



LOCAL AUTHORITIES WORKING TOGETHER

- employment of staff;
- capacity to enter into contracts;
- accountability obligations to the partner local authorities and their communities; and
- commercial or non-commercial focus.

To make progress, joint arrangements need to be adequately resourced

- All joint arrangement costs – internal and external – should be identified. Staff time is an important resource, and the financial and non-financial effects of staff involvement in joint arrangements should be assessed. Expecting staff to work on a joint arrangement without considering the effect on resources is likely to slow the progress of a joint arrangement and add to existing workloads.
- Funding arrangements should take account of the financial circumstances of different partners.
- The joint arrangement partners must agree to a formula for sharing costs that is equitable and soundly based.
- Responsibility should be assigned to managing the project, including facilitating agreement, maintaining momentum, monitoring expenditure, and ensuring that key milestones are met.

Our full report *Local Authorities Working Together*, May 2004, ISBN 0-478-18118-3, is available on our web site at www.oag.govt.nz or in hard copy by e-mail request to reports@oag.govt.nz or by phoning (04) 917 1500.



Local Authorities Working Together

– How Local Authorities Can Work Together Effectively

Controller and Auditor-General

Tumuaki o te Mana Arotake

Local Authorities Working Together



How Local Authorities Can Work Together Effectively

May 2004

How Local Authorities Can Work Together Effectively

This brochure contains guidance for local authorities considering working together as one way of carrying out their activities more effectively and efficiently.

In considering opportunities for working together, local authorities should ask themselves whether their ratepayers would be better off as a result of entering a joint arrangement.

Some good reasons for local authorities to work together

The opportunities for working together are many and varied, and can bring significant benefits. A good reason for local authorities to seek an opportunity to work together could be when:

- they can respond to the requirements of legislation or standards more cheaply or effectively;
- sharing resources will bring about economies of scale, and help build capability;
- they have common information sets or shared customers and can deliver services more efficiently or consistently;
- staff have close professional relationships and carry out similar tasks; or
- their functions and responsibilities overlap or are complementary.

A supportive environment is needed for working together

- Local authorities should foster an environment where staff are encouraged to identify opportunities for working together. Networks, regional forums, and working parties can help to build relationships and break down barriers between local authorities, laying the foundation for specific joint arrangements.
- Without the support and leadership of councillors and chief executives, joint arrangements may lack direction and make slow progress. Council strategies or policies can provide an important incentive and endorsement for staff action.

Joint arrangements should be carefully planned, and deliver value for money

- Local authorities should prepare a business case before committing resources to a joint arrangement. They must be able to show that expected benefits outweigh the costs.
- Joint arrangements can come about in very different ways. A systematic approach will help local authorities to avoid pursuing unproductive opportunities, and ensure potential joint arrangements are properly considered. All options for undertaking a given activity should be assessed.

See our full report *Local Authorities Working Together* on our web site: www.oag.govt.nz.

In managing joint arrangements, the various aspects of the relationships between the parties should be considered

For joint arrangements to be effective, local authorities should:

- understand each other's objectives, priorities, timetables, and working style;
- reach agreement on how they will work together, including how decisions will be made and how differences will be resolved;
- establish governance arrangements that provide policy direction, accountability requirements, project oversight, and control of resources;
- involve councillors where joint arrangements have implications for the community or for inter-council relationships; and
- determine the most suitable structure and (in some circumstances) legal form of the joint arrangement.

Various factors will influence the decision as to the most suitable structure and legal form of a joint arrangement

Factors that could influence the structure and form of a joint arrangement include:

- the requirements of the Local Government Act 2002;
- the nature of funding and expenditure;