed opportunities for technology-enabled process efficiencies

INCREASINGLY DIGITAL WORLD

- Customer expectations increase as cross-sector digital experiences are evolving
- More and more services delivered digitally
- Attracting and retaining talent that expects modern working environments to attract talent
- Need for technology specialists is growing

CUSTOMER DEMAND FOR INNOVATION

- Proliferation of Smart City services - which customers increasingly expect
- Need for capabilities to support IoT devices
- Methods to handle increasing amounts of data

CYBER SECURITY THREATS

- Contemporaneous attacks
- Audit failures amongst councils
- Increased focus from the Victorian Government and community members

Source: Existing RCTP2 Project Group council IT strategies, Council stakeholder consultation, Deloitte analysis

Vision, Mission & Goals

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

The Digital Victoria Strategy sets the vision for creating a digital, thriving Victoria, with three facets:

- Making life and business easy for all
- Future-ready and centred on individuals, communities and businesses
- Creating a connected, safe, inclusive Victoria

Three high-level outcomes to achieve and common platforms as a primary mechanism for achieving those outcomes are also set out.

Community & Council Need

Technology shared services have the potential to accelerate community and council benefits in response to the four pressures increasingly facing Victorian councils.

The Digital Victoria Strategy sets a vision for making life and business easy for all, providing products and services that are future-ready and centred on individuals, communities and businesses, and creating a connected, safe, inclusive Victoria.

As mentioned on the previous slide, rural councils are facing four primary challenges:

GROWING COST OF TECHNOLOGY	INCREASINGLY DIGITAL WORLD	CUSTOMER DEMAND FOR INNOVATION	CYBER SECURITY THREATS

Technology shared services can help respond to these pressures:

• Lower IT operating costs • Lower council operating costs	• Improve quality of CX • Improve responsiveness to community	• Enable smart city solutions, tailored to the needs of council	• Focussing more resources towards combatting threats, together

Councils should consider incorporating the implementation of technology shared services into their IT strategies to address these pressures, and algin with Victorian Government ambitions.

Source: Deloitte analysis

Design Principles

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

Digital Victoria's eight design principles are designed to inform department and agency focus for digital transformation efforts.

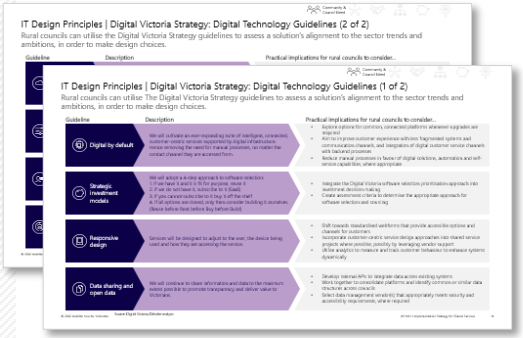
The guidelines that evolve out of the principles help the same stakeholders make more granular, targeted decisions to inform their digital service offerings and mitigate against associated risks.

Defining a set of standards across the state is designed to build the foundations for departments and agencies to align on prioritising and building good practice digital plans.

This alignment in priorities paves the way for opportunity to implement these plans together through shared services.

Digital Victoria's vision-driven design principles outline the elements that rural councils should consider as they design, build or transform products, services and experiences; informing eight tangible digital technology guidelines to support decision making.

Focus on the customer	Orient around the most important needs of the people we are serving.
Progress over perfection	Change how we work by showing value early and often.
Solve the right problem	Focus our effort on the right challenges through evidence and insights.
Trusted by design	Secure, safe and well governed.
Make it simple	Reimagine and transform to reduce complexity.
Connect and partner	Engage with the broader Victorian community.
Build on the standard	Make choices that create scalable digital solutions – cloud-first.
Innovate with purpose	Drive outcomes that are faster, lower risk and more cost effective.



The next two slides translate these principles into tangible guidelines, for local councils, that prioritise initiatives that contribute to addressing the three Digital Victoria outcomes.

IT Design Principles | Digital Victoria Strategy: Digital Technology Guidelines (1 of 2)

Rural councils can utilise The Digital Victoria Strategy guidelines to assess a solution's alignment to the sector trends and ambitions, in order to make design choices.

Guideline	Description	Practical implications for rural councils to consider...
Digital by default	We will cultivate an ever-expanding suite of intelligent, connected, customer-centric services supported by digital infrastructure. Hence removing the need for manual processes, no matter the contact channel they are accessed from.	• Explore options for common, connected platforms whenever upgrades are required • Aim to improve customer experience with less fragmented systems and communication channels, and integration of digital customer service channels with backend processes • Reduce manual processes in favour of digital solutions, automation and self-service capabilities, where appropriate
Strategic investment models	We will adopt a 4-step approach to software selection: 1. If we have it and it is fit for purpose, reuse it 2. If we do not have it, subscribe to it (SaaS) 3. If you cannot subscribe to it buy it off the shelf 4. If all options are closed, only then consider building it ourselves. (Reuse before Rent before Buy before Build)	• Integrate the Digital Victoria software selection prioritisation approach into investment decision making • Create assessment criteria to determine the appropriate approach for software selection and sourcing
Responsive design	Services will be designed to adjust to the user, the device being used and how they are accessing the service.	• Shift towards standardised webforms that provide accessible options and channels for customers • Incorporate customer-centric service design approaches into shared service projects where possible, possibly by leveraging vendor support • Utilise analytics to measure and track customer behaviour to enhance systems dynamically
Data sharing and open data	We will continue to share information and data to the maximum extent possible to promote transparency and deliver value to Victorians.	• Develop internal APIs to integrate data across existing systems • Work together to consolidate platforms and identify common or similar data structures across councils • Select data management vendor(s) that appropriately meets security and accessibility requirements, where required

Source: Digital Victoria, Deloitte analysis

IT Design Principles | Digital Victoria Strategy: Digital Technology Guidelines (2 of 2)

Rural councils can utilise the Digital Victoria Strategy guidelines to assess a solution's alignment to the sector trends and ambitions, in order to make design choices.

Guideline	Description	Practical implications for rural councils to consider...
Cloud by design	We will adopt a 2-step approach to infrastructure and platform selection: 1. We will design for cloud 2. Only if cloud is unsuitable will we invest in on-premise infrastructure.	• Develop relationships with and negotiate offerings from preferred cloud vendors to understand the cost and benefits of cloud migration • Assess council opportunities for migration to cloud • Invest in cloud integration capability • Plan to decommission on-premise applications where possible
Configuration over customisation	Look to adapt processes to align with software capability not the other way around.	• Seek to implement out-of-the-box solutions with minimal customisation required and adapt business processes • Support the adoption of new systems and business processes with change management • Seek to align on common business processes across the councils within the shared service arrangement
Fostered capability	We will focus on fostering and cultivating human-centred capabilities such as curiosity and critical thinking to focus us on the desired user experience.	• Specifically look for experience with digital, innovation or human-centred design in recruitment • Construct training plans for council staff to uplift digital capability and mindset • Incorporate digital competency into performance reviews • Incentivise and reward adoption of digital practices
Technology and data are assets	We will manage our technology, data and information as valuable assets that inform decision making and enable evidence-led policy-making and service design.	• Invest in dynamic data insight, control and measuring capability • Establish data strategy, classification and governance standards • Refine cross-business unit reporting standards and utilise feedback to aid decision making • Incentivise quality data capture and utilisation as part of business culture

Source: Digital Victoria, Deloitte analysis

The Business Case for Shared Services

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

The Digital Victoria Strategy sets the vision and ambition for the Victorian public sector, identifying opportunities for departments, agencies and councils.

One such opportunity is that of a more connected public sector, which for councils, is in the form of shared services.

Expected benefits include:

- Reputational increase due to digital service reliability
- Accessible information for all stakeholders
- Integrated services for a seamless experience
- Continuous improvement of digital systems at a cost-effective rate
- Proactive, intelligent services and data usage
- Upskilled workforce

Community & Council Need

Shared services can offer not only financial benefits, but also be the driver for significant improvements in customer experiences.

FRICTIONLESS CUSTOMER EXPERIENCE

- *Improved response time*
- *Increased customer satisfaction scores*

STRAIGHT-THROUGH PROCESSING OF CUSTOMER REQUESTS

- *Single source of truth for customer data*
- *Improved data quality, accessibility, retention and security*

FREE UP CAPACITY FOR STAFF TO MOVE TO HIGHER ORDER ACTIVITIES

- *Reduction of manual processes*
- *More value provided to the customer during face-to-face interactions*
- *Capacity for strategic thinking*

IMPROVED RISK PROFILE FOR COUNCILS

- *Reduction of errors and issues*
- *Improved capacity and systems for managing compliance*

CONTINUOUS BUSINESS AND SECTOR INNOVATION TO MEET CUSTOMER NEED

- *Increased knowledge transfer between councils*
- *Increased capacity for innovation initiatives*
- *Shared resource pool for innovation incentivisation*

SUSTAINABLE COST REDUCTION FOR COUNCILS

- *De-duplication of roles between councils*
- *Shared system licensing and vendor procurement fees*
- *Opportunity to invest savings into value-add initiatives*

Councils are encouraged to consider the above points to develop their own business cases for shared services. Quantifying customer benefits (e.g. improved response time, reduction in service turnaround time) can be just as power as the quantification of financial benefits for the organisation

Source: Deloitte analysis

CASE STUDY

Community and Council Need | 'Better Together'

Global Council

Shared procurement	**Governance structure**	Benefit articulation	Security	**Data sharing**	Cloud migration
Change management	Resourcing network	Process	Integration	**Funding agreement**	

North Yorkshire County Council SELBY DISTRICT COUNCIL

The 'Better Together' Program established shared governance amongst two regional councils in the UK, North Yorkshire County Council (NYCC) and Selby District Council (SDC), to break down barriers when implementing shared ICT initiatives.

CONTEXT

- NYCC and SDC shared ambitions to improve their service delivery efficiency and customer service mainly through staff digital empowerment
- However, limited capacity and legacy communication systems prevented growth opportunities for employee skills and service redesign
- In 2013, NYCC and SDC collaborated to establish the 'Better Together' Program with a mission to maximise the value of their shared expertise, leadership and services to benefit the public and the two councils
- The COVID-19 pandemic created further urgency for the councils, resulting in a shift to prioritise efficient joint delivery of health services to alleviate time and space constraints of their health systems

METHOD

- A formal collaboration agreement was established to define each council's obligations within a governance framework consisting of:
  - a Joint Members Group
  - an Officer Steering Group that includes Chief Executives from both councils and
  - joint program management to support cohesion of both parties
- The Executives' main responsibilities have been to resolve conflict and champion collaboration. This is helped accelerate program delivery and supported the development of an innovation culture
- The Officer Steering Group is the primary forum for strategic oversight and project direction

IMPACT

- Through shared procurement, both councils have saved on licencing costs since their CRM was implemented in 2015
- Shared ICT infrastructure enabled swift and well-supported adaptation to remote working models onset by the COVID-19 pandemic
- Pooled resources increased internal opportunities such as the ability for NYCC to develop SDC's new website – a key enabler to SDC's better customer service redesign and delivery
- The program's success inspired plans for a new shared organisational development service to increase resilience for HR and Payroll support, leading to an agreement extension by 3 years to June 2023

LESSONS FOR COUNCILS

1. Establishing a formal collaboration agreement with shared value alignment ensures both governing bodies are striving towards common priorities e.g. NYCC and SDC wanted greater efficiency through digital empowerment.

2. Implementing governance frameworks enables critical reinforcement and defined accountabilities to maintain project momentum and relevancy to each council's priorities.

3. Joint licenses of shared CRM systems reduce overhead costs due to realised economies of scale, allowing councils to redirect this investment towards professional development e.g. to improve customer service.

4. Councils can reduce their vulnerabilities to exogenous disruptions via shared systems, and instead dedicate the time and staff to improve their digital platforms and improve service quality and efficiency during these unforeseen circumstances.

5. Implementing a shared service for one department (e.g. Shared ICT Infrastructure) inspires new avenues for growth in other areas (e.g. HR and Payroll Support).

Sources:
Better Together 2022 January Committee Update: https://edemocracy.northyorks.gov.uk/documents/s10672/Better%20Together%20update.pdf

Better Together 2020 Collaboration Agreement Review: https://edemocracy.northyorks.gov.uk/Data/Executive/20200310/Agenda/06%20Better%20Together%20Collaboration%20Report.pdf

iNetwork Innovation Awards 2015 Report: https://i-network.org.uk/wp-content/uploads/2016/05/North-Yorks-better-together.pdf

Contents

Business Capability Model

VICTORIAN GOVERNMENT SOURCE

- ☐ Digital Victoria Strategy
- ☑ **Digital Victoria Business Capability Model**
- ☐ Vic Gov Data Policies and Standards
- ☐ Victoria's Cyber Strategy
- ☐ DELWP
- ☐ Service Victoria

DIRECTION

Digital Victoria is currently in the process of defining a business capability model for Whole of Victorian Government that covers the following areas:

- Customer and Citizen Services
- Individual, Community and Business Centric Common Capabilities
- Corporate Services

While this model is intended for Victorian Government departments, there are elements that can serve as inspiration for rural councils.

An excerpt of the Digital Victoria – Vic Gov Business Capability Model that provides a more detailed view of the '2. Individual, Community and Business Centric Common Capabilities' and '3. Corporate Services' layers has been provided in the Appendix.

Digital Victoria is developing a comprehensive business capability model that defines the capabilities of Victoria Government. At the time of publication, only "2. Individual, Community and Business Centric Common Capabilities" and "3. Corporate Services" are relevant to Victorian councils.

Defining a Business Capability Model will help councils determine what services will be impacted by shared services implementations, and to articulate what capabilities vendor products and services need to support as part of procurement tendering.

Councils are encouraged to utilise the Digital Victoria Business Capability Model for Corporate Services (e.g. Finance, HR and IT).

Digital Victoria Capability Model Extract – Level 2

2. Individual, Community and Business Centric Common Capabilities

2.1 Policy Development	2.2 Citizen / Business / Community Engagement & Support	2.3 Information & Knowledge Exchange	2.4 Payment & Collection Services	2.5 Referral to Emergency Services

3. Corporate Services

3.1 Vision & Strategy Realisation	3.2 Financial Management	3.3 Human Resource Management	3.4 Enterprise Risk Management & Business Continuity	3.5 Data Analytics & Reporting
3.6 Office Productivity, Organisational Communication & Collaboration		3.7 Corporate Administrative Management	3.8 Information & Knowledge Management	3.9 Information & Communication Technology

Note the Digital Victoria Business Capability Model includes Level 3 and Level 4 business capabilities that substantially deepen the definition of those capability areas depicted above.

At the time of publication of this document, the Business Capability Model has not been published by Digital Victoria. For more information, councils are encouraged to liaise with Digital Victoria (via Local Government Victoria).

Source: Digital Victoria

Business Capability Model | Customer Services

The tables of Level 2 and Level 3 capabilities below are designed to augment Digital Victoria's Business Capability Model, which does not yet account for customer services delivered by Victorian councils.

Community Services

Level 2 Capability	Level 3 Capability
Arts & Culture	• Arts and Culture programs and events • Civic facilities & receptions
Local Economies, Placemaking & Active Ageing	• Support local economic development and businesses • Placemaking • Community and commercial leasing and licenses • Emergency response and recovery
Library Services	• Library management • Family, children and adult educational program
Health & Wellbeing Services	• Immunisation • Maternal and Child Health • Health Promotion • Sport and Recreation management • Early Years and Youth Support • Community Safety
Community Planning & Development	• Neighbourhood housing • Homelessness outreach • Community development • Grants management • Social research • Volunteer management • Diversity management

Planning and Permits

Level 2 Capability	Level 3 Capability
Civic Services	• Animal management • Local law registration and compliance • Council asset protection permits • Public health registration, compliance and management • Parking permits and enforcement • School crossing supervision • Road opening and footpath closure permits
Strategic & Statutory Planning	• Land use policy and controls • Land use and development permits • Planning enforcement • Statutory information and services • Planning enquiries • Tree removal • Statutory planning drainage referrals • Statutory planning traffic referrals
Building Services	• Building enforcement • General statutory information and services • Building enquiries • Assessing building permits and consents

Asset Management

Level 2 Capability	Level 3 Capability
Asset & Capital Planning	• Asset lifecycle management • Council asset valuations • Road Management Act Compliance • Development of capital programs • Reporting and statutory compliance for capital projects and assets • Plans, policies and strategies for management of Council Assets
Facilities, Waste & Infrastructure	• Physical infrastructure management • Sustainable waste management • Closed landfill management
Environment, Sustainability & Open Space	• Sustainability and environmental project management • Sporting fields and turf management • Urban forests, trees, parks, gardens and open spaces access and management • Open space strategy and acquisition
Capital Projects	• Project management • Delivery of capital works • Civil engineering and design • Landscape and design services
Traffic & Transport	• Traffic and transport planning and advocacy • Strategic transport projects • Traffic, transport and road safety engagement • Parking management

Source: Deloitte analysis Note: DELWP's Digital Planning and Reforms division has the ambition to connect state and local systems to make the planning service process smoother by June 2024 (focused on a single information portal and reporting structures).

Architecture

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [x] **DELWP**
- [x] **Service Victoria**

DIRECTION

The Digital Victoria Strategy is not particularly prescriptive regarding specific enterprise architecture design. That said, the Design Principles and Digital Technology Guidelines set out do provide insight into Victorian Government aspirations:

- **'Make It Simple':** Design inclusive and accessible services that are connected across government.
- **'Build on the Standard':** Invest and build with the end-to-end solution lifecycle in mind.
- '**Digital by Default':** Aspirations to cultivate an ever-expanding suite of intelligent, connected, customer-centric services supported by digital infrastructure.
- '**Strategic Investment Models':** Reuse before Rent before Buy before Build.
- '**Cloud by Design':** We will design for cloud. Only if cloud is unsuitable will we invest in on-premise infrastructure.
- '**Configuration Over Customisation':** Looking to adapt processes to align with software capability not the other way around.

