


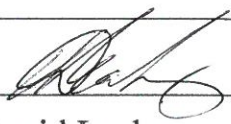


NOTICE OF MOTION WEST WIMMERA SHIRE COUNCIL

Notice of Motion No:	2019 / 05
Preamble	<i>Rules Surrounding Native Vegetation Removal</i>
<p>Again I am seeking clarification to rules surrounding Native vegetation removal for fencelines and other infrastructure improvements like roads. The exemptions are still not clear following meetings.</p> <p>Exemptions for the removal of trees for essential maintenance and upgrades need to remain as exemptions and not be affected by pseudo environmental overlays or we will all be spending more on lawyers and consultants than in improving the safety of our roads, securing our boundary fences and improving other infrastructure.</p> <p>It now appears that the category of large significant trees means you are bundled with extra red and green tape that effects exemptions. A large significant tree is supposedly a tree over 40cm at chest height. I don't know how a tree that can be less than 30 years old is somehow a large significant tree.</p> <p>The statement "minimum extent necessary" seems to have grown extra meaning. To me "minimum extent necessary" should mean at least a 4 metre fenceline clearance of all trees on title boundaries so that you can put a grader or leveller along to level the fenceline ,to protect the bottom wires from rusting out on the tops of mounds , to keep our livestock in, to keep our farms biosecure and to make it safe to erect a new fence or maintain the old.</p> <p>We now have deer as well as a plague of kangaroos on our roadsides and safety for road users has to be a priority. How do you dodge a kangaroo you can't see because it hops out from behind a big tree less than a metre from the road? If you slide off the road and there is a tree in the tabledrain it's your kids in the back seat that will probably hit the tree first. Going to footy Saturday there was a big red deer within a km of Edenhope town boundary in broad daylight.</p>	
Motion:	
<p>That West Wimmera Shire Council seek to amend the West Wimmera Shire Council Planning Scheme for Native Vegetation with the process beginning at Council Forum May 1 2019</p>	



NOTICE OF MOTION
WEST WIMMERA SHIRE COUNCIL

Councillor's Signature:	
Councillor's Name:	TREVOR DOMASCHENSKI
Date:	8/04/2019
CEO's Signature:	
Chief Executive Officer:	David Leahy
Date:	9/4/2019

Rural Councils Transformation Program

- Buloke Shire Council
- Central Goldfields Shire Council
- Golden Plains Shire Council
- Hepburn Shire Council
- Hindmarsh Shire Council
- Horsham Rural City Council
- Loddon Shire Council
- Pyrenees Shire Council
- West Wimmera Shire Council
- Yarriambiack Shire Council

Council Meeting Briefing Pack

March 2019

Executive Summary

DRAFT

A summary of the key points from the Rural Councils' Corporate Collaboration (RCCC) illustrates the key points of the transformation and how they will be achieved.



Gain efficiencies across the region with the ability to collaborate and support each other



Phase 1 fully funded under RCTP



IT operating model developed with a road map for implementation, beginning with Finance and Payroll



Transformation Program Office support to inform best practice, set up for success and uplift regional capability

Utilises cloud technology to enable the full potential of remote working

With benefits realised over time, some continuance of funding required by councils

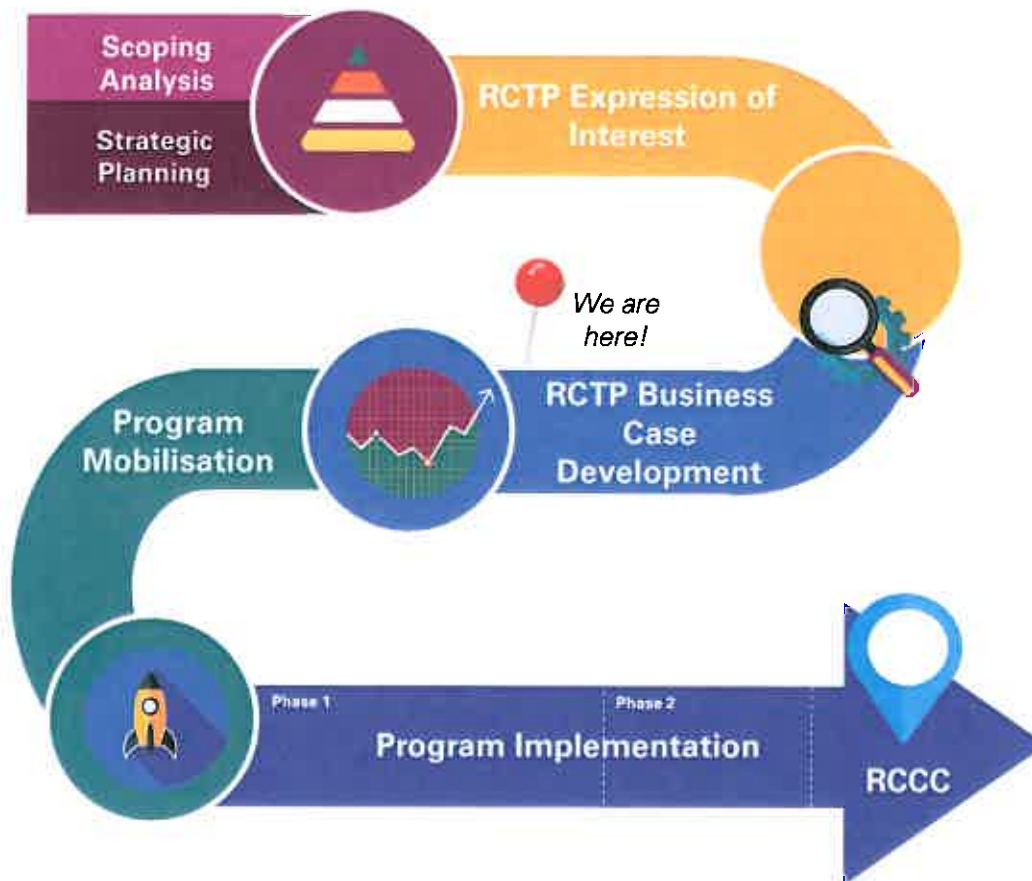
Roadmap provides decision gates to enable realisation of transformation

Program support to uplift local council capability and provide greater regional opportunities

Roadmap Summary

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A summary of the journey of where we are today and what lies ahead for the RCCC transformation.



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Program Mobilisation (Subject to successful RCTP funding)

- Design IT Operating Model
- Spec and Select for ERP

Program Implementation




- Phase 1: Implement first and second corporate service functions onto the ERP
Finance and Payroll
- Phase 2: Continued transition of other corporate functions to RCTP ERP
Refinement of business model and processes
Continuous improvement activities

The proposed transformation program

Introduction to Rural Councils Transformation Program (RCTP)

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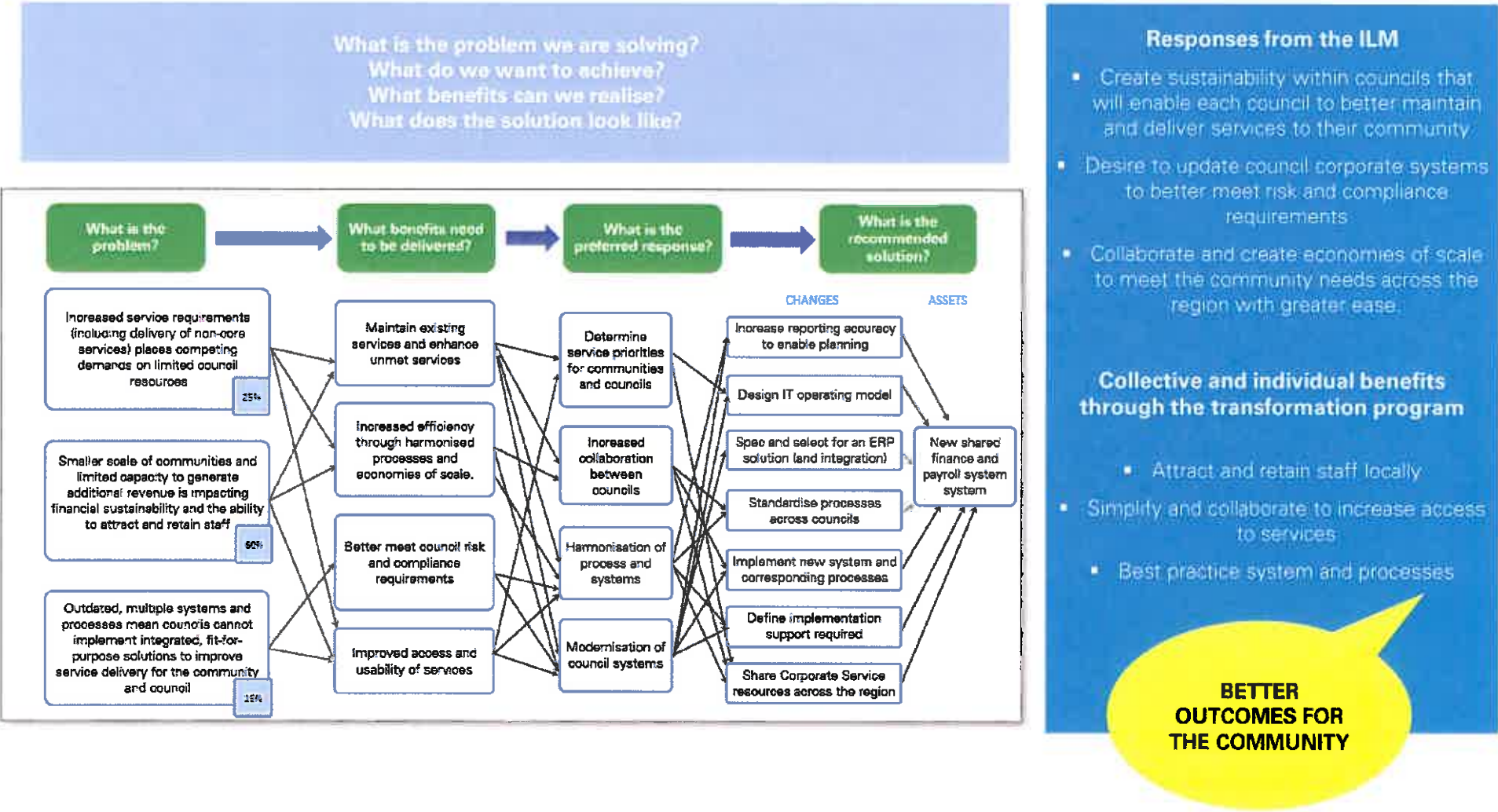
The submission of a business case in application for funding under DELWP's RCTP, provides an opportunity to gain seed funding and support for the RCCC group of councils' plan to combine forces and structure their corporate council services as a shared service across the region.

