

Local Government
Research Series

Report No.2
January 2012

Strategic collaboration in local government

A review of international examples of
strategic collaboration in local government

Orla O'Donnell

“

The case studies assess a variety of collaborative forms, from informal approaches to more complex formal approaches.

”

CONTENTS

1.	INTRODUCTION	2
2.	RATIONALE FOR STRATEGIC COLLABORATION	4
3.	SHORT PROFILES OF STRATEGIC COLLABORATIONS	14
4.	CONCLUSION	30
	REFERENCES	32
	APPENDIX 1	34
	APPENDIX 2	38

Strategic collaboration in local government

A review of international examples of strategic
collaboration in local government

Report No.2
January 2012

1.

INTRODUCTION

“
When used strategically, collaboration produces positive impacts
”

For the purpose of this paper, the focus is on *strategic* collaboration, which Norris-Tirrell and Clay (2010:2) define as ‘an intentional, collective approach to address public problems or issues through building shared knowledge, designing innovative solutions, and forging consequential change. When used strategically, collaboration produces positive impacts, stakeholders committed to policy or program change, and strengthened capacity of individuals and organisations to effectively work together.’ While it is noted that resource sharing is not a new concept as local government organisations have been working together and sharing resources for many years, at a time of fiscal challenge such as the present it is useful to think more strategically about collaboration.

It should also be noted that there is a spectrum of possible strategic collaborations in existence. The case studies presented in this paper provide a number of examples along this continuum of collaboration that have proved successful in other countries from easier options (such as informal co-operation and contracting) to harder options (such as transfer of functions and mergers/consolidations). The case studies assess a variety of collaborative forms, from informal approaches to more complex formal approaches.

Section two of this paper examines the rationale for strategic collaboration. Section three sets out international examples of collaboration. Following this, a collaborative framework and model is outlined. The international examples in particular provide useful insights for Irish organisations considering strategic collaboration with local or national organisations. The paper highlights an array of options for encouraging greater cooperation and collaboration across organisations and jurisdictional lines.



2.

RATIONALE FOR STRATEGIC COLLABORATION

“
This study assesses the spectrum of strategic collaborations in existence and provides a guide as to what are the core elements of best practice in terms of establishing successful mutual collaborations
”

Given the current economic climate of limited resources, increasing demands on services and complex community expectations, it is important that councils look at strategic collaborations and partnerships as ways to respond to these challenges. Norris-Tirrell and Clay (2010:2) emphasise that almost any problem today is too complex to be addressed individually or by organisations working alone in their silos: ‘What in the past would have appeared as a straight forward administrative problem now more than not requires working with other programs, agencies, citizens, and multiple stakeholders across policy arenas.’ They further note that public and non-profit administrators often stumble into collaboration without a strategic orientation:

For example, a governor or mayor forms an interagency collaboration on infant mortality, sustainability, workforce development, or the “current topic of the day” to make innovative recommendations; however, conveners fail to proactively establish a strategic agenda around the collaboration. Thus the group remains in their comfortable discipline or agency silos and produces limited results...Unquestionably, collaboration is a useful tool, but, one that we argue needs to be used with more intentionality, as public and nonprofit administrators wrestle with skilfully engaging in and facilitating collaborative structures, processes, and outcomes. (Norris-Tirrell and Clay [2010: xi])

Bryson, Crosby and Middleton Stone (2006:44) note that cross-sector collaboration occurs for many reasons. ‘The first is simply that we live in a shared-power world in which many groups and organisations are involved in, affected by, or have some partial responsibility to act on public challenges. Beyond that, in the United States, advocates of power sharing across sectors are often responding to a long-standing critique of the effectiveness of government when it acts on its own.’

2.1 What is strategic collaboration?

The NSW DLG guidance paper on *Collaboration and Partnerships between Councils* (2007: 6) suggests that ‘strategic collaboration is where councils enter into arrangements with each other for mutual benefit’. The guidance paper also emphasises that strategic collaboration is an umbrella term for how councils work together and that it can take many forms including alliances, partnerships, business clusters, and so on. The paper points out that the purpose of strategic collaboration is to reduce duplication of services, provide

cost savings, access innovation, enhance skills development and open the way for local communities to share ideas and connect with others. Strategic collaboration offers participating councils a way to achieve their goals and objectives in cost effective and innovative ways.

Bryson, Crosby and Middleton Stone (2006:45) emphasise that the perceived need to collaborate across sectors has provoked two general responses.

On the one hand, our own view is that organisational participants in effective cross-sector collaborations typically have to *fail* into their role in the collaboration. In other words, organisations will only collaborate when they cannot get what they want without collaborating (Hudson et al. 1999; Roberts, 2001). The second response is to *assume* that collaboration is the Holy Grail of solutions and always best. Often, governments and foundations insist that funding recipients collaborate, even if they have little evidence that it will work (Barringer and Harrison, 2000; Ostrower, 2005).

Similarly, Norris-Tirrell and Clay (2010:73) outline that moving from silos to collaboration requires public and non-profit managers to think differently about working beyond discipline, organisation, and sector boundaries.

Collaborative activity, as previously noted, falls on a continuum:

On the far left of the continuum are pure silo-based activities, where issues are seen as solely and appropriately placed with the agency. As boundary-spanning functions increase in magnitude, the activities move to the right along the collaborative continuum, from simple collaborative activities to full-blown strategic collaboration. The issues at hand may require only minimal level of collaboration that is more short-term in nature and simpler in its purpose. In contrast, thorny problems that are interconnected with other policy arenas and have high investment on the part of other agencies, sectors, and interests may require a strategic approach to forming and building collaboration. All too often, decisions about building or joining a collaboration are not strategic in nature and lead to what can be labelled ad hoc collaboration...This common approach mirrors the notion of “muddling through” and “hoping for the best.”...Unfortunately, collaborative inertia, fatigue, and frustration are the more likely outcomes from this non-strategic approach...To advance public service practice and reach long term solutions, collaborative activity needs to be appreciably more strategic in its approach to assure intentional, systematic, and inclusionary collaboration, as public and non-profit managers wrestle with trying to manage upward, downward, and outward within their particular context. (Norris-Tirrell and Clay , 2010:4).

Figure 1 Collaboration continuum

This study assesses the spectrum of strategic collaborations in existence (see Figure 1) and provides a guide as to what are the core elements of best practice in terms of establishing successful mutual collaborations. The case studies presented in section three involve a number of examples along the continuum of collaboration that have proved successful in other countries.

2.2 Why the need for strategic collaboration and partnerships?

The NSW DLG (2007) guidance paper advises that the aim of strategic collaboration is that communities benefit from the productive use of cumulative resources available to councils but, if there is no benefit to the community either directly or indirectly, a collaborative approach should not proceed. The paper also notes that strategic collaboration is not just about savings and sharing resources but, it is also about maximising capacity in addressing community expectations and enhancing staff skills and experience. It underlines that collaboration is not simply or solely about reducing staff numbers or council autonomy. The primary aims and potential benefits of strategic collaborations are summarised in Box 2.1.

Box 2.1 Aims and benefits of strategic collaboration

The aims of strategic collaborations are to:

- Capture and share knowledge and innovation
- Connect councils in maximising service delivery opportunities to meet common community needs
- Reduce costs through elimination of duplication
- Access economies of scale
- Develop an effective local platform to work with other levels of government to achieve better whole of government outcomes for the community

The benefits of strategic collaboration include:

- The provision of more comprehensive services at the local and regional level
- Promotion of joint cultural and economic development

- Strengthened relationships between councils and other government entities
- Improved local governance through modelling, information exchange and joint problem solving
- Opportunities for integrated planning across local government
- Increased access to a wider range of skills, knowledge and specialist services
- Better use of and access to available technology
- Better utilisation of capital and other assets, including improved investment strategy options
- Improved economies of scale resulting in better products at a cheaper price, freeing up resources for other uses

(NSW Department of Local Government, 2007: 6)

In recent times, as governments try to cut public deficits, there has been a reduction in budgetary allocations to local authorities in many countries. There is a greater focus on collaborations, partnerships and outsourcing as a means to cut costs, improve efficiency and productivity. For example, Jepp (2011) highlights that in the UK, Swansea County Council plans to outsource almost all of its services in order to cut its £1.1 billion budget by 30 per cent. Kent and Reigate plan to save £4 million through collaborating or linking up on four services (personnel, finance, benefits & revenues and IT). Suffolk County Council is outsourcing adult social services in a £20 million per annum plan. Jepp (2011) also emphasises that in the UK 'as the coalition government continues to make changes to cut the public deficit, it is likely that the number of local authorities embarking on new and different relationships will rise – along with the breadth of risks they face. If these partnerships are undertaken without proper commissioning and risk management skills, there is every likelihood that costs will rise and service quality will decrease'. Jepp also notes that recent research conducted highlights that only 29 per cent of public sector leaders felt they were able to deal with the kinds of risks associated with working with other organisations (Zurich & IPSOS Mori, 2010).