The general sentiment from councils is that moving to technology shared services is possible across the entire enterprise architecture; however, some technology capabilities and platforms may be easier than others to transition.

When prioritising opportunities to invest in technology shared services, councils should consider which technology capabilities and platforms will have the biggest impact moving towards the themes outlined in the Digital Victoria Strategy – i.e. simplicity, standardisations, digital and cloud services, strategic alignment and minimal customisation.

That said, the following qualities are characteristic of technology capabilities and platforms that are good candidates for shared services implementation:

Duplicated system that performs the same function across all or multiple councils

Shared need for change across all or multiple councils

System that it is **difficult to find resources to manage**

Out of support / legacy system

Complex system that is **difficult to upgrade** and/or presents **security risk**

Systems with **low integration complexity**

Efficiency to be gained by **eliminating manual processes**

It is worthwhile noting that Victorian Government is already looking at consolidating some technology capabilities:

- DELWP: Stakeholder Portal (for general planning information), Reporting (for planning reporting)
- Service Victoria: Stakeholder Portal, Personalisation, Payment Portals, E-Forms and Permit Management (currently developing a standard planning permit management process).

Source: Deloitte analysis, DELWP consultation, Service Victoria consultation

Architecture | Reference Enterprise Architecture Model Overview

Based on previous experience and analysis, Deloitte has developed a reference enterprise architecture that describes the logical technology platforms and strategic foundational capabilities to support local councils.

What is a Reference Enterprise Architecture?

A reference enterprise architecture is a technology blueprint that encapsulates a set of logical technology platforms and capabilities that together form a self-contained building block within council technology environments. The reference architecture is solution and vendor agnostic and describes "what" is needed rather than "how" it is delivered.

Technology capabilities are categorised as:

- **Business-Facing Platforms & Capabilities** – Platforms and capabilities that directly provide a business outcome, such as supporting business processes and workflows.
- **Technology Enabling Platforms & Capabilities** – Platforms that provide technical capabilities which can be used and consumed by business-facing platforms to deliver business outcomes or can be used by other technology enabling platforms.

Technology platforms can and will often be used to support multiple business capabilities, particularly in the case of technology enabling platforms. Technology blueprints are also hierarchical in nature, consisting of a number of different levels of differing detail, which aids in understanding.

The reference architecture illustrates what the desired target state capabilities look like and are used as a reference point to evaluate / highlight current capability gaps.

Why is an Enterprise Architecture useful?

Alignment

- Align initiatives to strategic objectives and capabilities.
- Ensure investment is properly targeted and effective, providing the most value to Council.

Efficiency

- Identify gaps and areas of overlap.
- Drive consistency, simplification and reuse.
- Reduce costs and extend lifetime of assets.

Agility

- Enable Council to understand the impact of changes ahead of time.
- React to changing business conditions with confidence.

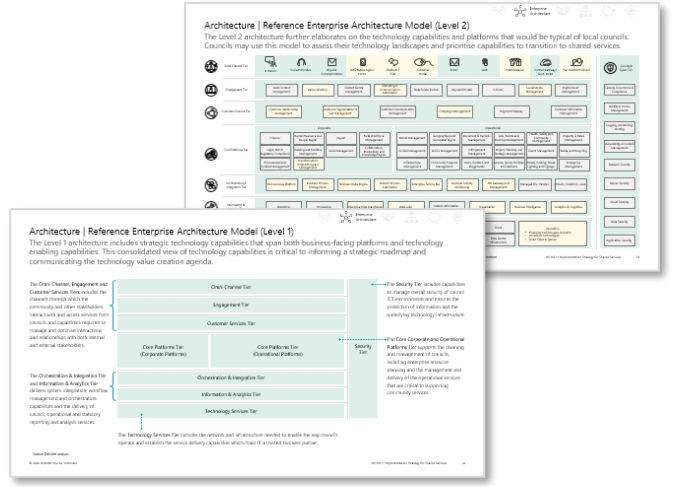
Control

- Control technology change in the organisation through improved governance.
- Maintain visibility of systems for efficient operations.

Example Reference Enterprise Architecture

The subsequent slides aim to provide a reference enterprise architecture that illustrates the technology capabilities and platforms that would be typical of local councils, based on best practice across other councils and similar organisations.

Level 1 and Level 2 blueprints have been provided for councils to use as reference to evaluate their own technology landscapes, and identify and prioritise technology capabilities and platforms to transition to shared services.

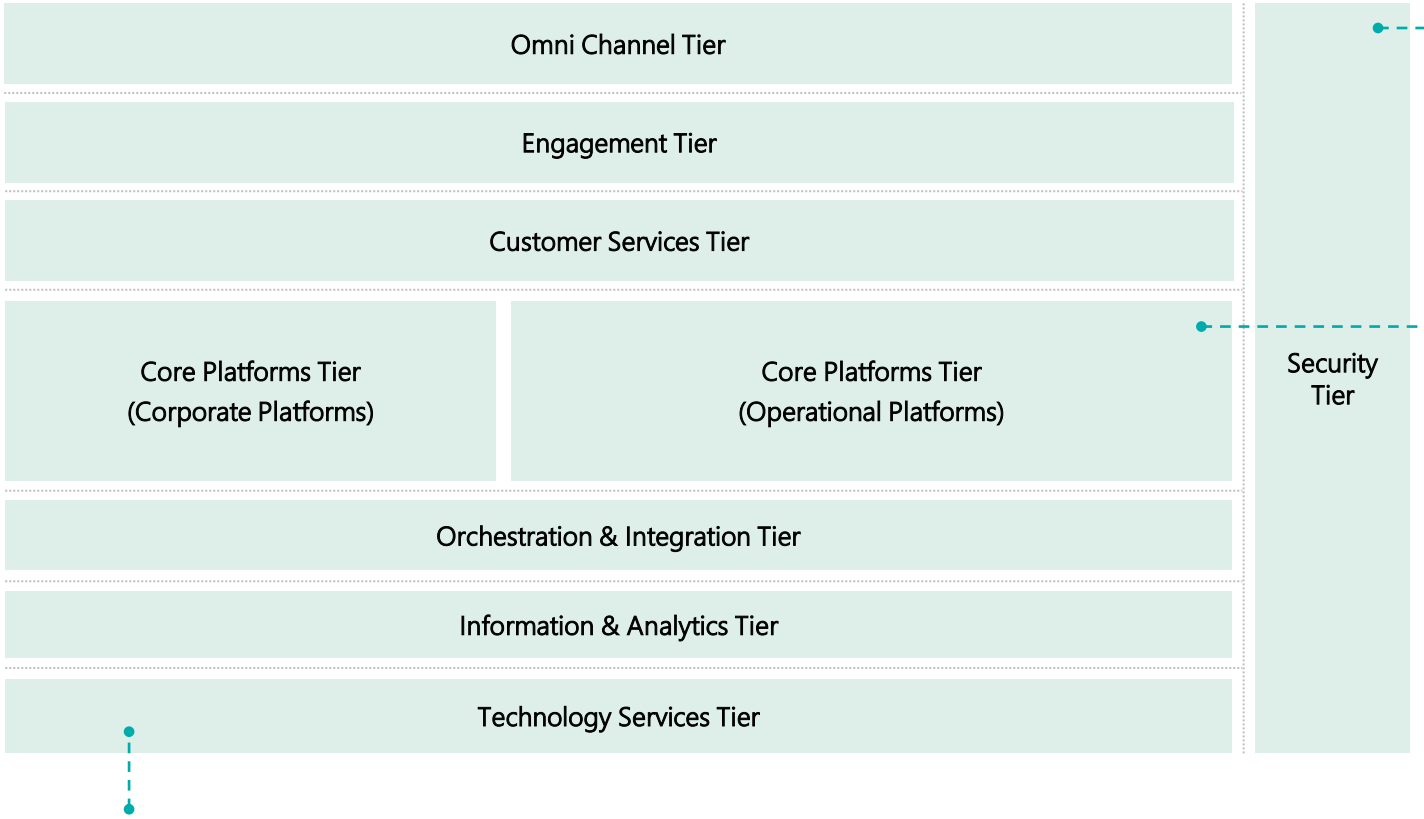


Source: Deloitte analysis

Architecture | Reference Enterprise Architecture Model (Level 1)

The Level 1 architecture includes strategic technology capabilities that span both business-facing platforms and technology enabling capabilities. This consolidated view of technology capabilities is critical to informing a strategic roadmap and communicating the technology value creation agenda.

The **Omni Channel, Engagement and Customer Services Tiers** includes the channels through which the community and other stakeholders interact with and access services from councils and capabilities required to manage and optimise interactions and relationships with both internal and external stakeholders.



The **Orchestration & Integration Tier** and **Information & Analytics Tier** delivers system integration, workflow management and orchestration capabilities and the delivery of council, operational and statutory reporting and analysis services.

The **Security Tier** includes capabilities to manage overall security of council ICT environments and ensures the protection of information and the underlying technology infrastructure.

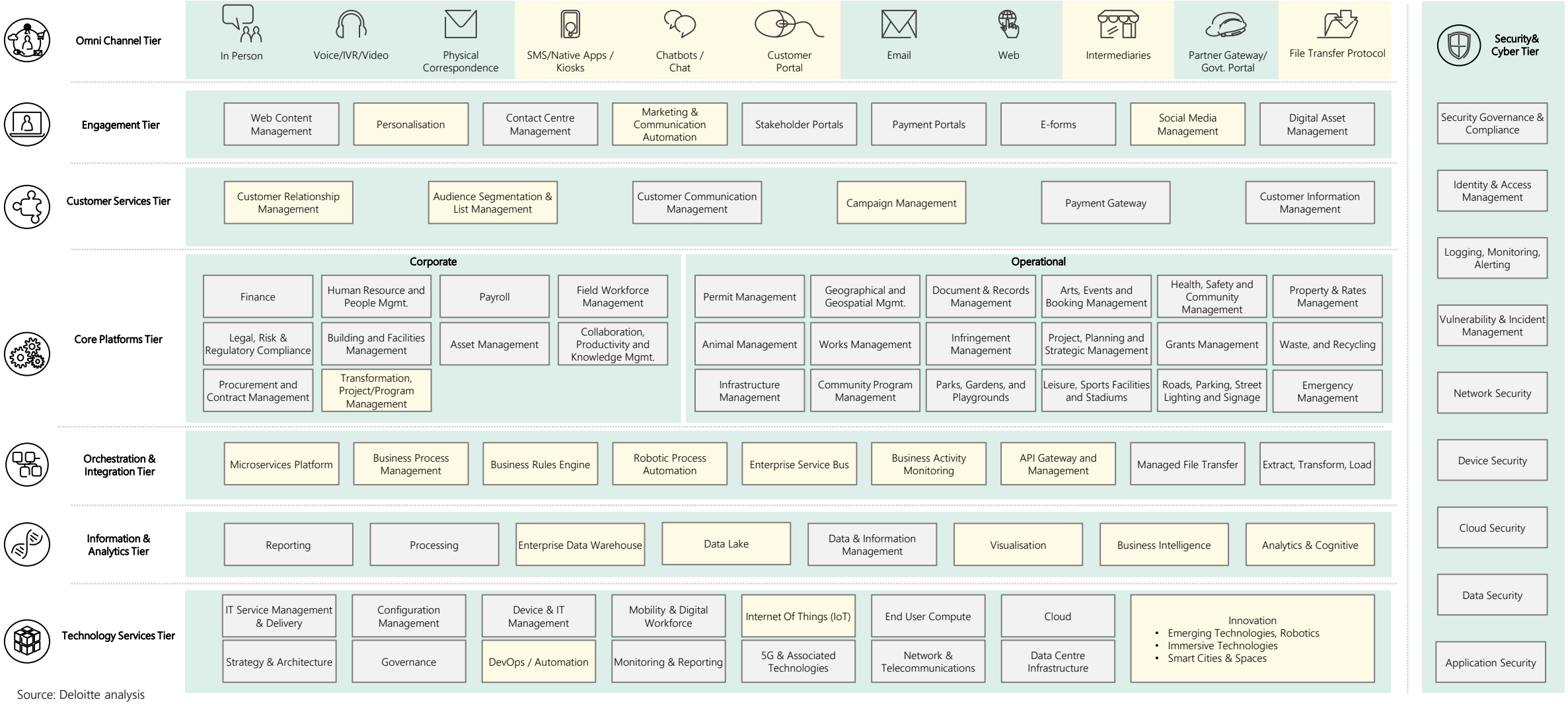
The **Core Corporate and Operational Platforms Tier** supports the planning and management of councils, including enterprise resource planning and the management and delivery of the operational services that are critical to supporting community services.

The **Technology Services Tier** includes the network and infrastructure needed to enable the way councils operate and establish the service delivery capabilities which make IT a trusted business partner.

Source: Deloitte analysis

Architecture | Reference Enterprise Architecture Model (Level 2)

The Level 2 architecture further elaborates on the technology capabilities and platforms that would be typical of local councils. Councils may use this model to assess their technology landscapes and prioritise capabilities to transition to shared services.



Source: Deloitte analysis

Capability relevant to all councils

Capabilities that become increasingly relevant as councils' technology architectures mature

Architecture | Opportunities

Sector leading practices are provided for councils seeking to shift towards a high maturity enterprise architecture.

	What is it?	What are sector leaders doing?
Omni Channel Tier	How the community and our customers access Council products, services & information	Experience optimised omni channel layer delivering a coherent customer experience, with choice for customers. Largely automated and optimised channels
Engagement Tier	Applications and services that deliver and manage Omni channel engagement.	End-to-end customer experience management, informed by a shared engagement platform, supported by analytics to drive continuous service improvements
Customer Services Tier	Applications and services that directly enable the management of customer and user processes	Segmentation-led customer servicing approach enabled by a single, stable and services-oriented services and payment platforms
Core Platforms Tier	Enterprise platforms that support customer processing and service fulfillment	High standardisation and automation of repeatable and high-volume core platform services, with trusted sources of truth
Orchestration & Integration Tier	Integration platforms that integrate and orchestrate business processes, services and information	A unified, open-standards based integration layer using reusable APIs and microservices that are discoverable, reusable, observable and fault tolerant
Information & Analytics Tier	Information platforms that source, stage, store, deliver and govern information and insights.	Consolidated data warehouse, with trusted, scalable discoverable and governed data sources. Platforms that connect data across core systems, customer systems and emerging platforms.
Technology Services Tier	Systems and platforms which enable to most effective management and utilization of IT	Platforms that are optimised for exponential increases in devices (i.e. IoT), automated tools which enable new delivery methods such as DevOps, AI.

Source: Deloitte analysis

Recommended ambition for councils seeking sector leading technology capabilities

Integration

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

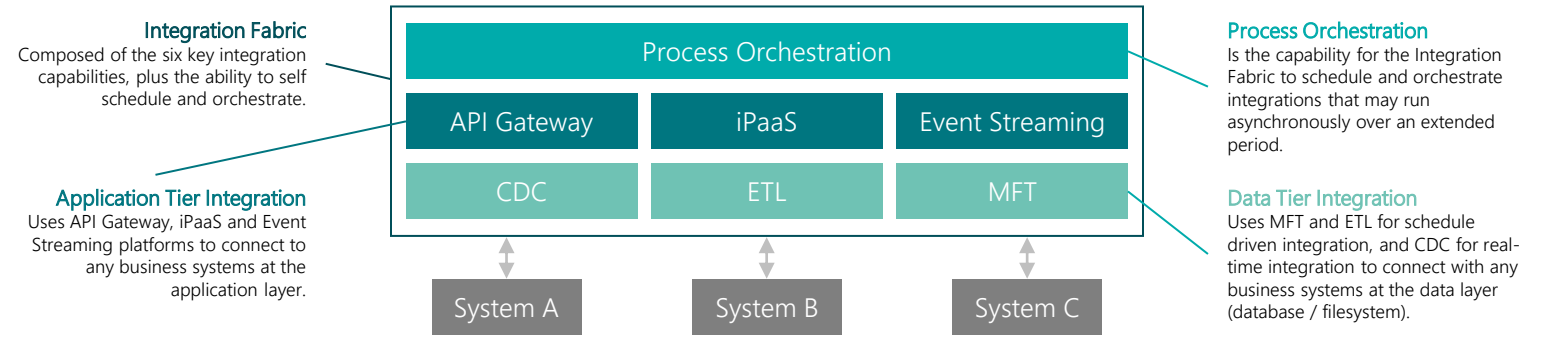
Aiming to transition away from legacy systems and build common, connected platforms, the Digital Victoria Strategy sets aspirations to integrate major services and platforms to create a seamless digital experience for the community.

The Digital Victoria Strategy also expresses a need to support more integrated information and provide a single portal for users to access services.

Considering the Victorian Government's aspiration to move towards digital platforms and Cloud solutions, integration will become more important than ever.

A benchmarking report developed in 2022 by Mulesoft Research and Deloitte Digital[1] surveyed over 1,000 IT leaders across the globe and found that integration issues remain the biggest threat to digital transformation.

There are six recognised platforms in the industry that are used with a seventh process orchestration layer:



API Management

Outside of production it provides full API lifecycle management via an API developer portal / marketplace for API provider teams to publish API and for Consumer teams to discover and use them.