 RCTP OBJECTIVES	 IN SCOPE FUNDED ACTIVITIES	 FUNDING REQUIREMENTS										
<ul style="list-style-type: none">• Improve the financial sustainability of rural and regional councils by achieving economies of scale including through regional service delivery or collaborative procurement;• Promote more efficient and improved service delivery through collaboration and innovation;• Facilitate benefits for rural and regional communities, with priority given to those for rural communities; and• Demonstrate potential efficiencies to be gained through regional service delivery. <p>No requirement under the funding agreement for applicants to provide a matched, cash co-contribution.</p>	<p>The RCTP aims to fund large scale proposals that will implement transformation of existing council functions. Activities that will generally be considered for funding under the RCTP to implement such transformation include but are not limited to:</p> <ul style="list-style-type: none">• Arrangements; Establishment of governance• Digital transformation or system development;• IT hardware and software – both new and upgrades;• Staffing – management and administration;• Related consultancy advice – legal and finance;• Buildings (leased only) and fixtures and furniture – leased and owned; and• Vehicles and equipment (phones, computers, office supplies). <p>The RCTP will provide seed funding to facilitate collaborative arrangements that are at a greater scale or scope than has been previously seen in the context of the operation of Victoria’s rural councils.</p> <ul style="list-style-type: none">• Jointly owned fleet management entity;• Shared statutory services;• Shared corporate services; and• Shared engineering services.	<p>Assessment for funding will be based upon:</p> <table><tr><th>Criteria</th><th>Weighting</th></tr><tr><td>Financial sustainability</td><td>35%</td></tr><tr><td>Evidence-based</td><td>25%</td></tr><tr><td>Impact</td><td>25%</td></tr><tr><td>Collaboration</td><td>15%</td></tr></table> <p>Upon successful RCTP funding:</p> <ul style="list-style-type: none">• Successful applicants must enter into a funding agreement with DELWP• Funding recipients are required to comply with monitoring and reporting requirements as per the funding agreement.• Funding will be executed through milestones negotiated between the successful applicant and DELWP• All involved councils will be required to commit to continue funding the proposal beyond the period of the initial grant (via submitted MoU and Council resolutions)	Criteria	Weighting	Financial sustainability	35%	Evidence-based	25%	Impact	25%	Collaboration	15%
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2. Bold indicates an activity within the GSS transformation

Investment Logic Map

The Investment Logic Map (ILM) method brings us back to first principles and is DELWP's preferred method of capturing the problems and solutions for a funding request. The below ILM was developed during a workshop with all the council CEOs and many Corporate Services leads.



RCCC Transformation Program

To ensure the business case submitted to the Victorian Government accurately reflects the intended objectives of the RCTP, a transformation has been designed to establish the foundations to enable the planned objectives of the RCCC. Upon successful funding from the RCTP, RCCC councils will begin to harmonise their Finance and Payroll systems and have the foundations for ongoing transition into a shared corporate function operating model..

Background

Ten rural and regional councils from the west of Victoria have come together to share corporate services resources, processes, platforms and applications. To gain efficiencies and enable financial sustainability that will lead to better service provision for their local communities.

Project Objectives	Project Goals
1. Focus on a Corporate Services, specifically transforming the Finance functions, migrating IT platform, application and processes, on cross efficiencies and better reporting, setting the way for ongoing future collaboration and innovation.	1. Build a cloud-based IT platform and integration layer by enable the Rural Councils remote access to a Finance and Payroll applications (other functions dependent upon funding approval)
2. Strong alliance between the Rural Councils and an agreement to commercialise and collaborate to build consensus, ultimately leading to improved service delivery to the local community by refocusing back office effort towards service delivery	2. Create an integrated Chain of Accounts and shared finance functions and business processes to enable a fully functioning de-centralised shared service model.
3. The Shared Services transformation should follow a structured approach to maximise outcomes with an emphasis on integrated processes and Change Management to build a long-term knowledge investment in the region.	3. Enable a simplified reporting tool that aligns with the requirements from all Rural Councils and those from external stakeholders, such as VAGO, LGA, etc.
4. Whilst remaining de-centralised, the costs and benefits of the shared services will be apportioned between the councils to promote both financial and non-financial sustainability with	4. Embed better practices and see an uplift in the relevant capabilities to provide succession and career opportunities for locals
	5. All efficiencies gained by the shared services transformation, be they labour hours or financial, are to be transferred into providing better services for the community.

Key Understandings

STRATEGIC	ECONOMIC	OPERATIONAL
<ol style="list-style-type: none"> 1. Improve access to information (for internal and external customers) for better consistency, timeliness, decision making and governance 2. Attract, retain and provide ongoing opportunities for skilled people in the region 3. Increase the provision and consistency of services across the region 4. Enable collaboration with partners 5. Meet the community needs of increased service delivery expectations 	<ol style="list-style-type: none"> 1. Increase the financial sustainability of rural councils 2. Reduce reliance upon Contractors especially around technical roles 3. Reduce vendor/procurement pricing due to larger buying power 4. Reduce back office infrastructure costs to redirect efficiencies to service (front of house) delivery 	<ol style="list-style-type: none"> 1. Reduce manual processing requirements that are time intensive 2. Reduce requirement for 'double keying' in software with no integration to any other systems 3. Share the same processes, knowledge, common language and methodology on similar business processes 4. Increase automation leading to better work/life balance and quality of reporting

Program Implementation

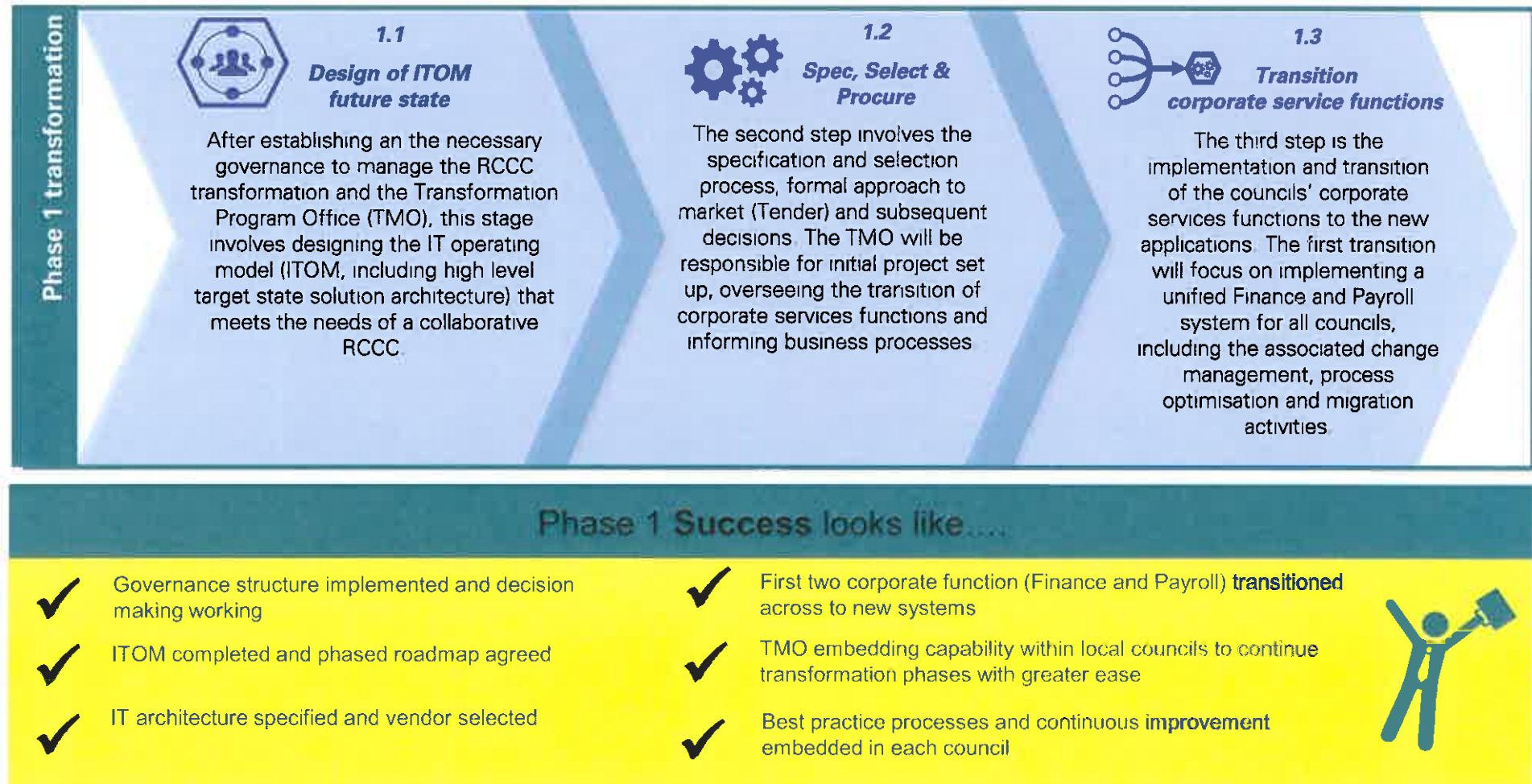
- Implementation should be a combined team of external and internal resources with the use of SMEs as and when required. This is so internal resources can maintain BAU.
- Change management should have an emphasis throughout the project, acknowledging the differing maturity levels amongst the councils.



