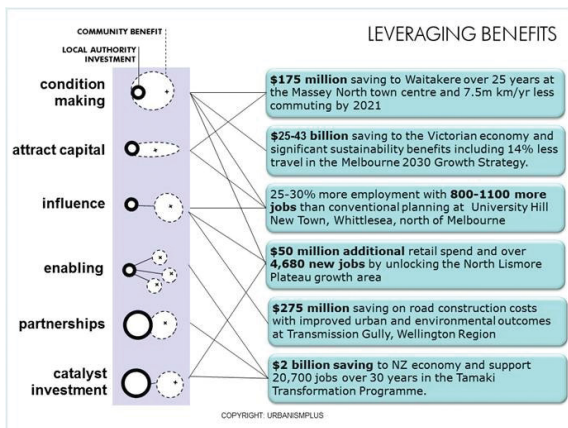
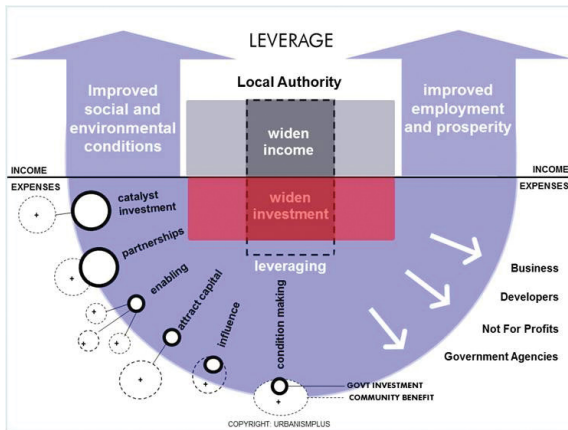
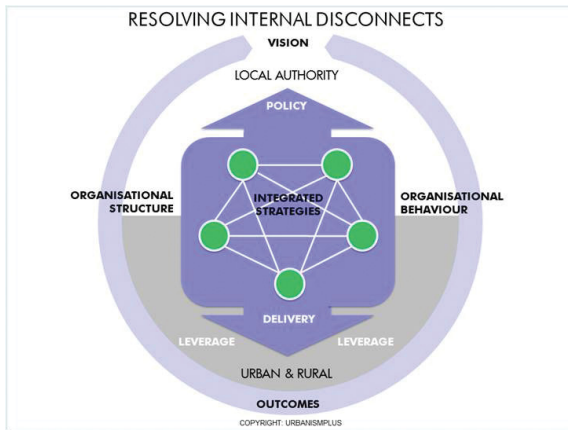
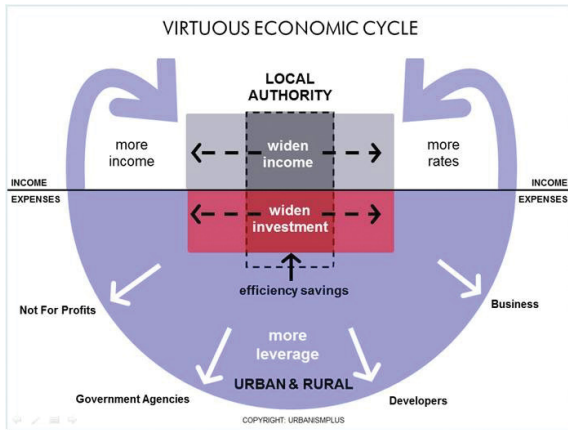


LGA changes need care



The recently signalled Local Government Act changes could dramatically narrow the role of local authorities and require radical new ways of delivering on communities' evolving economic, social and environmental aspirations.

The proposed amendments to the Act will require local authorities to ensure all services represent value for money and possibly limit their role to the provision of core services.

The risk is that central government doesn't fill the void and communities lose out. On the other hand the writing has been on the wall for some time as financial pressures mount here and in Australia (where the financial crisis may not have been as visible but is having an increasing impact) making it harder to maintain services and debt levels.