In many instances, intergovernmental collaboration allows localities to achieve better results than they could by working alone. A 1994 study of more than 50 instances of community collaboration found that successful collaborations have four major outcomes: they achieve tangible results, generate new processes that lead to solutions where traditional approaches have failed, empower residents and groups, and fundamentally change the way communities deal with complex issues. (NLC, 2006:5-6).

2.3 Challenges to strategic collaboration

There are, of course, significant challenges associated with strategic collaborations (see Box 2.2). Norris-Tirrell and Clay (2010) outline a list of obstacles to effective collaboration, including:

- Too much emphasis on the status quo and protecting turf by participants
- Processes that bring everyone to the table but then reinforce the silos that further solidify their resistance to new ideas
- Recruiting the same participants for every collaborative effort when professionals and volunteers can only actively and effectively engage in a limited number
- Processes that start over again collecting the same data, setting the same goals, and taking us back where we started, while expending countless hours ‘collaborating’
- Decision making driven by the quest for funding, displacing the collaboration’s focus and agreed upon expectations
- Confused sense of authority, delegation, and consensus that all too often results in questions of ownership, frustration, and paralysis. (Norris-Tirrell and Clay (2010) : xii, Preface)

Box 2.2 Common barriers to collaboration

Three common barriers that might impede collaborative efforts of agencies are *time*, *turf* and *trust*.

Time: Collaborative efforts take time to develop. Short-term, collaboration will take more time and effort than providing services independently; however, long-term it can save time

Turf: Turf issues surface when an imbalance, perceived or real, of benefits to the collaboration partners occurs. For example, one agency might see that another agency reaps more benefits from the collaborative effort; or, one agency takes on less responsibility, or has more decision making power. Partners do not see each other as equally involved in benefiting of the collaboration.

Trust: Lack of trust becomes a barrier in collaborative efforts. Trust can be influenced by prior or current troubled working relationships, or by lack of understanding on how agencies or disciplines operate, or by personal factors such as personality or temperament of an agency representative.

Other barriers to effective collaboration identified in the relevant literature include:

- Service vacuums' might be created if financial pressures faced by public sector organisations lead to services failing to be provided by either partner and local authorities cutting services irrespective of what partners have decided
- The impact of both outsourcing and partnerships on staff morale in a local authority. The integration required, including redundancies associated with service consolidation, raises questions for staff in terms of potential job losses, to changes in roles, structures and workplace culture
- Disparity between the standards and practices of public or private organisations linking-up
- The involvement of parties not used to procurement and outsourcing

Jepp (2011) suggests a number of solutions to combat many of these risks:

- To safeguard against 'service vacuums,' it is important to draw-up precise service level agreements with clear strategic goals. Before making any agreements, it is important that both parties clearly outline expected standards and ensure they understand those of the other parties
- Once in place, agreements will need constant oversight. Creation of service committees is beneficial in encompassing local public services and bringing together board-level members from across partners
- In terms of allaying staff fears, it is important how managers handle the answers to staff queries by having an open and creative approach to address potential issues, getting buy-in from all levels of staff and clearly communicating proposals to mitigate negative impact of new ways of working
- Many of these new agreements will involve parties that are not used to procurement or outsourcing. It will be important not to rely on an arm's length procurement approach, treating them as traditional client/contractor relationships. Instead, it is vital to engage everyone in service design from the outset to ensure sustainable and resilient services

Similarly, Austin (2010) recommends developing a Purpose and Fit Statement when embarking on any partnership. A Purpose and Fit Statement is a working document to formalise ideas exchanged throughout the identification phase, akin to a memorandum of understanding. Austin suggests developing answers to the following questions when preparing a Purpose and Fit Statement:

1. What are you trying to accomplish through collaboration?
2. Where does your mission overlap with the potential partner's mission?
3. Do you and your potential partner share an interest in a common group of people (or geographic region)?
4. Do your needs or deficiencies match up with your partner's competencies and vice versa?
5. Would the collaboration contribute significantly to your overall strategy?
6. Are your values compatible with your prospective partner's?

Austin recommends that each partner answer this set of questions separately and then come together and drafts a joint statement. From the outset this enables a higher level of honesty and transparency. Each partner must be as explicit as possible in answering the questions. Topics that may be uncomfortable will also be addressed, for example:

- Who will bear the costs of what in the partnership?
- Who will provide the staff hours to carry out the project?
- What kind of exposure does your organisation want?
- Where will this partnership fall on the collaboration continuum (philanthropic, transactional, integrative)?

It is important to address whether or not organisations have the capabilities (time, staff, finances, structure) to fulfil their end of the agreement. Jepp (2011) notes that 'it remains to be seen whether outsourcing and partnership working will bring the benefits local authorities hope, and many of the details and legalities have still to be determined. However, risk management should remain a top focus for local authorities.'

It is also important to examine the capabilities of staff dealing with collaboration. Norris-Tirrell and Clay (2010:314) emphasise that the applied literature underlines that collaboration has become an essential component of governance. They note that management and leadership competence in collaborative settings has consequently become a job requirement of public and non-profit managers. Collaboration governance requires that public and non-profit managers must be skilled at managing vertically, horizontally, and inclusively, within their particular collaborative context, interacting and negotiating with environmental pressures. In particular, McGuire (2006:37) categorises the distinctive collaborative skills needed as those related to activation (identification and integration of the appropriate participants and necessary resources), framing (facilitating roles and responsibilities as well as procedures and structures), mobilising (eliciting commitments), and synthesising (facilitating productive and intentional interactions to build relationships and information sharing).

Norris-Tirrell and Clay (2010:10) outline three broad knowledge areas important to effective collaboration built from organisational expertise, which are familiar

to public and non-profit managers. They outline that 'collectively, the three broad areas – getting things done with and through people, using analytic methods, and managing boundary-spanning activities – serve as a foundation for collaboration practice but need to be transformed to result in effective strategic collaboration practice' (Norris-Tirrell and Clay (2010:10)). They also identify a wide range of common analytic skills (summarised in Box 2.3) linked to these three knowledge areas that prove useful for collaboration.

Box 2.3 Skills essential for collaboration

People skills essential for collaboration

- Build and sustain relationships with people at all organisational levels
- Facilitate group processes as a leader or team member to accomplish tasks
- Cultivate support for vision and desired outcomes
- Listen to understand and value diverse perspectives
- Communicate effectively in writing and in person
- Create agendas to organise projects, manage meetings, coordinate assignments, and navigate change
- Use transparency and accountability to mediate and negotiate conflict

Analytic skills essential for collaboration

- Facilitate groups to develop shared knowledge and goals
- Perform environmental or needs assessment analysis
- Identify and collect relevant data
- Conduct key stakeholder analysis
- Develop and implement performance measurement and program evaluation processes
- Use a variety of methodologies

Boundary-spanning skills essential for collaboration

- Scan environment for relevant political, social, and economic forces
- Develop and coordinate cross-agency action plans, assignments and timetables, and budgets resources
- Solicit feedback to revise or refine plans and implementation processes
- Ensure accountability
- Perform regular reality check for alignment of expectations and priorities
- Consider roles for citizen, client, and consumer participation
- Communicate with external stakeholders

Source: Norris-Tirrell and Clay (2010:12,13,14)

Similarly, Bryson, Crosby and Middleton Stone (2006:52) emphasise that success in cross-sector collaborations depends on leadership of many different kinds – they highlight leadership roles such as sponsors, champions, boundary spanners, and facilitators. But, Huxham and Vangen (2005:202-212) argue that ‘leadership – in the sense of what ‘makes things happen’ – also occurs through structures and processes. Therefore, the leadership challenge in cross-sector collaboration may be viewed as a challenge of aligning initial conditions, processes, structures, governance, contingencies and constraints, outcomes, and accountabilities such that good things happen in a sustained way over time-indeed, so that public value can be created.’

Norris-Tirrell and Clay (2010:319) further outline six principles of strategic collaboration to provide practical guidance for public and non-profit managers to be more effective in their decisions regarding collaboration. These principles are set out in Box 2.4. The principles can act as important guides for those embarked on collaborative activities.

Box 2.4 Six principles of strategic collaboration practice

Principle 1: Choose strategic collaboration wisely.

Principle 2: Understand the strategic collaboration lifecycle.

Principle 3: Strengthen leadership capacity.

Principle 4: Balance risk and reward transparently.

Principle 5: Cultivate innovation for meaningful change.

Principle 6: Emphasise outcomes and impacts.