RCCC Transformation Project

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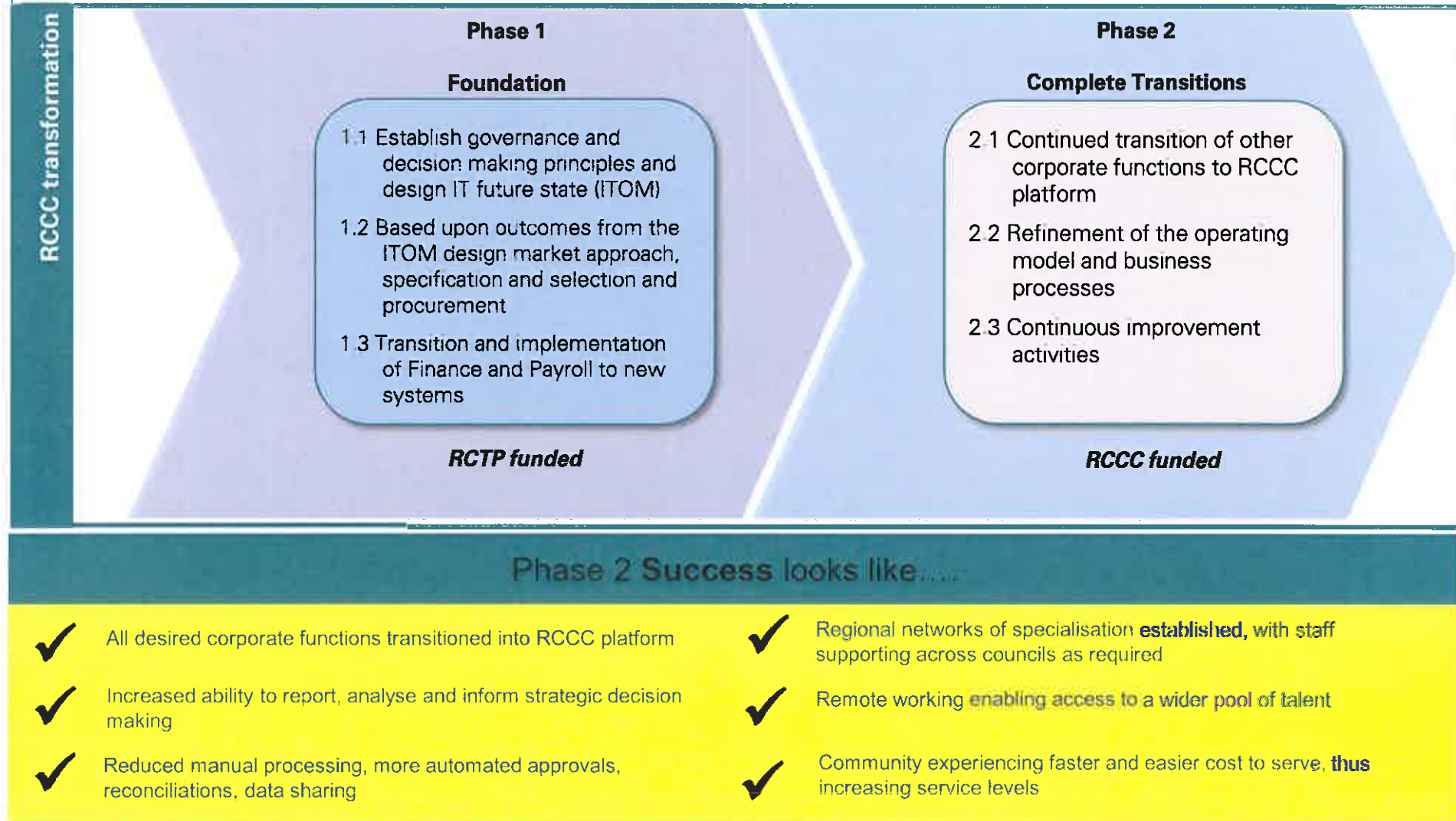
An agile approach to Phase 1 of the RCCC transformation enable a strong foundation to be laid, and sets up the program for success. It enables considered decision making and opportunities for each council to inform the future state, while meeting the most urgent needs of many of the councils.



RCCC Transformation Project

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The phases outlined in this business case enable the RCCC to realise the aspiration to become to support the region's councils through a shared corporate service function. The enable full realisation of the shared services as desired a continuation through the transformation phases will need to be maintained.






The benefits,
risks &
opportunities

Financial Benefits

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The benefits, risks and opportunities outlined below reflect financial insights into the RCCC

 Benefits	 Risks	 Opportunities
<ul style="list-style-type: none">• Conservative view of estimated net benefit of \$0.8 – 0.9m for the transformation. Noting this is only realising the benefits from Phase 1, not the additional and continuing phase 2 that will accelerate the savings.• Potential for increased buying/procurement power during pricing and vendor negotiations. Cost efficiencies gained from sharing of systems, processes and resources across corporate services functions throughout the region• Organisation productivity improvements through better systems integration and more efficient ways of work able to realised form year 2• Ability to rely on other councils to complete finance activities, thus reducing reliance on higher cost contract/temporary labour• Improved financial sustainability through achieving economies of scale and lowering the cost of service provision	<ul style="list-style-type: none">• Additional financial investment required from councils outside of RCTP funding in order to achieve full benefits of the project through to Phase 2• Membership changes in Phases 2-3 may have financial impacts to remaining councils• May disrupt current single council plans for transformation• Phase 1 may require some financial contingency (subject to ITOM and Spec & Select decisions)	<ul style="list-style-type: none">• Potential to integrate neighbouring councils in future years for greater savings through economies of scale and specialisation• Formalise collaboration across the region enabling potential for greater procurement and buying power as RCCC is established to engage contracts/vendors

Operational Benefits

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The benefits, risks and opportunities outlined below reflect operational insights into the GSS

 Benefits	 Risks	 Opportunities
<ul style="list-style-type: none">• Estimated 20% efficiency gain within the finance and payroll functions in first phase• Eliminates duplication of activities across councils and their corporate services• Simple, streamlined, more efficient, best practice back office systems and processes enabled by the platform and automation tools• Single data source enabling improved recording, analysis and reporting• Reduced dependency on key resources - greater ability to support and cover staff when absent / during peak periods• Achieves council's strategic objectives of taking a leading role partnering with other organisations, and improving council processes and service delivery• Enables council's to maintain their status as a leading regional employee• Better visibility and strategic planning of talent management to build competencies and skills for staff	<ul style="list-style-type: none">• Significant transformation may disrupt the organisation and its BAU activities and current service levels• Staff / internal stakeholders may be resistant to change• Change management critical to success of ongoing transformation• Integration risks due to variance and differing minimum levels required• Hampered, complex decision making due to size of consortia• Achieving agreement on standardisation of processes amongst RCCC• Differing levels of RCCC's current technology hardware capability to support transformation• Loss of key staff during transition	<ul style="list-style-type: none">• Opportunity to transition additional council functions such as customer facing, onto the new platform if desired• Staff capability uplift in transformation and program management• No immediate redundancies – natural attrition encouraged where appropriate• Gated decision points to reaffirm transformation journey• Opportunity for councils to pioneer in the collaborative, shared services for local government space• Investment in long term knowledge sharing across councils• Improve internal and external reporting capabilities to improve decision making, efficacy and timeliness• Improved governance and data-driven decision making• Attract and retain high capability, specialist roles within the RCCC region

Community Benefits

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The benefits, risks and opportunities outlined below reflect community insights into the GSS.

