

Municipalities can drive efficiency through shared services

With pressure mounting on the government to reduce costs while improving governance and service delivery, there is an opportunity for municipalities to streamline their operations by adopting a shared services model.



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During the recent 2016 Budget Speech, the emphasis was placed on the growing pressure faced by municipalities from both the rising cost of bulk services and the rapidly growing number of households. These pressures can, however, be mitigated through better coordination and shared resources. This is the view of Modise Nyawane, managing executive: LARA at Business Connexion.

“It makes no sense for each municipality to replicate their technology infrastructure purchases. Municipalities can significantly reduce cost and improve efficiency by adopting a shared services model. In addition, to that, it will increase service delivery, transparency and ultimately citizen satisfaction.”

Centralised functions

Nyawane says that by moving infrastructure to a central location and having a core team in place, there is less of a risk of billing delays. “Consolidation removes fragmentation and if your core responsibility is to do month-end runs, you do so across municipalities. This will be particularly important where there is high staff turnover - if your core functions are centralised, you will still have the required expertise to support the environment should someone leave.

"In the current environment, should someone within the billing department leave, that job is left undone. Thereby impacting on the overall billing process and ultimately the municipality's performance."

However, a change in mind-set will be required for this to succeed. "While it makes complete sense to centralise your infrastructure and core functions, there is still a level of hesitation from within the local government. We are often faced with the argument that they are happy to have their own server environment, giving them more control. The risk associated with this is, if the server crashes, the municipality comes to a complete standstill. In some instances, it could take months to replace the server, with a huge impact on the municipality and its ability to deliver on its mandate."

Shortage of skills

Another challenge facing municipalities is that of a shortage of the required specialised skills. "Municipalities are governed by the very specific financial legislature which requires an in-depth knowledge of the business of a municipality," says Nyawane. "Here technology and consulting go hand in hand in ensuring that the municipality can execute on their financial obligations."

Modernising municipalities' infrastructure and digitising some of their operations can have a significant impact on their billing and ability to operate more effectively. "In order for us to make the vision of smart cities a reality, municipalities will have to invest in infrastructure and technology that support them in their digitising efforts. They don't, however, need to carry the burden as an individual unit. If these solutions are rolled out at a metropolitan or even district level, providing shared services to the smaller local municipalities, the impact they have will be much bigger," he says.

"It will enable all municipalities within that district or metropolitan to deliver the same quality of services to their citizens. This resulting in driving down the cost of service delivery and improving overall transparency," Nyawane concludes.

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