Norris-Tirrell and Clay (2010:319)

Furthermore, Bryson, Crosby and Middleton Stone (2006:52) have identified, 22 propositions (see Appendix 1) related to collaboration outcomes and success. They attempt to demonstrate in their article that research must pay attention to the external environment in which cross-sector collaborations are embedded: ‘The variables referenced in these propositions may lead directly to success, but they are more likely to be interrelated with, moderated by, or mediated by other variables; embedded in fairly complicated feedback loops; and change over time.’ Their research argues that ‘for example, it is likely that structural variables such as the degree of network centralization relate to network effectiveness. However, structural variables appear to be moderated or mediated by environmental factors and may or may not be influenced by (or influence) critical process variables, which have also been shown to influence effectiveness.’ Furthermore, Bryson, Crosby and Middleton Stone (2006:52) note

that a quick scan of their propositions shows a mix of environmental factors that managers have little control over and strategic choices that managers may have some control over. 'Support from the institutional environment is critical for legitimizing cross-sector collaboration but is not easily controlled by local managers. On the other hand, the choice of governing mechanism, stakeholder participants, planning processes, and conflict management techniques, for example, are likely within the purview of managerial choice.' (Bryson, Crosby and Middleton Stone (2006:52))

3.

SHORT PROFILES OF STRATEGIC COLLABORATIONS

“
The forming of a collaborative arrangement allows councils to pool resources, reduce duplication and form a common platform to develop initiatives
”

This section outlines a number of international examples of strategic collaboration. Examples are taken from New South Wales (NSW), Australia, the United States (USA), and the United Kingdom.

3.1 Lessons from New South Wales¹

A report produced by the NSW Department of Local Government (2007) highlights three key approaches to collaboration: integrated multi service/business sharing approaches; single service/business approaches; and knowledge sharing and organisational development approaches. All of these approaches maintain the role of local councils as the key governance structure.

3.1.1 Integrated multi service/business sharing approaches

In this approach, a number of councils enter into a collaborative arrangement on the understanding that they will have a substantial, long-term strategic relationship and will share a common future that is mutually beneficial. These arrangements are usually geographically based (but not necessarily so). Councils with a small population and consequently a small revenue base are adopting this approach. This small base reduces the capacity of these councils to attract and maintain highly skilled and experienced staff, but the demand from the community for services and infrastructure is much the same as it is on larger councils. The forming of a collaborative arrangement allows councils to pool resources, reduce duplication and form a common platform to develop initiatives. They typically involve some common policy and governance arrangements, as well as agreements for common business and operational activities. There is the ability for constituent councils to opt in or out of individual projects.

In all cases, a common planning entity is established to develop a shared approach. Elected representatives and senior staff from the constituent councils are involved in the new entity's decision-making processes. The constituent councils make the final decisions but may decide to delegate certain functions. These models are now commonly identified as Strategic Alliances. A number of Regional Organisations of Councils (ROCs) are also moving in this direction.

The benefit of this model is that it achieves the business advantages of amalgamation, while still maintaining the constituent councils' autonomy, and preserving representative local democracy. Benefits include economies of

¹ This section is largely and selectively drawn from the NSW Department of Local Government Report (2007)

scale, streamlined business processes and improved service delivery. These partnerships need a strong strategic planning focus and robust governance arrangements. Their success depends on high levels of commitment and relationship management. They generally use a combination of business mechanisms to achieve their objectives, including shared administration and reciprocal resource sharing.

The following two case studies demonstrate different approaches to structuring collaborative agreements between councils. The first approach, as demonstrated by the Central Tablelands Strategic Alliance, is a voluntary cooperative model based on a memorandum of understanding. The second approach establishes a corporate entity to develop integrated service approaches on behalf of member councils. These have commonly been developed on the foundation of ROCs. Such arrangements are usually based on member contributions and allow the ROC to employ staff to drive regional partnership initiatives. A number of other ROCs operate under a common constitution but the employment of staff rests with individual councils. This requires clear agreement between councils as to how associated costs are met. The key feature of this approach is that councils have identified interrelated areas in which they can benefit from a common approach.

Case study – Central Tablelands Alliance

Lithgow City Council, Oberon Council and Mid Western Regional Council formed this alliance in September 2006. The Central Tablelands Alliance is designed to assist the three councils streamline business processes, manage costs, identify resource-sharing options and carry out planning on a larger regional basis. As well as the joint purchasing of plant and IT systems, the alliance is seeking to promote and grow internal skills and create technical experts. The overall aim is to maximise the effective use of the resources available.

The constituent councils are all signatories to a memorandum of understanding that has the following features:

- The ability of individual councils to opt in or out of programs developed by the alliance
- The ability for individual councils, or the alliance as a whole, to work with other external entities
- Identifies common areas for alliance projects
- Requires the three councils to consent to the participation of other parties in programs developed by the alliance
- Identifies reporting arrangements
- Outlines strategic planning approach
- Provides a process to review effectiveness
- Contains mechanisms to resolve disputes

The alliance is administered by a monthly meeting of the three general managers. The three mayors meet with the general managers on a quarterly basis to overview the alliance's activities and subsequently report to their respective councils.

Strategic planning approach

The first stage was to identify the common areas for joint work. This involved staff from all councils working together to complete a comprehensive operational review of areas such as: human resources policies and functions; salary systems; payroll systems; information technology; plant and equipment; economic development; tourism initiatives; and land use planning. The second stage involved the development of a management plan to progress the opportunities identified. The plan identified the following: description of key projects; detailed activities for each project; definitions of outcomes and key dates and responsibilities.

Case study – Hunter Councils Inc

Hunter Councils Inc represents the twelve local government areas of the Hunter Valley. Building on the strength of relationships developed over 50 years, the councils have developed the ability to share a range of resources including professional staff and plant between councils, and undertake a range of projects including running a regional airport and a waste recycling facility, amongst many others. The Regional Organisation of Councils has capitalised on that relationship by building a significant shared service entity, Hunter Councils Inc and its trading arm, Hunter Councils Ltd. Programmes include a range of environmental management programmes which over 2005-06 had a value of \$3,435,000 which provided a value to each council of \$893,000. Learning and Development (a registered training organisation) delivered 322 local government based programmes to 3,300 participants during 2005-06 with costs savings to the value of over \$1 million. Regional procurement facilitated over \$10.8 million purchases with an average saving of 10 per cent.

Hunter Records Storage – a State Records Act compliant records storage facility which offers its services to members and other agencies and companies operates on a commercial basis and provides not only a regional service but also a revenue stream to provide self-sustainability. A board made up of elected representatives of member councils sets the strategic direction for the organisation. A committee comprised of general managers provides the direction and governance required for the projects. A large range of professional teams comprised of specialists from each council meets regularly to share expertise and identify opportunities for resource sharing projects. Further details can be obtained from: www.huntercouncils.com.au.

3.1.2 Single sharing approaches

In these approaches, a number of councils join together to achieve common outcomes in an identified business function or service provision. This may be two or three neighbouring councils, or a much larger network across the state. Each council's policy and governance functions remain essentially separate, with the sole focus of the arrangement being on operational outcomes. Generally, the aim is to maximise the use of assets, resources and expertise to improve access and efficiency and achieve a better product at a cheaper per-capita cost. Such partnerships may be simple or complex. The partnership might involve the sharing of one particular service, such as waste management or road safety programs, or it may involve multiple administrative services. It may also include joint management of a regional facility, such as an airport, or aquatic centre. Typically, such collaborations aim to achieve outcomes that no one council (irrespective of its resource base) can achieve on its own. They allow technical and strategic resources to be realistically accessed. To be effective these arrangements need a strong business case, and effective monitoring and review mechanisms to measure the benefits achieved. The more simple cost sharing arrangements are usually established through contractual agreements. The more complex business models may require the establishment of a separate entity. Such approaches rely on a single business mechanism to achieve their objective, such as a cooperative or a corporation. A council may be a participant in a number of these arrangements.

The following three case studies demonstrate how councils can work with each other to achieve specific project-related benefits for member councils and their communities. It is important to note that these types of collaborative arrangements can operate effectively in conjunction with other forms of integrated services provision as outlined in the previous section.

Case study – The Redtape Blueprints Project: Smartforms

A consortium of 40 NSW local councils was awarded a grant for its Redtape Blueprints project that involved the development of a central online entry point and enhancement of electronic planning capabilities. The grant was awarded from the Australian government's regulation reduction incentive fund that aims to provide local government authorities with incentives to reduce the impact of regulation and associated compliance costs for small businesses. At the core of the project is the development of intelligent forms that are dynamic, interactive, customer focused and tailored to individual councils' requirements. Smartforms also help to streamline, automate and manage business processes resulting in increased efficiency and improved customer service. The systems also have the capacity to integrate with other government information and planning requirements.