 Benefits	 Risks	 Opportunities
<ul style="list-style-type: none">• Ability to redirect savings to improve community service delivery and provide better community outcomes• Increased levels of community satisfaction with councils due to end to end process improvement, reducing turnaround times and increasing levels of specialisation, compliance and governance.• High performing culture and specialised roles improve councils' ability to attract and retain talent in the region• No immediate redundancies required• Individual councils can retain autonomy over much of their decision making and staff	<ul style="list-style-type: none">• If full transformation not realised, the benefits may no be redirected towards community service level improvement• Loss of key staff during transition	<ul style="list-style-type: none">• Opportunity to invest savings from the project into expanding the range of council services, meeting the ever-growing expectation of rural communities• Reliance of councils on revenue from rates is reduced over time due to savings and efficiencies achieved• Opportunity to invest financial savings into list of 'pipeline' capital and/or community projects (i.e. approved business cases that are currently unfunded).• Deliver consistent services and meet service standard expectations across the region, reducing complexity for customers who cross council boundaries• Become a local employer of choice by providing career opportunities and progression• Local hires can benefit by having improved work/life balance from increased workflow automation and shared service operating model• Improved customer centricity and ability to engage in more strategic planning

Appendix

Program Structure

Program Roadmap

Financial Benefits

Assumptions

Proposed Project Roadmap

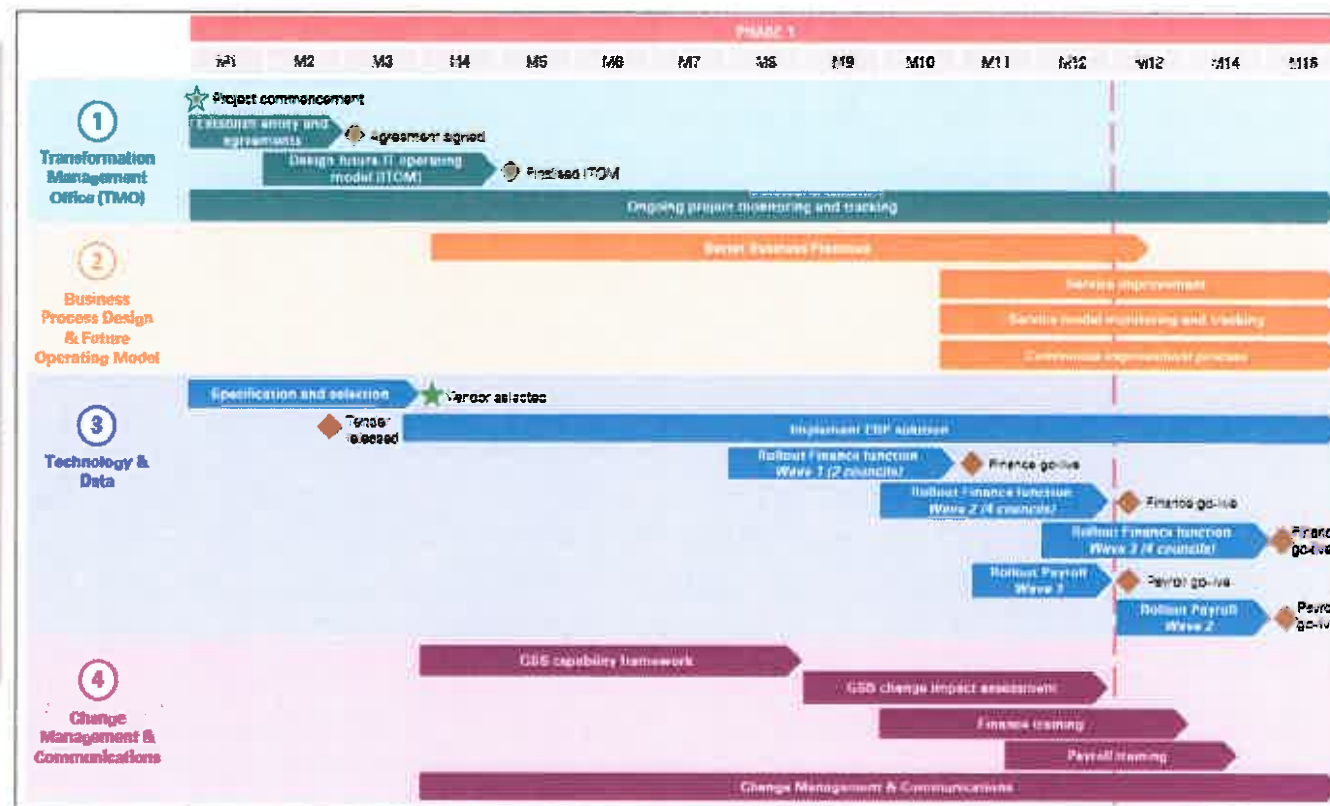
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The diagram below outlines the recommended workstreams and roadmap for Phase 1 of the transformation program, utilising the requested RCTP funding over the first year, should the application be successful.

Key points

Phase 1 covers the anticipated RCTP funding

- establishes the governance structure
- develops the target IT operating model (ITOM)
- Specs, selects and procures the ERP solution
- outlines future processes and capabilities required
- implements the selected finance and payroll system across the RCCC
- anticipated 15 month project
- provides a gated approach to decision making



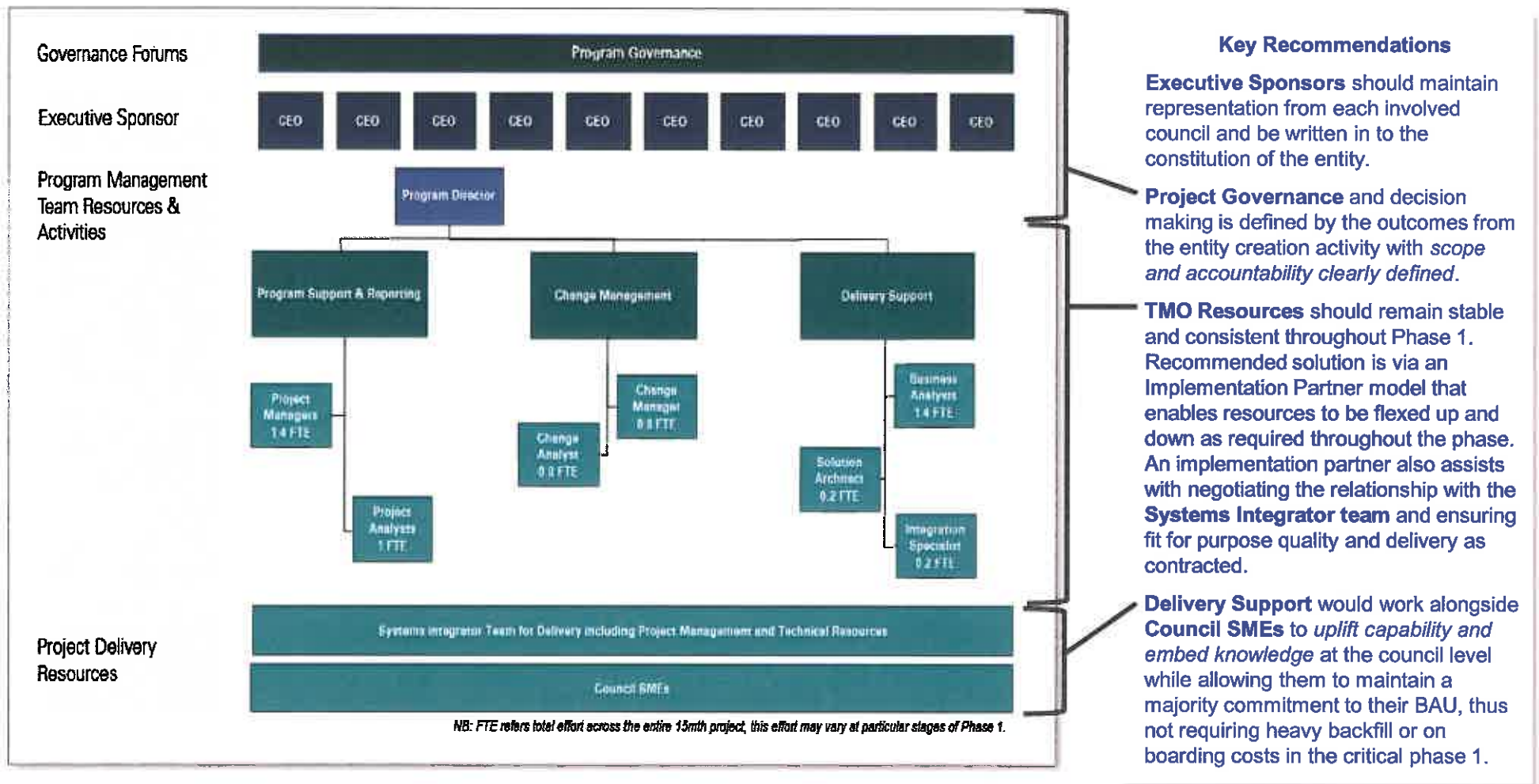
Phase 2 continues the transformation of the remaining corporate functions into RCCC

- continues the phased approach to implementing remaining corporate functions based upon outcome from the ITOM
- refines processes, operating model and continuous improvement

Proposed Project Structure

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The diagram below outlines the potential TMO structure for the RCCC project, it is proposed that the TMO will sit within the RCCC and remain accountable to it. This should enable greater continuity throughout phase 1.

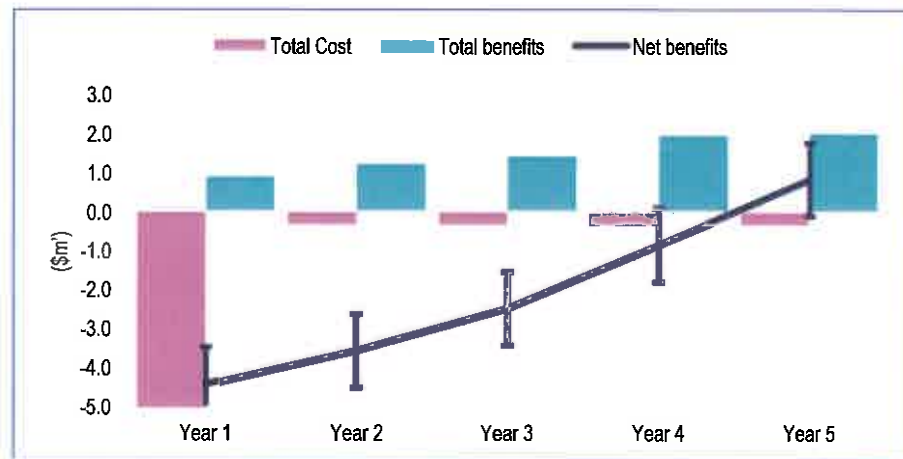


Financial overview

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The graphs below outline show the costs, total benefits and net benefits for both the RCCC and West Wimmera Shire Council.