Integration Platform as a Service (iPaaS)

iPaaS cloud-based solutions enable development, execution and governance of integration flows connecting any combination of on premises and cloud-based processes, services, applications and data within individual or across multiple organisations[2].

Event Streaming

Provides asynchronous messaging, eventing and streaming via queues and topics that allows either simple messages within a business process to be sent, or events that are independent of consumer business process that can be replayed or streamed at later points in time.

Change Data Capture (CDC)

Provides the ability to transport row level database changes to tables, views from a source system to one or many target systems in near real-time as the change occurs.

Extract Transform Load (ETL)

Provides traditional Extract, Load and Transform capabilities for transporting periodic changes to tables, views from a source system to one or many target systems in a batch. The period is scheduled, e.g. a daily scheduler.

Managed File Transfer (MFT)

Provides the ability to manage files being transferred between systems and between authorized, secured users.

Integration can bring great value to council participants in a shared service model. An optimal model is likely to require multiple types of integration in addition to process orchestration. However, determining the right solution for any shared services model is inherently challenging given the different technology architectures and the fact that designing the right integration solution is highly dependent on the systems and business needs of each council. That said, **councils should seek the advice of an integration expert or their system implementation partner** on their technology shared services implementation journey.

Source: Deloitte analysis; [1] Mulesoft Research (in collaboration with Deloitte Digital): 2022 Connectivity Benchmark Report; [2] Gartner Glossary: 'Integration Platform as a Service (iPaaS)'.

Integration | Typical Integration Principles

Councils should define their own integration principles to anchor their system integrations, and consider standardisation across councils as technology shared services are designed and implemented. Example integration principles have been provided below for consideration by councils.

Integration Principle	Description
Strategic First Integration	Prefer real-time integrations and processing where possible, as these have the opportunity to solve a far greater number of use cases, especially as they relate to application integration and digital initiatives.
Digital Enablement	Integration layer must provide the agility, performance and availability to support digital enablement, regardless of the capabilities of backend systems.
Unified with Data	Integration solutions should be easily leveraged by traditional data and analytics domains (e.g. enterprise data warehouse or data lake), and should work within a broader need to manage microservices.
Extensible	New technology and capability choices should allow for future flexibility and extensibility as new innovations, particularly in the Cloud, become available to leverage.
Loosely Coupled	Application and system integration should be defined in a manner that they have no affinity with any potential service providers and consumers, to maximise ability and availability, and limit the impact of change caused by system modernisation or replacement.
Pragmatic	Integration architecture should be opinionated but allow for pragmatic decisions based on delivery business value over dogma. For example, it may be possible to keep point-to-point integrations in some instances that may not benefit from a middleware layer.
Avoid Business Logic	Integration platforms should avoid the addition of business logic unless absolutely necessary. Business logic should continue to be maintained in business applications that are optimised to provide the relevant business functionality.
Accessible for Reuse	Integrations that are repeatably accessible require focus on improving the ease of reuse as integrations need to be built that consider future needs as well as current. Integrations should be easily discoverable, easy to understand and require minimal effort to consume.
Standards Based Integration	Integration should confirm to sets of long-term consistent technical standards that are well-maintained, relevant, and easy to follow.
Integration Platforms are Not SoR	Integration platforms should not persist business data as a System of record (SoR) in lieu of any dedicated business system regardless of whether the data is stored through database, file or queueing approaches. Integration systems are not architected to provide long-term message storage, a dedicated auditing capability is preferred if requiring data recovery over extended timeframes.
Advanced Monitoring	Integration should holistically support the monitoring of integration transactions as part of an end-to-end transactional tracing capability. Integration platforms should contribute sufficient information about the processing state of transactions to allow an external Enterprise Monitoring capability to gain insight into the status of transactions within the integration systems without significant involvement by support teams managing the integration capability.

Source: Deloitte analysis

Information & Analytics

Common data structures will make it easier to openly share data between rural councils and with the Victorian Government for aggregated analytics and reporting.

What are Data Structures?

A data structure is a specialised format for organising, processing, retrieving and storing data. There are several basic and advanced types of data structures, all designed to arrange data to suit a specific purpose. Data structures make it easy for users to access and work with the data they need in appropriate ways. Most importantly, data structures frame the organisation of information so that machines and humans can better understand it[1].

Victorian Government aspirations point to working collaboratively to establish common data structures across multiple councils to improve their ability to capture, manipulate, analyse and share data between councils and with the community. Aligning common data structures with the Victorian Government and other councils will help aggregate data for consolidated reporting and analysis.

Benefits

In a shared services setting, councils are encouraged to adopt common data structures to realise the following typical benefits:

- Efficient storage and retrieval of data.
- Effective and efficient data processing.
- Encourages reusability.
- Improved ability to aggregate data for reporting.
- Improved ability to share data with other councils.
- Helps share resources use common systems across multiple councils.

Considerations

The following questions should be considered by councils when implementing common data structures, in particular for technology shared services:

- What kind of information will be stored?
- How will the information be used?
- Where will data be stored?
- Does the data need to persist or be retained?
- Who needs access to the data?
- What reporting is required, and what data inputs are required as enablers?
- How will consistency of data structures be maintained across councils ongoing?
- How is data structured at Victorian Government level?

Sources: Deloitte analysis; [1] TechTarget: - Database Management Definitions: 'Data Structures'.

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [x] **Vic Gov Data Policies and Standards**
- [ ] Victoria's Cyber Strategy
- [x] **DELWP**
- [ ] Service Victoria

DIRECTION

The Digital Victoria Strategy emphasises the importance of managing technology, data and information as valuable assets, and of sharing data and information openly to:

- Promote transparency between councils and with the community
- Enable greater personalisation
- Build practices for extracting and using intelligence for reporting and decision making
- Enable evidence-led policy-making and service design

Separately, the Victorian Government has defined a set of Data Policies and Standards to help the Victorian Government when collecting, managing, using and sharing data.

CASE STUDY

Information & Analytics | Library Hub

RCTP2 Council

POINTS OF CONTACT

Emma Woolaston

ALPINE SHIRE COUNCIL

Alpine Shire Council provides a co-operative shared service across Alpine Shire Council, Wangaratta Rural City Council, Mansfield Shire Council and Benalla Rural City Council. A 2019 audit, by the Auditor-General, validated the efficiency of co-operative models amongst rural council, compared with individual metropolitan models.

CONTEXT

- Historically the High Country Library Network oversaw Alpine Shire Council's libraries, however Alpine Shire Council faced financial pressures due to the cost of services
- In 2016, Local Government Victoria commissioned an external evaluation of the Victorian Library concept, which identified an additional two issues:
  - Lack of response to changing technology and increasing customer expectations
  - Multiple small library networks meant that each community had duplications of some books and inequity in community access to library resources across the state
- The council network conducted an options analysis, with a library hub shared service selected as the preferred model to progress

METHOD

- The shared service is located next to Alpine Shire Council's Myrtleford Library, with 3 FTE (coordinator and two admin supports) to perform the following:
  - Manage book care and distribution
  - Manage procurement contracts
  - Manage member council agreements and communications
  - Liaise with the state for funding
  - Collect data on book management for analysis
- Each council still has remit over their own book collection strategy, book selection (and retained a portion of 'discretionary' funding to spend on books that were most appropriate to their local audiences) and programming

IMPACT

- Streamlined administration of the collection including purchasing, covering, cataloguing, distribution
- Community members were able to borrow books from any library in the shared service with one membership
- The scale of pooled funds led to procurement benefits and the ability to access a greater range of resources, for example to provide an expanded e-book library
- Longer opening hours and high volume of loans offset the investments made into the co-operative model
- Analytical capability enabled greater understanding of council library management, informed decisions about stock, procurement and budget management and hence better meeting legislative requirements for the community

Shared procurement	**Governance structure**	**Benefit articulation**	Security	**Data sharing**	Cloud migration
Change management	**Resourcing network**	Process	Integration	Funding agreement	

LESSONS FOR COUNCILS

1. Councils need to invest time and skills to manage complex stakeholder relationships and complex needs, especially in the building phase of a shared service.

2. Rural councils tend to be more efficient than metropolitan ones. They have found ways to deliver core library services to their communities with less financial investment, for example, by sharing facilities with other councils or community services.

3. Sharing operational services frees capacity for higher order activities such as data collection, management and analysis. Councils can make better data-informed decisions that can deliver more efficient operations going forward.

4. Pooling of council funds can lead to procurement benefits for involved councils due to the increase in purchasing power.

5. Sharing of best practises, and collaboration between individuals with different strengths, inherently raises involved council capability (even if not the direct objective of the shared service agreement). A regular cadence between participating councils supports this.

Source: Interview with Emma Woolaston; https://www.audit.vic.gov.au/report/council-libraries?section=33375--appendix-d-data-envelopment-analysis&show-sections=1#33367--audit-overview

Infrastructure

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
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- [ ] DELWP
- [ ] Service Victoria

DIRECTION

In recent years, digital infrastructure has become deeply embedded in how we work and is even more interconnected than traditional infrastructure. The Digital Victoria Strategy highlights the fact that investing in digital infrastructure and skills is more important than ever to drive transformation and maintain Victoria's position as a leading economy.

The Victorian Government seeks to remove the need for manual processes in favour of cultivating an ever-expanding suite of intelligent, connected, customer centric services supported by digital infrastructure. This is also reflected in the 'Cloud by Design' digital technology guideline where adoption of a Cloud-first approach is set out.

The Digital Victoria Strategy hopes to drive economic growth in rural and regional Victoria through digital initiatives that promote fairer digital access and infrastructure.

While Cloud adoption at councils may start with cost savings drivers, the technology is being leveraged across public and private sectors to significantly improve speed, agility, automation and shift organisations towards innovation.

Consultation with council stakeholders has identified a number of infrastructure challenges that hinder councils' ability to deliver technology services and transition to digital and cloud solutions:

Traditional infrastructure is leading councils to face...

Intensive capital expenditure	Fixed capacity	Lengthy lead-times	Legacy systems	EOL on-premise infrastructure

Transition to Cloud can help address these challenges

Cloud-First infrastructure presents opportunities for councils to access...

Utility-based pricing models	Scalable capacity	Rapid provisioning	Operations automation	Continuous innovation

With this in mind, it is councils should consider aligning with the Victorian Government strategic direction of 'Cloud by Design' where cloud technology is the preference when procuring and designing technology solutions, and investments in on-premise solutions are only explored where cloud is unsuitable. Councils should incorporate this sentiment into their own architecture principles, perhaps along with common infrastructure and network principles to deliver a consistent experience to their communities.

Cloud technology can also help circumvent **security risks** present with on premises storage by leveraging the security standards and rigour of large Cloud vendors, in addition to security governance and policies that councils can adopt internally.

Limited network connectivity and **poor mobile coverage** were mentioned during council stakeholder consultations as barriers to adoption of digital and cloud solutions; a network infrastructure challenge that is especially pertinent to rural councils. There are a number of methods that may help councils address these challenges that may be worthwhile exploring with their network infrastructure providers and Internet Service Providers (if not already doing so):

- NBN Satellite and Starlink to broaden network connectivity
- Aerials, antennas and mobile repeaters (3G/4G/5G) to improve mobile coverage

Sources: Deloitte analysis

Infrastructure | Considerations for Embarking on a Cloud Journey

Councils should keep in mind the following key questions as they look to transition to the cloud world.

1. How do we transform our operating model to ensure it is in **sync with business priorities and objectives**?
2. How do we transition to the new model **without impairing live services and project delivery**? (Brownfield v/s greenfield)?
3. How do we build the **requisite skills and competencies** to operate in the new world?
4. What preventive and detective controls should be in place **for Security Management & Compliance**?
5. What should be the **IT cost model** to incorporate both traditional on-premises service charge back and consumption-based cloud service charge back?
6. What is the most **appropriate setup of CoEs** in Enterprise IT?
7. How should **Data Management** be aligned to broader IT operating model? Line of Business-aligned, shared services?
8. What cloud delivery models should be considered? What is the **right approach to address a hybrid setup**? How do we **transition to this new model**?
9. How do we educate and redirect **existing vendor and partners to the new model**?
10. How do **integrate** self-service and automation with **existing processes and tools**?
11. How do we ensure that all the required and necessary **KPIs are tracked and reported** on periodic basis to measure success (Actual vs planned values)?
12. What steps are taken to ensure that **planned operations are in accordance to the cloud requirements** and different from the legacy operations in which business is carried out currently?

Source: Deloitte analysis

Infrastructure | Key Considerations for Cloud Adoption and Implementation

In order to succeed in their adoption of Cloud, councils need to stretch their thinking beyond technology. The following considerations, along with an actionable roadmap, are key to delivering against the objectives.

Prioritise Goals and Initiatives
Map business and technical goals to attain in cloud migration

Assess Capabilities Gap
Gaps in business, governance, security, people, platform, operations to deliver on initiatives

Cost Management
Estimate cost for planning and implementing migration

Cloud Deployment Model
Public cloud, private cloud, hybrid cloud, multi-cloud

Service Category
Acquire SaaS, PaaS, IaaS capabilities in the market before building in-house apps

Security by Design
Embed cyber security upfront

Uplift In-House Capability and Skillset
Training, awareness, and retention of talent

Compliance
Regulatory engagement and assurance

Business Continuity and Disaster Recovery
Plan migration to minimise downtime

Partner or Vendor Selection
Consider a partner or vendor if the organisation does not have in-house expertise or capacity to plan and implement cloud transformation

Source: Deloitte analysis

Infrastructure | Benefits of Cloud Migration

The following diagram illustrates the direct and indirect benefits of migrating to Cloud solutions.

Scalability

Movement of workloads to Cloud will allow the business to instantly scale up or down in-line with end user and developer demands. This will allow them to maintain quality services as it grows and accounts for volatile or seasonal application usage (e.g. tax time).

Greater Agility and Time to Market

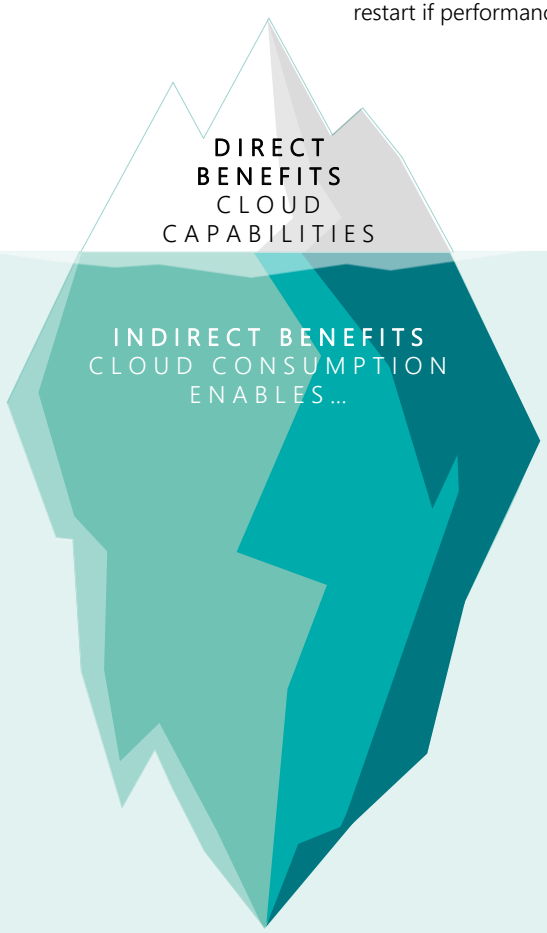
Ease of development and provisioning in the Cloud will enable the business to quickly spin up new ideas and test them. This way of operation lends itself to greater agility through learning fast and taking ideas to market or further iterating upon them.

High Availability

Infrastructure will be highly available in the Cloud with fewer outages experienced and less downtime. Applications will exist across a number of disparate Cloud Data Centres and can auto recover or terminate and restart if performance drops enabling continued quality of services.

Flexibility

Migration to cloud will allow the organisations to access the full range of programming models, operating systems, databases and architecture with which they are familiar as well as new services available through the marketplace. Also, they will not be locked into infrastructure purchases and will have more freedom of choice.



Focus on Value Adding Activities

The business can free up its resources to focus more on growth and transformation activities. This will give staff more time to uplift the environment, develop new service offerings and improve the end user and customer experience, rather than just keeping the lights on.

Self-Service and Provisioning

A Cloud environment will allow for greater adoption of self-service and provisioning, especially for the business. Graphical user interfaces and Cloud tools can be set up to allow users to run their own workloads and have visibility of the costs and metrics associated.

Centrally Managed Infrastructure

IT management can be centralised by providing the business with Cloud services through a portal that is managed by IT. As a result, the business will no longer need to procure their own services to run workloads and IT will be able to capture this expenditure. This reduces shadow IT and improves the business's perception of BTS from 'service provider' to 'strategic enabler'.

Automation and Ease of Management

Platform and application automation will enable greater ease of management across patching, security, provisioning, testing, deployment and logging. These operational areas become integrated into the service that the organisation consumes allowing quicker deployment of services.

Cost Avoidance and Cost Savings

Cloud transformation will enable upfront cost avoidance opportunities by not needing to purchase Data Centre infrastructure. Furthermore, Cloud will drive a long-term reduction in IT overheads including security certification, power, cooling, upgrades and infrastructure rack and stack costs.

Greater Security Controls

Cloud environments keep track of all changes made through logging and can make use of the latest firewalls and security features to reduce the likelihood and impact of cyber attacks and internal mistakes.