Case study – Westpool and Metro Pool

Westpool and Metro Pool ('the Pools') are both examples of local government strategic alliances established to address risk management and insurance issues for their member councils. They are not insurance companies or agencies, rather they are self-insurance co-operatives operated entirely by participating members. The Pools function solely for the benefit of members and provide a range of insurance programmes and services. Each of the Pools has its own deed of agreement and by laws, which cover the administrative structure and operation of the Pools. Both of the Pools use the services provided by the United Independent Pools organisation. Each of the Pools has a board of directors and associated structures designed to provide for ongoing and effective decision-making. The Pools have a joint executive officer and administrative support services. The Pools exercise the option each year of self-insuring for their 'primary' layer, or buying insurance, depending on the condition of the market.

Some of the achievements of the Pools in recent years include: provision of public liability/professional indemnity insurance up to a \$100million limit; bulk purchased motor vehicle insurance; pool funded general insurance policies; training and professional development programme; and comprehensive property insurance and asset valuation service. Some of the benefits the members report through their commitment to the Pools include: a greater understanding of the insurance market; protection from the cyclical nature of the market; growing equity in the Pools' funds; development of joint risk management strategies and policies; reduced insurance costs, and greater emphasis on proactive claims management and corrective action.

Case study – SSROC Waste Programme

SSROC has a regional programme of waste activities to respond to priority areas identified by member councils to deliver benefits to councils and their communities. The programme has benefits to member councils, including savings from joint tendering, the provision of specialist assistance and addressing cross-boundary issues. Activities include:

- Contract for receipt of recyclable materials – three councils participating; gate fee and operational savings in excess of \$2.5 million p.a.
- Contract for receipt of putrescible waste – nine councils participating, security and certainty in service costs, savings exceeding \$7 million over 5 years
- Dry (or hard) waste contract – eight councils participating in two separate agreements
- Review of council waste collection and disposal services

3.1.3 Knowledge sharing and organisational development approaches

These arrangements are common and can be formal or informal in nature. Professional mentoring schemes are increasingly used to assist in developing management skills and technical expertise. These schemes may be offered by professional associations, or they may be more of an informal arrangement between councils, for example where an experienced general manager acts as a mentor for a new general manager, or councils get together to discuss methodologies in asset management or strategic planning. Special interest groups and on-line forums are also widely used. These are usually based on technical aspects of council operations, such as waste management or water supply. They may be established through joint arrangement with councils, or hosted by professional associations. ROCs are an example of a regional approach. They provide a forum to exchange views and develop solutions in areas of common interest. Professional subgroups provide the opportunity for expertise to be shared and common approaches developed. Sister city partnerships linking metropolitan and rural councils within NSW, or councils interstate are also common. These arrangements allow exchange of information, develop skills, support cultural development and connect diverse communities. These types of arrangements have the potential to develop into more extensive types of strategic resource sharing. They can be very beneficial but the costs involved can be underestimated and the benefits can be hard to measure, given that they are often intangible.

The following two case studies demonstrate the potential for less formal arrangements to be developed into more structured shared business arrangements.

Case study – Liverpool Plains Shire Council/Blacktown City

This sister city relationship was first formed in 2004. Initially it was aimed at exchanges in education, sport, cultural and economic development and staff exchanges. The relationship has developed into a memorandum of understanding covering the provision of services in areas such as internal audit, tourism, noxious weeds control, information technology, town planning, records management and ranger services. The councils benefit from the two-way exchange of skills, each bringing their own unique perspective. Both councils have been successful in obtaining a \$2 million grant under the NSW government urban sustainability programme for a carbon trading initiative. The project allows both councils to trade carbon certificates adding to the income stream for both councils. The sister city relationship between Blacktown, with its rapidly growing urban developments, and Liverpool Plains Shire Council in the rural New England area, is aimed at encouraging social cohesion across the urban/rural divide and allowing for large tracts of public and privately owned land to be utilised for biodiversity plantings and carbon sequestration.

Case study – REROC: Sharing knowledge through professional development

REROC comprises 13 general purpose councils and 2 county councils, including the largest inland city in NSW, Wagga Wagga, and the smallest shire in the state, Urana. REROC members work co-operatively to build economies of scale and scope that improve councils' efficiency and effectiveness. The partnership also provides a platform to better engage with local communities, other spheres of government and other external stakeholders. In this way individual councils are able to build organisational capacity through knowledge development in a way that no individual council could otherwise do. REROC (as do other ROCs) has a number of sub-committees that meet to share information, skills and undertake joint problem solving. These include:

- Waste forum, which shares and plans initiatives in regional waste management aimed at better management of waste and reducing landfill. The forum also provides regional advice to state agencies in the development of new initiatives such as container deposit legislation, and the disposal of hazardous waste
- Riverina spatial information group, which includes councils, state government departments and private enterprise and aims to share and better understand information about the latest innovations in spatial technologies
- Engineers group, which shares information in areas such as occupational health and safety, single invitation road maintenance contracts and skills shortages

3.2 Lessons from the USA²

The Alliance for Regional Stewardship and the National League of Cities developed a guide to successful local government collaboration in America's regions. (NLC 2006). The guide emphasises that in order to help make regional collaborations more successful and sustainable, local elected officials and community leaders must involve all stakeholders. The guide also outlines key steps for engaging stakeholders, along with lessons learned from communities that have attempted various forms of local government collaboration. Selected collaboration options for local governments from the guide are presented here. Each option includes a description, an example of localities that have implemented the option, and advantages and challenges associated with each approach. The options are organised along a continuum, ranging from those that require the least structural change to those that require more structural change and may be more difficult to implement.

² This section is largely and selectively drawn from the guide produced by the Alliance for Regional Stewardship and the National League of Cities (NLC 2006)

3.2.1 Informal cooperation

This approach usually involves two local, normally neighbouring, government jurisdictions that offer reciprocal actions to each other. Adding private or non-profit partners to the mix can increase the acceptance and impact of informal cooperation within a region.

Case study

The Regional Jobs Initiative was started in 2003 by the towns of Fresno and Clovis, CA, and now includes hundreds of private and civic organisations. All are dedicated to the ultimate objective of generating long-term, sustainable economic development in the Fresno Region by diversifying the industrial and economic base to combat chronic unemployment. The Jobs Initiative is based on the idea that regional economies are composed of related industries, or clusters, that benefit one another. Task forces identify existing and emerging industry clusters where the region has a competitive advantage, and then devise strategies that improve the region's climate in each cluster for innovation, business creation, expansion, and retention. A five-year strategic plan is guided by community values known as the guiding principles of the Fresno region, developed collaboratively by business, education, civic, and grassroots leaders. For further details see: www.fresnorji.org

Advantages and challenges – informal cooperation

Advantages

- Pragmatic solution to specific needs; often accomplishes a local jurisdiction's goals without complex fiscal and jurisdictional components
- The most widely practiced approach to collaborative public service delivery, according to anecdotal evidence

Challenges

- Hard to sustain over time, given the lack of formal structures
- Very susceptible to shifts and changes in politics, personnel, and resources

3.2.2 Inter-local service contracts

Inter-local service contracts are another voluntary collaboration option. In contrast to informal approaches, they involve a more formal agreement between two or more local jurisdictions. Inter-local service contracts are widely used to handle servicing responsibilities, particularly between and among metropolitan communities, and they often can include non-profit and civic organisations. The agreements may take a variety of forms:

- A contract for services between two jurisdictions under which one jurisdiction agrees to provide a service to another for an agreed price. This is the most common form of inter-local service contract and can cover such services as law enforcement, fire protection, corrections, courts, emergency dispatch, building inspections, and code enforcement
- Joint service agreements where two or more local jurisdictions join forces to plan, finance, and deliver a service within the boundaries of all participating jurisdictions
- Mutual aid agreements for emergency service, which detail how local jurisdictions will provide services across jurisdictional boundaries in the event of an emergency, often without payment

Case study

The Triangle region household hazardous waste collection programme was created in 1995 to coordinate and improve regional and local approaches to the disposal of household hazardous wastes in the Triangle region of North Carolina. The coalition sets goals and priorities and oversees programme activities. It includes a number of local counties and towns. A major objective is to reduce household hazardous wastes in the region's landfills and the environment. Initiatives include:

- A comprehensive education programme to inform the public about reducing, reusing, recycling, and properly disposing of wastes
- Outreach programmes, public service announcements, media displays, and promotional materials as education vehicles
- Collection points throughout the region that can be used by residents of any jurisdiction
- A public information campaign with a 24-hour information line
- A joint contract with a waste disposal company that provides a 10 per cent discount to the coalition

Among the major benefits for local governments participating in the programme are cost savings and greater efficiency – for example, through cooperative purchasing of equipment and joint development of specifications for collection facilities. For further details see: <http://www.tjcog.dst.nc.us/regplan/hhw.shtml>

Advantages and challenges – inter-local service contracts

Advantages

- Provides a formal agreement between and among local governments to cooperatively carry out public functions within existing government structures
- Can provide cost-effective solutions to shared problems

Challenges

- Distributing costs and services equitably among participating agencies can be a challenge
- Agreements that lack specificity regarding expected services and responsibilities can cause friction
- Each party to the contract must perceive a benefit from the agreement for the negotiation to be successful; it cannot be assumed that a jurisdiction will enter into a contract solely for the good of the region as a whole. For example, the Triangle region programme didn't choose to promote one regional waste disposal facility, but opted instead to coordinate multiple waste collection sites
- Sunset provisions often used in inter-local service contracts tend to make them issue-oriented rather than comprehensive. In other words, they disappear when the issue or problem goes away

3.2.3 Contracting

Local governments struggling to provide services with less revenue increasingly are turning to contracting with other governments and/or with the private and non-profit sectors. Suburban governments may contract with larger municipalities in their regions for supplemental services in expense-heavy areas such as police and fire – providing a level of coverage beyond that of a county government. Local governments also have a long history of contracting for water, electricity, gas, and sewer services with both publicly and privately owned entities.

