TechnologyOne white paper

Getting fit for the future

How local governments can prepare for amalgamation

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On 20 October 2015, the NSW Government pushed forward with the next step in the local government reform process, releasing a report by the Independent Pricing and Regulatory Tribunal. In this report, the tribunal highlighted that more than 60 percent of the state's councils failed to meet the government's 'fit for the future' criteria.

As a result, the state government is urging councils in NSW to consider amalgamation and has committed to supporting them through this process. That's why it has offered $15 million to assist any council wishing to amalgamate and ultimately become more sustainable.

However, making the switch from a small local government to a large amalgamated council requires more than money alone. Councils require a strategy to prepare for the transition, set up an effective interim solution and shift efficiently to a new approach when the amalgamation process is completed.

TechnologyOne has already supported 19 councils in Queensland throughout the entire amalgamation process, and, as strategic partner to more than 200 councils, has a deep understanding of their needs.

In this guide, we'll share what we learned about the strategic decisions councils must make should they amalgamate. You'll receive detailed advice on how to consolidate your business systems, using the reform process as an opportunity to start afresh.

Challenges of amalgamation

The amalgamation process involves numerous tasks, from merging legacy data into a new, shared database to identifying new roles for existing staff. And this means confronting several problems inherent to amalgamation.

First, councils must find a way to continue current operations unimpeded until a new system can be fully implemented. Second, you must create a single reporting entity capable of integrating data from pre-existing systems. And third, you must unify business processes to support the creation of a single budget – this involves consolidating functions such as payroll, property management, asset management and accounts payable.

Given the inherent challenges of amalgamation, what's the easiest way for multiple councils to arrive at a consolidated entity that satisfies all stakeholders?

"Data integrity is a critical consideration for councils during the amalgamation process, because it supports accurate information and operational efficiency,"

Kerry Dobinson, former CFO, Logan City Council, Queensland (part of the 2007 Queensland amalgamations)

The four steps to amalgamation

Every amalgamation is different and each council faces unique challenges. However, we're confident that our four-step approach will adapt to your council's particular circumstances and help simplify your amalgamation process.

Step one: Prepare to amalgamate

The first stage of amalgamation involves consolidating data and procedural information that needs to migrate to the new, larger council's infrastructure. Think of it as a spring clean before you move house. During this stage, you should:

- Document employee awards, including any exceptions, to simplify the creation of new awards later

- Document your business processes, planning and local law policies

- Document your organisational structure

- Get your asset register in order

- Define the software application catalogue for each council

- Review existing ICT infrastructure assets, lifecycle status and supportability

Step two: Plan the amalgamation

During step two, you'll focus on the details of the amalgamation process. In 2008, we worked with three local governments that merged to form Queensland's Moreton Bay Regional Council, a municipality with nearly 400,000 residents and $4.4 billion worth of assets. During the amalgamation planning stage, we helped the councils to standardise their budgeting practices so they could integrate smoothly later on. Important things to do at this stage include:

- Create an interim leadership that can focus on amalgamation challenges without interrupting day-to-day council business

- Review consolidated networking and telephony options before making recommendations

- Consider potential organisational structures and include recommendations to speed up decision-making for the post-amalgamation CEO

- Create policies on employee selection including who can apply for given positions and what happens to those who are unsuccessful

- Compare business processes and present the new council with recommendations on consolidated solutions

- Prepare recommendations on staff accommodation and service delivery locations, taking into account existing arrangements and your need to be accessible to all members of the new community

- Compare employee award policies from different councils and form a recommendation for a consolidated award

- Select systems for the new council and create a road map that includes an interim strategy, a phased implementation approach and a resourcing plan.

Step three: Shift from an interim solution to the amalgamated model

For the councils we have worked with, this has always been the most challenging step of the amalgamation process. You must adopt new policies and processes in a way that allows both staff and community members to continue their activities with minimal interruption.

Here are some of the things you'll be expected to do during stage three:

- Adopt a new organisational structure and relevant organisational policies

- Adopt employee selection policies and start appointing staff to the relevant positions

- Agree on the management of administration and customer service centres

- Adopt business processes for the new council

- Adopt a common reporting system

- Start implementing the rest of the systems road map that was put in place pre-amalgamation

- Continue to work towards consolidated corporate systems for the amalgamated council.

Step four: Take advantage of consolidated systems

Stage four represents the ideal end point for councils on an amalgamation journey. With efficient and practical consolidated systems in place, you can start making positive contributions to your new, expanded community. You'll be able to take advantage of an integrated system that includes finance, supply chain management, human resources, payroll, property and rating, document management, business intelligence, budgeting, reporting and asset management.

Moving forward to build stronger councils

To some councils, amalgamating with their partners in local government might seem a daunting prospect.

However, if you break the amalgamation process into four approachable steps and equip yourself with an integrated enterprise solution tailored to local governments, it's possible to simplify amalgamation and quickly start to enjoy the benefits of belonging to a much larger local government.

This new council will be sustainable and able to deliver the services and infrastructure the community needs.

Using OneCouncil to facilitate amalgamations

As councils amalgamate, they stand to derive great benefit from an integrated enterprise solution that creates a single, centralised source of information. TechnologyOne's OneCouncil solution – which we developed in collaboration with more than 200 Australian councils – simplifies the amalgamation process, providing you with a smooth and affordable way forward.

The chief advantage of OneCouncil is that it supports the free flow of data between departments that have traditionally operated independently. For example, the finance department can automatically and securely access relevant information about human resources and asset management.

OneCouncil offers amalgamating councils an opportunity to start with a clean slate and adopt suitable business systems and processes.

This means moving beyond inefficient legacy systems to take advantage of a program used by many other sustainable councils across Australia.

OneCouncil assists councils at every stage of the amalgamation process:

✓ **Pre-amalgamation stage one** – OneCouncil provides reliable business processes and supporting documentation.

✓ **Pre-amalgamation stage two** – Participating councils can adopt these proven practice templates for integrating business processes, and adopt OneCouncil's document management and reporting tools to go live as soon as amalgamation takes effect.

✓ **Post-amalgamation** – As an integrated enterprise software solution, OneCouncil forms the basis for the council's new corporate system or simply becomes the new system.

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