In short local authorities will have to achieve more with fewer resources. Our work in Australia indicates three important organisational areas up for re-evaluation:

- consistent, value-for-money decision making
- internal efficiencies
- external effectiveness.

More consistent, value-for-money decision-making

Elected members, in their decision making, will individually be balancing their constituency bias, philosophical bias (green/social/free market) with any objective evidence-based proposals put to them. To achieve a greater degree of rational and consistent decision making officers will need to deliver more proposals that are rigorously justified with, where possible measureable benefits calculated.

In addition it is vital to set decision making within an economic framework as well as a strategic framework. A strategic framework ensures projects align with the vision and are delivered in a strategic sequence. An economic framework ensures expenditure offers a 'return on investment' (which could be social, environmental as well as financial) preferably on an ongoing basis.

External effectiveness

One of the means of achieving this is by increasing the authority's ability to deliver good outcomes by working with external entities to leverage each other's strengths, using less of its own financial resources and more of its intellectual and organisational abilities.

Good strategies that help businesses prosper will improve rates income and those that reduce social negatives will induce savings. The aim should be to create a virtuous circle by investing these gains into a greater capacity to leverage more (see figure 1).

Internal efficiencies

However, for an authority to engage effectively with external entities it needs to ensure its internal integration is at its optimum.

Organisational structures aren't static and community expectations and needs evolve - disconnects develop between vision, policy, rules, procedures, and the projects that are ultimately delivered. These disconnects may reach across different disciplines, or between different levels of management and implementation. Lack of internal efficiency can be costly.

Remedying internal disconnects

Disconnects need to be periodically identified and remedied. Staff should methodically consider whether internal operations are at their most efficient and integrated, their plans and rules promote sustainable prosperity, and which adjustments and additional strategies are required to enable authorities to better achieve on-the-ground outcomes. The process should clearly recommend changes in organisational behaviour and skills requirements. It may indicate some organisational structural changes (see figure 2).

Whilst this needs to be a process of self-diagnosis, it is difficult to facilitate from within the organisation (you may be part of the problem).

Leveraging off external entities

Leveraging, in this context, refers to where instead of resourcing the entire initiative an authority, through its association with external entities, achieves similar outcomes in a more cost effective manner. This is not to be confused with out-sourcing.

We categorise leverage as follows:

- Condition-making – Create the conditions which will stimulate new local businesses to create more jobs and reduce income leakage, and for not-for-profits to flourish by removing barriers, adjusting policies and improving the physical environment.
- Attract capital – Secure grants and launching business attraction initiatives.

- Influence – Encourage the private sector to deliver developments that offer community benefits (e.g. biodiversity links, local parks and affordable housing).
- Enabling – Connect, co-ordinate and facilitate not-for-profit and business groups.
- Partnerships – Partner with external organisations where objectives are aligned.

Catalyst investment Invest in infrastructure that unlocks growth or regeneration.

While most local authorities already leverage off external entities to some degree, they should review their potential to expand this mechanism by systematically considering who the external entities in their area are (such as not-for-profit agencies, business groups, developers and government agencies) and how they may associate with them to achieve common objectives.

The use of leverage techniques have been central to many of our projects which have resulted in considerable measurable benefits (see figure 4).

The deFRAG process

Urbanismplus is currently running a series of workshops that remedy 'disconnects' and widen 'leverage' for several Australian cities using their deFRAG process (an analogy with cleaning up computers' inefficiencies and disconnects). **LG**

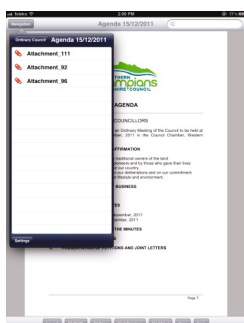
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- NZCF has experience assisting in the development of advanced and collaborative procurement models
- NZCF expertise can assist in reducing procurement costs and to get better value outcomes
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