Case study

Contract City is an apt description of Camarillo, CA, because the city purchases major public services through contracts with other agencies and private companies. Camarillo contracts with the Ventura County Sheriff's Department to provide its 46 member police force. Camarillo's police station houses an additional 22 sheriff's personnel who serve other parts of the county. Building and safety services are provided by a private contractor, whose five employees work at Camarillo City Hall handling inspection services for the city and checking building plans. Other regularly contracted services in Camarillo include refuse collection and recycling, street sweeping, landscaping, and transportation-related services such as public transit, traffic signal maintenance, assistance with asphalt paving, and installation of handicap ramps. All contracted services are reviewed annually and renewed on a performance/cost basis. Other services in Camarillo are provided by special districts funded through tax assessments on property owners tailored to the services received. Fire protection, for example, comes from the Ventura County Fire Protection District; community parks are managed by the Pleasant Valley Recreation and Park District; and library services are provided by the Ventura County Library District. City of Camarillo, For further details see: www.ci.camarillo.ca.us

Advantages and challenges – contracting

Advantages

- Contracting can provide efficiencies by enlisting professional specialists to perform services rather than government employees

Challenges

- Contracting for certain public services can raise issues concerning the confidentiality of information, as well as government's obligation to serve its residents
- Contracting without a transparent bidding process and strong conflict of interest rules can lead to favouritism
- For these reasons, joint powers agreements and inter-local service contracts are good alternatives to private contracting

3.2.4 Regional Purchasing Agreements

Regional purchasing agreements are an approach that helps local governments achieve cost savings while fostering more cross-jurisdiction collaboration. These agreements can be straightforward bulk purchasing groups, or they can take on more complex challenges such as coordinating bidding and contracting for their members.

Case study

The strategic alliance for volume expenditures (SAVE) was formed by 22 local jurisdictions in the Mesa, AZ area to coordinate their purchasing and contracting. Based on a state cooperative purchasing program, SAVE coordinates bidding and contracting for commonly used items such as water treatment chemicals, recycling containers, buses, bus shelters, and traffic signal equipment. One SAVE member agency serves as the lead to develop specifications, solicit bids, and evaluate potential vendors. Then, other members help select the vendor, and the lead agency awards the contract through its governmental approval process. Any SAVE member can purchase from the chosen vendor, according to the SAVE bylaws and intergovernmental agreement. The group has a website to identify contracts and facilitate the process.

For further details see: www.maricopa.gov/materials/SAVE/member_info.asp

Advantages and challenges – regional purchasing agreements

Advantages

- Collaborative buying groups can achieve volume discounts with their collective buying power, and can realise savings from shared consulting or outsourcing services

- This kind of cooperation avoids the need to draw new boundaries
- Success at regional purchasing can lead to collaboration on more challenging governance issues

Challenges

- There are many regional purchasing programmes in operation. However, many pick off a few 'low-hanging fruits' by focusing only on cost savings at the local level. They can miss the opportunity of bringing leaders together to address regional issues in a more comprehensive and cooperative way

3.2.5 Merger/Consolidation

This option involves a variety of approaches that result in the creation of a new region-wide government, reallocation of government powers and functions, and changes in the political and institutional status quo. Miller (2002) concludes that more centralised government systems are better than decentralised ones in dealing with regional governance issues such as fiscal disparities between communities, social equity, and economic development. Merger/consolidation can happen in a number of ways, as described below. Options range from incremental approaches to city county mergers to consolidations involving multiple counties. An example is the 2000 merger of Louisville and Jefferson County, KY, the first large metropolitan consolidation in three decades.

Case study – incremental approach focused on service delivery

The Charlotte-Mecklenburg, NC, experience has been described as 'functional consolidation' of city-county services, as contrasted with 'political' consolidation. In essence, for the past 60 years, increasing amounts of the major services of the city and county have been provided across the county either by Charlotte or by Mecklenburg County. In an incremental process, Charlotte-Mecklenburg has instituted a set of inter-local service agreements in service areas that span parks and recreation to public transit. In all, more than 20 major public services have been consolidated. This incremental process of service consolidation followed several failed attempts at political consolidation. For further details see: www.charmeck.org

Case study – one-tier consolidation

This approach to merger/consolidation results in a single new government responsible for all service delivery in the area. It has been used in the United States since 1984, but is rare. Voters in Athens and Clarke County approved a unified government in 1990 after three failed referenda. The new government provides services to more than 100,000 people over 125 square miles, with a directly elected mayor and 10 elected commissioners.

Advantages and challenges – Merger/Consolidation

Advantages

- Clearly, there is potential for great efficiency and effectiveness in having fewer governments (or just one) delivering and accountable for services. Consolidated governments cite an array of benefits stemming from unified leadership and a more focused community agenda. These benefits include improved success in economic development and increased collaboration and partnerships throughout the region
- Consolidation is attractive because it keeps some services localised, as needed, and provides regional service delivery for services that affect the entire region
- It is difficult to calculate actual savings and improvements in services under consolidations because there are so many variables. However, independent analysis of Athens-Clarke County, GA, document savings and improvements. Athens saw its general government expenditures decline by 10 percent in the five years after merger

Challenges

- The challenges of merger/consolidation are primarily political. Getting the necessary authorisation from the state, overcoming resistance from local elected officials and addressing concerns about equal representation in the new government all can pose problems
- As a result of these difficulties, many merger referenda have failed at the polls – including in communities that eventually approved consolidation – and many more initiatives have never even made it to the ballot
- Some communities have concluded that the time and energy spent dealing with the political challenges of merger/consolidation could better be used implementing less intensive and more easily achievable forms of local government cooperation and collaboration

3.3 Lessons from the United Kingdom³

On the 20th October 2010, the UK Chancellor, George Osborne, presented the UK Government's Spending Review which fixes spending budgets for each Government department up to 2014-15. The Spending Review announced the first phase of Community Budgets, in which 16 places identified the national and local funding they need to deliver solutions for families with multiple problems. The intention is to build on the success and knowledge gained from the *Total Place* Initiative, which piloted place-based budgeting as opposed to organisational based budgeting (see HM Treasury 2010 for an evaluation of the initiative).

The Government's intention with the Community Budgets initiative is that all places will operate Community Budgets from 2013/14 to give local people and communities further control over resources and give them power to develop local solutions that really meet people's needs. From April 2011 this first phase of 16 areas covering 28 councils and their partners have been put in charge of Community Budgets that pool various strands of Whitehall funding into a single 'local bank account' for tackling social problems around families with complex needs. Around 40-50,000 families experience multiple social, economic and health as well as serious child problems whilst a larger group are at a much greater risk of developing these problems. Around £8 billion a year is spent on around 120,000 families that have multiple problems, with funding only getting to local areas via hundreds of separate schemes and agencies. Despite this investment, these families' problems have continued. The Community Budgets initiative is intended to develop a more coordinated and cooperative approach to services at the local level for those in need:

- A Salford family required 250 interventions in one year including 58 police call-outs and five arrests; five 999 visits to Accident and Emergency; two injunctions; and a Council Tax arrears summons. Their Community Budget led to the £200,000 cost being cut by two thirds.
- In Islington the Council, the NHS, Job Centre Plus, Probation, Police, housing and the voluntary sector is pooling staff and over £6m of resources for their Community Budget plan. This will allow them to give intensive support to families facing particular problems in the area.
- The Department for Work & Pensions has also announced a new programme for the disbursement of European Social Fund money over the next three years to help families with multiple problems overcome barriers to employment. The new programme will be delivered by private and voluntary sector organisations working with local authorities. The programme will operate on a payment by results basis, with providers rewarded for helping move members of the families they are working with closer to a point where they are ready to apply for work and get a job. The aim will then be to help individuals in those families get into work directly, or through mainstream supports.