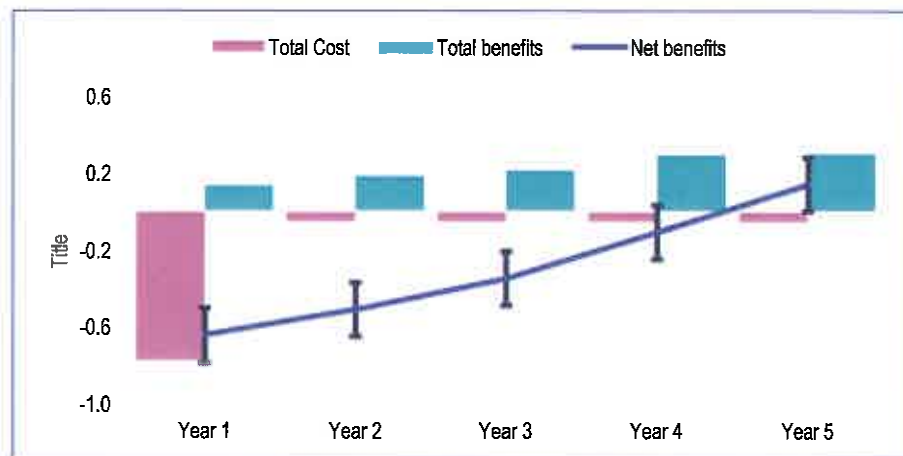
Net benefits projected across RCCC in \$AUD



Key KPIs RCCC in \$AUD



Net benefits projected across West Wimmera Shire Council in \$AUD



Key KPIs West Wimmera Shire Council in \$AUD



Model Assumptions

A number of key global and data assumptions have been developed to assist with the projection of possible outcomes for the RCCC RCTP phase 1 transformation.

Key Assumptions

- **Business as usual data** informing the economic model has been taken from the Local Government Performance Reporting Framework. This reporting framework has provided revenue and operational and capital expenditure data for each of the ten Horsham councils.
- **Current IT costs** have been provided internally by each of the ten councils, broken down across five primary functions: *Finance, IT, payroll, asset management and records management*.
- **Cost avoidance benefit** - \$1m has been assumed as a cost avoidance benefit in year 1 across all councils
- **Council specific costs** – These costs assume the breaking of IT license fees. The only fee identified across the RCCC was a \$32k termination fee applying to Golden Plains Council at this point in time
- **Staffing productivity** – Has been assumed as 0% in year 1, 5% for year 2, 10% for year 3 and 15% going forward.
- **Year 1** – refers to the financial year of 2019-20
- **Relevant Costs by Function** – Labour costs across all councils have been grouped into a number of headline functions, including: Asset management, Customer engagement, Finance, HR, IT, OHS, Payroll and Rates and Property.

Data Assumptions

- **Payroll data** – Payroll data has been provided internally by each of the ten councils, broken down specifically across Payroll and Finance functions for this intervention. Where there were gaps in council data, the missing function cost has been estimated by averaging the aggregate data provided by the other councils across the relevant function line.
- **Benefit allocation method** – A method to allocate equitably the costs and benefits of the intervention has been developed. This allocation key can be toggled based on Council spend, FTE and Per capita.- current allocation key is based on FTE
- **Salary overheads and on-costs** – as defined by Treasury business case guidelines, on costs 10.64% and operating costs \$13,747

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Rural Councils Transformation Program

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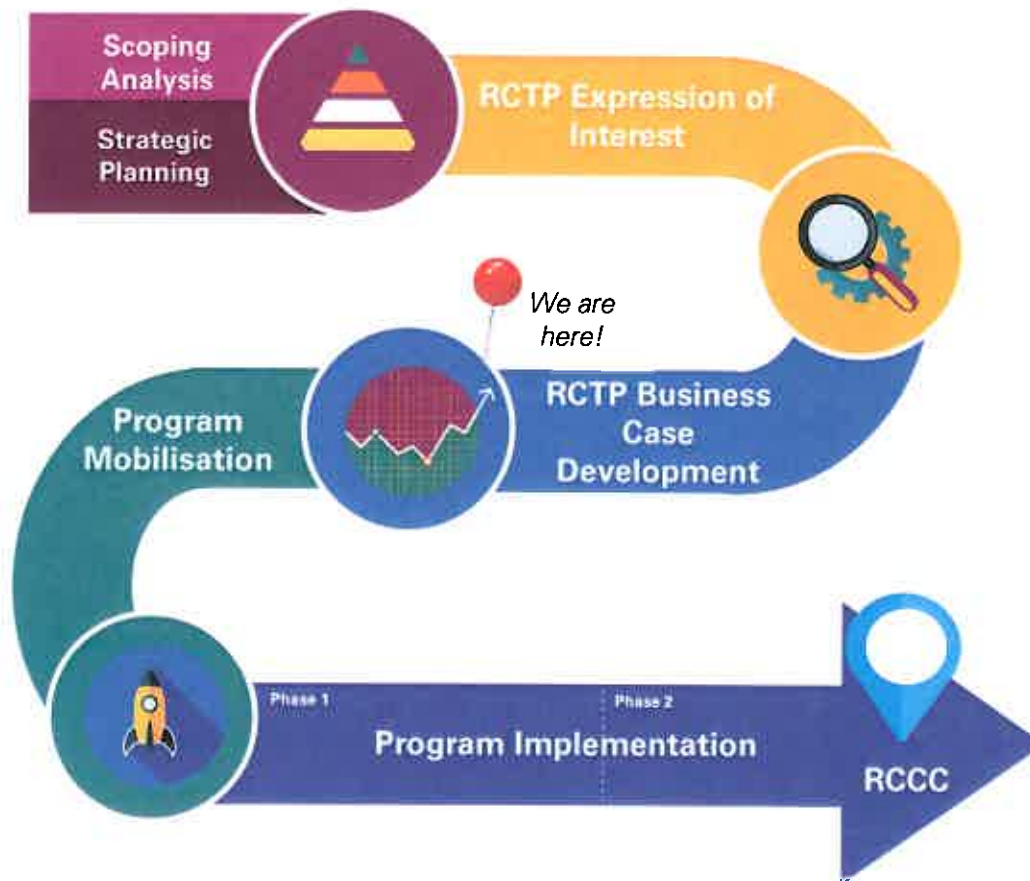
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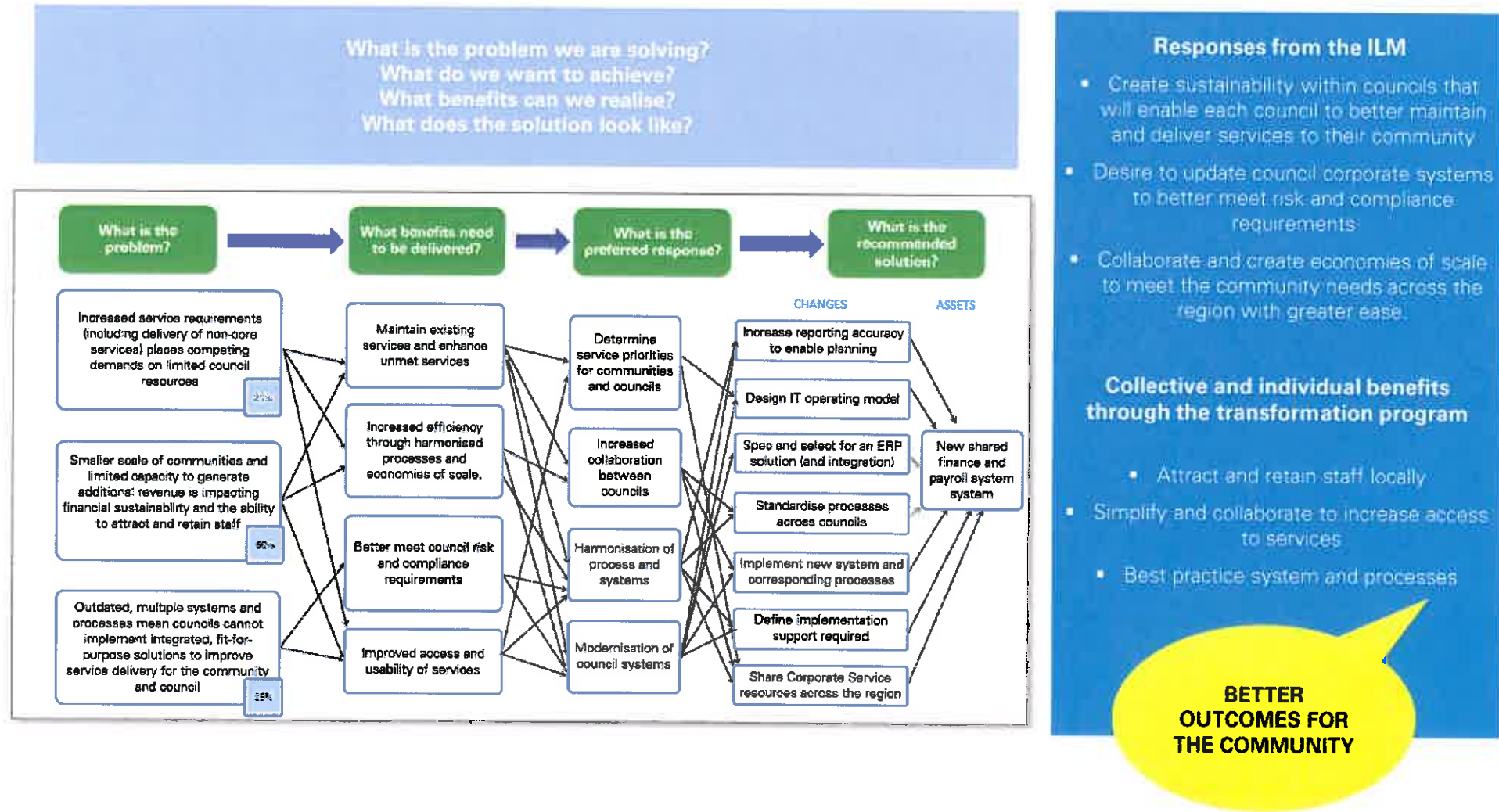
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Background

Nine rural and regional councils from the west of Victoria have come together to share corporate services resources, processes, platforms and applications. To gain efficiencies and enable financial sustainability that will lead to better service provision for their local communities.