Source: Deloitte analysis

Customer Experience (CX)

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [x] **Service Victoria**

DIRECTION

The Digital Victoria Strategy acknowledges that governments across the world are rapidly changing the way they engage with people to deliver modern, digital services to meet increasing expectations typically set by the private sector. Consequently, a key theme of the Digital Victoria Strategy is to focus on:

- The customer experience by reshaping government around individuals, communities and businesses
- The needs and fairer access to services of all individuals, especially the most vulnerable

Service Victoria is also seeking to develop customer experiences, as demonstrated in their RegTech Strategy that seeks to create a centralised portal for council interactions with businesses.

Furthermore, while there is no specific plan or timelines in place at the time of publication, Service Victoria is also considering developing of a customer portal for residents and other community members that could be leveraged by councils.

Councils that are implementing new digital services for their community – such as a payment portals, digital forms, or new digital channels – will need to consider the digital customer experiences that they are creating.

The following four principles are designed to help inform the project activities that should be undertaken to ensure councils' investment in technology shared services delivers a high quality customer experience.

Customer Experience Design Principles	Implications For Technology Shared Service Projects
Start With Customer Research	Good customer experience design always begins with the customer. An early activity in the development of any digital service should be customer research to understand customers' needs. Customer forums are a common approach for doing this, while surveys can also be effective. Given differences between communities and to demonstrate insight specific to each council, representation from each council in the shared service project is encouraged. The insights generated from engaging customers invariably improve the quality of customer experience delivered, and can help to reshape services around the customer – as recommended in the Digital Victoria Strategy.
Fair Access to Services	For many Victorian councils there are many members of the community for whom digital services are not readily accessible. For these people it is critical to continue to provide non-digital channels for engaging council, such as phone and in person. The services delivered through these traditional channels can be improved concurrently to ensure equitable service access. One approach for doing this is to have customer service operatives complete the same online forms a digital customer would have to when they are speaking with a customer on the phone or in person.
Apply Victorian Government Accessibility Guidelines For Online Content	The Victorian Government provides a practical guide for making online content accessible. This includes mandatory standards that must apply to all online services, as well as recommendations to further improve accessibility. Demonstrated application of these accessibility guidelines is an important milestone for technology shared services touching on digital services.
Test With Customers	Projects should seek to test their customer experience with real customers, in a manner analogous to user acceptance testing for internal customers. Typically this is done with small user groups, with representation from each council in the shared service project recommended. Councils should include customer testing in their suite of testing activities prior to going live with their new digital services.

Sources: Deloitte analysis

CASE STUDY

CX | The Evolution of dorsetforyou.com

Global Council

Shared procurement	Governance structure	**Benefit articulation**	Security	**Data sharing**	Cloud migration
Change management	Resourcing network	**Process**	**Integration**	**Funding agreement**	

Dorset Council

Following the success of their existing shared website dorsetforyou.com, rural councils in Dorset, UK aim to provide a new, more user-friendly shared platform as service demand continues to shift online.

CONTEXT

- The Dorset County Council, alongside Christchurch Borough, East Dorset, North Dorset, West Dorset Borough, Weymouth and Portland for several years operated a successful joint web platform, *dorsetforyou.com* to provide civilians access to council information and services
- Higher demand and expectations for online customer service have driven the councils to develop a new website aimed to improve customer experience, whilst continuing the saving benefits of a shared platform
- Co-design between councils and an external company led to the launch of a new website: *dorsetcouncil.gov.uk*
  - The site has a more flexible content system which integrates reusable content and templates

METHOD

- To investigate key operating issues, the Dorset partners held workshops with more than 100 staff from different services and levels
- Research was conducted on user problems via remote video testing and rapid feedback sessions on design prototypes
- The Dorset digital design principles were updated and approved by an executive project board
  - The new principles have greater emphasis on customer-focused design
- To make site navigation easier, a transactional approach was adopted where only essential information for customer requests is provided

IMPACT

- The new platform is expected to deliver capital savings of £250,000 over a five-year period
  - From eliminating capital costs of setting up a replacement website, and halving costs of redesigning the old website
- Optimising end-to-end customer journeys reduced processing time for services such as payments, permit applications and receipt validations
- The shared service allowed for a wider range of feedback to be received from the site's integrated analytics
  - This enabled more effective improvements, e.g. reducing pressure on face-to-face channels by increasing device accessibility

LESSONS FOR COUNCILS

1. Rural Victorian communities' expectations for online service deliveries are changing. The success of their services depend on whether councils adapt to these changing expectations.

2. Simplifying an online customer journey is important in increasing customer satisfaction. To resolve a user's major pain points, councils should prioritise gathering customer insights and data.

3. Councils should conduct internal research across different departments and organisational levels to identify common and urgent operational issues.

4. Councils can achieve greater efficiency and savings by creating a joint online platform to leverage technological costs.

5. Councils can set up strong frameworks for other digital service developments by establishing design principles. These principles are most successful when built upon feedback from staff, executives and consumer data.

Sources:
Dorset County Districts Digital Renewal Case Study:
https://www.local.gov.uk/sites/default/files/documents/dorset-county-and-distric-1e9.pdf

Security

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [x] **Victoria's Cyber Strategy**
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

Security and privacy is listed as a strategic enabler by the Digital Victoria Strategy to ensure the security and privacy of government systems and data.

The Strategy aspires to set a consistent standard across the Victorian public sector for maintaining secure digital information and processes in-line with national security standards.

As part of Victoria's Cyber Strategy, government will ensure that IT systems it uses implement a range of baseline information security controls.

Critical services will be required to meet a higher minimum standard, which are fit for purpose and highly resistant to cyber attacks.

The Australian Cyber Security Centre has compiled a list of mitigation strategies, known as the Essential Eight that councils can use as starting points to improve their cyber resilience.

As part of Victoria's Cyber Strategy, councils are expected to meet a higher standard of protection against cyber attacks to ensure reliable delivery of council services.

It was heard during consultation with council stakeholders that cybersecurity remains a key focus at rural councils, especially as digital solutions become more and more abundant. When working with vendors, councils should assert that their products and services comply with industry security standards (ISO/IEC 27001[1]), as well as the following Victorian Government security standards and guidelines:

Target State – Cyber Strategy 2021[2]

Identify	Protect	Detect	Respond	Recover
All information types and IT systems have been assessed for the harm that would occur if a breach of confidentiality, integrity or availability arises.	All systems have implemented known effective baseline controls to protect against common attacks, including the **Essential Eight**.	All systems can detect common and unsophisticated attacks. Critical systems can detect sophisticated attacks.	All councils document and test processes for responding to cyber security incidents. These processes are exercised annually and updated regularly.	All critical services can be recovered within a timeframe determined by the council executive. This recovery process is regularly tested.

The Essential Eight[3]

1. **Application whitelisting -** Whitelist approved and trusted programs to prevent the execution of unapproved or malicious programs from executing.
2. **Patching applications -** Perform regular patching/updating of applications in your network.
3. **Office macros -** Configure Microsoft Office products to block the execution of un-trusted macros.
4. **Harden user applications -** Tightly control applications that have the ability to perform unwanted or potentially vulnerable actions.
5. **Restrict administrative privileges -** Restrict administrative privilege for operating systems and applications based on user duties.
6. **Patch operating systems –** Routinely patch and upgrade your operating systems to the latest versions.
7. **Use multi-factor authentication -** Set up multi-factor authentication to provide higher authentication assurance for privileged, power and remote user access.
8. **Backup daily –** Create regular backups of your most important data and configuration settings to help you recover quickly from a disruption. Keep backups on a device that is not connected to your network.

Source: [1] International Organization for Standardization; [2] Victorian Government: Victoria's Cyber Strategy 2021; [3] Australian Cyber Security Centre: Essential Eight

Contents

Sourcing

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

The Digital Victoria Strategy does not set out any particular sourcing or procurement principles related to an adoption of shared services.

However, the document does identify that government procurement and partnering is a significant lever for stimulating the digital economy.

A key Design Principle of the Digital Victoria Strategy is to 'Connect and Partner' – which articulates the Victorian Government's desire to identify value for the broader community and economy by innovating and delivering with third parties.

A call to action to review and re-evaluate internal procurement processes and requirements to break down further barriers to collaboration is articulated.

As the Digital Victoria Strategy suggests, sourcing technology shared services should not require bespoke principles or methodology. However, rural councils may wish to pursue spend management opportunities.

The table below describes a number of spend management strategies that rural councils can explore in collaboration with other councils and the Victorian Government, as the pace of technology shared services adoption increases.

	Reduce Demand	Increase Spend Under Management	Reduce Contract Costs	Increase Internal Compliance
Objectives	*Rationalise requirements, change policies, priority/zero based budgeting by sub-category*	*Procurement mandate, improve governance model and develop procurement capability*	*Effective "Total Cost" Sourcing and fit for purpose specifications*	*Easy to use 'purchasing' and improved compliance management*
Mechanisms to Apply	• Link spend to business needs • Enforce appropriate usage patterns • Design new procedures	• Gain enterprise-wide and/or multi-council spend perspective • Establish spend accountability • Establish joint business, technology and procurement governance	• Competitive marketplace sourcing • Baseline total cost of ownership • Rationalise supply base • Define standards and specifications	• Design tracking and feedback tools • Benchmark • Hardwire to financials • Institutionalise compliance
Typical Strategy	• Review and optimise internal talent • Establish pay-as-you-need models versus retainer roles • Define cloud strategy where applicable, and scale down outsourced contractors as applicable	• Centralise all services at the enterprise level (no disparate BU spend) or across multiple councils and negotiate rates • Improve hourly fee and expense visibility through well-defined reporting and tracking process • Ensure projects are within budget	• MSAs with pre-negotiated rates, and distributed hourly allocations at various rate levels • Cap pass-through fees such as travel expenses, not to exceed pre-negotiated limits	• Establish vendor management and governance structure for monitoring process compliance • Improve control gate process to minimise use of non-preferred service providers, and spend deviations from agreed rates

Source: Deloitte analysis

More relevant to councils with significant shared service spend *General insight*

Vendor Management

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DIRECTION

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Following shared procurement, vendor management will continue to be important for councils to ensure ongoing competitive terms and pricing are secured, issue resolution and contract management.

A typical Vendor Management lifecycle consists of four phases and takes place after the procurement of services.

Mobilise Post Contract

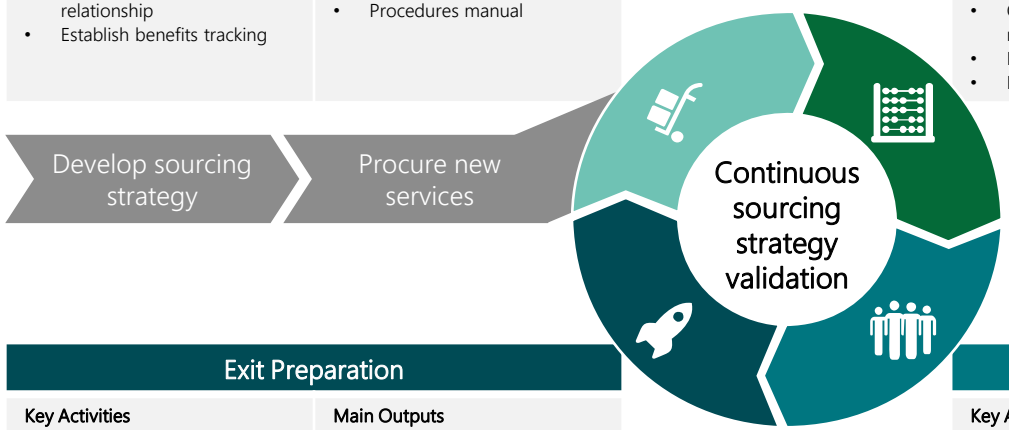
Key Activities
- Post negotiation de-brief
- Contract assessment
- Initiate governance forums
- Establish transition oversight
- Create contract guide and deliver training
- Set the tone of the relationship
- Establish benefits tracking

Main Outputs
- Contract guide
- Benefits tracking process
- Obligation overview guide
- Documented deliverable acceptance process
- Signing authority framework
- Transition plan
- Procedures manual

Manage Vendor

Key Activities
- Obligation management
- Governance forum facilitation
- Service performance management
- Financial control, budgeting and forecasting
- Contract change management
- Document management
- Issue management

Main Outputs
- Obligation tracker
- Compliance reports
- Contract change notifications
- Budgets and forecasts
- Benefits tracking template
- Audit plans
- Chargeback report
- Dashboards and performance reports



Exit Preparation

Key Activities
- Exit preparation plans
- Preparation of termination rights overviews
- Support negotiation team

Main Outputs
- Contract rights overview
- Plans
- Transition plan

Develop Relationship

Key Activities
- Value leveraging
- Discussions, forums facilitation
- Innovation pipeline management
- Relationship alignment processes
- Customer satisfaction improvement initiatives
- Continuous improvement

Main Outputs
- Governance materials
- Innovation pipeline
- Action plans
- Survey outputs
- Cost reduction opportunity lists

Source: Deloitte analysis

Vendor Management | Typical Vendor Management Functions

As shared service arrangements and vendor relationships become more sophisticated, councils may consider establishing a joint vendor management capability to maximise value from third-party relationships.

Typical Vendor Management Functions

Contract Management

- Manage & track obligations, manage contract compliance
- Process and manage contract changes

Financial & Commercial Mgmt.

- Verify Financials, rate and volume invoice charges / recommend payment
- Track service credits
- Commercial analysis

Issue & Dispute Management

- Track resolution / report / archive issues
- Create and manage dispute management process

Service Performance Management

- Establish SLAs & credit mechanisms/frameworks
- Provide dashboard reporting SLAs/KPIs
- Perform service level monitoring and trending

Governance

- Establish and manage internal and external governance forums

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Multi Service Provider Integration

- Develop and maintain cross-service provider standards and procedures
- Track and report end to end SLA's
- Define joint performance metrics

Transition & Transform. Oversight

- Provide transition and transformation planning
- Provide transition and transformation monitoring and reporting

Document Management

- Maintain repository of contractual artefacts
- Perform auditing / updating / archiving of agreements

Service Request Management

- Manage process for new service requests
- Analyse new service requests against the contract

Service Provider Risk Management

- Determine risk analysis approach, methodology and tools
- Recommend key risk indicators to manage, track and report

Source: Deloitte analysis

Appropriate for councils with significant shared service spend (>5% of operating budget)

CASE STUDY

Internet of Things

RCTP2 Council

POINTS OF CONTACT

Cecilia Connellan
Darryl Burton

Gannawarra Shire Council, Buloke Shire Council, Mildura Rural City Council and Swan Hill Rural City Council participated in a 12-month Smart Cities project to trial Internet of Things (IoT) technology to inform decision making and improve operational efficiencies.

CONTEXT

- DJPR's Regional Digital Plan and funding through the Local Government IOT Starter Kit Project enabled the four Mallee councils (lead by Mildura Rural City Council) to implement an IoT trial
- IoT presents opportunities for organisations, like councils, to utilise time-based data to better plan for the provision of services to cater for growth or decline in usage of the assets and sites that are monitored
- Research partnerships with La Trobe University and Sunraysia Institute of TAFE were sought to supplement some capability

METHOD

- With Project Management Office (PMO) support, the four councils agreed upon a scoping document that articulated the desired outcomes of their ICT shared services
- As part of the tender process, councils conducted blind vendor evaluations, comparing outcome and compliance offerings (pricing agnostic)
- For sake of efficiency, councils largely selected to adopt out-of-the-box configuration
- Some councils outsourced various capabilities based on capacity (i.e. Gannawarra Shire Council outsourced systems security to the vendor, whilst Mildura Rural City Council hosted on-premise)
- The PMO conducted ongoing communications and drove council decisions, particularly over negotiating funding allocation

IMPACT

- Cross-council knowledge of and access to IoT technology, which would otherwise not have been available to smaller councils
- Open data accessible to the public and between councils to promote greater regional understanding in weather and asset usage patterns
- Ongoing cost savings attributed to needs-based servicing of assets (such as public toilets, water pumps and airstrips), as opposed to time-based
- Transparency to the project team through weekly report of the governance and project funding produced by the PMO
- Flexible and equitable funding arrangement between councils

Shared procurement	**Governance structure**	Benefit articulation	**Security**	**Data sharing**	Cloud migration
Change management	Resourcing network	**Process**	Integration	**Funding agreement**	

LESSONS FOR COUNCILS

1. A centralised, dedicated PMO, funded pro-rata by the involved councils, has proven results in driving momentum during technology transformations.

2. Smaller councils can leverage the purchasing power of the larger councils in their group, as well as be upskilled by them (e.g. Mildura Rural City Council ran a tendering training course to the group)

3. As part of the selection criteria for a vendor, councils are encouraged to place weighing on flexible technology that can account for councils with limited mobile access, bandwidth and system data.

4. Councils should consider having new technology inform the processes, as opposed to existing processes guiding the use of customisation of new technology.

Source: Interviews with Cecilia Connellan and Darryl Burton; https://www.gannawarra.vic.gov.au/News-Media/Mallee-councils-trial-Internet-of-Things-technology; https://www.gannawarra.vic.gov.au/Works-Projects/Current-Works-Projects/Internet-of-Things-Technology-Trial-%E2%80%93-Smart-Cities

CASE STUDY

Inter-municipal ICT Cooperation in Finland

Global Council

Kuntaliitto Kommunförbundet

Following more than ten years of ICT cooperation, nine municipalities in Southern Finland continue to achieve both financial and social benefits.