³ This section is largely and selectively drawn from HM Government, 2010, *UK Government's Spending Review* and the UK Government *terms of reference* for the second phase of the *Local Government Resource Review* in June 2011

Community Budgets, which the Government intends to roll out nationally by 2013-14, aim to pool local authority and other providers funds for tackling families' needs into one budget so communities can develop local solutions to local problems. By having one budget, the intention is that councils and partners will be able to redesign and integrate frontline services across organisations and share management functions to reduce running costs for the best local outcomes (www.communities.gov.uk/news/newsroom/1875618).

The UK Government set out the terms of reference for the second phase of the Local Government Resource Review in June 2011. This part of the review will involve two areas, comprising local authorities and their partners, working with Whitehall to co-design how a Community Budget comprising all spending on public services in an area might be implemented. The joint team will develop an Operational Plan for each area that sets out what a single budget, or options for pooling and aligning resources, for the place would look like, the outcomes it would deliver, governance arrangements, the redesign of services required to achieve the outcomes and how new financial approaches would work. The second phase of the Local Government Resource Review will be completed by April 2013 (www.communities.gov.uk/documents/localgovernment/pdf/1933423.pdf).

It is too early to assess the impact of Community Budgets. The initiative has been widely welcomed across the spectrum of service providers, but concerns have been raised about the impact of global expenditure cutbacks on the capacity to effect the desired changes (Roxburgh, 2010). It should also be noted that Zurich's recent briefing paper on *New World of Risk*, outlines that in terms of organisational transformation, 'the UK public sector is facing a period of deep austerity. The automatic reaction to a need for efficiency is organisational rationalisation, or downsizing, and implementing shared service operations; yet neither are without their own inherent risks.' (www.NewWorldofRisk.com)



4.

CONCLUSION

“
Ultimately, it is about making strategic collaboration the norm. Collaborating across jurisdictional lines becomes the expected approach in dealing with complex issues
 ”

Norris-Tirrell and Clay (2010:314) suggest that the reframing of collaboration to strategic collaboration offers an increased likelihood of success and positive outcomes from the collaborative venture as public and non-profit managers become more purposeful about collaboration design and implementation processes, enable collaboration inclusiveness and effectiveness, decrease collaboration fatigue and frustrations, and proactively steer toward positive outcomes. Page (2004:591-606) argues that collaboration requires consideration of four platforms of accountability, external authorisation, internal inclusion, results measurement, and managing for results. (Page, 2004).

As noted earlier, Austin (2010) recommends developing a Purpose and Fit Statement when embarking on any partnership. A Purpose and Fit Statement is a working document to formalise ideas exchanged throughout the identification phase, akin to a memorandum of understanding (see section 2). Norris-Tirrell and Clay (2010:319) further outline six principles of strategic collaboration to provide practical guidance for public and non-profit managers to be more effective in their decisions regarding collaboration. These principles are set out in section 2. The principles can act as important guides for those embarked on collaborative activities. Furthermore, Bryson, Crosby and Middleton Stone (2006:52) have identified, 22 propositions (See Appendix 1) related to collaboration outcomes and success. Similarly, the National League of Cities (NLC) *Guide to Successful Local Government Collaboration in America's Regions* (2006) report provide a series of steps and tools to assist councils develop effective collaborative arrangements. The NLC (2006) report emphasises that these steps and tools should assist councils in the identification of collaborative options, planning, implementation and evaluation (see Appendix 2 for specific details)

This paper has offered many examples of different approaches to strategic collaboration. Some have been around for a long time, such as co-operative endeavours; others are newer, including partnerships and mergers. This paper has highlighted the array of options for encouraging greater cooperation and collaboration across organisations and regions. Ultimately, it is about making strategic collaboration the norm. Collaborating across jurisdictional lines becomes the expected approach in dealing with complex issues, not just a one-time event and becomes a natural ingredient in any manager's set of capabilities. Collaborations are based on an understanding among leaders and residents alike that challenges facing communities and regions require a crossing of multiple boundaries (political, geographic, economic, racial, and ethnic).



REFERENCES

Agranoff, R., and M. McGuire (1998) Multi-network Management: Collaboration and the Hollow State in Local Economic Development. *Journal of Public Administration Research and Theory* 8 (1): 67 – 91 .

Agranoff, R., and M. McGuire (2003), *Collaborative Public Management: New Strategies for Local Governments*. Washington, DC: Georgetown University Press

Apostolakis, C. (2007), *Strategy for Collaboration: An Operational Framework for Local Strategic Partnerships*, Conference paper submitted to the Inter-Organisational Relations Track, BAM conference September, 2007, University of Warwick. http://eprints.bournemouth.ac.uk/17298/1/C_Apostolakis_-_Paper_on_Collaborative_Strategy.pdf

Austin, J. (2010) *The Collaboration Challenge*, 2010, USA: Harvard University.

Austin, J. (2000) Strategic Collaboration between Non-profits and Business, *Nonprofit and Voluntary Sector Quarterly*, vol.29, no.1, Supplement 2000, p69-97, Sage Publications Inc.

Barringer, B.R. and J.S. Harrison (2000) Walking a Tightrope: Creating Value through Interorganisational Relationships. *Journal of Management* 26(3):367-403

Bryson, J.M., Crosby, B.C., and M. Middleton Stone (2006), The Design and Implementation of Cross-Sector Collaborations: Propositions from the Literature, *Public Administration Review*, December 2006, Special Issue, p44-55, http://www.hhh.umn.edu/people/jmbryson/pdf/cross_sector_collaborations.pdf

Crosby, B.C., and J.M. Bryson, (2005) *Leadership for the Common Good: Tackling Public Problems in a Shared-Power World*, 2nd edn. San Francisco: Jossey-Bass.

Department for Communities and Local Government; June 2011, terms of reference for the second phase of the Local Government Resource Review in June 2011,

Hewison, G., Brookfields Consultants Limited, (April, 2008) *Effective Relationships and Collaborative Arrangements between Central and Local Government*, A Report prepared for the Waitakere City Council, <http://www.waitakere.govt.nz/havsay/pdf/royalcommission/effective-relationships.pdf>

Himmelman, A.T. (1996) 'On the theory and practice of transformational collaboration: from social service to social justice', in C.Huxham, ed. (1996), *Creating Collaborative Advantage*. London: SAGE publications Ltd.

HM Treasury (2010), *Total Place: A Whole Area Approach to Public Services*, London: HM Treasury, http://www.hm-treasury.gov.uk/d/total_place_report.pdf

Hudson, B., Hardy, B., Henwood, M., and G. Wistow (1999) In Pursuit of Inter-Agency Collaboration in the Public Sector: What is the Contribution of Theory and Research? *Public Management* 1 (2):235-60.

Huxham , C., and S.Vangen (2005), *Managing to Collaborate: The Theory and Practice of Collaborative Advantage*. New York : Routledge.

Jepp, A., (2011), A problem shared, *Public Finance*, 2011, www.publicfinance.co.uk

McGuire (2006), Collaborative Public Management: Assessing What We Know and How We Know It. *Public Administration Review*, 66 (Supplement):33-43

Miller, D. (2002) *The Regional Governing of Metropolitan America*, CO: Westview Press, pp.99-124

National League of Cities (NLC), 2006, *Guide to Successful Local Government Collaboration in America's Regions*, A Report from NLC's CityFutures Program, Washington, D.C. [http://www.lincolnst.edu/subcenters/regional-collaboration/pubs/RC for Local Govts 2006.pdf](http://www.lincolnst.edu/subcenters/regional-collaboration/pubs/RC%20for%20Local%20Govts%202006.pdf)

Norris-Tirrell, D. and J.A. Clay (2010) *Strategic collaboration in public and non-profit administration*, American Society for Public Administration, New York: CRC Press, Taylor & Francis Group.