Agreed Project Objectives	Agreed Project Scope
Strong alliance between the rural and regional councils involves an agreement to compromise and collaborate to build consensus, ultimately leading to improved services to the local community by refocusing back office efforts towards service delivery.	Build a cloud-based IT platform and integration layer to enable the RCCC remote access to a shared Finance and Payroll application/s in the initial phase.
The transformation should follow a structured project approach to maximise outcomes with an emphasis on integrated processes and change management to build a long-term knowledge investment in the region and to benefit future phases.	Create a common, integrated Chart of Accounts and shared Finance and Payroll functions and business processes to enable a fully functioning de-centralised shared service model.
Focus on corporate services initially transforming the Finance and Payroll functions, including an IT platform, integration layer, applications and processes to create efficiencies and better reporting; leading the way for ongoing collaboration and innovation with other functions.	Enable a simplified reporting tool that aligns with the requirements from the rural councils involved and external stakeholders, such as VAGO, EGA, etc.
Whilst remaining de-centralised, the costs and benefits of the shared services will be apportioned between the councils to promote both financial and non financial sustainability within the region.	Embed better practices and see an uplift in the relevant capabilities to provide succession and career opportunities for locals.
	All efficiencies gained by the shared services transformation, be they labour hours or financial, are to be transferred into providing better services for the community.

Key Understandings

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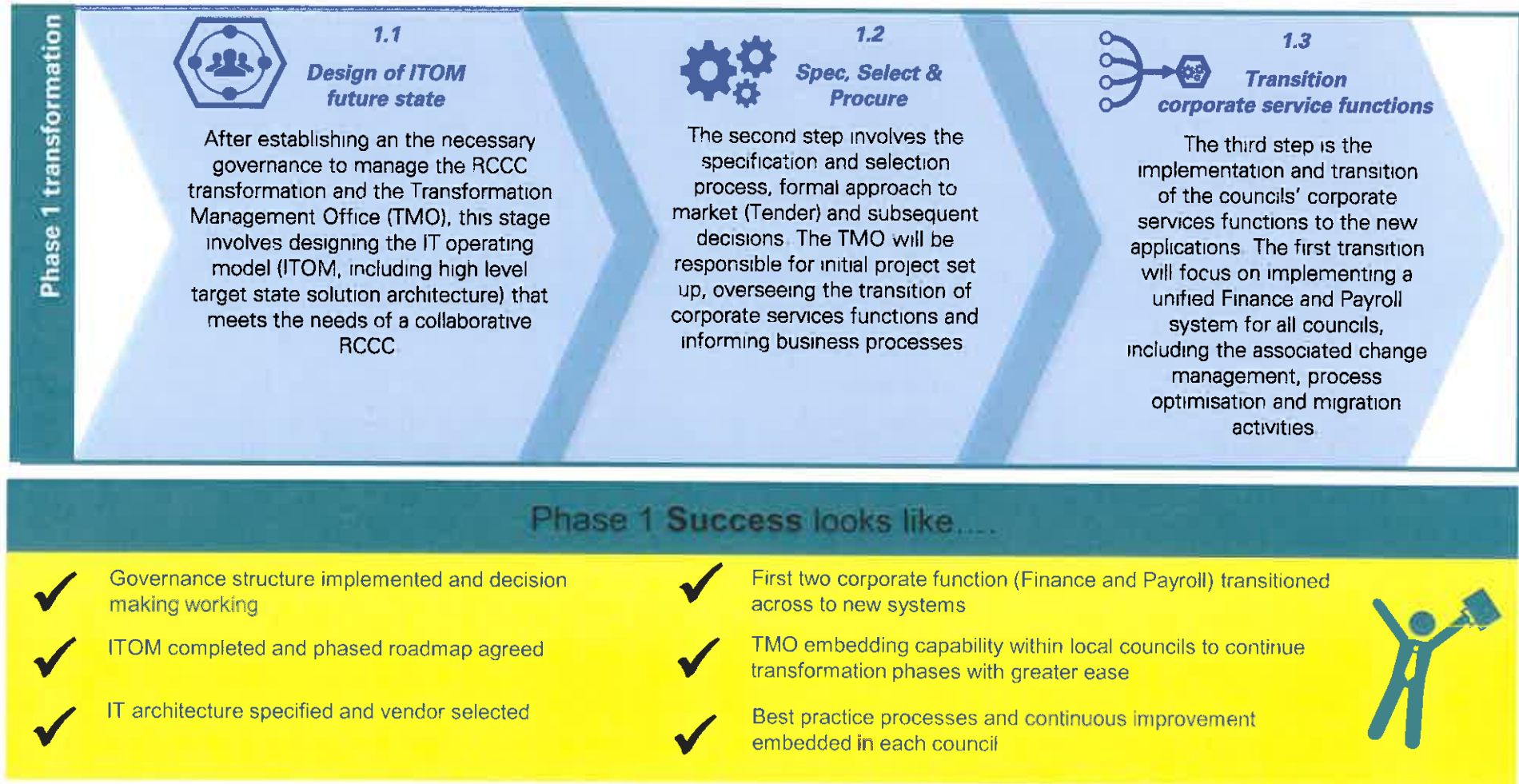
Program Implementation

- Implementation should be a combined team of external and internal resources with the use of SMEs as and when required. This is so internal resources can maintain BAU.
- Change management should have an emphasis throughout the project, acknowledging the differing maturity levels amongst the councils.



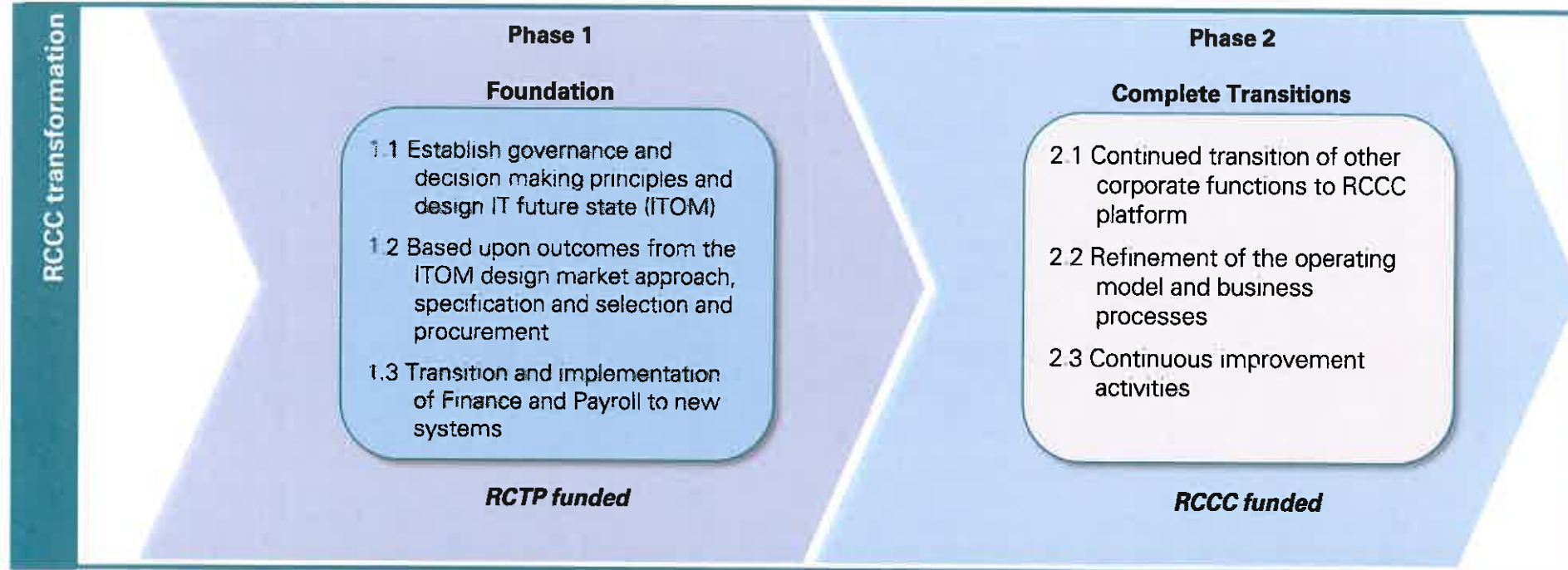
RCCC Transformation Project

An agile approach to Phase 1 of the RCCC transformation enable a strong foundation to be laid, and sets up the program for success. It enables considered decision making and opportunities for each council to inform the future state, while meeting the most urgent needs of many of the councils.