CONTEXT

- Tampere, the third largest city in Finland, and eight of its surrounding cities ('The Circle'; collectively with Tampere called 'The Region'), have cooperated in shared ICT services since 2008
- 'The region' jointly procured two classes of basic ICT:
  - Infrastructure – hardware and virtual servers to increase service capacity
  - Software – CRM, ERP and email, which all utilise cloud services
- The 2019 Social Services and Healthcare reform in Finland shifted the shared model's focus beyond daily processes (e.g. emailing and bookkeeping), to instead improving the quality of life

METHOD

- The ICT cooperation model is a high-engagement, contractual strategic alliance between the municipalities
- Collaboration within 'The Region' is directed by a regional ICT board with representatives from each council
- 'The Circle' has its own ICT board and CIO for their specific matters (e.g. circle project budgets, lifecycle management of workstations)
- A shared reference architecture of regional ICT infrastructure and information systems has overcome the barrier councils face in accessing external knowledge and services due to geographic boundaries
- A key factor to the shared ICT model's growth and development is the high value the regional ICT board places in building inter-municipal relationships

IMPACT

- Shared virtual ICT services reduce the need for individual on-premise services and ICT management costs, promoting shared economies of scale and reducing total ICT capital expenditure (e.g. transitioning service desks to be online)
- Economies of scale from joint procurement allowed councils to reallocate resources from ICT costs to progressing their software and process integration
- The collaborative architecture and balanced governance authority minimises possibilities for larger councils to dominate decision making
  - This enriched inter-council relationships, increasing exchange of knowledge and services

Shared procurement	**Governance structure**	Benefit articulation	Security	**Data sharing**	**Cloud migration**
Change management	Resourcing network	Process	**Integration**	Funding agreement	

LESSONS FOR COUNCILS

1. Joint procurement of basic ICT services allow councils to shift their priorities from ICT cost management to increasing their technological capabilities (e.g. by integrating software and virtual infrastructure)

2. Councils should have a well-structured, ICT-specific governance framework individually, and collectively to maximise social and financial value shared services can create.

3. Collaborative planning for shared services (e.g. regional reference architecture) strengthens inter-municipal relationships. These stronger relationships can benefit the collaborative processes to plan projects outside of the ICT shared model (e.g. inter-council social events).

4. It is vital councils understand that shared governance frameworks build positive relationships between councils. Knowledge shared within this stronger network will create a more cohesive shared ICT architecture – one of the biggest collaborative challenges when establishing shared ICT models.

Sources:
ICT Cooperation in Finland Thesis:
https://www.utupub.fi/bitstream/handle/10024/150213/Annales%20E%2059%20Helin%20DISS%20%28003%29.pdf?sequence=1&isAllowed=y
Technology Architecture as a Driver for Business Cooperation: Public Sector Case Study:
https://www.scitepress.org/Papers/2019/77362/77362.pdf

Contents

Program Lifecycle

VICTORIAN GOVERNMENT SOURCE

- ☐ Digital Victoria Strategy
- ☐ Digital Victoria Business Capability Model
- ☐ Vic Gov Data Policies and Standards
- ☐ Victoria's Cyber Strategy
- ☐ DELWP
- ☐ Service Victoria

DIRECTION

This layer is not addressed by WoVG strategies, but has been selected as a critical local government need through council interactions.

WoVG strategies do not prescribe a particular program delivery approach for councils to adhere to. This feels appropriate given that this will be informed by the type of project and the circumstances of each council.

Technology shared services implementation projects will be delivered by a variety of approaches, depending on the type of project. However, it would be reasonable to expect the following four stage gates regardless of the implementation methodology:

Phase	1. Inception	2. Procurement	3. Build & Test	4. Operate
Description	"Identify and agree the shared services opportunity"	"Select the vendor that can bets deliver the required capabilities"	"Delivering and deploying against the defined breadth and depth of scope"	"Full deployment to the business"
Change	Assess the Change – Figure it out		Transition the Change – Get people ready	Sustain the change – Make sure they keep doing it
Outcomes	• We have agreed on a common need for a shared service solution and the broad shape of the solution • We have established a working group and suitable governance for the shared service opportunity • Our leaders and councillors are supportive of the transition to shared services and approval to progress into a procurement phase	• We know what we need to do to deliver this project successfully • We have develop requirements and approached the market for a suitable product and partner • We know what change will be required from each council to leverage a common technology platform • We have secured funding based on a sufficiently detailed assessment of costs and benefits	• We have built the architecture for shared services and are ready to deploy it into the hands of our people and customers • Our people and our customers are ready (capability, culture and capacity) to adopt this change • We have support structures in place to assist the transition • We have validated the change impact and informed stakeholders and have sought and addressed feedback	• We have supported our people and our customers to adopt the change, achieving targeted adoption targets • We have optimised shared service processes based on continuous improvement and feedback • We have transitioned the solution into the BAU environment, allowing us to pursue the next initiative • We have tracked and are seeing benefits realised
Outputs	• Shared Service Project scope, objectives and value • Memorandum of Understanding • Program Governance • Project Roadmap • Stakeholder Management Plan	• Preferred vendor selected and contract executed • Change Approach • Project Plan • Business Case Validation	• Status Report • RAID Register • Benefits Register • Change Impact Assessment • Capability Maturity Assessment • Change Readiness Assessment and Planning • Communications Plan • Go-live Checklist	• Post Implementation Review • Change Handover to BAU Plan

Source: Deloitte analysis

Implementation Methodology

VICTORIAN GOVERNMENT SOURCE

- ☐ Digital Victoria Strategy
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- ☐ Victoria's Cyber Strategy
- ☐ DELWP
- ☐ Service Victoria

DIRECTION

This layer is not addressed by WoVG strategies, but has been selected as a critical local government need through council interactions.

A number of implementation methodologies exist that could be useful to councils; however, which specific methodology should be utilised will depend heavily on the type of solution and therefore cannot be prescribed.

There are three typical implementation methodologies that could be utilised by councils in their technology shared services implementations:

Waterfall or Traditional

A sequential approach to implementation, whereby details of the change are identified at the beginning and learnings from each change effort inform the next phase.

Benefits of Waterfall include:

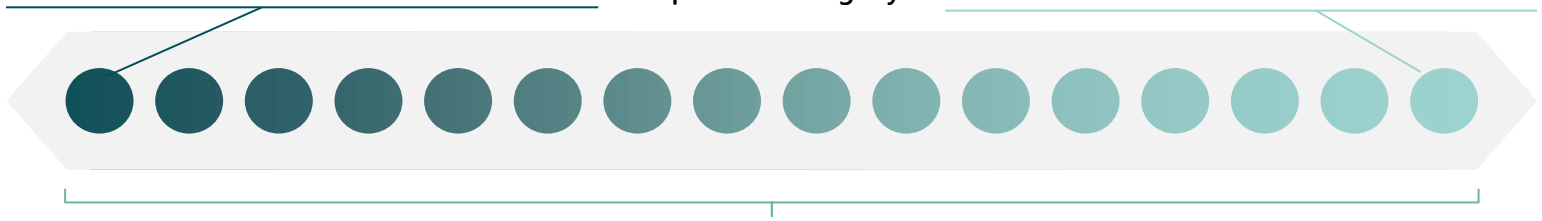
+ **Predictability (scope, resources, schedule, and budget)**
+ **Process controls**
+ **Execution discipline**

Agile

An adaptive approach that emphasises flexibility, integrated customer involvement, and rapid delivery of value.

Benefits of Agile include:

+ **Flexibility**
+ **Business owns priorities and features**
+ **Rapid delivery of product increments**
+ **Value-driven**
+ **Execution discipline**



Hybrid

The application of adaptive, agile concepts and techniques in a traditional, predictive project., obtaining benefits from both methodologies.

Rural councils should determine the most appropriate implementation methodology for their technology shared services projects as requirements, constraints and dependencies are discovered, in consultation with any vendor partners where appropriate.

In making this determination, councils should consider the following:

- Which approach allows for individual **council autonomy** in deciding when they want to implement their shared services?
- Which approach will help councils **maximise learnings**?
- Which approach lends itself to implementation of **out-of-the-box systems configuration vs customised solutions?**

Source: Deloitte analysis

Capability & Organisation Design

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
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- [ ] DELWP
- [ ] Service Victoria

DIRECTION

The Victorian Government's ambition on shared services is to drive a culture of collaboration, de-duplication of effort and information-sharing, balancing appropriate safeguards with the need to deliver better outcomes through data insights and clear governance.

A critical input into creating a "Responsive, resilient, connected government" is to design the structures in which the existing functions will operate in the future state, through:

1. Establishing a technology backbone and new common ways of working that bring the whole of the Victorian Government, incl. councils, together
2. Reinforcing the 'one Victorian public sector' mindset, oriented around community needs and emphasising cross-department partnering
3. Sharing lessons and solutions more widely, leverage and adapt existing capabilities and take a more mobile approach to teaming up across the Victorian public sector

As technology platforms are restructured through technology shared services implementation, rural councils have the opportunity to efficiently accommodate this through their organisation design.

Technology shared services implementation will typically incur two types of changes:

1 Structure Changes

Technology shared services will often bring process efficiency, which may partially or fully make roles redundant.

While managing this can be challenging, councils should endeavour to take advantage of these benefits: staff can be upskilled and saved time can be reinvested in new services that benefit the community.

2 Role Changes

Consider reflecting updates in job descriptions and performance measures (e.g. need someone who works with other councils to ensure all councils continue to use the technology shared service effectively, manage upgrades, etc).

Source: Deloitte analysis

CASE STUDY

Organisation Design | Shared GIS Provision

RCTP2 Council

POINTS OF CONTACT

Andrew Downie

Carolynne Roberts

Golden Plains Shire Council identified an opportunity to leverage Brimbank City Council's (lead) sourcing and management of a geographic information system (GIS). Brimbank City Council have now provided services to Golden Plains Shire Council, Central Goldfields Shire Council, Colac Otway Shire Council and Pyrenees Shire Council.

CONTEXT

- In 2018 the sole Golden Plains Shire Council GIS resource resigned. Golden Plains Shire Council went to market and had difficulty recruiting a candidate within the budget based on their size and location as a rural council
- In addition, existing GIS software was end of life and required replacement
- Brimbank City Council were able to provide and manage this service to multiple councils
- In 2022, the GIS service is nearing end of life so Brimbank City Council are exploring options for the next evolution of the system
- Golden Plains Shire Council are exploring opportunities to align shared services to councils updated strategic direction

METHOD

- Casual conversation with Brimbank City Council non GIS staff identified that Brimbank City Council were open to opportunities to collaborate
- An Initial agreement was reached on "collaborating for a better outcome"
- Golden Plains Shire Council data is hosted onsite
- Brimbank City Council have the people capability, and a capacity of five internal FTE to support the service
- Other (non-leading) councils buy licences and pay a service fee to Brimbank City Council
- Brimbank City Council maintain and upgrade the system for all councils, as well as provide help desk support to the participating councils

IMPACT

- Golden Pains Shire Council obtained an in-house replacement to a functioning service that would have otherwise been inaccessible due to their size and budget (including a disability and accessibility map)
- Additional resources were allocated to Golden Plains Shire Council to ease capacity pressure
- The maintenance and upgrade of the GIS system was outsourced to Brimbank City Council
- An estimated 30-40% savings in cost, for Golden Plains Shire Council, than if they had gone to market themselves
- Centre of excellence stablished

Shared procurement | **Governance structure** | Benefit articulation | Security | Data sharing | Cloud migration

Change management | **Resourcing network** | **Process** | Integration | Funding agreement

LESSONS FOR COUNCILS

1 There are revenue opportunities available for leading councils to licence off their shared systems, and costs savings for non-leading councils to have their systems managed offsite.

2 Up front agreements on service levels and how to navigate disputes are important for councils participating in a shared service. Pricing mechanisms to encourage the service provider to meet service levels help balance the needs of all participating councils.

3 Having outsourced resources that support the system operations for non-leading councils onsite on a regular basis enables knowledge transfer, cultural uplift and opportunity to solve problems quicker.

Source: Interview with Andrew Downie

People & Talent

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DIRECTION

Digital Victoria is committed to the investment in digital capacity and capability growth across the public sector.

In order to deliver shared services, capability, including that of people, needs to be largely aligned to deliver value across the system.

To maximise sourcing of these roles in market, the state aims to assist departments and agencies through a number of initiatives:

- Talent sharing across organisations to deliver increased capability and cost efficiencies
- Invest in digital upskilling, with digital acceleration a key part the employee learning experience to attract, retain and strengthen employee engagement
- Incentivise talent (and business) to relocate and expand to rural Victoria

In their delivery teams, councils are encouraged to have a dedicated project manager managing the end-to-end technology shared service implementation. Additional roles may also be relevant depending on the complexity of the solution.

CRITICAL

PROJECT MANAGER (PM)

With the implementation of shared services, Councils will need someone accountable for the planning and coordination of changes and vendor mgmt.

The PM collaborates with council leadership, on behalf of the ICT unit, to oversee the optimisation and execution of IT initiatives that align to the council goals and objectives.

SECONDARY*

CHANGE MANAGER (CM)

Councils will require someone responsible for preparing the business for "readiness" to operate in a shared service model.

The CM supports council business units with end-to-end implementation of change. Enables council readiness through alignment with council objectives, planning capability uplift, and accounts for culture.

BUSINESS ANALYST (BA)

Councils will require the technical understanding behind what technology, vendors and platforms can offer, and how to turn ideas into a digital offering.

Responsible for gathering and translating council requirements, assumptions and constraints into project deliverables, such as the implementation of shared services.

TERTIARY*

SERVICE ARCHITECT

Councils will require someone to support the IT ways of working, ensuring the interfaces between the services are understood and dependencies are managed.

Responsible for ensuring council's digital solution's serviceability, warranty and manageability are defined and deliverable within the boundaries of the Enterprise Architecture framework and that council contractually and operationally meet requirements to stakeholders.

PROCESS DESIGNER

Council business process will need to be updated in-line with software requirements and sharing of technology between councils.

Works with the ICT team and council business units to optimise business processes to meet changing demands from citizens and stakeholders, meet service targets and integrate new or shared services.

SOLUTION ARCHITECT

Councils will require the technical capability and delivery skills to design, prototype and code the system architecture.

Evaluates all business requirements to design and engineer bespoke solutions in the form of ICT platforms, products or services.

DATA ARCHITECT

Councils require analytics standards and capability to assist leadership data-informed technical decisions.

Responsible for the development and execution of data architecture, policies and procedures that manage the collection, quality, standardisation, integration and stability of data across the council and shared services.

SERVICE DESIGNER

Council customers and employees will require an advocate in the design of the shared systems, to maintain and enhance its usability.

Responsible for developing new features, ensuring customer and user experience remains consistent and constantly be up-to-date on platform-specifics.

TESTER

To ensure the quality of the customer and employee experience when using the shared services, councils require testing of the end-to-end systems.

Responsible for ongoing development support and QA of council software and shared service platforms, including business testing, issue identification, reporting and resolution.

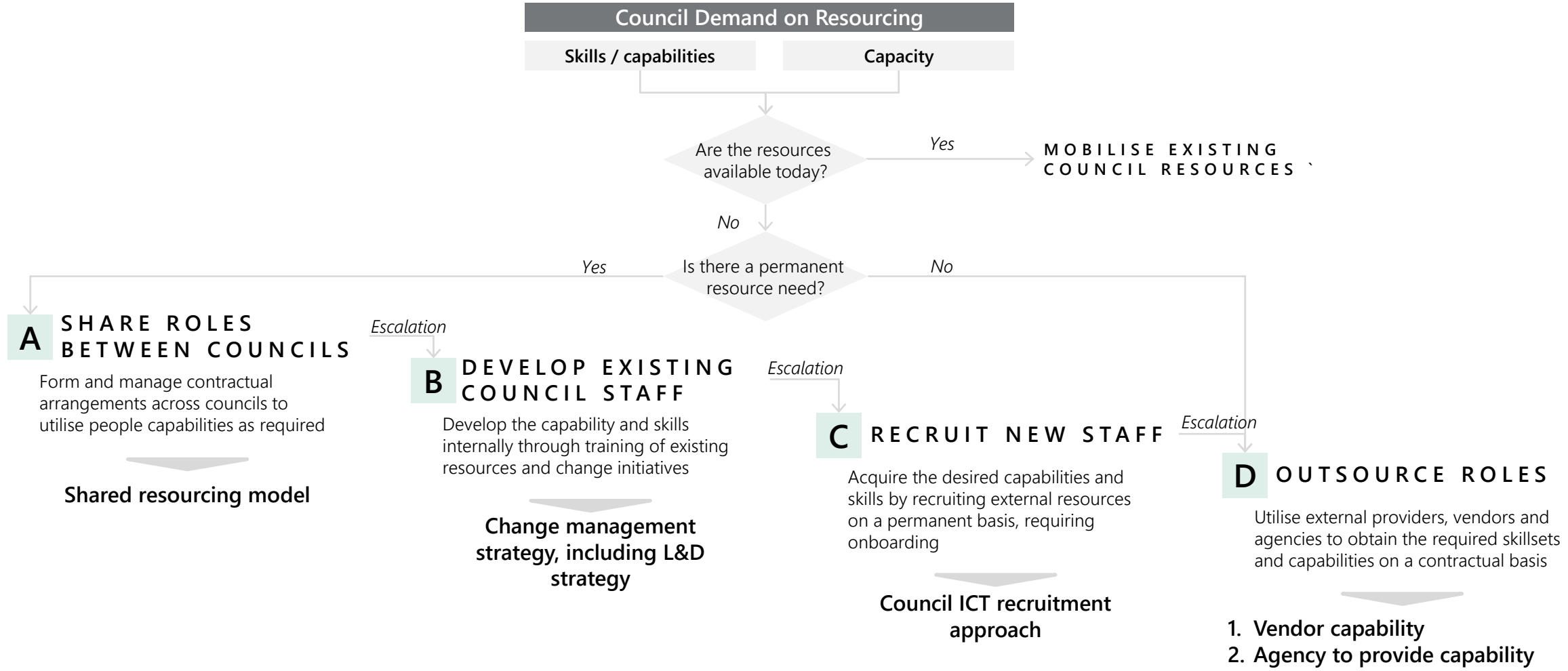
Source: Deloitte analysis; * Potential to be supplied by a vendor

Relevant to large, complex shared service implementations

Relevant to all shared service implementations

People & Talent | Capability Uplift Choices

Rural councils have indicated that sourcing these roles and capabilities is difficult due to geographic positioning, high-cross-industry demand and limited skillsets; four, sequential options are proposed to mitigate against these problems.