NSW Department of Local Government (2007) *Collaboration and Partnerships between Councils*, NSW Department of Local Government, <http://www.dlg.nsw.gov.au/dlg/dlg/home/documents/Information/Collaboration%20and%20Partnerships%20between%20Councils%20-%20A%20Guidance%20Paper.pdf>

Ostrower, F. (2005), The Reality Underneath the Buzz of Partnerships: The Potentials and Pitfalls of Partnering. *Stanford Social Innovation Review*, Spring, 2005 <http://www.ssireview.org> [accessed August 18, 2006]

Page, S. (2004), 'Measuring Accountability for Results in Interagency Collaboration', *Public Administration Review*, 64(5):591-606

Roberts, N.C. (2001), Coping with Wicked Problems: The Case of Afghanistan. In *Learning from International Public Management Reform*, vol.11, PartB, edited by Jones, L., Guthrie, J., and P. Steane, 353-75, New York: JAI Press

Roxburgh, I. (2010), *Mainstreaming Total Place*, Research Report, Warwick University: Warwick Business School, [http://www2.warwick.ac.uk/fac/soc/wbs/research/lgc/networks/consortium/totalplace/mainstreaming total place final report.pdf](http://www2.warwick.ac.uk/fac/soc/wbs/research/lgc/networks/consortium/totalplace/mainstreaming%20total%20place%20final%20report.pdf)

Zurich & IPSOS Mori (2010) TOUGH CHOICES: *Different perspectives on long term risks facing the public sector and wider civil society*, <http://www.zurich.co.uk/newworldofrisk/toughchoice/toughchoice.htm>

Zurich (2011) A new world of risk: rising areas of challenge in a changing local government landscape, Executive summary, briefing paper, <http://www.zurich.co.uk/internet/newworldofrisk/sitecollectiondocuments/newworldofrisk/newworldofriskexecutivesummary.pdf>; full report: www.NewWorldofRisk.com

UK Government's Spending Review 2010 (http://www.hm-treasury.gov.uk/spend_index.htm); Community Budgets were announced as part of the Spending Review 2010 (www.communities.gov.uk/news/newsroom/1748116)

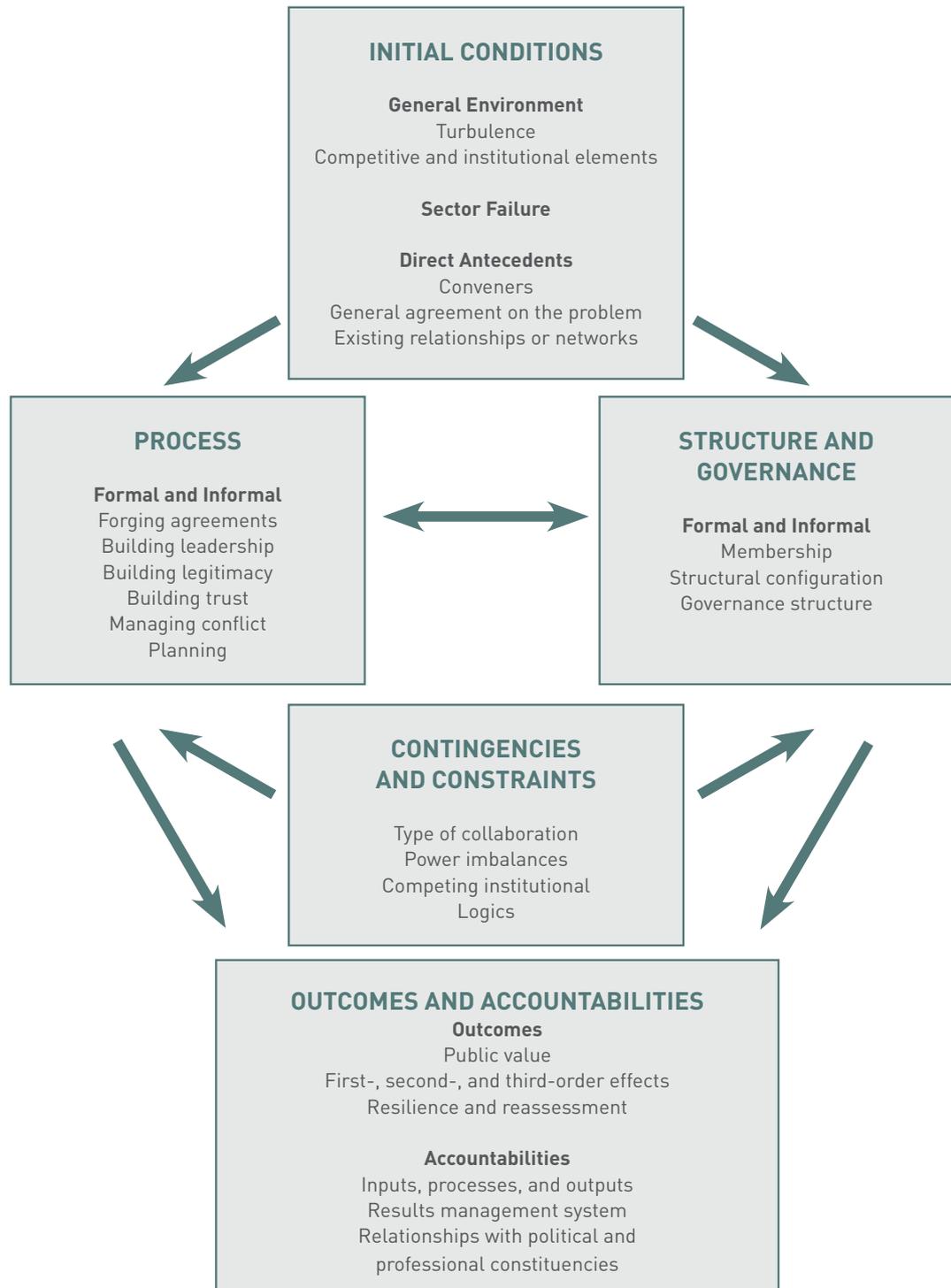
APPENDIX 1

The Design and Implementation of Cross-Sector Collaborations: Propositions from the Literature

A Framework for Understanding Cross-Sector Collaboration and 22 Propositions

Bryson, Crosby and Middleton Stone (2006:45), note that for understanding cross-sector collaborations, they discuss the salient dimensions, concepts, and research findings and summarise this material into 22 researchable propositions. Figure A below illustrates the overall framework for understanding cross-sectoral collaborations. Bryson, Crosby and Middleton Stone (2006:45), outline that 'the framework emphasizes simplicity and does not attempt to capture the extent of interaction among or within categories or the nonlinear quality of many collaborative relationships and endeavours.' The initial conditions category of the framework, 'focuses on broad themes related to the general environment in which collaborations are embedded, the notion of sector failure as an overlooked precondition for collaboration, and other specific and immediate preconditions affecting the formation of collaborations.' For further details on each of the components of the framework refer to Bryson, Crosby and Middleton Stone (2006:45-52), http://www.hhh.umn.edu/people/jmbryson/pdf/cross_sector_collaborations.pdf

Figure A: A Framework for Understanding Cross-Sector Collaboration



Source: Bryson, J.M., Crosby, B.C., and M. Middleton Stone (2006:45)

Proposition 1: Like all inter-organizational relationships, cross-sector collaborations are more likely to form in turbulent environments. In particular, the formation and sustainability of cross-sector collaborations are affected by driving and constraining forces in the competitive and institutional environments.

Proposition 2: Public policy makers are most likely to try cross-sector collaboration when they believe the separate efforts of different sectors to address a public problem have failed or are likely to fail, and the actual or potential failures cannot be fixed by the sectors acting alone.

Proposition 3: Cross-sector collaborations are more likely to succeed when one or more linking mechanisms, such as powerful sponsors, general agreement on the problem, or existing networks, are in place at the time of their initial formation.

Proposition 4: The form and content of a collaboration's initial agreements, as well as the processes used to formulate them, affect the outcomes of the collaboration's work.

Proposition 5: Cross-sector collaborations are more likely to succeed when they have committed sponsors and effective champions at many levels who provide formal and informal leadership.

Proposition 6: Cross-sector collaborations are more likely to succeed when they establish – with both internal and external stakeholders – the legitimacy of collaboration as a form of organizing, as a separate entity, and as a source of trusted interaction among members.

Proposition 7: Cross-sector collaborations are more likely to succeed when trust-building activities (such as nurturing cross-sectoral and cross-cultural understanding) are continuous.

Proposition 8: Because conflict is common in partnerships, cross-sector collaborations are more likely to succeed when partners use resources and tactics to equalize power and manage conflict effectively.

Proposition 9: Cross-sector collaborations are more likely to succeed when they combine deliberate and emergent planning; deliberate planning is emphasized more in mandated collaborations and emergent planning is emphasized more in non-mandated collaborations.

Proposition 10: Cross-sector collaborations are more likely to succeed when their planning makes use of stakeholder analyses, emphasizes responsiveness to key stakeholders, uses the process to build trust and the capacity to manage conflict, and builds on distinctive competencies of the collaborators.

Proposition 11: Collaborative structure is influenced by environmental factors such as system stability and the collaboration's strategic purpose.

Proposition 12: Collaborative structure is likely to change over time because of ambiguity of membership and complexity in local environments.

Proposition 13: Collaboration structure and the nature of the tasks performed at the client level are likely to influence a collaboration's overall effectiveness.

Proposition 14: Formal and informal governing mechanisms are likely to influence collaboration effectiveness.

Proposition 15: Collaborations involving system level planning activities are likely to involve the most negotiation, followed by collaborations focused on administrative-level partnerships and service delivery partnerships.

Proposition 16: Cross-sector collaborations are more likely to succeed when they build in resources and tactics for dealing with power imbalances and shocks.

Proposition 17: Competing institutional logics are likely within cross-sector collaborations and may significantly influence the extent to which collaborations can agree on essential elements of process, structure, governance, and desired outcomes.