RCCC Transformation Project

The phases outlined in this business case enable the RCCC to realise the aspiration to support the region's councils through a shared corporate service function. To enable full realisation of the shared services as desired, a continuation through the transformation phases will need to be maintained.



Phase 2 Success looks like....




- ✓ All desired corporate functions transitioned into RCCC platform
- ✓ Increased ability to report, analyse and inform strategic decision making
- ✓ Reduced manual processing, more automated approvals, reconciliations, data sharing
- ✓ Regional **networks of specialisation** established, **with** staff supporting across councils as required
- ✓ Remote working enabling access to a wider pool of talent
- ✓ Community experiencing faster and easier cost to serve, thus increasing service levels



The benefits,
risks &
opportunities


Financial Benefits

The benefits, risks and opportunities outlined below reflect financial insights into the RCCC

 Benefits	 Risks	 Opportunities
<ul style="list-style-type: none">• Conservative view of estimated net benefit projected across RCCC of \$0.8 – 0.9m for the transformation. Noting this is only realising the benefits from Phase 1, not the additional and continuing phase 2 that will accelerate the savings.• Potential for increased buying/procurement power during pricing and vendor negotiations. Cost efficiencies gained from sharing of systems, processes and resources across corporate services functions throughout the region• Organisation productivity improvements through better systems integration and more efficient ways of work are able to be realised from year 2• Ability to gain assistance from other councils to complete finance activities, thus reducing reliance on higher cost contract/temporary labour• Improved financial sustainability through achieving economies of scale and lowering the cost of service provision	<ul style="list-style-type: none">• Additional financial investment required from councils outside of RCTP funding in order to achieve full benefits of the project through to Phase 2• Membership changes in Phases 2-3 may have financial impacts to remaining councils• May disrupt current single council plans for transformation• Phase 1 may require some financial contingency – gap between the funding required and the funding available (subject to ITOM and Spec & Select decisions)	<ul style="list-style-type: none">• Potential to integrate neighbouring councils in future years for greater savings through economies of scale and specialisation• Formalise collaboration across the region enabling potential for greater procurement and buying power as RCCC is established to engage contracts/vendors




Operational Benefits

The benefits, risks and opportunities outlined below reflect operational insights into the GSS

 Benefits	 Risks	 Opportunities
<ul style="list-style-type: none">• Estimated 20% efficiency gain within the finance and payroll functions in first phase• Reduces duplication of activities across councils and their corporate services• Simple, streamlined, more efficient, best practice back office systems and processes enabled by the platform and automation tools• Single data source enabling improved recording, analysis and reporting• Reduced dependency on key resources - greater ability to support and cover staff when absent / during peak periods• Achieves council's strategic objectives of taking a leading role partnering with other organisations, and improving council processes and service delivery• Enables council's to maintain their status as a leading regional employee• Better visibility and strategic planning of talent management to build competencies and skills for staff	<ul style="list-style-type: none">• Significant transformation may disrupt the organisation and its BAU activities and current service levels• Staff / internal stakeholders may be resistant to change• Change management critical to success of ongoing transformation• Integration risks due to variance and differing minimum levels required• Hampered, complex decision making due to size of consortia• Achieving agreement on standardisation of processes amongst RCCC• Differing levels of RCCC's current technology hardware capability to support transformation• Loss of key staff during transition	<ul style="list-style-type: none">• Opportunity to transition additional council functions such as customer facing, onto the new platform if desired• Staff capability uplift in transformation and program management• No immediate redundancies – natural attrition encouraged where appropriate• Gated decision points to reaffirm transformation journey• Opportunity for councils to pioneer in the collaborative, shared services for local government space• Investment in long term knowledge sharing across councils• Improve internal and external reporting capabilities to improve decision making, efficacy and timeliness• Improved governance and data-driven decision making• Attract and retain high capability, specialist roles within the RCCC region

Community Benefits

The benefits, risks and opportunities outlined below reflect community insights into the GSS.

 Benefits	 Risks	 Opportunities
<ul style="list-style-type: none">• Ability to redirect savings to improve community service delivery and provide better community outcomes• Increased levels of community satisfaction with councils due to end to end process improvement, reducing turnaround times and increasing levels of specialisation, compliance and governance.• High performing culture and specialised roles improve councils' ability to attract and retain talent in the region• No immediate redundancies required• Individual councils can retain autonomy over much of their decision making and staff	<ul style="list-style-type: none">• If full transformation not realised, the benefits may no be redirected towards community service level improvement• Loss of key staff during transition	<ul style="list-style-type: none">• Opportunity to invest savings from the project into expanding the range of council services, meeting the ever-growing expectation of rural communities• Reliance of councils on revenue from rates is reduced over time due to savings and efficiencies achieved• Opportunity to invest financial savings into list of 'pipeline' capital and/or community projects (i.e. approved business cases that are currently unfunded).• Deliver consistent services and meet service standard expectations across the region, reducing complexity for customers who cross council boundaries• Become a local employer of choice by providing career opportunities and progression• Local hires can benefit by having improved work/life balance from increased workflow automation and shared service operating model• Improved customer centricity and ability to engage in more strategic planning

Appendix

Program Structure

Program Roadmap

Financial Benefits

Assumptions

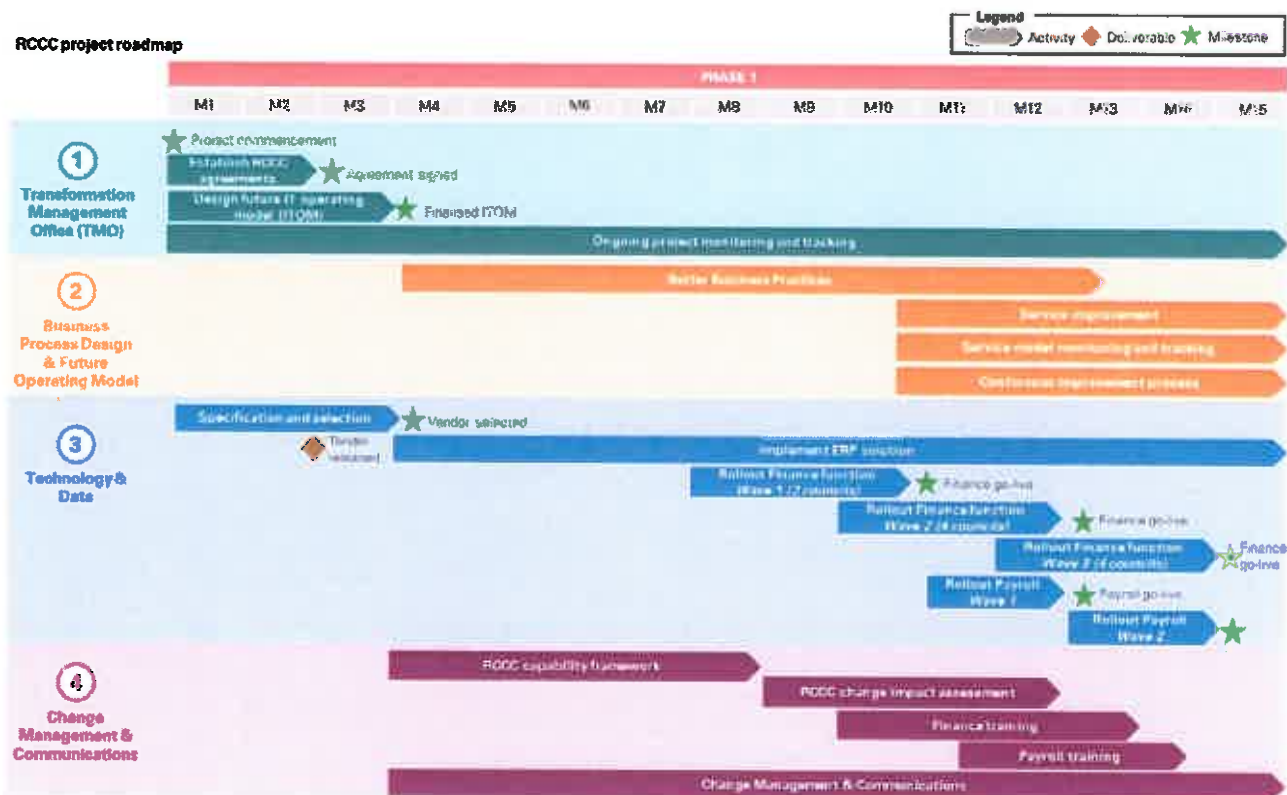
Proposed Project Roadmap

The diagram below outlines the recommended workstreams and roadmap for Phase 1 of the transformation program, utilising the requested RCTP funding over the first year, should the application be successful.