People & Talent | Capability Uplift Options

Each option has a number of advantages and disadvantages, with role sharing between councils being an attractive opportunity for rural councils to meet their capability gaps in a cost-effective manner.

	A SHARE ROLES BETWEEN COUNCILS	B DEVELOP EXISTING COUNCIL STAFF	C RECRUIT NEW STAFF	D OUTSOURCE ROLES
Description	Form and manage contractual arrangements across councils to utilise people capabilities as required	Develop the capability and skills internally through training of existing resources and change initiatives	Acquire the desired capabilities and skills by recruiting external resources on a permanent basis, requiring onboarding	Utilise external providers, vendors and agencies to obtain the required skillsets and capabilities on a contractual basis
Advantages	• Rapid uplift in capability for each council to meet demands • Complimentary capabilities, between councils, would allow for gaps to be filled and existing resources to be utilised • Employee value proposition through knowledge uplift and cross-council experience • Cost-effective • Whole of ecosystem capability uplift	• Long-term ROI into L&D • Minimises recruitment costs • Employee value proposition through investment in learning and leverage existing employee IP • Where the maturity gap is small, upskilling allows the gap to be bridged in a cost-effective manner	• Increase in in-house talent • Minimise change impact to existing staff roles • Where there is a large maturity gap, recruitment is a time efficient approach to bridge the gap • Increases brand presence in the market through engagement	• Rapid uplift in capability • No binding, ongoing contracts required • External expertise support and advice • Low-risk, conservative option
Disadvantages	• Capability is not permanently in-house should councils choose to exit shared arrangements	• High investment L&D required given capability • Long process to capability uplift • Change resistance from existing staff who do not support changes to their role	• Niche skillsets may not be present in market • High cost attributed to recruitment and onboarding • Medium time required to capability uplift • Significant consultations required to assess and approve org design changes	• Capability is not permanently in-house • Limited long-term ROI into L&D • Premium cost paid for outsourcing resources • Niche skillsets required may not be present in market

CASE STUDY

People & Talent | Cloud and Office 365

RCTP2 Council

POINTS OF CONTACT

Glenn Carman

Melanie Roberts

Ararat Rural City

With focus on obtaining quick-learning IT talent, and with a nurturing governance structure, Ararat Rural City Council has been able to mature their digital capability to become a leader for rural councils.

CONTEXT

- In 2019, Ararat Rural City Council appointed a new, digital transformation focussed CEO
- Until this time Ararat Rural City Council suffered through legacy digital systems, on-premise infrastructure and hardware that was expensive to maintain and at high-risk of failure
- New CEO brought agile mindset that encouraged a bias to action, test and learn rather than discuss and other slower delivery methods (e.g. challenged traditional timeframes for executing on transformation projects)
- Following this success, Ararat Rural City Council endeavoured to implement other systems such as Office365, CouncilWise, Greenlight and XERO

METHOD

- New labour model introduced to remove hierarchy within council (less managers, more functional leadership)
- On-premise infrastructure was decommissioned and systems were transitioned to cloud-based storage, managed by vendor
- Make mistakes quickly, learn and adapt to continue change momentum
- Staff self-enabled learnings in technology and operations in the new environment (e.g. SQL, PowerBI, Power Automate and Power Apps to remove reliance on third parties and bring process improvement and data intelligence firmly in-house)
- Expand IT responsibilities to other roles (e.g. Service lines become owners of their own systems through a decentralised approach)

IMPACT

- In the last three years, Ararat Rural City Council's IT has become more advanced and capable with the same operating costs (previously 70% of budget on on-premise and hardware spend, 30% on software and licensing – this is now reversed)
- Staff are empowered to learn new skills, removing existing bottlenecks around specialist resources
- Empowered core user group to take ownership of and pride in the council outcomes, with limited reliance on third-party and vendor implementation
- A highly collaborative and innovative culture
- Fast-paced progression in digital maturity (e.g. cutting down implementation time through a more risk accepting agile model)

Shared procurement	**Governance structure**	Benefit articulation	Security	Data sharing	**Cloud migration**
Change management	**Resourcing network**	Process	**Integration**	Funding agreement	

LESSONS FOR COUNCILS

1. Prioritising the acquisition of talent based on their capacity to learn and adapt, as opposed to their council experience will enable councils to be dynamic to community needs.

2. Increasing risk acceptance/profile can allow councils to be more nimble in adapting to technology demands of the community. This is especially the case for smaller, rural councils.

3. Functional owners, over business owners, gives employees the autonomy and flexibility to make technology decisions to benefit the council, without a long approval process. It puts more responsibility on the SME.

4. With vendor managing systems, Councils have the opportunity to reduce the overheads and risk associated with hardware, information and risk management and maintenance.

5. Rural councils have access to leading councils like Ararat, with a highly digitally literate IT function and who are digitally mature to learn from.

Source: Interview with Glenn Carman and Melanie Roberts

Process & Procedures

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

Digital Victoria provides a high-level guide on how existing (and future-state) public sector processes can interact with technology (software, infrastructure and shared services) to provide Victorians with services that maximise modern digital capability.

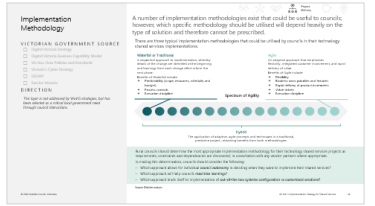
The relevant process-oriented principles include:

- Adapting processes to align with software capability, as opposed to the other way around
- Simplification of complex processes and tools where duplication and re-work are common practice
- Decommissioning of manual processes where automation can replace, in order to maximise people capacity for high-value activities
- Integrate process innovation into procedures based on data and feedback loops

As technology shared services are implemented and rural councils move towards common platforms, the business processes across the shared services organisations should also be standardised.

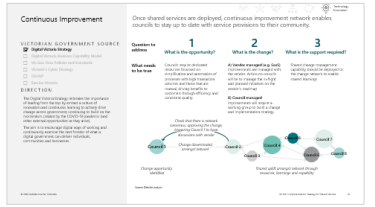
To effectively support the implementation of common technology platforms and maximise their value, rural councils should consider applying the following practices:

Adopt common business processes and procedures across shared services organisations



*See **Implementation Methodology** - Waterfall approach*

Work together to simplify and automate processes together to reduce manual handling and increase efficiency



*See **Continuous Improvement** – Three phase approach*

Avoid customisation of technology and adapt to out-of-the-box business processes

Design technology solutions with common business process in mind as a key lever to the realisation of shared services benefits

Document future-state business processes to support training, adoption and understand change impacts to ensure business processes don't break as councils transition

Source: Deloitte analysis

CASE STUDY

Process & Procedures | Xero

RCTP2 Council

POINTS OF CONTACT
Nathalie Cooke

Shared procurement | Governance structure | Benefit articulation | Security | Data sharing | Cloud migration
Change management | **Resourcing network** | **Process** | **Integration** | Funding agreement

ALPINE SHIRE COUNCIL

The scope of the initiative was to develop a comprehensive business case for, and implement, a shared financial transaction processing solution for Alpine Shire Council and Towong Shire Council.

CONTEXT

- In 2016, Alpine Shire Council received $75,000 from Local Government Victoria to lead a trial into commercially available cloud-based software solutions (particularly Xero) in the local government environment
- The aim of the project was to both improve service delivery and reduce costs through process improvement and shared services
- This project originated as a result of Local Government Victoria's ambition to provide specialist accounting and finance advice and support to rural councils as part of the FAST program

METHOD

- The key areas of focus for the initiative included:
  - Implementing process automation and improved workflows to reduce manual processing, increase data quality and improve the employee and creditor experience
  - Implementing solutions that enabled mobile device applications, paperless processing and reduced costs
  - Aligning systems and processes across similar councils thereby improving service delivery outcomes, enabling the creation of a single shared finance service and allowing replication by other councils

IMPACT

- The project broadly met the ambitions of the FAST program's scope, with a suite of integrated subscription-based solutions, centred around Xero accounting software, as the primary financial system at both councils
- The financial platform live trial enhanced accounts payable and payroll services and a partial accounts receivable function allowing councils to receive web-based payments for some services
- Both councils chose to keep the accounts receivable components related to rates and animal registrations out of the project scope
- Shared resourcing also resulted in a consolidated group of skilled resources

LESSONS FOR COUNCILS

1. Delays are inevitable with personnel changes and changes to approach, therefore approaches should be adapted accordingly. Detailed documentation of initial project stages and meetings assist with any handover required.

2. While some plug and play software integrations may seem ideal, they may still be under development. This can lead to a number of issues and delays where bugs are identified and require fixing. Software product changes require review and changes to internal processes, additional training and support.

3. Compromises due to scope creep and changes to project direction. These may increase project value but can cause inevitable delays or require additional resources. Councils should consider keeping this to a minimum where possible.

4. Dedicated project resource can be held back if key internal personnel are unavailable when required. While a project may have a dedicated project manager, delays are inevitable when other key personnel are unavailable during key stages of the project. Where possible, councils should build additional redundancy for this and try to identify and build into the project.

Sources: Interview with Cecilia Connellan; FAST-Program-mid-term-report-2016-18-online-version (LGV supplied); Alpine-Workforce Strategy Finance System Migration Project 310818 (LGV supplied)

Change Management

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

Digital Victoria acknowledges the critical role that preparing organisations, its departments and its agencies, for change has on delivering digital outcomes.

The state's principles for change include:

- Setting the customer-centric standard for digital change, predominately for a frictionless and unified user experience across all services and Channels, no matter the municipally
- Embrace agile mindsets and approaches in decision making and change course if required
- Embrace early testing of ideas and new concepts as a way of focusing design on the needs of Victorians

Achieving shared services will involve overcoming a number of challenges that were articulated by rural councils, surrounding leadership, infrastructure and clarity in purpose and communications.

	What has been heard	Change approach considerations
Leadership Support	– Councils have too many influencers, opinions and doubts – Councils are micro-managed and should be more active in state decision making – There is a lack of clarity of strategic direction into planning process	– Obtain executive commitment to role modelling the change – Welcome leaders into co-designing shared service initiatives based on council needs – Enable shifts to the behaviours required to maximise the utilisation of shared service technology
Clarity of the 'how' and 'why'	– Demand and supply causes frustration – Councils have a lack of future-state digital clarity and plans – Change at in local government feels like "changing the wheels on a moving car" – there is a lot happening all at once – Councils are fearful of change (investment and job protection)	– Engage and inform professionals (at all levels) on how to maximise the new technology to increase their skills, knowledge and network – Leverage early adopters to increase adoption and embed the new behaviours
Supporting infrastructure	– Councils work in internal siloes – Shared workflows are not established between councils	– Establish shared governance forums to provide formal connections between councils – Generate incentives for shared service workflows through shared resources and procurement

Source: Deloitte analysis

Change Management | System and Goals

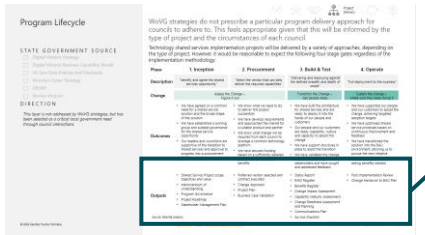
To overcome these challenges, rural council change managers should embed a defined change management system and goals for each shared service initiative implementation.

Prepare – Prepare and organise for changes as a result of shared services
- Invest in and build centralised shared service function and governance
- Build cross-council leadership awareness and understanding
- Develop comms & training plan

Inform – *Clarify the what, how, and why* for shared services is beneficial to councils, employees and customers
- Launch communications to drive cultural change
- Launch training to drive capability uplift

Enable – *Set the foundation* to make shared services mindsets and change a habit
- Deepen leadership commitment
- Drive adoption leveraging the change network & increasing comms & marketing reach

Embed – Iterate, improve, and embed shared services into local government culture
- Iterate & improve based on feedback
- Encourage leadership role modelling
- Embed shared services into KPIs and success measures



*See **Program Lifecycle**- Outputs for suggested materials to build to support change efforts.*

Source: Deloitte analysis

REFERENCE CHANGE MANAGEMENT GOALS FOR SHARED SERVICES

Minimize disruption to the council

Employees and citizens should not face negative outcomes as a response to the implementation of the shared service initiative.

Anticipate the needs of the users to manage change

Prioritisation of initiatives must be impact driven. I.e. does the change effort tangibly make the customer/employee experience better?

Accelerate the realisation of value from the system

Second factor influencing the prioritisation of shared service initiatives should be speed to impact.

Provide change management support post implementation

Allow capacity for the centralised change team (PMs and CMs) to support with hypercare activities for councils.

Elicit and incorporate feedback into future initiatives

Co-design the solution with councils to encourage shared uplift.

Report on progress

Manage shared service initiative outcomes in a centralised location and utilise to manage performance and future implementation planning.

Change Management | Principles of Changing Behaviour

Overcoming resistance to change within rural councils will involve tweaks to five behaviour-altering influences.

		FUNDAMENTALS *Psychological factors, cognitive biases, mental heuristics*	INCENTIVES *Performance, promotion, compensation, recognition*	RELATIONSHIPS *Leadership, teams, customers, suppliers, governments*	STORIES *Mission, values, narratives*	TOOLS *Location, physical environment, technology, processes, systems*
How it drives behaviour?		Much of human decision making is automatic. Instinctive, often apparently illogical behaviours are very common.	Humans are intrinsically motivated by incentives – physical, psychological, financial.	Humans are highly social animals, strongly influenced by the behaviour of other people. To a large extent our social relationships define us.	Telling stories is a critical part of what makes us human. The stories we tell about ourselves and our organisations shape our behaviour.	Our physical environment and the tools and systems we use influence behaviour, both subtly and in obvious ways.
Council example *Jim, a Waste Driver/Loader, has served in his role within a rural community for 25 years.* *He is an expert in safely and effectively navigating his routes, that change daily.* *Though he does not see a problem with his routine in going to the depot to print his routs for the day, his council is looking to convince him of the benefits of utilising a mobile iPad to provide him his routs in real-time.*	Situation	*Jim has had a very similar routine for 25 years. He is like a well-oiled machine and, when not interrupted, the process is smooth for him.*	*Jim's current performance is measured on his efficiency in reaching each stop on his route by end of day. Personally, is he is more efficient, he is able to get home to his family earlier.*	*Jim enjoys the time of the day where he goes to the depot, meets his colleagues and has a coffee with them as he prints his routes. Automating this process risks the engagement he has with his team.*	*Jim values being an efficient waste collector, but knows he has time in his day that is dedicated towards printing his route.*	*Jim has never used an iPad before and is familiar with the use of pen-to-paper documentation. He doesn't see the use for the new technology.*
	Intervention	Jim's council can provide change materials to Waste Drivers, like Jim, to simplify the transition. Examples to shake up the norm include: "1,2,3" of using smart routes for Jim to remember, installing the iPad into the vehicle so it is ready for him and using language/colours that are already used to help make the tool feel intuitive and familiar.	Jim's council should alter their performance metrics or compensation structures to better incentivise the use of the smart routing, or the impact that utilising the technology has.	Personalising messaging and directing effort towards high-value engagement activities to promote council culture within can ensure that transitioning to smart routing, doesn't mean he becomes disconnected from his team.	Jim's council has the opportunity to show Jim that another Waste Driver, in a nearby town, who utilises technology for real-time routing is able to commence work 30 minutes later and stay in contact with the depot should any routes change throughout the day – meaning the organisation and the Driver can be more efficient.	Jim's council should work with Jim to co-design a tool that works to meet his needs and addresses any pain points in his current state experience, so that he deeply understands the tool, how to navigate it and how it works to make his job better.

Psychological factors (nudging) that influence individual behaviour,

Organisational levers that influence behaviour via changes in the organizational and operational setup

Source: Deloitte analysis

Contents

Governance

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

The Digital Victoria Strategy commits to the digital enablement of governing bodies through providing key decision-makers with the knowledge to support efficient management of digital investments.

With this government agencies, such as councils, will be empowered to make digital decisions aligning with this ambition, with the backing of the government and other councils.

The Victorian government will support:

- The provision of clear, digital governance and assurance to check progress against clear measures of success
- Definition of policies that support digitally-enabled change across government
- The utilisation of data and feedback to inform policy and decision making and approach
- Simplification of governance for rapid response, transparency and centralised ambitions

Moving to shared services is also an opportunity for councils to consolidate governance structures and establish clear lines of escalation to drive progress and momentum.

Council project groups should consider the governance forums, in the table below, to govern their RCTP2 shared services implementation projects:

Governance Body	Scope	Key Responsibilities	Frequency	Membership	Attendees
Councillor Forums	Education councillors on the community, customer and financial benefits of shared services in order to win support	• Endorse adoption of shared services • Approve contracts (where required under procurement rules)	Quarterly	• Councillors	• Project manager • Shared Services Working Group member/s
Shared Services Steering Committee	Endorse key milestones for the project, provide strategic steering and resolve disputes between the participating councils.	• Informed of shared service project decisions • Approve stage gate / milestone completion	Monthly	• Executive Leadership Team representation from each participating council	• Project manager • Shared Services Working Group member/s
Shared Services Implementation Working Group	Working group consisting of council project group representatives to discuss project matters, support key design choices, help remove project roadblocks and manage risks	• Establish the project and the associated governance • Secure project resources (e.g. a project manager) • Provide input to the procurement process and vendor selection, and other key project decisions	Weekly or Fortnightly	• Council Technology Leadership Team • Council Shared Services Project Managers	• N/A

Source: Deloitte analysis

Governance | Supporting Governance Forums

If not already in place, the following BAU governance forums are examples for rural council project groups to establish as good practice; supplementary to the shared services implementation project governance forums.