Proposition 18: Cross-sector collaborations are most likely to create public value when they build on individuals' and organizations' self-interests and each sector's characteristic strengths while finding ways to minimize, overcome, or compensate for each sector's characteristic weaknesses.

Proposition 19: Cross-sector collaborations are most likely to create public value when they produce positive first-, second-, and third-order effects.

Proposition 20: Cross-sector collaborations are most likely to create public value when they are resilient and engage in regular reassessments.

Proposition 21: Cross-sector collaborations are more likely to be successful when they have an accountability system that tracks inputs, processes, and outcomes; use a variety of methods for gathering, interpreting, and using data; and use a results management system that is built on strong relationships with key political and professional constituencies.

Proposition 22: The normal expectation ought to be that success will be very difficult to achieve in cross-sector collaborations.

Source: Bryson, J.M., Crosby, B.C., and M. Middleton Stone (2006:45-52), The Design and Implementation of Cross-Sector Collaborations: Propositions from the Literature, *Public Administration Review*, December 2006, Special Issue, p44-55, http://www.hhh.umn.edu/people/jmbryson/pdf/cross_sector_collaborations.pdf

APPENDIX 2

NLC (2006) Guide to Successful Local Government Collaboration

The NLC *Guide to Successful Local Government Collaboration in America's Regions* (2006), report provide a series of steps and tools to assist councils develop effective collaborative arrangements. The NLC (2006) report emphasises that these steps and tools should assist councils in the identification of collaborative options, planning, implementation and evaluation.

The Guide (NLC, 2006) outlines that advice from members of the Strategic Alliance Network Executive suggests that to be effective, collaborative arrangements between councils need to:

- Have strong positive leadership. The benefits of a partnership must be clearly articulated and easily understood
- Establish an effective governance regime, including effective internal and external communications
- Ensure that partnership development is inclusive and readily accepted by the partners, staff and the community served
- Identify and manage all costs, including those without a clear dollar value such as time and inconvenience
- Manage political differences to keep the focus on improving outcomes for communities
- Focus on the outcomes to be achieved through a partnership. The forming of a partnership is not an end in itself. The benefits must exceed the real cost of establishing a partnership
- Balance competing priorities and targets. There must be a good match between the objectives of the partnership and the other objectives a council will have
- Manage change. Strategies will need to be developed to get over the 'we've always done it this way' barrier. Change brings uncertainty. Be aware of the importance of information flow and the need to clarify and reclarify what is happening
- Select an appropriate operating model that supports the outcomes sought.

(NLC, 2006)

Based on the themes outlined above, the following section sets out the practical guide to developing strategic partnerships contained in the NLC *A Guide to Successful Local Government Collaboration in America's Regions* (2006):

Strategic planning/analysis

The first step for a council considering a collaborative relationship is to undertake preliminary analysis that:

- Identifies needs
- Considers strategic fit
- Establishes priorities
- Analyses available resources
- Establishes key directions
- Sets key objectives with measurable performance targets
- Identifies risks and benefits

Part of this process is identifying:

- Areas of common need on a regional or sub-regional basis
- Areas where councils do not have sufficient capacity to meet a need but can do so in partnership with others
- Areas where partnership with others can result in overall cost savings
- Opportunity for innovative approaches to common issues
- Opportunity to extend services on a regional basis
- Skills, expertise and resources that can be of benefit to others

Councils can also consider joining with others in undertaking common strategic planning processes. This level of planning informs the identification of partnership options.

Leadership is a key factor in the success of any proposed collaborative relationship. Leaders can be councillors and senior staff who can see the potential gains of collaboration, are able to lead change, engage stakeholders, anticipate issues and facilitate solution to complex problems. At all stages of the project it is essential that all relevant stakeholders are consulted and that the approval and sign-off by key stakeholders is obtained before progressing to the next stage.

Identifying opportunities and developing proposals

Based on the strategic analysis, councillors and staff identify benefits and constraints and begin to explore potential areas of sharing with other councils. Partners will be councils with a need and will to share resources. The Guide emphasises that from the outset it is important that participating councils should progressively clarify and define what they want from the arrangement; be clear about the level of financial, intellectual and real resources they can commit, and develop clear decision making and problem solving mechanisms. Generally, councils agreeing to participate organise a management group and

nominate a project manager from among their number. Key stakeholders should be represented on the management group. This is a valuable mechanism for facilitating the consultation process.

If the partners are already part of a regional organisation, an appropriate committee or specialist group may already exist to manage the development of a project. The role of the management group is to develop options with the capability to realise the outcomes sought from the relationship. To do this it may be useful to complete:

- A risks/constraints analysis to assist in assessing the factors that impact on the success of the partnership
- A benefits realisation analysis to assist in quantifying the benefits to be gained from the partnership. On this basis the details of the arrangement can begin to be fleshed out. This will include the identification of business models that are likely to support the outcomes the arrangement is seeking

Developing stakeholder consultation and engagement mechanisms

The success of any collaborative arrangement is determined to a large degree by how stakeholders perceive its intent and benefits. Important internal stakeholders include elected representatives, senior staff, employees and their industrial and professional associations. Important external stakeholders include voters, ratepayers, special interest/lobby groups, local business, other spheres of government, media and major business enterprises. External stakeholders may be based in or outside the local government area. Of most relevance is that they have a direct interest in the proposal. It is important that the interest, views, knowledge and skills of both internal and external stakeholders are understood and captured at all stages of collaborative development, project design, implementation and review. A comprehensive stakeholder analysis will assist councils better understand how stakeholders can contribute to effective collaboration and manage the risks posed by diverse stakeholder interests and perceptions.

Developing a business plan

Based on the key strategic needs identified, opportunities and options available, risks and benefits assessments and stakeholder feedback, the next step is to prepare a detailed proposal and implementation plan or business plan. This plan needs to detail:

- The scope, level and method of delivery of the services
- The proposed budget, including start up costs

- Funding options, including a breakdown of contributions from participating Councils, and financial analysis including best and worst case scenarios
- Establishment of required management and business model and operating procedures
- Staffing arrangements. All collaborative arrangements need to take into account issues for staff who will be required to work across council boundaries. These issues need to be carefully considered and negotiated with relevant industrial organisations
- Required industrial agreements
- Required contracts for supply of services
- Statutory requirements and how they will be addressed
- Risk assessment – identify, analyse, prioritise and manage risks
- Assumptions underpinning the plan
- Conflict resolution procedures
- Advertising and community information
- Evaluation criteria and process including providing answers to the following questions:
 - what is to be measured?
 - what information is to be collected to achieve this measurement?
 - where from, how and when?
 - who will be responsible for collecting it?
 - how will the information be recorded, analysed and reported?
- Implementation schedule detailing time frames, tasks and responsibilities
- Exit strategies

The development of this plan needs to be part of an ongoing consultation and negotiation process with member councils and other key stakeholders.

Formalising the arrangements between the parties

Business structure

Once the councils have reached agreement in principle regarding the nature of the business proposed to be undertaken by any strategic collaboration, it is important that the proposed arrangements are formalised. There are a number of different structures that councils have successfully used to formalise the agreement between them to undertake joint projects or resource sharing activities. These range from entering into a memorandum of understanding to

document the intentions of the parties, through to the formation of a separate corporate entity. The most appropriate form of structure to adopt when formalising the arrangements between the councils will always depend on the individual circumstances of the activities that the parties propose to undertake. All parties to the proposed arrangements should seek their own independent expert advice regarding the appropriateness of any proposed arrangement. This will ensure that the interests of the council and the community it serves are adequately represented and protected. Regardless of the structure the councils choose to adopt, when evaluating its suitability at least the following matters should be considered:

- Membership of the arrangement
- Roles and responsibilities of the parties
- The life of the arrangement
- The business scope
- The resource contribution by each council
- Reporting and other accountability requirements
- How decisions are to be made and recorded
- How conflicts are to be resolved
- How other parties (including other councils) interact with and access the benefits arising from the partnership
- Expected outcomes or deliverables
- How the success of the arrangement is to be reviewed and evaluated
- How the arrangement can be terminated
- Insurance and indemnities
- Responsibility for and allocation of costs and liabilities
- Ownership of any property, including intellectual property utilised or acquired by the alliance
- Statutory and regulatory compliance

Local Government Act statutory obligations

In all Strategic Alliances councils must ensure that they fulfil their statutory obligations.

Commence collaborative arrangement/partnership

The process of monitoring involves the collection of information about the operation of the resource sharing arrangements and the effectiveness of the arrangements, as measured against their objectives. Once the information has been gathered the process of evaluation commences to help improve the collaborative arrangement. Evaluation includes asking such questions as:

- Have the new arrangements achieved their objectives?
- Should resource sharing be continued in its present form?
- Can the operation be improved?
- If so, what modifications are necessary?
- Should the operation be expanded?
- Should other options be explored – e.g., contracting out?