Key points

Phase 1 covers the anticipated RCTP funding

- establishes the governance structure
- develops the target IT operating model (ITOM)
- Specs, selects and procures the ERP solution
- outlines future processes and capabilities required
- implements the selected finance and payroll system across the RCCC
- anticipated 15 month project
- provides a gated approach to decision making

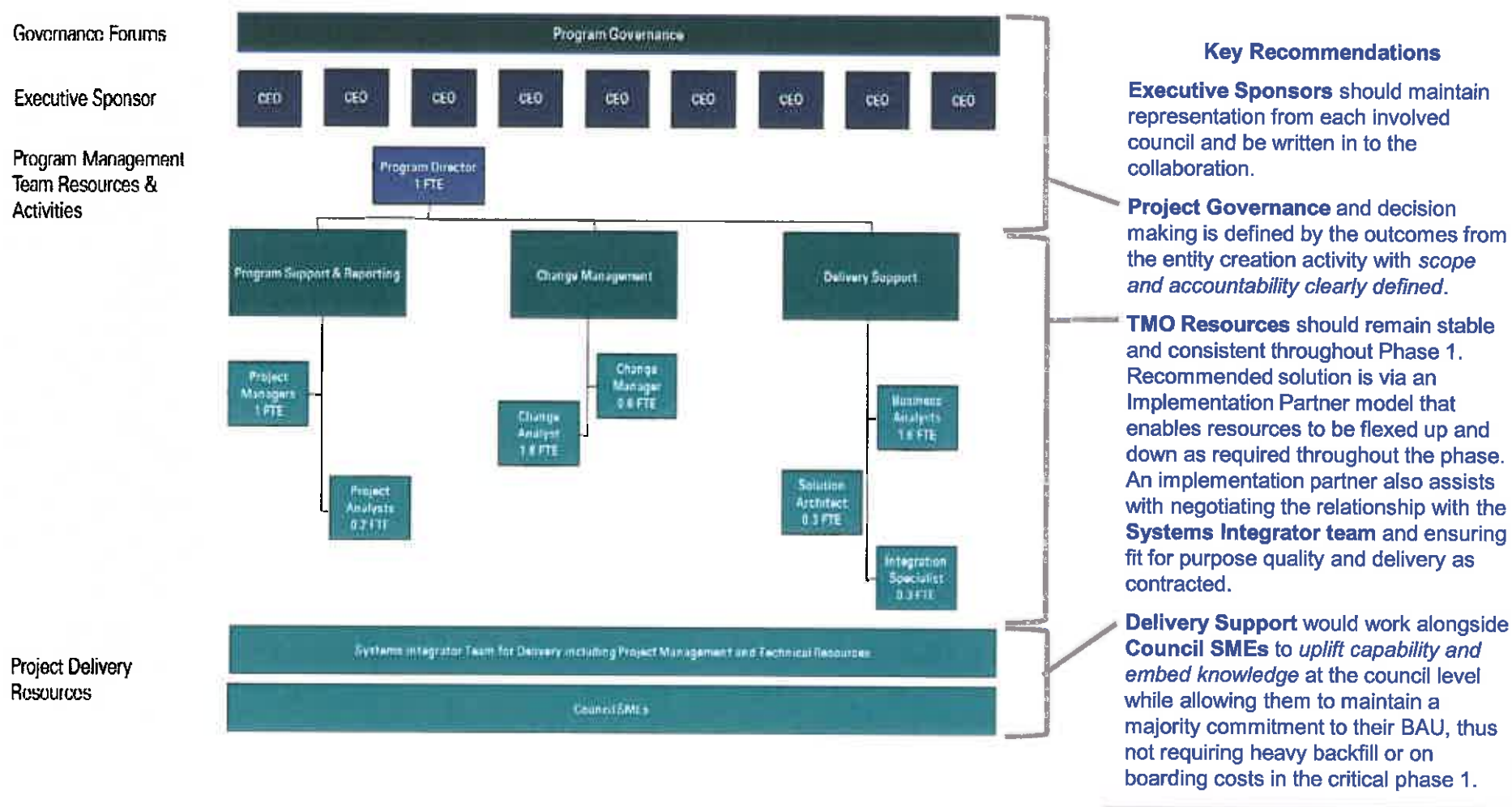


Phase 2 continues the transformation of the remaining corporate functions into RCCC

- continues the phased approach to implementing remaining corporate functions based upon outcome from the ITOM
- refines processes, operating model and continuous improvement

Proposed Project Structure

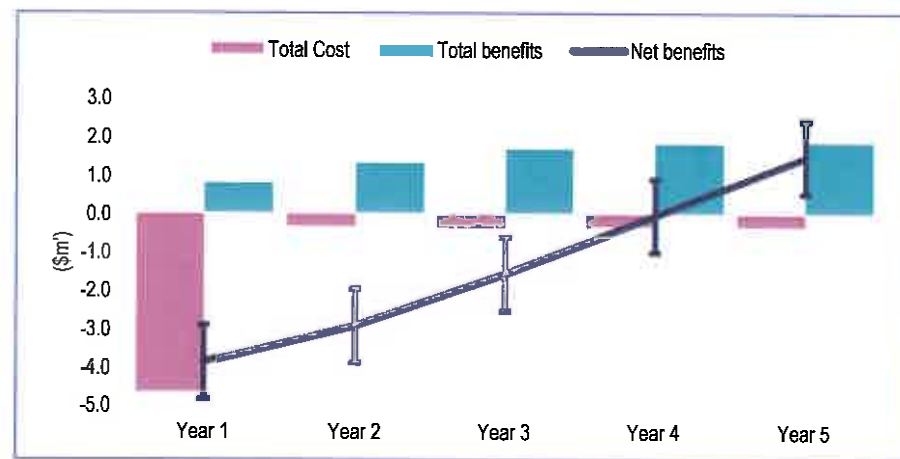
The diagram below outlines the potential TMO structure for the RCCC project, it is proposed that the TMO will sit within the RCCC and remain accountable to it. This should enable greater continuity throughout phase 1.



Financial overview

The graphs below outline show the costs, total benefits and net benefits for both the RCCC and West Wimmera Shire Council.

Net benefits projected across RCCC in \$AUD



Key KPIs RCCC in \$AUD



Preliminary Results

Costs

Approx. first year costs (including project implementation): \$4.5-5m

Ongoing IT costs (1-5): \$300-400k

Benefits

Positive cash flow expected in year 2: \$0.9-1m

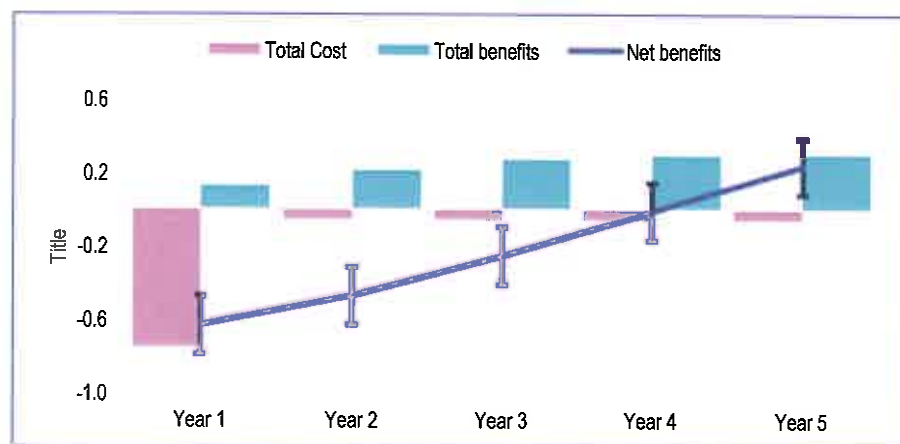
Total benefits expected over 5 years: \$7-8m

Net Benefits

NPV for the transformation: \$650-850k

Net Benefit for the transformation: \$1.4-1.5m

Net benefits projected across West Wimmera Shire Council in \$AUD



Key KPIs West Wimmera Shire Council in \$AUD



Preliminary Results

Costs

Approx. first year costs (including project implementation): \$700-800k

Ongoing IT costs (1-5): \$50-60k

Benefits

Positive cash flow expected in year 2: \$150-170k

Total benefits expected over 5 years: \$1.15-1.25m

Net Benefits

Net Benefit for the transformation: \$200-250k

Model Assumptions

A number of key global and data assumptions have been developed to assist with the projection of possible outcomes for the RCCC Phase 1 transformation.

Key Assumptions

- **Business as usual data** informing the economic model has been taken from the Local Government Performance Reporting Framework. This reporting framework has provided revenue and operational and capital expenditure data for each of the nine Horsham councils.
- **Current IT costs** have been provided internally by each of the nine councils, broken down across five primary functions: *Finance, IT, payroll, asset management and records management*.
- **Cost avoidance benefit** - \$1m has been assumed as a cost avoidance benefit in year 1 across all councils
- **Council specific costs** – These costs assume the breaking of IT license fees. The only fee identified across the RCCC was a \$32k termination fee applying to Golden Plains Council at this point in time
- **Staffing productivity** – Has been assumed as 0% in year 1, 5% for year 2, 10% for year 3 and 15% going forward.
- **Year 1** – refers to the financial year of 2019-20
- **Relevant Costs by Function** – Labour costs across all councils have been grouped into a number of headline functions, including: Asset management, Customer engagement, Finance, HR, IT, OHS, Payroll and Rates and Property.

Data Assumptions

- **Payroll data** – Payroll data has been provided internally by each of the nine councils, broken down specifically across Payroll and Finance functions for this intervention. Where there were gaps in council data, the missing function cost has been estimated by averaging the aggregate data provided by the other councils across the relevant function line.
- **Benefit allocation method** – A method to allocate equitably the costs and benefits of the intervention has been developed. This allocation key can be toggled based on Council spend, FTE and Per capita.- current allocation key is based on FTE
- **Salary overheads and on-costs** – as defined by Treasury business case guidelines, on costs 10.64% and operating costs \$13,747

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