Change Advisory Board (CAB)

Objectives

- Manage and control all changes into the live environment.
- Ensure that all changes adhere to agreed quality and risk management policies.
- Manage communications to impacted stakeholders.
- Ensure that CMDB reflects current state of live environment with roll-back to previous versions.

Responsibilities

- Approve / reject change requests.
- Update release schedule.
- Update CMDB.
- Prepare and issue formal change communications to relevant stakeholders.
- Ensure that supporting change activities are completed (e.g. training to end-users, updated disaster recovery and business continuity plans, etc.)

Architecture Review Board (ARB)

Objectives

- Make architectural decisions to ensure alignment with architectural principals and security policies and standards.
- Apply effective and defensible business-aligned architecture governance to architecture and design activity.

Responsibilities

- Provide a mechanism for the formal acceptance and approval of architecture through consensus and authorised publication.
- Identify divergence from the architecture and planning activities for realignment.

A note on the importance of Architectural Reviews

An ARB is only appropriate for shared services with complex architectures and integrations, and is unlikely to be necessary for most rural council projects.

For simple cases, an ARB could be replaced by an external consultant that conducts architectural reviews on an as needed basis, or alternative through request of systems implementation vendors.

Failure to conduct an architectural review adds to a project's risk, increasing the likelihood of poor design choices being made up front that require additional expense to remediate in the future.

Shared Services Community of Practice

Objectives

- Guide and promote shared services implementations to be planned, prepared, and managed appropriately to ensure effective design and implementation.
- Share knowledge between councils regarding shared services.
- Promote, champion and drive continuous improvement and innovation of shared services across local councils.

Responsibilities

- Create and maintain a central repository of reference material relevant to shared services implementation for general use by rural councils.
- Support identification of implications from broader organisational change shared services and required activities, updates to documents, and development of dynamic artefacts to accommodate and reflect the change(s).

Source: Deloitte analysis

For all councils

Relevant to large, complex shared service implementations

CASE STUDY

EDRMS and ERP

POINTS OF CONTACT
Anna Handberg

RCTP2 Council

Shared procurement	**Governance structure**	Benefit articulation	**Security**	Data sharing	Cloud migration
Change management	Resourcing network	**Process**	**Integration**	**Funding agreement**	

In collaboration with West Wimmera Shire Council (EDRMS only), Southern Grampians Shire Council and Northern Grampians Shire Council (EDRMS and ERP), Borough of Queenscliffe are in the process of working together to uplift management of their reporting and enterprise resource planning.

CONTEXT

- Legacy technology has exposed councils' vulnerability to security, mobility and costs of COVID-19 effects
- The case study councils each faced the same responsibility to meet regulatory requirements (e.g. security) as a large council but with next to none of the same resources:
  - Funding – system replacement was not viable for any council individually
  - Capacity – it was not within the capacity of the funded operational team to implement change
  - Capability – heavy reliance on expensive consultants to fill capability gaps
  - Vendor interest – the small number of licences limited vendor interest

METHOD

- Borough of Queenscliffe researched the local council network, capabilities and opportunities for collaboration on existing/planned IT initiatives and connected with them individually
- Council representatives decided to be vision-focused, breaking down barriers and "egos" to build relationships and a joint steering committee
- As a combined group, they identified "quick wins" that balanced high efficiency gains, with less investment
- $15k was invested to build the legal contracts for joint procurement
- Looking specifically at the "Promapp" system the group co-wrote processes and improvement strategy to enable the remaining councils to add licenses to the Northern Grampians Shire Council account (represents individual requirement gathering)

IMPACT

- Transparent and agreed upon vision for the shared service future, including executive buy-in for IT services
- Ongoing communication and relationship with council network enables momentum in continuous initiative delivery
- Leveraged other councils' expertise (complimentary skillsets – i.e. Borough of Queenscliffe had change management capability, Northern Grampians Shire Council had sophisticated governance structures)
- With a deep understanding on each council's resources and capacity, this group can now access skills between them on an ad hoc basis (as needed in the interim, before transitioning to full-shared resources)
- Shared accounts resulted in saving implementation, procurement and process map design resources

LESSONS FOR COUNCILS

1. Establishing and agreeing on a clear governance structure, with defined accountabilities, early will set study foundations for progress and delivery.

2. Councils such as Borough of Queenscliffe are willing to share suitably redacted materials (such as joint procurement contracts) that have already been developed for other councils to leverage.

3. Once a shared service network has been formed between councils, momentum can be gained through "quick win" initiatives such as shared information-only software (e.g. Promapp), then transitioning into bespoke requirements for data-heavy systems.

4. Councils can benefit from going into procurement discussions with a group mentality to best unlock efficiencies for multiple councils when working on one's own initiatives.

5. Open communications with council executives can enable opportunities for functional ownership and more flexible budgets to meet IT uplift needs rapidly. This mitigates the impact of leadership change.

Source: Interviews with Anna Handberg and Stretch Smith

Cost & Benefits Management | Benefits

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

Across the entire government, digital infrastructure investment represents a $1.5 billion opportunity for job creation and a $25-30 billion uplift in GSP through information, communication and technology services revenue.

The Digital Victoria Strategy highlights the importance of equipping key decision–makers with capability and knowledge to support effective management of digital investments.

Shared services represent an opportunity to deliver digital outcomes (through talent, resources, materials, strategies and systems) across a wider audience, for a fraction of the price it would cost a single organisation.

The strategy outlines an intent to coordinate approaches to digital investments to reduce duplication, leverage buying power and build strategic partnerships.

Articulation of a project's benefits – both financial and non-financial – is key to building a case for investment in technology shared services.

PRINCIPLES OF GOOD QUALITY BENEFITS MANAGEMENT

- **There should be clear ownership of benefits at each council involved in the project.** To ensure there is an alignment of incentives, ownership should be given to the part of the business that benefits from the technology shared service.
- **At the end of the Inception phase, benefits should be clearly defined for each council.** These should be subsequently validated at the end of the Procurement phase once more detail is known about vendor costs and proposed technology solution. If the business case is impaired as result of the new information, look to make changes to the project to make the business case viable once more.
- **At the end of the Build & Test phase, the benefit owner needs to have confidence that there is a plan in place to achieve benefit targets** before the technology shared service goes live at each council.
- **Benefits need to be articulated on a per council basis.** Each benefit should have one or more associated metrics, which are simple and measurable. At a minimum there should be a target set for each metric. Where possible, a baseline should be captured as well.
- **Don't consider a project complete until change adoption activities have allowed the realisation of planned benefits.** It's easy to think the work is over when the technology part is done, however this risks missing out on the benefits of the investment being made.

Benefits will typically fall into one of the eight categories below, with examples that draw from a range of technology projects.

	BENEFIT CATEGORY	EXAMPLE BENEFITS
FINANCIAL	Efficiencies	↓ manual processing effort ↓ contractor spend ↓ reporting effort
	Technology Spend Saving	↓ licencing spend ↓ managed service spend
	Printing and Postage	↓ postage spend
NON-FINANCIAL	Customer Experience	↑ customer experience score ↓ customer response times ↑ speed turnaround time for permit applications
	Employee Experience	↑ employee satisfaction score ↑ adoption of the new tool
	Information Security	↑ compliance with information security audit requirements
	Service Reliability	↑ uptime of digital services ↑ service data quality
	Optimised Asset Utilisation	↑ Meeting room utilisation ↑ Sporting ground utilisation

Financial benefits may be cashable or non-cashable. A cashable benefit must result in a reduction in budgeted operating spend, while a non-cashable financial benefit does not. Typically non-cashable benefits result in saved time being redirected to other services or avoiding the cost of increased service volumes in the future.

Source: Deloitte analysis

Relevant to large, complex shared service implementations *Basic benefit categories*

Cost & Benefits Management | Costs

Adequate forecasting of IT costs and regular articulation of actual spend against the budget will assist councils with understanding the extent to which they can investigate opportunities for technology improvement.

Victorian councils have indicated…

Insufficient articulation and tracking of ICT spend is limiting opportunities for ongoing investment in technology.

Good practice is to have a profile on what the costs will be and track against…

What are the costs of shared services?

Cross-Council program management
- Coordination

Vendor
- System implementation
- Licencing
- Managed service

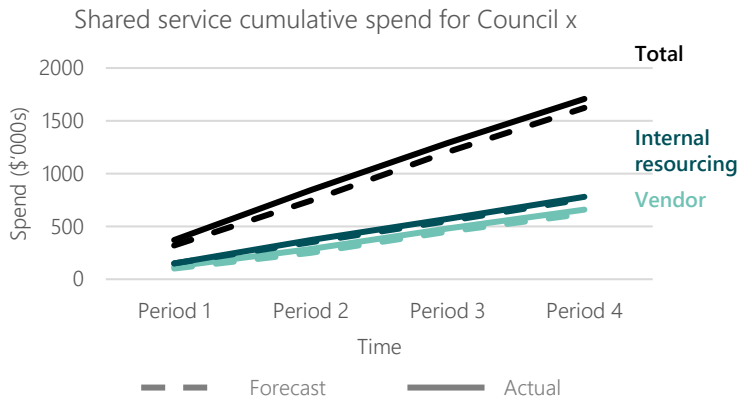
Internal resourcing
- Project management
- Change management (including communications)
- Council resources assigned to the project as SMEs (e.g. business analysts, testers)

Each council will need their own business case when transitioning to shared services, as the division of spend between the above cost groups will be unique to the council.

How do you track those costs?

Depending on the choice and existing tools of the council, there are both simple and complex financial management and modelling tools that can be used to track costs against.

A simple reference is below makes identifying spend, across the different cost groupings, simple against budget:



In addition to identification of opportunities for investment, tracking of budget has the following benefits:

- Accessible data for reporting to governance forums and steering committees
- Determine excessively high investment areas and redirect to a more cost-effective alternative

Source: Deloitte analysis

CASE STUDY

Core Property and Rates Services Management

RCTP2 Council

POINTS OF CONTACT

Emma Woolaston

towongshire

For almost a decade, Towong Shire Council has managed Indigo Shire Council's rates processes, with one team operating and representing the two entities. The shared services reduces overheads for both councils through shared CouncilWise procurement, resources and administration.

CONTEXT

- In July 2013, Towong Shire Council and Indigo Shire Council established common performance measures for Core Property and Rates services management services
- Rural councils had faced ongoing challenges with recruiting and retaining experienced rates staff
- The nature of the arrangement is a shared team basis rather than a customer/supplier relationship
- In 2016, Towong Shire Council received $42,000 to investigate best practice technology in rates and property accounting systems

METHOD

- The focus of the team over in the first two years was establishing robust processes and templates, building a cohesive high performing team and cleansing data to improve accuracy
- Towong Shire Council absorbed the processing of Indigo Shire Council's rates team to follow create a single team model
- The councils share 1-2 rates-specialists, with Indigo Shire Council charged pro-rata for rates-related finance and accounting services from Towong Shire Council
- The councils went to market as a single team seeking a common solution during procurement
- Each council has separate agreements in place with their vendor, CouncilWise, based on their individual requirements, and each has their own licences

IMPACT

- Gradual alignment of additional council processes and governance, such as receipting and animal management due to the ongoing relationship and convenience
- Efficiency benefits associated with handling repeatable tasks realised by both councils
- Lower cost to service for Indigo Shire Council by leveraging Towong Shire Council's scale
- Greater depth of resourcing to enable specialisation of roles, career pathing and business continuity
- Procurement benefits for items ranging from rates notice printing costs to implementation savings
- Sharing of best practises in adjacent areas like animal management and receipting

Shared procurement | **Governance structure** | Benefit articulation | Security | Data sharing | Cloud migration

Change management | **Resourcing network** | **Process** | **Integration** | **Funding agreement**

LESSONS FOR COUNCILS

1. Alignment on common business processes is core to a swift transition to shared services for councils.

2. Business process expertise, project management skills and business analyst skills are minimum essential requirements for councils seeking to implement a common technology platform.

3. Shared services are often successful when applied to transactional elements of council processes that are unlikely to be impacted by the overall strategy and direction of each council.

4. Shared services provide councils with opportunity for good business continuity, reduce key person risk, and provide career paths for team members.

Source: Interview with Emma Woolaston; FAST-Program-mid-term-report-2016-18-online-version (LGV supplied)

Measures of Success

VICTORIAN GOVERNMENT SOURCE

- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
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- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

Digital Victoria has committed to supporting government agencies and councils in providing clear measures of success to support governance and assurance of digital initiatives.

Councils have the opportunity to align expectations and measure their performance in delivering shared services to their communities as the primary digital initiative.

Digital Victoria can support this process, to enable alignment to shared desired outcomes for the community, whilst providing council's autonomy over the method of measuring performance.

Measures of success will be unique across councils, representing the minimum working requirements for councils in a working relationship; for fair value to be realised, it is imperative to agree upon them before engaging in shared service initiative implementation.

Four examples of measures of success for the implementation of each shared service initiative:

All **benefits have been achieved** to the satisfaction of each council

100% adoption of the new tool has been achieved at each council

Councils have confidence in technology shared services as a solution and are actively new opportunities to collaborate

Council staff understand how to use the technology shared service and are actively searching for opportunities to leverage additional functionality.

Source: Deloitte analysis
Notes:
- Above metrics are considerations for rural councils and are not exhaustive in nature, select and modify as per specific requirements.
- Success metrics focused on transformation budget, timeline, and milestones have intentionally been excluded as those are expected to be managed by each council/council group based on their shared service initiatives.
- These metrics can act as a leading indicator of the change, eventually leading to the stated benefits of the business goals.

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Continuous Improvement

Technology Innovation

Once shared services are deployed, continuous improvement network enables councils to stay up to date with service provisions to their community.

VICTORIAN GOVERNMENT SOURCE

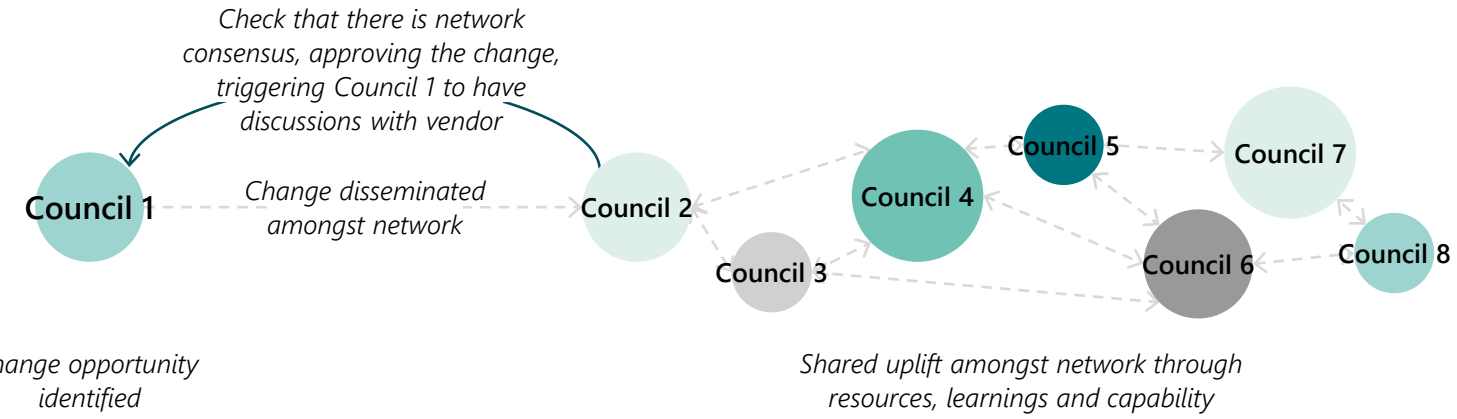
- [x] **Digital Victoria Strategy**
- [ ] Digital Victoria Business Capability Model
- [ ] Vic Gov Data Policies and Standards
- [ ] Victoria's Cyber Strategy
- [ ] DELWP
- [ ] Service Victoria

DIRECTION

The Digital Victoria Strategy reiterates the importance of leading from the top by embed a culture of innovation and continuous learning to actively drive change across government; continuing to build on the momentum created by the COVID-19 pandemic (and other external opportunities as they arise).

The aim is to encourage digital ways of working and continuously examine the next frontier of what a digital government can deliver individuals, communities and businesses.

Question to address	1 What is the opportunity?	2 What is the change?	3 What is the support required?
What needs to be true	Councils require dedicated resources focussed on simplification and automation of processes with high transaction volumes and those that are manual, driving benefits to customers through efficiency and consistent quality.	**A) Vendor managed (e.g. SaaS)** Improvements are managed with the vendor. Action on councils will be to manage the in-flight and planned initiatives on the vendor's roadmap **B) Council managed** Improvements will require a working group to build a change and implementation strategy.	Shared change management capability should be deployed to the change network to enable shared learnings



Source: Deloitte analysis

CASE STUDY

Continuous Improvement | GIS Capability

RCTP2 Council

POINTS OF CONTACT

Andrew Downie, Carolynne Roberts

GOLDEN PLAINS SHIRE

To further progress the geospatial capability of Golden Plains Shire Council, Ballarat City Council was identified as a potential partner to build a shared Geospatial Capability Strategy post 2022.

CONTEXT

- Golden Plains Shire Council identified the need to conduct a strategic review of its geospatial operations to better meet its future needs
- Ballarat City Council were in the process of receiving third-party support to build out a GIS capability strategy to reposition their current offerings.
- Golden Plains Shire Council had need for Business Analyst (BA) and Geospatial technical capability to identify a new strategic direction.
- An opportunity arose for a shared procurement and knowledge undertaking to share the third-party service to build similar strategies.

METHOD

- The need for new strategic direction in the Geospatial area was confirmed through conversations amongst neighbouring ICT professionals.
- Golden Plains Shire Council approached Ballarat City Council to explore the synchronisation of the strategy development with their selected consultant.
- Ballarat City Council facilitated a revised contract and costs with the consultant that allowed combined information gathering and research along with strategic analysis for each council.

IMPACT

- ~50% savings for building strategy together with Ballarat City Council, than if they went to source and build it individually
- By partnering with Ballarat City Council, Golden Plains Shire Council had access to a top tier GIS consulting firm that would otherwise have been cost prohibitive
- An aligned strategy between councils will enable future opportunities to be explored in shared services and procurement models
- The delivered strategy Identified actions for the next phase including
  - Conducting data ownership analysis
  - Further definition of system requirements

Shared procurement	Governance structure	Benefit articulation	Security	Data sharing	Cloud migration
Change management	Resourcing network	**Process**	Integration	Funding agreement	

LESSONS FOR COUNCILS

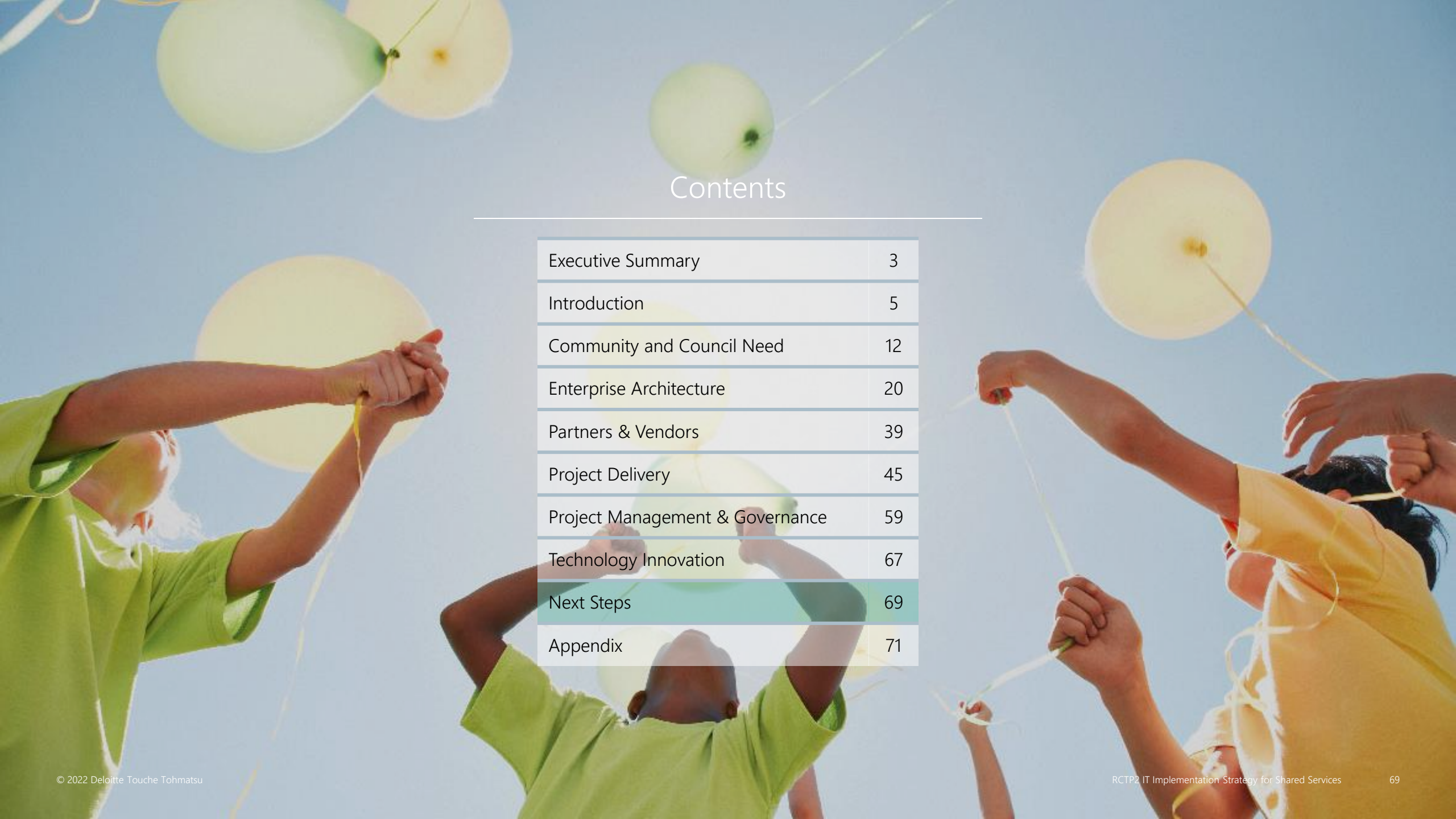
1. Smaller councils have the opportunity to utilise their agility and source shared service relationships to obtain the best value for their investment.

2. Councils should have the strategic capability to identify when an existing system is at end of life and when the time is right to invest in a new system or shared service relationship.

3. Shared services presents an opportunity to reduce delivery times when their strategies articulate similar requirements.

4. Open communications between council staff on future initiatives can enable opportunities to combine knowledge to produce considered outcomes that have the potential for functional alignment of services.

Source: Interview with Andrew Downie



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Next Steps

Local Government Victoria will seek to expand on this guidance by providing additional resources that facilitate shared service implementation and further articulate a strategic view of how to accelerate the adoption of shared services across the Victorian Local Government sector

Resources Councils are Seeking

The additional resources identified by councils as valuable to them include:

- **Case studies** of shared services implementations at local councils to share lessons learned (some have already been included)
- Specific **templates, frameworks and methods** for reuse by local councils
- **Access to short-term subject matter expertise** to support local councils on their shared services implementations

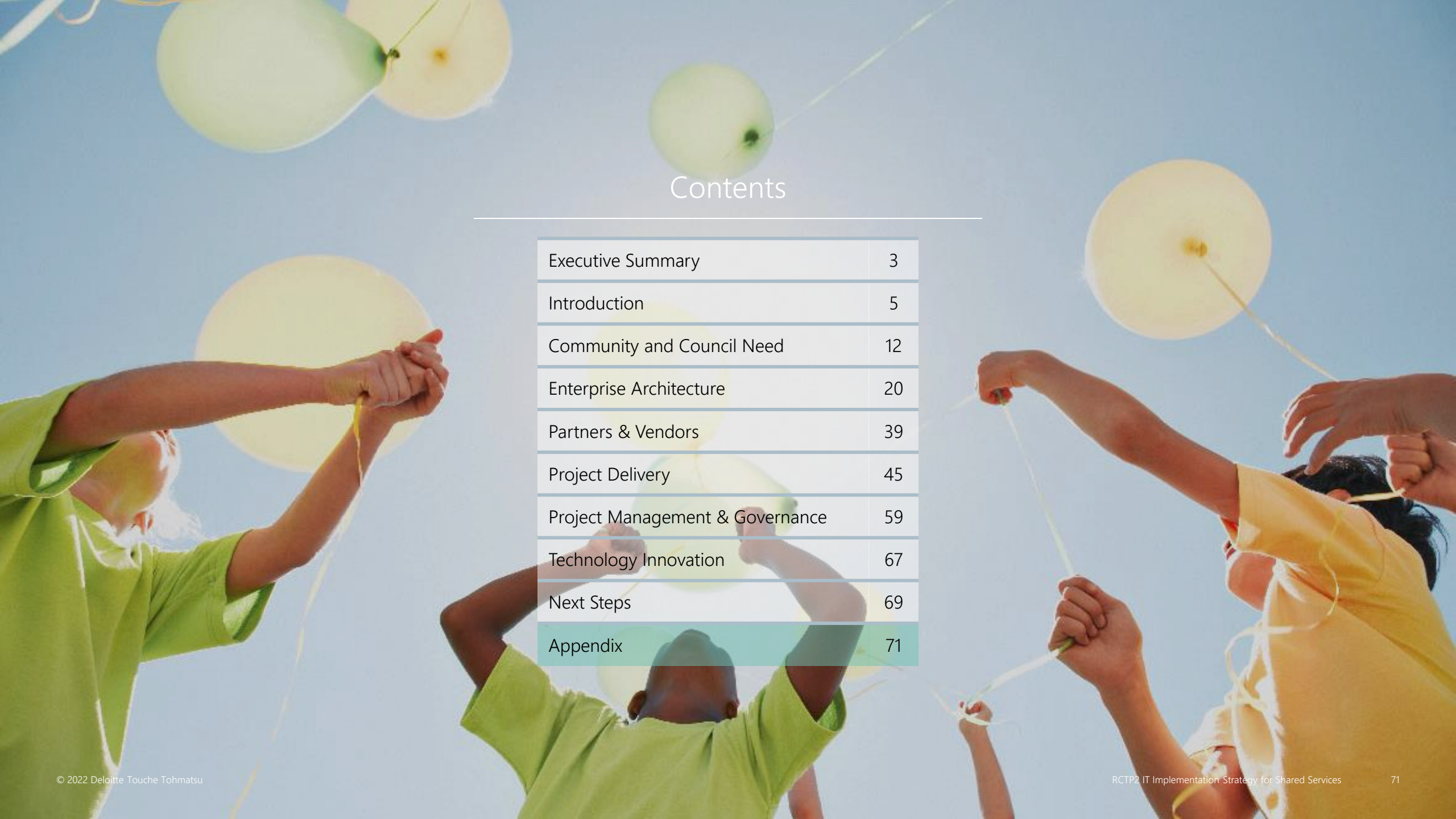
Local Government Victorian is exploring opportunities to make these resources, and more, available to councils across the Victorian Local Government sector.

Strategic Viewpoint

In Phase 2 of the RCTP IT Implementation Strategy for Shared Services project, Deloitte have been requested by Local Government Victoria to provide recommendations for how the 25 councils can better align their efforts to progressing this strategy.

The recommendations are expected touch on:

- The role the Victorian Government can play in accelerating the adoption of common technology platforms
- Funding needs and models
- A response to specific capability challenges facing councils today



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Appendix A: Definitions

The table below provides definitions for some terms used in this document.

Term	Definition
CX	Customer Experience refers to the customer's perceptions and related feelings caused by the one-off and cumulative effect of interactions with a supplier's employees, systems, channels or products.
DELWP	Victorian Department of Environment, Land, Water and Planning.
EDRMS	An Electronic Document and Records Management System is a software application that manages digital information such as email, word-processed documents, spreadsheets, images and scanned documents. An EDRMS can also control paper records and physical objects.
ERP	Enterprise Resource Planning is defined as the ability to deliver an integrated suite of business applications. ERP tools share a common process and data model, covering broad and deep operational end-to-end processes, such as those found in finance, HR, distribution, manufacturing, service and the supply chain. ERP applications automate and support a range of administrative and operational business processes across multiple industries, including line of business, customer-facing, administrative and the asset management aspects of an enterprise.
GIS	A Geographic Information System is a collection of computer hardware, software and geographic data for capturing, managing, analyzing and displaying every form of geographically referenced information, often called spatial data.
IoT	The Internet of Things refers to the network of physical objects that contain embedded technology to communicate and sense or interact with their internal states or the external environment.
iPaaS	Integration Platform as a Service is a suite of cloud services enabling development, execution and governance of integration flows connecting any combination of on premises and cloud-based processes, services, applications and data within individual or across multiple organisations.
L&D	Learning and development.
LGV	Local Government Victoria
MOU	A Memorandum of Understanding is a formal agreement that outlines plans for a common line of action between two or more parties. An MOU is used when companies plan to work together or partner on a project or similar venture. In government, these agreements are used to coordinate interagency work.
PMO	Program Management Office (role).
RCTP, RCTP2	Round 2 of the $20 million Rural Councils Transformation Program (RCTP); which is designed to help rural councils meet their financial and operational challenges through incentivising the implementation of regional service delivery and shared services. RCTP Round 2 includes ten successful applications involving 25 rural councils.
RLC	Regional Library Corporation.
Vic Gov	Victorian State Government.

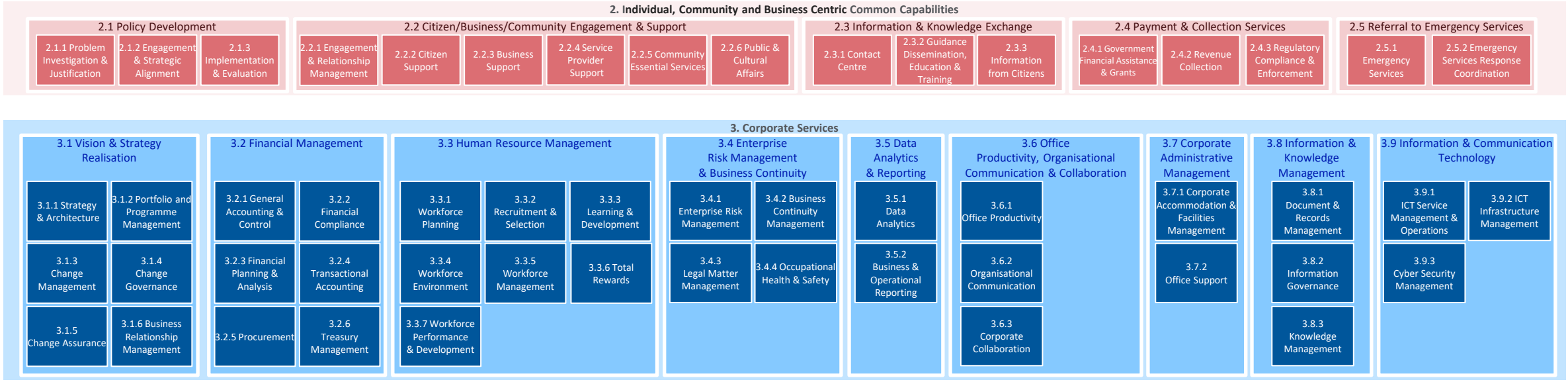
Source: Gartner, National Archives of Australia (NAA), Local Government Victoria, TechTarget

Appendix B: Case Study Index

Eleven case studies were compiled to support rural councils with examples of successful shared service implementation initiatives, from both peers and globally.

	Page	Title	Point of Contact	Description
RCTP2 Council	61	EDRMS and ERP	Anna Handberg	In collaboration with West Wimmera Shire Council (EDRMS only), Southern Grampians Shire Council and Northern Grampians Shire Council (EDRMS and ERP), Borough of Queenscliffe are in the process of working together to uplift management of their reporting and enterprise resource planning.
	53	Cloud and Office 365	Glenn Carman Melanie Roberts	With focus on obtaining quick-learning IT talent, and with a nurturing governance structure, Ararat Rural City Council has been able to mature their digital capability to become a leader for rural councils.
	49	Shared GIS Provision	Andrew Downie Carolynne Roberts	Golden Plains Shire Council identified an opportunity to leverage Brimbank City Council's (lead) sourcing and management of a geographic information system (GIS). Brimbank City Council now have licensed out to Golden Plains, Central Goldfields Shire Council, Colac Otway Shire Council and Pyrenees Shire Council for the service.
	68	Geospatial Capability	Andrew Downie Carolynne Roberts	To further progress the geospatial capability of Golden Plains Shire Council, Ballarat City Council was identified as a potential partner to build a shared Geospatial Capability Strategy post 2022.
	30	Library Hub	Emma Woolaston	Alpine Shire Council provides a co-operative shared service across Alpine Shire Council, Wangaratta Rural City Council, Mansfield Shire Council and Benalla Rural City Council. A 2019 audit, by the Auditor-General, validated the efficiency of co-operative models amongst rural council, compared with individual metropolitan models.
	64	Rates Management	Emma Woolaston	For almost a decade, Towong Shire Council has managed Indigo Shire Council's rates processes, with one team operating and representing the two entities. The shared services reduces overheads for both councils through shared CouncilWise procurement, resources and administration.
	42	IoT	Cecilia Connellan Darryl Burton	Gannawarra Shire Council, Buloke Shire Council, Mildura Rural City Council and Swan Hill Rural City Council participated in a 12-month Smart Cities project to trial Internet of Things (IoT) technology to inform decision making and improve operational efficiencies.
	54	Xero	Nathalie Cooke	The scope of the initiative was to develop a comprehensive business case for, and implement, a shared financial transaction processing solution across the Alpine Shire Council and Towong Shire Council.
 Global Council	18	'Better Together'	Deloitte	The 'Better Together' Program established by the North Yorkshire County Council (NYCC) and Selby District Council (SDC), in rural England increased the resilience, customer-focus and efficiency of individual councils and their shared services.
	36	dorsetforyou.com	Deloitte	Rural councils in Dorset, England, in partnership with the county council aim to redesign their shared website, dorsetforyou.com to easily provide civilians access to council information and services.
	43	Finnish ICT Cooperation	Deloitte	A research study was conducted on 144 municipalities within 20 municipal regions in Finland to analyse and evaluate the expected benefits of ICT cooperation.

Appendix C: Digital Victoria – Vic Gov Business Capability Model



Source: Digital Victoria